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**Karl Marx**

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**KARL MARX**

(1818-1883)



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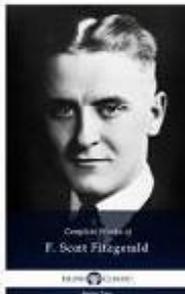
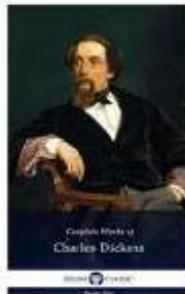
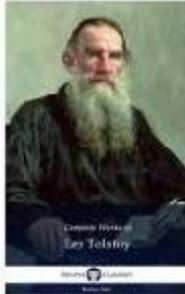
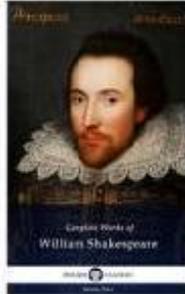
A handwritten signature of Karl Marx in black ink, written in a cursive style.

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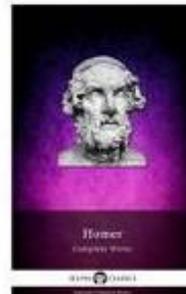
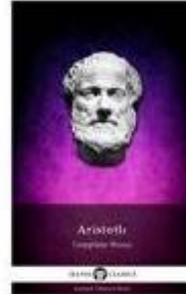
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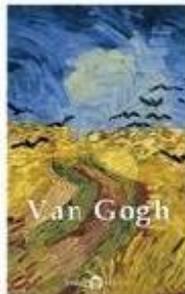
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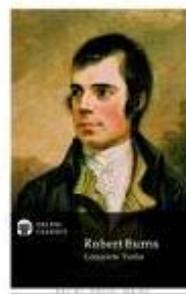
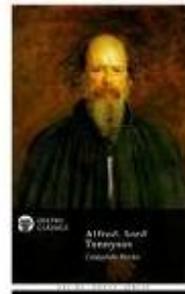
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*The Collected Works of*  
**KARL MARX**



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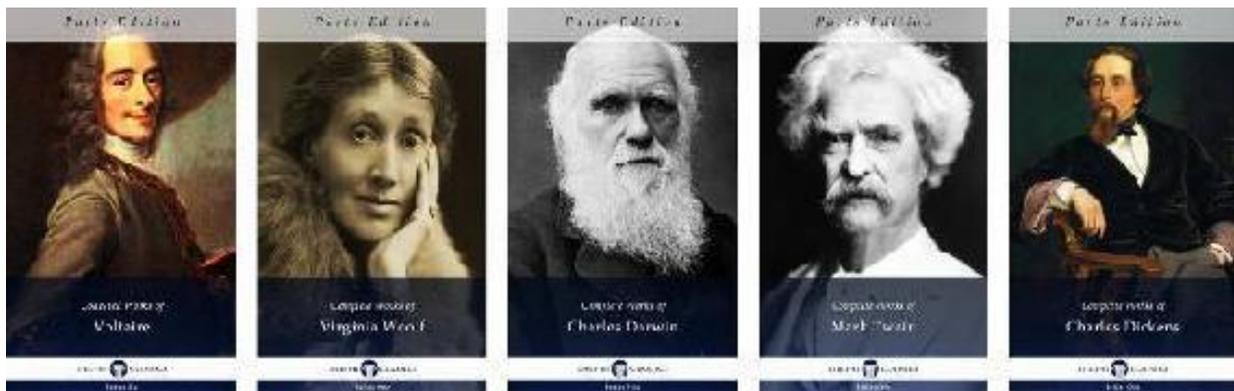
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## The Books



*Brückenstrasse 10, Trier, formerly part of the Kingdom of Prussia's Province of the Lower Rhine — Marx's birthplace. The house was purchased by the Social Democratic Party of Germany in 1928 and now houses a museum devoted to the socialist.*



*Trier in the late nineteenth century*



*Trier, a city in Germany on the banks of the Moselle, today*



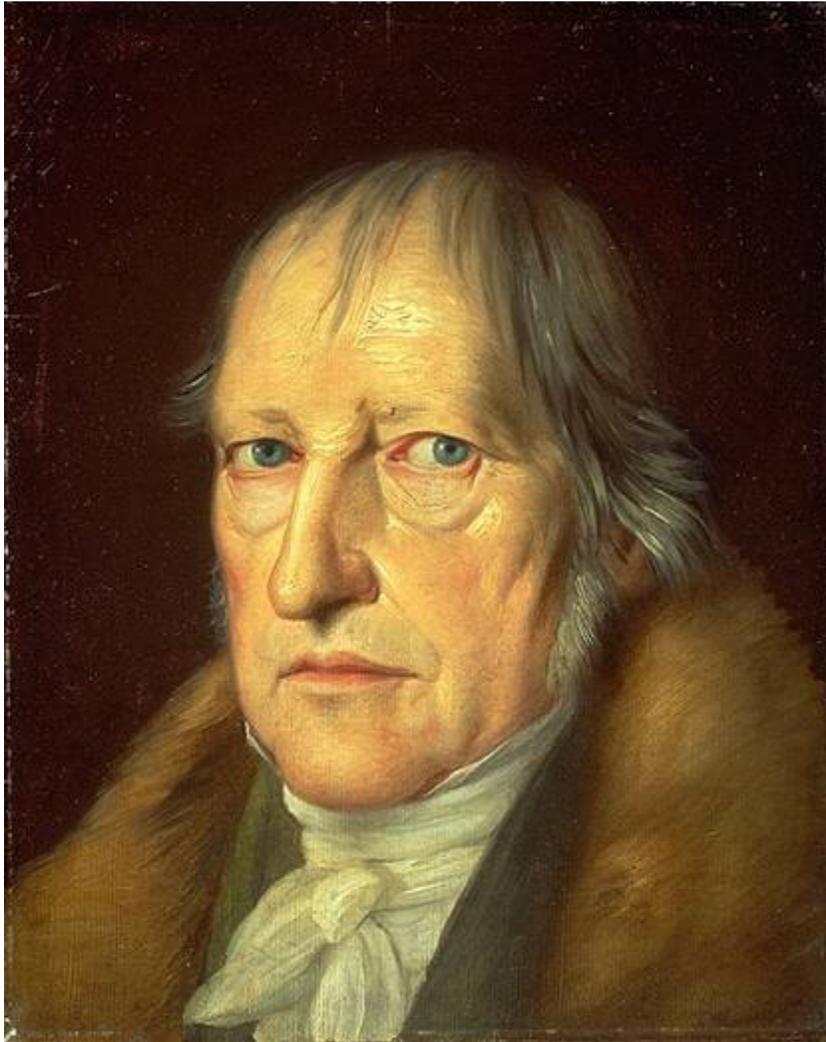
*Marx as a young man, 1862*

# CRITIQUE OF HEGEL'S PHILOSOPHY OF RIGHT, 1843



*Translated by Henry James Stenning*

This early manuscript was written in 1843, but remained unpublished during Marx's lifetime, except for the introduction that appeared in print in 1844. The text centres on fellow philosopher Georg Wilhelm Friedrich Hegel's 1820 book *Elements of the Philosophy of Right*, commenting paragraph by paragraph. One of Marx's major criticisms of Hegel is the fact that many of his dialectical arguments begin in abstraction. This work contains the formulations of Marx's particular alienation theory, which was informed by Ludwig Andreas Feuerbach's work. The narrative of the work develops around analysis of the relations between civil society and political society, including Marx's most famous commentaries on the function of religion in the introduction.



*Portrait of Georg Wilhelm Friedrich Hegel by Jakob Schlesinger, 1831*

Grundlinien

der

Philosophie des Rechts.

Von

D. Georg Wilhelm Friedrich Hegel,

Ordentl. Professor der Philosophie an der Königl. Universität  
zu Berlin.

Berlin, 1821.

In der Nicolaischen Buchhandlung.

*The first edition's title page of Hegel's landmark book*

# A CRITICISM OF THE HEGELIAN PHILOSOPHY OF RIGHT

As far as Germany is concerned the criticism of religion is practically completed, and the criticism of religion is the basis of all criticism.

The profane existence of error is threatened when its heavenly oratio pro aris et focis has been refuted.

He who has only found a reflexion of himself in the fantastic reality of heaven where he looked for a superman, will no longer be willing to find only the semblance of himself, only the sub-human, where he seeks and ought to find his own reality.

The foundation of the criticism of religion is: Man makes religion, religion does not make man. Religion indeed is man's self-consciousness and self-estimation while he has not found his feet in the universe. But Man is no abstract being, squatting outside the world. Man is the world of men, the State, society. This State, this society produces religion, which is an inverted world-consciousness, because they are an inverted world. Religion is the general theory of this world, its encyclopædic compendium, its logic in popular form, its spiritualistic Point d'honneur, its enthusiasm, its moral sanction, its solemn complement, its general basis of consolation and justification. It is the fantastic realization of the human being, inasmuch as the human being possesses no true reality. The struggle against religion is therefore indirectly the struggle against that world whose spiritual aroma is religion.

Religious misery is in one mouth the expression of real misery, and in another is a protestation against real misery. Religion is the moan of the oppressed creature, the sentiment of a heartless world, as it is the spirit of spiritless conditions. It is the opium of the people.

The abolition of religion, as the illusory happiness of the people, is the demand for their real happiness. The demand to abandon the illusions about their condition is a demand to abandon a condition which requires illusions. The criticism of religion therefore contains potentially the criticism of the Vale of Tears whose aureole is religion.

Criticism has plucked the imaginary flowers which adorned the chain, not that man should wear his fetters denuded of fanciful embellishment, but

that he should throw off the chain, and break the living flower.

The criticism of religion disillusioned man, so that he thinks, acts, shapes his reality like the disillusioned man come to his senses, so that he revolves around himself, and thus around his real sun. Religion is but the illusory sun which revolves around man, so long as he does not revolve around himself.

It is therefore the task of history, once the thither side of truth has vanished, to establish the truth of the hither side.

The immediate task of philosophy, when enlisted in the service of history, is to unmask human self-alienation in its unholy shape, now that it has been unmasked in its holy shape. Thus the criticism of heaven transforms itself into the criticism of earth, the criticism of religion into the criticism of right, and the criticism of theology into the criticism of politics.

The following essay — a contribution to this work — is in the first place joined not to the original, but to a copy, to the German philosophy of politics and of right, for no other reason than because it pertains to Germany.

If one should desire to strike a point of contact with the German status quo, albeit in the only appropriate way, which is negatively, the result would ever remain an anachronism. Even the denial of our political present is already a dust-covered fact in the historical lumber room of modern nations. If I deny the powdered wig, I still have to deal with unpowdered wigs. If I deny the German conditions of 1843, I stand, according to French chronology, scarcely in the year 1789, let alone in the focus of the present.

German history flatters itself that it has a movement which no people in the historical heaven have either executed before or will execute after it. We have in point of fact shared in the restoration epoch of modern nations without participating in their revolutions.

We were restored, in the first place, because other nations dared to make a revolution, and, in the second place, because other nations suffered a counter revolution: in the first place, because our masters were afraid, and, in the second place, because they regained their courage.

Led by our shepherds, we suddenly found ourselves in the society of freedom on the day of its interment.

As a school which legitimates the baseness of to-day by the baseness of yesterday, a school which explains every cry of the serf against the knout as rebellious, once the knout becomes a prescriptive, a derivative, a historical knout, a school to which history only shows itself a posteriori, like the God

of Israel to his servant Moses, the historical juridical school would have invented German history, were it not itself an invention of German history.

On the other hand, good-humoured enthusiasts, Teutomaniacs by upbringing and freethinkers by reflexion, seek for our history of freedom beyond our history in the Teutonic primeval woods. But in what respect is our freedom history distinguished from the freedom history of the boar, if it is only to be found in the woods? Moreover, as one shouts into the wood, so one's voice comes back in answer ("As the question, so the answer"). Therefore peace to the Teutonic primeval woods.

But war to German conditions, at all events! They lie below the level of history, they are liable to all criticism, but they remain a subject for criticism just as the criminal who is below the level of humanity remains a subject for the executioner.

Grappling with them, criticism is no passion of the head, it is the head of passion. It is no anatomical knife, it is a weapon. Its object is its enemy, which it will not refute but destroy. For the spirit of the conditions has been refuted. In and for themselves they are no memorable objects, but existences as contemptible as they are despised. Criticism has already settled all accounts with this subject. It no longer figures as an end in itself, but only as a means. Its essential pathos is indignation, its essential work is denunciation.

What we have to do is to describe a series of social spheres, all exercising a somewhat sluggish pressure upon each other, a general state of inactive dejection, a limitation which recognizes itself as much as it misunderstands itself, squeezed within the framework of a governmental system, which, living on the conservation of all meannesses, is itself nothing less than meanness in government.

What a spectacle! On the one hand, the infinitely ramified division of society into the most varied races, which confront each other with small antipathies, bad consciences, and brutal mediocrity, and precisely because of the ambiguous and suspicious positions which they occupy towards each other, such positions being devoid of all real distinctions although coupled with various formalities, are treated by their lords as existences on sufferance. And even more. The fact that they are ruled, governed, and owned they must acknowledge and confess as a favour of heaven! On the other hand, there are those rulers themselves whose greatness is in inverse proportion to their number.

The criticism which addresses itself to this object is criticism in hand-to-hand fighting, and in hand-to-hand fighting, it is not a question of whether the opponent is a noble opponent, of equal birth, or an interesting opponent; it is a question of meeting him. It is thus imperative that the Germans should have no opportunity for self-deception and resignation. The real pressure must be made more oppressive by making men conscious of the pressure, and the disgrace more disgraceful by publishing it.

Every sphere of German society must be described as the *partie honteuse* of German society, these petrified conditions must be made to dance by singing to them their own melody! The people must be taught to be startled at their own appearance, in order to implant courage into them.

And even for modern nations this struggle against the narrow-minded actuality of the German status quo cannot be without interest, for the German status quo represents the frank completion of the *ancien régime*, and the *ancien régime* is the concealed defect of the modern State. The struggle against the German political present is the struggle against the past of modern nations, which are still vexed by the recollections of this past. For them it is instructive to see the *ancien régime*, which enacted its tragedy with them, playing its comedy as the German revenant. Its history was tragic so long as it was the pre-existing power of the world, and freedom, on the other hand, a personal invasion, in a word, so long as it believed and was obliged to believe in its justification. So long as the *ancien régime* as the existing world order struggled with a nascent world, historical error was on its side, but not personal perversity. Its downfall was therefore tragic.

On the other hand, the present German *régime*, which is an anachronism, a flagrant contradiction of the generally recognized axiom of the obsolescence of the *ancien régime*, imagines that it believes in itself, and extorts from the world the same homage. If it believed in its own being, would it seek to hide it under the semblance of an alien being and look for its salvation in hypocrisy and sophistry? The modern *ancien régime* is merely the comedian of a world order whose real heroes are dead.

History is thorough, and passes through many phases when it bears an old figure to the grave. The last phase of a world historical figure is its comedy. The gods of Greece, once tragically wounded to death in the chained Prometheus of Æschylus, were fated to die a comic death in Lucian's dialogues. Why does history take this course? In order that mankind may break away in a jolly mood from its past.

In the light of this historical foresight, the political powers of Germany are vindicated. As soon then as the modern politico-social reality is itself subjected to criticism, as soon, therefore, as criticism raises itself to the height of truly human problems, it either finds itself outside the German status quo, or it would delve beneath the latter to find its object.

To take an example! The relation of industry, and of the world of wealth generally, to the political world is one of the chief problems of modern times. Under what form is this problem beginning to engage the attention of Germans? Under the form of protective tariffs, of the system of prohibition, of political economy. Teutomania has passed out of men and gone into matter, and thus one fine day we saw our cotton knights and iron heroes transformed into patriots. Thus in Germany we are beginning to recognize the sovereignty of monopoly at home, in order that it may be invested with sovereignty abroad. We are now beginning in Germany at the point where they are leaving off in France and England.

The old rotten condition, against which these countries are theoretically in revolt, and which they only tolerate as chains are borne, is greeted in Germany as the dawning of a splendid future, which as yet scarcely dares to translate itself from cunning theory into the most ruthless practice. Whereas the problem in France and England reads: Political economy or the rule of society over wealth, it reads in Germany: national economy or the rule of private property over nationality. Thus England and France are faced with the question of abolishing monopoly which has been carried to its highest point; in Germany the question is to carry monopoly to its highest point.

If, therefore, the total German development were not in advance of the political German development, a German could at the most take part in present-day problems only in the same way as a Russian can do so.

But if the individual is not bound by the ties of a nation, the entire nation is even less liberated by the emancipation of an individual. The Scythians made no advance towards Greek culture because Greece numbered a Scythian among her philosophers. Luckily we Germans are no Scythians.

As the old nations lived their previous history in imagination, in mythology, so we Germans live our history to come in thought, in philosophy. We are philosophical contemporaries of the present without being its historical contemporaries. German philosophy is the ideal prolongation of German history. If, therefore, we criticize the *œuvres posthumes* of our ideal history, philosophy, instead of the *œuvres*

incomplètes of our real history, our criticism occupies a position among the questions of which the present says: that is the question. That which represents the decaying elements of practical life among the progressive nations with modern State conditions first of all becomes critical decay in the philosophical reflexion of these conditions in Germany, where the conditions themselves do not yet exist.

German juridical and political philosophy is the sole element of German history which stands *al pari* with the official modern present.

The German people must therefore strike this their dream history against their existing conditions, and subject to criticism not only these conditions, but at the same time their abstract continuation.

Their future can neither be confined to the direct denial of their real nor to the direct enforcement of their ideal political and juridical conditions, for they possess the direct denial of their real conditions in their ideal conditions, and the direct enforcement of their ideal conditions they have almost outlived in the opinion of neighbouring nations. Consequently the practical political party in Germany properly demands the negation of philosophy. Its error consists not in the demand, but in sticking to the demand, which seriously it neither does nor can enforce. It believes it can accomplish this negation by turning its back on philosophy, the while its averted head utters a few irritable and banal phrases over it. Moreover, its horizon is so limited as to exclude philosophy from the realm of German actuality unless it imagines philosophy to be implied in German practice and in the theories subserving it. It urges the necessity for linking up with vital forces, but forgets that the real vital force of the German people has hitherto only pullulated under its skull.

In a word: you cannot abolish philosophy without putting it into practice. The same error, only with the factors reversed, is committed by the theoretical party, the political party which founds on philosophy.

The latter perceives in the present struggle only the critical struggle of philosophy with the German world; it does not suspect that all previous philosophy has itself been a part of this world, and is its complement, if an ideal one. While critical towards its opposing party, it behaves uncritically towards itself. It starts from the assumptions of philosophy, but either refuses to carry further the results yielded by philosophy, or claims as the direct outcome of philosophy results and demands which have been culled from another sphere.

We reserve to ourselves a more detailed examination of this party.

Its fundamental defect may be reduced to this: it believes it can enforce philosophy without abolishing it. The criticism of German juridical and political philosophy, which has received through Hegel its most consistent, most ample and most recent shape, is at once both the critical analysis of the modern State and of the actuality which is connected therewith, and in addition the decisive repudiation of the entire previous mode of the German political and juridical consciousness, whose principal and most universal expression, elevated to the level of a science, is speculative jurisprudence itself.

While, on the one hand, speculative jurisprudence, this abstract and exuberant thought-process of the modern State, is possible only in Germany, on the other hand, the German conception of the modern State, making abstraction of real men, was only possible because and in so far as the modern State itself makes abstraction of real men or only satisfies the whole of man in an imaginary manner.

Germans have thought in politics what other peoples have done. Germany was their theoretical conscience. The abstraction and arrogance of her thought always kept an even pace with the one-sidedness and stunted growth of her actuality. If, therefore, the status quo of the German civic community expresses the completion of the ancien régime, the completion of the pile driven into the flesh of the modern State, the status quo of German political science expresses the inadequacy of the modern State, the decay that is set up in its flesh.

As a decisive counterpart of the previous mode of German political consciousness, the criticism of speculative jurisprudence does not run back upon itself, but assumes the shape of problems for whose solution there is only one means: practice.

The question arises: can Germany attain to a practice à la hauteur de principes, that is, to a revolution which will not only raise her to the level of modern nations, but to the human level which will be the immediate future of these nations?

The weapon of criticism cannot in any case replace the criticism of weapons, material force must be overthrown by material force, but theory too becomes a material force as soon as it grasps weapons. Theory is capable of grasping weapons as soon as its argument becomes ad homine, and its argument becomes ad hominem as soon as it becomes radical. To be

radical is to grasp the matter by its root. Now the root for mankind is man himself. The evident proof of the radicalism of German theory, and therefore of its practical energy, is its outcome from the decisive and positive abolition of religion.

The criticism of religion ends with the doctrine that man is the supreme being for mankind, and therefore with the categorical imperative to overthrow all conditions in which man is a degraded, servile, neglected, contemptible being, conditions which cannot be better described than by the exclamation of a Frenchman on the occasion of a projected dog tax: "Poor dogs; they want to treat you like men!"

Even historically, theoretical emancipation has a specifically practical significance for Germany. Germany's revolutionary past is particularly theoretical, it is the Reformation. Then it was the monk, and now it is the philosopher in whose brain the revolution begins.

Luther vanquished servility based upon devotion, because he replaced it by servility based upon conviction. He shattered faith in authority, because he restored the authority of faith. He transformed parsons into laymen, because he transformed laymen into parsons. He liberated men from outward religiosity, because he made religiosity an inward affair of the heart. He emancipated the body from chains, because he laid chains upon the heart.

But if Protestantism is not the true solution, it was the true formulation of the problem. The question was no longer a struggle between the layman and the parson external to him; it was a struggle with his own inner parson, his parsonic nature. And if the protestant transformation of German laymen into parsons emancipated the lay popes, the princes, together with their clergy, the privileged and the philistines, the philosophic transformation of the parsonic Germans into men will emancipate the people. But little as emancipation stops short of the princes, just as little will the secularization of property stop short of church robbery, which was chiefly set on foot by the hypocritical Prussians. Then the Peasants' War, the most radical fact of German history, came to grief on the reef of theology. To-day, when theology itself has come to grief, the most servile fact of German history, our status quo, will be shivered on the rock of philosophy.

The day before the Reformation, official Germany was the most abject vassal of Rome. The day before its revolution, it is the abject vassal of less than Rome, of Prussia and Austria, of country squires and philistines.

Meanwhile there seems to be an important obstacle to a radical German revolution.

Revolutions in fact require a passive element, a material foundation.

Theory becomes realized among a people only in so far as it represents the realization of that people's needs. Will the immense cleavage between the demands of the German intellect and the responses of German actuality now involve a similar cleavage of middle-class society from the State, and from itself? Will theoretical needs merge directly into practical needs? It is not enough that the ideas press towards realization; reality itself must stimulate to thinking.

But Germany did not pass through the middle stages of political emancipation simultaneously with the modern nations. Even the stages which she has overcome theoretically she has not reached practically.

How would she be able to clear with a salto mortale not only her own obstacles, but at the same time the obstacles of modern nations, obstacles which she must actually feel to mean a liberation to be striven for from her real obstacles? A radical revolution can only be the revolution of radical needs, whose preliminary conditions appear to be wholly lacking.

Although Germany has only accompanied the development of nations with the abstract activity of thought, without taking an active part in the real struggles incident to this development, she has, on the other hand, shared in the suffering incident to this development, without sharing in its enjoyments, or their partial satisfaction. Abstract activity on the one side corresponds to abstract suffering on the other side.

Consequently, one fine day Germany will find herself at the level of European decay, before she has ever stood at the level of European emancipation. The phenomenon may be likened to a fetish-worshipper, who succumbs to the diseases of Christianity.

Looking upon German governments, we find that, owing to contemporary conditions, the situation of Germany, the standpoint of German culture and finally their own lucky instincts, they are driven to combine the civilized shortcomings of the modern State world, whose advantages we do not possess, with the barbarous shortcomings of the ancien régime, which we enjoy in full measure, so that Germany is constantly obliged to participate, if not intelligently, at any rate unintelligently, in the State formations which lie beyond her status quo.

Is there for example a country in the world which shares so naïvely in all the illusions of the constitutional community, without sharing in its realities, as does so-called constitutional Germany? Was it necessary to combine German governmental interference, the tortures of the censorship, with the tortures of the French September laws which presupposed freedom of the press? Just as one found the gods of all nations in the Roman pantheon, so will one find the flaws of all State forms in the Holy Roman German Empire. That this eclecticism will reach a point hitherto unsuspected is guaranteed in particular by the politico-æsthetic gourmanderie of a German king, who thinks he can play all the parts of monarchy, both of the feudal and the bureaucratic, both of the absolute and the constitutional, of the autocratic as of the democratic, if not in the person of his people, then in his own person, if not for the people, then for himself. Germany as the embodiment of the defect of the political present, constituted in her own world, will not be able to overthrow the specifically German obstacles without overthrowing the general obstacles of the political present.

It is not the radical revolution which is a utopian dream for Germany, not the general human emancipation, but rather the partial, the merely political revolution, the revolution which leaves the pillars of the house standing. Upon what can a partial, a merely political revolution base itself? Upon the fact that a part of bourgeois society could emancipate itself and attain to general rulership, upon the fact that, by virtue of its special situation, a particular class could undertake the general emancipation of society. This class would liberate the whole of society, but only upon the assumption that the whole of society found itself in the situation of this class, and consequently possessed money and education, for instance, or could acquire them if it liked.

No class in bourgeois society can play this part without setting up a wave of enthusiasm in itself and among the masses, a wave of feeling wherein it would fraternize and commingle with society in general, and would feel and be recognized as society's general representative, a wave of enthusiasm wherein its claims and rights would be in truth the claims and rights of society itself, wherein it would really be the social head and the social heart. Only in the name of the general rights of society can a particular class vindicate for itself the general rulership.

Revolutionary energy and intellectual self-confidence are not sufficient by themselves to enable a class to attain to this emancipatory position, and

thereby exploit politically all social spheres in the interest of its own sphere. In order that the revolution of a people should coincide with the emancipation of a special class of bourgeois society, it is necessary for a class to stand out as a class representing the whole of society. Thus further involves, as its obverse side, the concentration of all the defects of society in another class, and this particular class must be the embodiment of the general social obstacles and impediments. A particular social sphere must be identical with the notorious crime of society as a whole, in such wise that the emancipation of this sphere would appear to be the general self-emancipation. In order that one class should be the class of emancipation par excellence, another class must contrariwise be the class of manifest subjugation. The negative-general significance of the French nobility and the French clergy was the condition of the positive-general significance of the class of the bourgeoisie, which was immediately encroaching upon and confronting the former.

But in Germany every class lacks not only the consistency, the keenness, the courage, the ruthlessness, which might stamp it as the negative representative of society. It lacks equally that breadth of soul which would identify it, if only momentarily, with the popular soul, that quality of genius which animates material power until it becomes political power, that revolutionary boldness which hurls at the opponent the defiant words: I am nothing, and I have to be everything. But the stock-in-trade of German morality and honour, not only as regards individuals but also as regards classes, constitutes rather that modest species of egoism which brings into prominence its own limitations.

The relation of the various spheres of German society is therefore not dramatic, but epic. Each of them begins to be self-conscious and to press its special claims upon the others not when it is itself oppressed, but when the conditions of the time, irrespective of its co-operation, create a sociable foundation from which it can on its part practise oppression. Even the moral self-esteem of the German middle class is only based on the consciousness of being the general representative of the philistine mediocrity of all the other classes.

Consequently it is not only the German kings who succeed to the throne mal à propos, but it is every sphere of bourgeois society which experiences its defeat before it celebrates its victory, develops its own handicaps before it overcomes the handicaps which confront it, asserts its own narrow-

minded nature before it can assert its generous nature, so that even the opportunity of playing a great part is always past before it actually existed, and each class, so soon as it embarks on a struggle with the class above it, becomes involved in a struggle with the class below it. Consequently, the princedom finds itself fighting the monarchy, the bureaucrat finds himself fighting the nobility, the bourgeois finds himself fighting them all, while the proletariat is already commencing to fight the bourgeois.

The middle class hardly dares to seize hold of the ideas of emancipation from its own standpoint before the development of social conditions and the progress of political theory declare this standpoint to be antiquated, or at least very problematical. In France partial emancipation is the basis of universal emancipation. In Germany universal emancipation is the condition sine qua non of every partial emancipation. In France it is the reality, in Germany it is the impossibility of gradual emancipation which must bring forth entire freedom. In France every popular class is tinged with political idealism, and does not feel primarily as a particular class, but as the representative of social needs generally. The rôle of emancipator, therefore, flits from one class to another of the French people in a dramatic movement, until it eventually reaches the class which will no longer realize social freedom upon the basis of certain conditions lying outside of mankind and yet created by human society, but will rather organize all the conditions of human existence upon the basis of social freedom. In Germany, on the other hand, where practical life is as unintellectual as intellectual life is unpractical, no class of bourgeois society either feels the need or possesses the capacity for emancipation, unless driven thereto by its immediate position, by material necessity, by its chains themselves.

Wherein, therefore, lies the positive possibility of German emancipation?

Answer: In the formation of a class in radical chains, a class which finds itself in bourgeois society, but which is not of it, an order which shall break up all orders, a sphere which possesses a universal character by virtue of its universal suffering, which lays claim to no special right, because no particular wrong but wrong in general is committed upon it, which can no longer invoke a historical title, but only a human title, which stands not in a one-sided antagonism to the consequences, but in a many-sided antagonism to the assumptions of the German community, a sphere finally which cannot emancipate itself without emancipating all the other spheres of society,

which represents in a word the complete loss of mankind, and can therefore only redeem itself through the complete redemption of mankind. The dissolution of society reduced to a special order is the proletariat.

The proletariat arises in Germany only with the beginning of the industrial movement; for it is not poverty resulting from natural circumstances but poverty artificially created, not the masses who are held down by the weight of the social system, but the multitude released by the acute break-up of society — especially of the middle class — which gives rise to the proletariat. When the proletariat proclaims the dissolution of the existing order of things it is merely announcing the secret of its own existence, for it is in itself the virtual dissolution of this order of things. When the proletariat desires the negation of private property, it is merely elevating to a general principle of society what it already involuntarily embodies in itself as the negative product of society.

With respect to the nascent world the proletariat finds itself in the same position as the German king occupies with respect to the departed world, when he calls the people his people, just as he calls a horse his horse. In declaring the people to be his private property, the king acknowledges that private property is king.

Just as philosophy finds in the proletariat its material weapons, so the proletariat finds in philosophy its intellectual weapons, and as soon as the lightning of thought has penetrated into the flaccid popular soil, the elevation of Germans into men will be accomplished.

Let us summarize the result at which we have arrived. The only liberation of Germany that is practical or possible is a liberation from the standpoint of the theory that declares man to be the supreme being of mankind. In Germany emancipation from the Middle Ages can only be effected by means of emancipation from the results of a partial freedom from the Middle Ages. In Germany no brand of serfdom can be extirpated without extirpating every kind of serfdom. Fundamental Germany cannot be revolutionized without a revolution in its basis. The emancipation of Germans is the emancipation of mankind. The head of this emancipation is philosophy; its heart is the proletariat. Philosophy cannot be realized without the abolition of the proletariat, the proletariat cannot abolish itself without realizing philosophy.

When all the inner conditions are fulfilled, the German day of resurrection will be announced by the crowing of the Gallic Cock.

# ON THE JEWISH QUESTION, 1843



*Translated by Henry James Stenning*

Written in 1843 and first published in Paris in 1844 under the German title *Zur Judenfrage*, this essay was one of Marx's first attempts to deal with categories, which would later be called the materialist conception of history. The essay analyses two studies by Marx's fellow Young Hegelian Bruno Bauer on the attempt by Jews to achieve political emancipation in Prussia. Bauer argued that Jews could achieve political emancipation only by relinquishing their particular religious consciousness, since political emancipation requires a secular state, which he assumes does not leave any "space" for social identities such as religion. According to Bauer, such religious demands are incompatible with the idea of the "Rights of Man". True political emancipation, for Bauer, requires the abolition of religion.

Marx uses Bauer's essay to present his own analysis of liberal rights, arguing that Bauer is mistaken in his assumption that in a "secular state" religion will no longer play a prominent role in social life, and giving as an example the pervasiveness of religion in the United States, which, unlike Prussia, had no state religion. In Marx's analysis, the "secular state" is not opposed to religion, but rather actually presupposes it. The removal of religious or property qualifications for citizens does not mean the abolition of religion or property, but only introduces a way of regarding individuals in abstraction from them. From here Marx moves beyond the question of religious freedom to his real concern with Bauer's analysis of "political emancipation". He concludes that while individuals can be "spiritually" and "politically" free in a secular state, they can still be bound to material constraints on freedom by economic inequality, an assumption that would later form the basis of his critiques of capitalism.

## ZUR JUDENFRAGE.

- 1) Bruno Bauer : Die Judenfrage. Braunschweig 1843. —  
2) Bruno Bauer : Die Fähigkeit der heutigen Juden  
und Christen frei zu werden. Ein und zwanzig Bogen aus  
der *Solusis*. Herausgegeben von Georg Herwegh. Zürich und Winter-  
thur. 1843. S. 50—71. —

Von

KARL MARX.

### I.

Bruno Bauer : Die Judenfrage. Braunschweig 1843.

Die deutschen Juden begehren die Emancipation. Welche Emancipation begehren sie? Die staatsbürgerliche, die politische Emancipation.

Bruno Bauer antwortet ihnen : Niemand in Deutschland ist politisch-emancipirt. Wir selbst sind unfrei. Wie sollen wir auch befreit werden? Ihr Juden seid Egoisten, wenn ihr eine besondere Emancipation für euch als Juden verlangt. Ihr müsstet als Deutsche an der politischen Emancipation Deutschlands, als Menschen an der menschlichen Emancipation arbeiten und die besondere Art eures Drucks und eurer Schmach nicht als Ausnahme von der Regel, sondern vielmehr als Bestätigung der Regel empfinden.

Oder verlangen die Juden Gleichstellung mit den christlichen Unterthanen? So erkennen sie den christlichen Staat als berechtigt an, so erkennen sie das Regiment der allgemeinen Unterjochung an. Warum mißfällt ihnen ihr spezielles Joch, wenn ihnen das allgemeine Joch gefällt? Warum soll der Deutsche sich für die Befreiung des Juden interessieren, wenn der Jude sich nicht für die Befreiung des Deutschen interessiert?

Der christliche Staat kennt nur Privilegien. Der Jude besitzt in ihm das Privilegium, Jude zu sein. Er hat als Jude Rechte,

*How the essay first appeared in print, 1844*

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- [1. Bruno Bauer, Die Judenfrage, Brunswick 1843.](#)
- [2. The Capacity of Modern Jews and Christians to become Free, by Bruno Bauer.](#)



*Bruno Bauer (1809-1882) was a German philosopher and historian. As a student of G. W. F. Hegel, Bauer was a radical Rationalist in philosophy, politics and Biblical criticism.*

# 1. Bruno Bauer, Die Judenfrage, Brunswick 1843.

*The German Jews crave for emancipation. What emancipation do they crave? Civic, political emancipation.*

Bruno Bauer answers them: Nobody in Germany is politically emancipated. We ourselves are unfree. How shall we liberate you? You Jews are egoists, if you demand a special emancipation for yourselves as Jews. As Germans you ought to labour for the political emancipation of Germany, as men for human emancipation, and you ought to feel the special nature of your oppression and your disgrace not as an exception from the rule, but rather as its confirmation.

Or do Jews demand to be put on an equal footing with Christian subjects? Then they recognize the Christian State as justified, then they recognize the régime of general subjugation. Why are they displeased at their special yoke, when the general yoke pleases them? Why should Germans interest themselves in the emancipation of the Jews, if Jews do not interest themselves in the emancipation of Germans?

The Christian State knows only privileges. In that State the Jew possesses the privilege of being a Jew. As a Jew, he has rights which a Christian has not. Why does he crave the rights which he has not, and which Christians enjoy?

If the Jew wants to be emancipated from the Christian State, then he should demand that the Christian State abandon its religious prejudice. Will the Jew abandon his religious prejudice? Has he therefore the right to demand of another this abdication of religion?

By its very nature the Christian State cannot emancipate the Jews; but, adds Bauer, by his very nature the Jew cannot be emancipated.

So long as the State is Christian and the Jew is Jewish, both are equally incapable of granting and receiving emancipation.

The Christian State can only behave towards the Jew in the manner of a Christian State, that is in a privileged manner, by granting the separation of the Jew from the other subjects, but causing him to feel the pressure of the other separated spheres, and all the more onerously inasmuch as the Jew is

in religious antagonism to the dominant religion. But the Jew also can only conduct himself towards the State in a Jewish fashion, that is as a stranger, by opposing his chimerical nationality to the real nationality, his illusory law to the real law, by imagining that his separation from humanity is justified, by abstaining on principle from all participation in the historical movement, by waiting on a future which has nothing in common with the general future of mankind, by regarding himself as a member of the Jewish people and the Jewish people as the chosen people.

Upon what grounds therefore do you Jews crave emancipation? On account of your religion? It is the mortal enemy of the State religion. As citizens? There are no citizens in Germany. As men? You are as little men as He on whom you called.

After giving a criticism of the previous positions and solutions of the question, Bauer has freshly posited the question of Jewish emancipation. How, he asks, are they constituted, the Jew to be emancipated, and the Christian State which is to emancipate? He replies by a criticism of the Jewish religion, he analyses the religious antagonism between Judaism and Christianity, he explains the nature of the Christian State, and all this with boldness, acuteness, spirit, and thoroughness, in a style as precise as it is forcible and energetic.

How then does Bauer solve the Jewish question? What is the result? The formulation of a question is its solution. The criticism of the Jewish question is the answer to the Jewish question.

The summary is therefore as follows:

We must emancipate ourselves before we are able to emancipate others.

The most rigid form of the antagonism between the Jew and the Christian is the religious antagonism. How is this antagonism resolved? By making it impossible. How is a religious antagonism made impossible? By abolishing religion.

As soon as Jew and Christian recognize their respective religions as different stages in the development of the human mind, as different snake skins which history has cast off, and men as the snakes encased therein, they stand no longer in a religious relationship, but in a critical, a scientific, a human one. Science then constitutes their unity. Antagonisms in science, however, are resolved by science itself.

The German Jew is particularly affected by the lack of political emancipation in general and the pronounced Christianity of the State. In

Bauer's sense, however, the Jewish question has a general significance independent of the specific German conditions.

It is the question of the relation of religion to the State, of the contradiction between religious entanglement and political emancipation. Emancipation from religion is posited as a condition, both for the Jews, who desire to be politically emancipated, and for the State, which shall emancipate and itself be emancipated.

“Good, you say, and the Jew says so too, the Jew also is not to be emancipated as Jew, not because he is a Jew, not because he has such an excellent, general, human principle of morality; the Jew will rather retire behind the citizen and be a citizen, although he is a Jew and wants to remain one: that is, he is and remains a Jew, in spite of the fact that he is a citizen and lives in general human relationships: his Jewish and limited nature always and eventually triumphs over his human and political obligations. The prejudice remains in spite of the fact that it has been outstripped by general principles. If, however, it remains, it rather outstrips everything else.” “Only sophistically and to outward seeming would the Jew be able to remain a Jew in civic life; if he desired to remain a Jew, the mere semblance would therefore be the essential thing and would triumph, that is, his life in the State would be only a semblance or a passing exception to the rule and the nature of things” (“The Capacity of modern Jews and Christians to become free,”).

Let us see, on the other hand, how Bauer describes the task of the State: “France has recently (proceedings of the Chamber of Deputies, 26th December 1840) in connection with the Jewish question — as constantly in all other political questions — given us a glimpse of a life which is free, but revokes its freedom in law, and therefore asserts it to be a sham, and on the other hand contradicts its free law by its act.” “The Jewish Question,” .

“General freedom is not yet legal in France, the Jewish question is not yet solved, because legal freedom — that all citizens are equal — is limited in practice, which is still dominated by religious privileges, and this unfreedom in practice reacts on the law, compelling the latter to sanction the division of nominally free citizens into oppressed and oppressor,” .

When, therefore, would the Jewish problem be solved for France?

“The Jew, for instance, must cease to be a Jew if he will not allow himself to be hindered by his law from fulfilling his duties towards the State and his fellow-citizens, going, for example, to the Chamber of Deputies on

the Sabbath and taking part in the public sittings. Every religious privilege, and consequently the monopoly of a privileged Church, must be surrendered, and if few or many or even the great majority believe they ought still to perform religious duties, this performance must be left to themselves as a private matter,” . “When there is no longer a privileged religion, there will no longer be a religion. Take from religion its excommunicating power, and it exists no longer,” .

On the one hand, Bauer states that the Jew must abandon Judaism, and that man must abandon religion, in order to be emancipated as a citizen. On the other hand, he feels he is logical in interpreting the political abolition of religion to mean the abolition of religion altogether. The State, which presupposes religion, is as yet no true, no real State. “At any rate the religious idea gives the State guarantees. But what State? What kind of State?” .

At this point we are brought up against the one-sided conception of the Jewish question.

It was by no means sufficient to inquire: Who shall emancipate? Who shall be emancipated? Criticism had a third task to perform.

It had to ask: what kind of emancipation are we concerned with? Upon what conditions is the desired emancipation based? The criticism of political emancipation itself was only the eventual criticism of the Jewish question and its true solution, in the “general question of the time.”

Because Bauer does not raise the question to this level he falls into contradictions. He posits conditions which are not involved in the nature of political emancipation itself. He suggests questions which his problem does not imply, and he solves problems which leave his questions unsettled. Whereas Bauer says of the opponents of Jewish emancipation: “Their mistake was that they assumed the Christian State to be the only real State, and did not subject it to the same criticism that they applied to Judaism,” we find Bauer’s mistake to consist in the fact that it is only the Christian State, and not the “general State,” that he subjects to criticism, that he does not investigate the relation of political emancipation to human emancipation, and consequently lays down conditions which are only explicable from an uncritical confusion of political emancipation with general human emancipation.

When Bauer asks Jews: Have you the right from your standpoint to crave political emancipation? we would inquire on the contrary: Has the

standpoint of political emancipation the right to demand of Jews the abolition of Judaism, or from men generally the abolition of religion.

The complexion of the Jewish question changes according to the State in which Jews find themselves. In Germany, where no political State, no State as State exists, the Jewish question is a purely theological question. The Jew finds himself in religious antagonism to the State, which acknowledges Christianity as its basis. This State is theologian *ex professo*. Here criticism is criticism of theology, is two-edged criticism, criticism of Christian and criticism of Jewish theology. But however critical we may be, we cannot get out of the theological circle.

In France, in the constitutional State, the Jewish question is the question of constitutionalism, of the incompleteness of political emancipation. As the semblance of a State religion is there preserved, although in a meaningless and self-contradictory formula, in the formula of a religion of the majority, the relationship of Jews to the State retains the semblance of a religious and theological antagonism.

It is only in the North American Free States — at least in part of them — that the Jewish question loses its theological significance and becomes a really secular question. Only where the political State exists in its completeness can the relation of the Jew, of the religious man generally, to the political State, and therefore the relation of religion to the State, be studied in its special features and its purity. The criticism of this relationship ceases to be theological criticism when the State ceases to adopt a theological attitude towards religion, when its attitude towards religion becomes purely political. The criticism then becomes criticism of the political State. At this point, where the question ceases to be theological, Bauer's criticism ceases to be critical. In the United States there is neither a State religion nor a religion declared to be that of the majority, nor the predominance of one cult over another. The State is alien to all cults. (*Marie ou l'esclavage aux Etats-Unis*, etc., by G. Beaumont, Paris 1835, .) There are even North American States where "the constitution does not impose religious beliefs or the practice of a cult as a condition of political privileges" (l. c. ). Yet "nobody in the United States believes that a man without religion might be an honest man" (l. c. ). Yet North America is pre-eminently the country of religiosity, as Beaumont, Tocqueville and the Englishman Hamilton assure us with one voice. Meanwhile, the North American States only serve us as an example. The question is: What is the

attitude of completed political emancipation towards religion? If even in the country of completed political emancipation we find religion not only existing, but in a fresh and vital state, it proves that the existence of religion does not contradict the completeness of the State. But as the existence of religion indicates the presence of a defect, the source of this defect may only be looked for in the nature of the State. We are no longer concerned with religion as the basis, but only as the phenomenon of secular shortcomings. Consequently we explain the religious handicap of the free citizens from their secular handicap. We do not assert that they must remove their religious handicap as soon as they cast off their secular fetters. We do not transform secular questions into theological questions. We transform theological questions into secular questions.

After history has for so long been dissolved in superstition, we dissolve the superstition in history. The question of the relation of political emancipation becomes for us the question of the relation of political emancipation to human emancipation. We criticize the religious weakness of the political State by criticizing the political State in its secular construction, apart from the religious weaknesses. We transmute the contradiction of the State with a specific religion, like Judaism, into the contradiction of the State with specific secular elements, and the contradiction of the State with religion generally into the contradiction of the State with its general assumptions.

The political emancipation of the Jew, of the Christian, of the religious man in general, means the emancipation of the State from Judaism, from Christianity, from religion generally. In its form as State, in the manner peculiar to its nature, the State emancipates itself from religion by emancipating itself from the State religion, that is, by the State as State acknowledging no religion.

Political emancipation from religion is not a thorough-going and consistent emancipation from religion, because political emancipation is not effectual and consistent human emancipation.

The limit of political emancipation is immediately seen to consist in the fact that the State can cast off a fetter without men really becoming free from it, that the State can become a free State without men becoming free men. Bauer tacitly assents to this in laying down the following condition for political emancipation. "Every religious privilege, and therefore the monopoly of a privileged Church must be surrendered, and if few or many

or even the great majority believe they ought still to perform religious duties, this performance must be left to themselves as a private matter.” The State may therefore achieve emancipation from religion, although the great majority are still religious. And the great majority do not cease to be religious by being religious privately.

The political elevation of the individual above religion shares all the defects and all the advantages of political elevation generally. For example, the State as State annuls private property, the individual declares in a political manner that private property is abolished as soon as he abolishes the census for active and passive eligibility, which has been done in many North American States. Hamilton interprets this fact quite correctly from the political standpoint: “The great multitude has won the victory over the property owners and the monied men.” Is not private property ideally abolished when the have-nots become the legislators of the haves? The census is the last political form to recognize private property.

Yet private property is not only not abolished with the political annulment of private property, but is even implied therein. The State abolishes in its fashion the distinctions of birth, status, education, and occupation when it declares birth, status, education, and occupation to be unpolitical distinctions, when, without taking account of these distinctions, it calls upon every member of the community to participate in the popular sovereignty on an equal footing, when it deals with all the elements of the real popular life from the State’s point of view. Nevertheless the State leaves private property, education, occupation operating in their own manner, that is, as education, as occupation, and developing their potentialities.

From abolishing these actual distinctions, it rather exists only upon their basis, and is conscious of being a political State and enforcing its communal principle only in opposition to these its elements. Consequently Hegel defines the relation of the political State to religion quite correctly when he says: “If the State is to have reality as the ethical, self-conscious realization of spirit, it must be distinguished from the form of authority and faith. But this distinction arises only in so far as the ecclesiastical side is in itself divided into several churches. Then only is the State seen to be superior to them, and wins and brings into existence the universality of thought as the principle of its form.” (“Philosophy of Right,” Eng. tr. .)

By its nature the completed political State is the generic life of man in contradistinction to his material life. All the assumptions of this egoistic life remain in existence outside the sphere of the State, in bourgeois society, but as the peculiarities of bourgeois society.

Where the political State has attained its true development, the individual leads not only in thought, in consciousness, but in reality, a double life, a heavenly and an earthly life, a life in the political community, wherein he counts as a member of the community, and a life in bourgeois society, wherein he is active as a private person, regarding other men as a means, degrading himself into a means and becoming a plaything of alien powers.

The political State is related to bourgeois society as spiritualistically as heaven is to earth. It occupies the same position of antagonism towards bourgeois society; it subdues the latter just as religion overcomes the limitations of the profane world, that is, by recognizing bourgeois society and allowing the latter to dominate it. Man in his outermost reality, in bourgeois society, is a profane being. Here, where he is a real individual for himself and others, he is an untrue phenomenon.

In the State, on the other hand, where the individual is a generic being, he is the imaginary member of an imagined sovereignty, he is robbed of his real individual life and filled with an unreal universality.

The conflict in which the individual as the professor of a particular religion is involved with his citizenship, with other individuals as members of the community, reduces itself to the secular cleavage between the political State and bourgeois society.

For the individual as a bourgeois, "life in the State is only a semblance, or a passing exception to the rule and the nature of things." In any case, the bourgeois, like the Jew, remains only sophistically in political life, just as the citizen remains a Jew or a bourgeois only sophistically; but this sophistry is not personal. It is the sophistry of the political State itself. The difference between the religious individual and the citizen is the difference between the merchant and the citizen, between the labourer and the citizen, between the landowner and the citizen, between the living individual and the citizen. The contradiction in which the religious individual is involved with the political individual is the same contradiction in which the bourgeois is involved with the citizen, in which the member of bourgeois society is involved with his political lionskin.

This secular conflict to which the Jewish question is finally reduced, the relation of the political State to its fundamental conditions, whether the latter be material elements, like private property, etc., or spiritual elements, like education or religion, the conflict between the general interest and the private interest, the cleavage between the political State and bourgeois society — these secular antagonisms are left unnoticed by Bauer, while he controverts their religious expression. “It is precisely its foundation, the need which assures to bourgeois society its existence and guarantees its necessity, which exposes its existence to constant dangers, maintains in it an uncertain element and converts the latter into a constantly changing mixture of poverty and wealth, distress and prosperity,” .

Bourgeois society in its antagonism to the political State is recognized as necessary, because the political State is recognized as necessary.

Political emancipation at least represents important progress; while not the last form of human emancipation generally, it is the last form of human emancipation within the existing world order. It is understood that we are speaking here of real, of practical emancipation.

The individual emancipates himself politically from religion by banishing it from public right into private right. It is no longer the spirit of the State, where the individual — although in a limited manner, under a particular form and in a special sphere — behaves as a generic being, in conjunction with other individuals; it has become the spirit of bourgeois society, of the sphere of egoism, of the *bellum omnium contra omnes*. It is no longer the essence of the community, but the essence of social distinctions.

It has become the expression of the separation of the individual from his community, from himself and from other individuals — what it was originally. It is only the abstract profession of special perversity, of private whim. The infinite splitting-up of religion in North America, for example, gives it outwardly the form of a purely individual concern. It has been added to the heap of private interests, and exiled from the community as community. But there is no misunderstanding about the limits of political emancipation. The division of the individual into a public and a private individual, the expulsion of religion from the State into bourgeois society, is not a step, it is the completion of political emancipation, which thus neither abolishes nor seeks to abolish the real religiosity of the individual.

The splitting-up of the individual into Jew and citizen, into Protestant and citizen, into a religious person and citizen, this decomposition does not belie citizenship; it is not a circumvention of political emancipation; it is political emancipation itself, it is the political manner of becoming emancipated from religion. Moreover, in times when the political State as a political State is forcibly born of bourgeois society, when human self-liberation strives to realize itself under the form of political self-liberation, the State is driven the whole length of abolishing, of destroying religion, but it also proceeds to the abolition of private property, to the law of maximum, to confiscation, to progressive taxation, just as it proceeds to the abolition of life, to the guillotine. In the moment of its heightened consciousness, the political life seeks to suppress its fundamental conditions, bourgeois society and its elements, and to constitute itself as the real and uncontradictory generic life of the individual. It is, however, only enabled to do this by a flagrant violation of its own conditions of life, by declaring the revolution to be permanent, and the political drama therefore ends as inevitably with the restoration of religion, of private property, and all the elements of bourgeois society, as war ends with peace.

Why not even the so-called Christian State, which acknowledges Christianity as its basis, as the State religion, and therefore adopts a proscriptive attitude towards other religions is the completed Christian State. The latter is rather the atheistic State, the democratic State, the State which consigns religion among the other elements of bourgeois society. The State which is still theological and which still officially prescribes belief in Christianity, has not yet succeeded in giving secular and human expression to those human foundations whose exaggerated expression is Christianity. The so-called Christian State is simply no State at all, because it is not Christianity as a religion, but only the human background of the Christian religion which can realize itself in actual human creations.

The so-called Christian State is the Christian denial of the State, although it is not by any means the political realization of Christianity. The State, which still professes Christianity in the form of religion, does not yet profess it in the form of the State, for its attitude towards religion is a religious attitude. It is not yet the actual realization of the human basis of religion, because it still operates upon the unreality, upon the imaginary shape of this human kernel. The so-called Christian State is the incomplete State, and the Christian religion is regarded by it as the complement and the

redemption of its imperfection. Consequently religion becomes its instrument, and it is the State of hypocrisy. The so-called Christian State needs the Christian religion in order to complete itself as a State. The democratic State, the real State, does not need religion for its political completion. It can rather do without religion, because it represents the realization of the human basis of religion in a secular manner. The so-called Christian State, on the other hand, adopts a political attitude towards religion and a religious attitude towards politics. If it degrades the State form to the level of a fiction, it equally degrades religion to a fiction.

In order to elucidate these antagonisms, let us consider Bauer's construction of the Christian State, a construction which has proceeded from contemplating the Christian-Germanic State.

Says Bauer: "In order to demonstrate the impossibility or the non-existence of a Christian State, we are frequently referred to that pronouncement in the Gospel which it not only does not follow, but cannot follow without dissolving itself completely as a State." "But the question is not settled so easily. What then does this Gospel text enjoin? Supernatural self-denial, subjection to the authority of revelation, the turning away from the State, the abolition of secular conditions. Now all this is enjoined and carried out by the Christian State. It has absorbed the spirit of the Gospel, and if it does not repeat it in the same words as the Gospel expresses it, the reason is only because it expresses this spirit in the State form, that is, in forms which are indeed derived from the State of this world, but which are degraded to a sham in the religious rebirth which they have to undergo."

Bauer goes on to show how the people of the Christian State are only a sham people, who no longer have any will of their own, but possess their real existence in the chief to whom they are subject, but from whom they were originally and naturally alien, as he was given to them by God; how the laws of this people are not their creation, but positive revelations; how their chief requires privileged mediators with his own people, with the masses; how these masses themselves are split up into a multitude of special circles, which are formed and determined by chance, which are distinguished by their interests, their particular passions and prejudices, and receive as a privilege permission to make mutual compacts .

The separation of the "spirit of the Gospel" from the "letter of the Gospel" is an irreligious act. The State, which makes the Gospel speak in the letter of politics, in other letters than those of the Holy Spirit, commits a

sacrilege if not in human eyes, at least in its own religious eyes. The State, which acknowledges Christianity as its supreme embodiment and the Bible as its charter, must be confronted with the words of Holy Writ, for the writings are sacred to the letter. The State lapses into a painful, and from the standpoint of the religious consciousness, irresolvable contradiction, when it is pinned down to that pronouncement of the Gospel, which it “not only does not follow, but cannot follow without completely dissolving itself as a State.” And why does it not want to completely dissolve itself? To this question it can find no answer, either for itself or for others. In its own consciousness the official Christian State is an Ought, which is impossible of realization. Only by lies can it persuade itself of the reality of its existence, and consequently it always remains for itself an object of doubt, an unreliable and ambiguous object. The critic is therefore quite justified in forcing the State, which appeals to the Bible, into a condition of mental derangement where it no longer knows whether it is a phantasm or a reality, where the infamy of its secular objects, for which religion serves as a mantle, falls into irresolvable conflict with the integrity of its religious consciousness, to which religion appears as the object of the world. This State can only redeem itself from its inner torment by becoming the hangman of the Catholic Church. As against the latter, which declares the secular power to be its serving body, the State is impotent. Impotent is the secular power which claimed to be the rule of the religious spirit.

In the so-called Christian State it is true that alienation counts, but not the individual. The only individual who counts, the king, is a being specially distinguished from other individuals, who is also religious and directly connected with heaven, with God. The relations which here prevail are still relations of faith. The religious spirit is therefore not yet really secularized.

Moreover, the religious spirit cannot be really secularized, for what in fact is it but the unworldly form of a stage in the development of the human mind? The religious spirit can only be realized in so far as the stage of development of the human mind, whose religious expression it is, emerges and constitutes itself in its secular form. This is what happens in the democratic State. It is not Christianity, but the human basis of Christianity which is the basis of this State. Religion remains the ideal, unworldly consciousness of its members, because it is the ideal form of the human stage of development which it represents.

The members of the political State are religious by virtue of the dualism between the individual life and the generic life, between the life of bourgeois society and the political life; they are religious inasmuch as the individual regards as his true life the political life beyond his real individuality, in so far as religion is here the spirit of bourgeois society, the expression of the separation and the alienation of man from man. The political democracy is Christian to the extent that it regards every individual as the sovereign, the supreme being, but it means the individual in his uncultivated, unsocial aspect, the individual in his fortuitous existence, the individual just as he is, the individual as he is destroyed, lost, and alienated through the whole organization of our society, as he is given under the dominance of inhuman conditions and elements, in a word, the individual who is not yet a real generic being.

The sovereignty of the individual, as an alien being distinguished from the real individual, which is the chimera, the dream, and the postulate of Christianity, is under democracy sensual reality, the present, and the secular maximum.

The religious and theological consciousness itself is heightened and accentuated under a completed democracy, because it is apparently without political significance, without earthly aims, an affair of misanthropic feeling, the expression of narrow-mindedness, the product of caprice, because it is a really other-worldly life. Here Christianity achieves the practical expression of its universal religious significance, in that the most various philosophies are marshalled in the form of Christianity, and, what is more, other members of society are not required to subscribe to Christianity, but to some kind of religion. The religious consciousness riots in the wealth of religious antagonism and of religious variety.

We have therefore shown: Political emancipation from religion leaves religion in existence, although not as a privileged religion. The contradiction in which the supporter of a particular religion finds himself involved with his citizenship, is only a part of the general secular contradiction between the political State and bourgeois society. The completion of the Christian State is the State which professes to be a State and abstracts from the religion of its members. The emancipation of the State from religion is not the emancipation of the real individual from religion.

We do not therefore tell the Jews with Bauer: You cannot be politically emancipated without radically emancipating yourselves from Judaism. We tell them rather: Because you could be emancipated politically without entirely breaking away from Judaism, political emancipation is not human emancipation. If you Jews desire to be politically emancipated without emancipating yourselves humanly, the incompleteness, the contradiction, lies not only in you, but it also resides in the essence and the category of political emancipation. If you remain enmeshed in this category, you share in a general disability.

But if the individual, although a Jew, can be politically emancipated and receive civic rights, can he claim and receive the so-called rights of man? Bauer denies it: "The question is whether the Jew as such, that is the Jew who admits that by his very nature he is compelled to live in everlasting separation from others, is capable of receiving and conceding to others the general rights of man."

"The idea of the rights of man was first discovered in the last century so far as the Christian world is concerned. It is not innate in the individual, it is rather conquered in the struggle with the historical traditions in which the individual has hitherto been brought up. Thus the rights of man are not a gift from Nature, not a legacy from past history, but the price of the struggle against the accident of birth and against the privileges which history has bequeathed from generation to generation up to now. They are the result of education, and can only be possessed by those who have acquired and earned them."

"Can they really be claimed by the Jew? So long as he is a Jew, the limiting quality which makes him a Jew must triumph over the human quality which binds him as a man to other men, and must separate him from gentiles. By this separation he proclaims that the special quality which makes him a Jew is his real supreme quality, to which the human quality must give place."

"In the same manner the Christian as Christian cannot grant the rights of man," p, 20.

According to Bauer, the individual must sacrifice the "privilege of faith" in order to be able to receive the general rights of man. Let us consider for a moment the so-called rights of man, in fact the rights of man in their authentic shape, in the shape which they possess among their discoverers, the North Americans and the French. In part these rights of man are

political rights, rights which are only exercised in the community with others. Participation in the affairs of the community, in fact of the political community, forms their substance. They come within the category of political freedom, of civil rights, which does not, as we have seen, by any means presuppose the unequivocal and positive abolition of religion, and therefore of Judaism. It remains to consider the other aspect of human rights, the *droits de l'homme* apart from the *droits du citoyen*.

Among them is to be found liberty of conscience, the right to practise any cult to one's liking. The privilege of belief is expressly recognized, either as a human right or as the consequence of a human right, of freedom.

Declaration of the rights of man and of citizenship, 1791, article 10: No penalty should attach to the holding of religious opinions. The right of every man to practise the religious cult to which he is attached is guaranteed by clause 1 of the Constitution of 1791.

The Declaration of the Rights of Man, etc., 1793, includes among human rights, article 7: The free practice of cults. With respect to the right to publish ideas and opinions and to assemble for the practice of a cult, it is even stated: The necessity for enunciating these rights presupposes either the presence or the recent memory of a despotism.

Constitution of Pennsylvania, article 9, paragraph 3: All men have received from Nature the imprescriptible right to worship the Almighty according to the dictates of their conscience, and nobody may legally be constrained to follow, to institute, or to support, against his will, any religious cult or ministry. In no case may any human authority interfere in questions of conscience and control the prerogatives of the soul.

Constitution of New Hampshire, articles 5 and 6: Among the number of natural rights, some are inalienable by their nature, because nothing can take their place. Such are the rights of conscience.

The incompatibility of religion with the rights of man is thus not implied by the conception of the rights of man, because the right to be religious, to be religious according to one's liking, to practise the cult of a particular religion, is expressly included among the rights of man. The privilege of faith is a general right of man.

The rights of man as such are distinguished from the rights of the citizen. What is man apart from the citizen? Nothing else than a member of bourgeois society. Why is the member of bourgeois society called "man," and why are his rights called the rights of man? How do we explain this

fact? From the relation of the political State to bourgeois society, from the meaning of political emancipation.

Above all we must record the fact that the so-called rights of man, as distinguished from the rights of the citizen, are nothing else than the rights of the member of bourgeois society, that is of the egoistic individual, of man separated from man and the community. The most radical constitution, the Constitution of 1793, may be cited:

Declaration of the rights of man and of the citizen. Article 2. These rights, etc. (natural and imprescriptible rights) are: equality, liberty, security, property.

Of what consists liberty? Article 6. Liberty is the power which belongs to man to do everything which does not injure the rights of others.

Freedom is therefore the right to do and perform that which injures none. The limits within which each may move without injuring others are fixed by the law, as the boundary between two fields is fixed by the fence. The freedom in question is the freedom of the individual as an isolated atom thrown back upon itself. Why, according to Bauer, is the Jew incapable of receiving the rights of man? "So long as he is a Jew, the limiting quality which makes him a Jew must triumph over the human quality which binds him as a man to other men, and must separate him from gentiles." But the right of man to freedom is not based upon the connection of man with man, but rather on the separation of man from man. It is the right to this separation, the right of the individual limited to himself.

The practical application of the right of man to freedom is the right of man to private property.

In what consists the right of man to private property?

Article 16 (Const. of 1793): The right to property is the right of every citizen to enjoy and dispose of as he likes his goods, his income, the fruit of his toil and of his industry.

The right of man to private property is therefore the right to enjoy and dispose of his property, at his will and pleasure, without regard for others, and independently of society: the right of self-interest. Each particular individual freedom exercised in this way forms the basis of bourgeois society. It leaves every man to find in other men not the realization, but rather the limits of his freedom. But it proclaims above all the right of man to enjoy and dispose of his property, his income, and the fruit of his toil and his industry according to his pleasure.

There still remain the other rights of man, equality and security.

Equality here in its non-political significance is nothing but the equality of the above described liberty, viz.: every individual is regarded as a uniform atom resting on its own bottom. Article 5 of the Constitution of 1793 states: Equality consists in the fact that the law is the same for all, whether it protects or whether it punishes.

And security? Article 8 of the Constitution of 1793: Security consists in the protection accorded by society to each of its members for the preservation of his person, his rights, and his property.

Security is the supreme social conception of bourgeois society, the conception of the police, the idea that society as a whole only exists to guarantee to each of its members the maintenance of his person, his rights, and his property.

By the conception of security bourgeois society does not raise itself above its egoism. Security is rather the confirmation of its egoism.

None of the so-called rights of man, therefore, goes beyond the egoistic individual, beyond the individual as a member of bourgeois society, withdrawn into his private interests and separated from the community. Far from regarding the individual as a generic being, the generic life, Society itself, rather appears as an external frame for the individual, as a limitation of his original independence. The sole bond which connects him with his fellows is natural necessity, material needs and private interest, the preservation of his property and his egoistic person.

It is strange that a people who were just beginning to free themselves, to break down all the barriers between the various members of the community, to establish a political community, that such a people should solemnly proclaim the justification of the egoistic individual, separated from his fellows and from the community, and should even repeat this declaration at a moment when the most heroic sacrifice could alone save the nation and was therefore urgently required, at a moment when the sacrifice of all interests of bourgeois society was imperative, and egoism should have been punished as a crime. This fact is even stranger when we behold the political liberators degrading citizenship and the political community to the level of a mere means for the maintenance of these so-called rights of man, proclaiming the citizen to be the servant of the egoistic man, degrading the sphere in which the individual behaves as a social being below the sphere in

which he behaves as a fractional being, and finally accepting as the true proper man not the individual as citizen, but the individual as bourgeois.

The aim of every political association is the preservation of the natural and imprescriptible rights of man. (Declaration of the rights, etc., of 1791, article 2.) The purpose of government is to assure to man the enjoyment of his natural and imprescriptible rights. (Declaration of 1793, art. 1.)

Thus even at the time when its enthusiasm was still fresh and kept at boiling point by the pressure of circumstances, the political life proclaimed itself to be a mere means whose end is the life of bourgeois society.

It is true that its revolutionary practice was in flagrant contradiction to its theory. While security, for example, was proclaimed to be a right of man, the violation of the secrecy of correspondence was publicly proposed.

While the indefinite liberty of the press (1793 Constitution, art. 122) was guaranteed as a consequence of the right of man to individual liberty, the freedom of the press was completely destroyed, for liberty of the press could not be permitted when it compromised public liberty. (Robespierre jeune, "Parliamentary History of the French Revolution." Buchez et Roux, .) This means that the right of man to liberty ceases to be a right as soon as it comes into conflict with the political life, whereas, according to theory, the political life is only the guarantee of the rights of man, and should therefore be surrendered as soon as its object contradicts these rights of man. But the practice is only the exception and the theory is the rule. If, however, we regard the revolutionary practice as the correct position of the relation, the riddle still remains to be solved, why the relationship was inverted in the consciousness of the political liberators, the end appearing as the means, and the means as the end. This optical illusion of their consciousness would still be the same riddle, although a psychological, a theoretical riddle.

The riddle admits of easy solution.

The political emancipation is at the same time the dissolution of the old society, upon which was based the civic society, or the rulership alienated from the people. The political revolution is the revolution of bourgeois society. What was the character of the old society? It can be described in one word. Feudality. The old civic society had a directly political character, that is, the elements of civic life, as for example property or the family, or the mode and kind of labour, were raised to the level of elements of the community in the form of landlordism, status, and corporation. In this form

they determined the relation of the individual to the community, that is his political relation, his relationship of separation and exclusion from the other constituent parts of society. For the latter organization of popular life did not raise property or labour to the level of social elements, but rather completed their separation from the political whole and constituted them as special societies within society. Thus the vital functions and vital conditions of society continued to be political, although political in the sense of feudality, which means that they excluded the individual from the political whole, and transformed the special relation of his corporation to the political whole into his own general relation to the popular life. As a consequence of this organization, the political unity necessarily appears as the consciousness, the will and the activity of the political unity, and likewise the general State power as the special concern of a ruler and his servants sundered from the people.

The political revolution, which overthrew this domination and raised political affairs to the rank of popular affairs, which constituted the political State as a general concern, that is as a real State, necessarily shattered all Estates, corporations, guilds, privileges, which were just so many expressions of the separation of the people from their community. The political revolution thereby abolished the political character of civic society.

It dissolved civic society into its elemental parts, on the one hand, into the individuals, on the other hand, into the material and spiritual elements, which formed the vital content, the civic situation of these individuals. It released the political spirit, which was imprisoned in fragments in the various blind alleys of the feudal society; it collected all these dispersed parts of it, liberated it from its entanglement with the civic life, and constituted it as the sphere of the community, of the general popular concerns in ideal independence from its particular elements of civic life. The specific life activity and the specific life situation settled into a merely general significance. They no longer formed the general relation of the individual to the political whole. The public business as such became rather the general business of every individual and the political function became his general function.

But the completion of the idealism of the State was at the same time the completion of the materialism of civic society.

The throwing off of the political yoke was at the same time the throwing off of the bond which had curbed the egoistic spirit of civic society. The

political emancipation was at the same time the emancipation of civic society from politics, from even the semblance of a general content.

Feudal society was resolved into its basic elements, its individual members. But into the individuals who really formed its basis, that is, the egoistic individual.

This individual, the member of civic society, is now the basis, the assumption of the political State. He is recognized as such in the rights of man.

The liberty of the egoistic individual and the recognition of this liberty are, however, tantamount to the recognition of the unbridled movement of the intellectual and material elements which inform him.

The individual was therefore not liberated from religion; he received religious freedom. He was not freed from property; he received freedom of property. He was not freed from the egoism of industry; he received industrial freedom.

The constitution of the political State and the dissolution of civic society into independent individuals — whose relation is right, as the relation of the members of Estates and of guilds was privilege — is accomplished in one and the same act. But the individual as a member of civic society, the unpolitical individual, necessarily appears as the natural individual. The rights of man appear as natural rights, for the self-conscious activity concentrates itself upon the political act. The egoistic individual is the sediment of the dissolved society, the object of immediate certitude, and therefore a natural object. The political revolution dissolves the civic society into its constituent parts without revolutionizing and subjecting to criticism those parts themselves. It regards bourgeois society, the world of needs, of labour, of private interests, as the foundation of its existence, as an assumption needing no proof, and therefore as its natural basis. Lastly, the individual as a member of bourgeois society counts as the proper individual, as the man in contradistinction to the citizen, because he is man in his sensual, individual, closest existence, whereas political man is only the abstract, artificial individual, the individual as an allegorical, moral person. The real man is only recognized in the shape of the egoistic individual, the true man is only recognized in the shape of the abstract citizen.

The abstraction of the political man was very well described by Rousseau: He who dares undertake to give instructions to a nation ought to feel himself capable as it were of changing human nature; of transforming

every individual who in himself is a complete and independent whole into part of a greater whole, from which he receives in some manner his life and his being; of altering man's constitution, in order to strengthen it; of substituting a social and moral existence for the independent and physical existence which we have all received from nature. In a word, it is necessary to deprive man of his native powers, in order to endow him with some which are alien to him, and of which he cannot make use without the aid of other people.

All emancipation leads back to the human world, to relationships, to men themselves.

Political emancipation is the reduction of man, on the one side, to the member of bourgeois society, to the egoistic, independent individual, on the other side, to the citizen, to the moral person.

Not until the real, individual man is identical with the citizen, and has become a generic being in his empirical life, in his individual work, in his individual relationships, not until man has recognized and organized his own capacities as social capacities, and consequently the social force is no longer divided by the political power, not until then will human emancipation be achieved.

## **2. The Capacity of Modern Jews and Christians to become Free, by Bruno Bauer.**

Under this form Bauer deals with the relation of the Jewish and Christian religion, as well as with the relation of the same to criticism. Its relation to criticism is its relation “to the capacity to be free.”

It follows: “The Christian has only one stage to surmount, viz.: his religion, in order to abolish religion generally,” and therefore to become free. “The Jew, on the contrary, has to break not only with his Jewish essence, but also with the development of the completion of his religion, with a development that has remained alien to him” .

Bauer therefore transforms here the question of Jewish emancipation into a purely religious question. The theological scruple as to who stood the most chance of being saved, Jew or Christian, is here repeated in the enlightened form: which of the two is most capable of emancipation? It is no longer a question of whether Judaism or Christianity makes free? but rather on the contrary: which makes more for freedom, the negation of Judaism or the negation of Christianity?

“If they wish to be free, Jews should be converted, not to Christianity, but to Christianity in dissolution, to religion generally in dissolution, that is to enlightenment, criticism and its results, to free humanity,” .

It appears that Jews have still to be converted, but to Christianity in dissolution, instead of to Christianity.

Bauer requires Jews to break with the essence of the Christian religion, a requirement which, as he says himself, does not arise from the development of Jewish essentials.

As Bauer had interpreted Judaism merely as a crude-religious criticism of Christianity, and had therefore read “only” a religious meaning into it, it was to be foreseen that the emancipation of the Jews would be transformed into a philosophic-theological act.

Bauer conceives the ideal abstract being of the Jew, his religion as his whole being. Consequently he correctly infers: “The Jew gives mankind nothing, when he despises his narrow law, when he abolishes his whole Judaism,” .

The relation of Jews and Christians is therefore as follows: the sole interest of Christians in the emancipation of the Jews is a general human, a theoretical interest. Judaism is a detrimental fact in the religious eyes of Christians. As soon as their eyes cease to be religious, this fact ceases to be detrimental. The emancipation of Jews in itself is no work for Christians.

But in order to emancipate himself, the Jew has to undertake not only his own work, but at the same time the work of the Christian, the criticism of the synoptics, etc.

We will try to get rid of the theological conception of the question. The question of the capacity of the Jews for emancipation is from our standpoint transformed into the question, what particular social element has to be overcome in order to abolish Judaism? For the capacity for emancipation of the modern Jew is the relation of Judaism to the emancipation of the modern world. This relation is necessarily disclosed by the special position of Judaism in the modern subjugated world.

Let us consider the real worldly Jews, not the Sabbath Jews, as Bauer does, but the every-day Jews.

We will not look for the secret of the Jew in his religion, but we will look for the secret of religion in the real Jew.

What is the secular basis of Judaism? Practical needs, egoism.

What is the secular cult of the Jew? Huckstering. What is his secular God? Money.

Very well. Emancipation from huckstering and from money, and therefore from practical, real Judaism would be the self-emancipation of our epoch.

An organization of society, which would abolish the fundamental conditions of huckstering, and therefore the possibility of huckstering, would render the Jew impossible. His religious consciousness would dissolve like a mist in the real vital air of society. On the other hand: if the Jew recognizes as valueless this his practical essence, and labours for its abolition, he would work himself free of his previous development, and labour for human emancipation generally, turning against the supreme practical expression of human self-alienation.

We therefore perceive in Judaism a general pervading anti-social element, which has been carried to its highest point by the historical development, in which Jews in this bad relation have zealously co-operated, a point at which it must necessarily dissolve itself.

The emancipation of the Jews in its last significance is the emancipation of mankind from Judaism.

The Jew has already emancipated himself in Jewish fashion. "The Jew who in Vienna, for example, is only tolerated, determines by his financial power the fate of the whole Empire. The Jew who may be deprived of rights in the smallest German State, determines the fate of Europe."

"While the corporations and guilds excluded the Jew, the enterprise of industry laughs at the obstinacy of the medieval institution." (Bauer, "The Jewish Question," .)

This is no isolated fact. The Jew has emancipated himself in Jewish fashion, not only by taking to himself financial power, but by virtue of the fact that with and without his co-operation, money has become a world power, and the practical Jewish spirit has become the practical spirit of Christian nations. The Jews have emancipated themselves in so far as Christians have become Jews.

"The pious and politically free inhabitant of New England," relates Colonel Hamilton, "is a kind of Laokoon, who does not make even the slightest effort to free himself from the serpents which are throttling him. Mammon is his god, he prays to him, not merely with his lips, but with all the force of his body and mind.

"In his eyes, the world is nothing more than a Stock Exchange, and he is convinced that here below he has no other destiny than to become richer than his neighbours. When he travels, he carries his shop or his counter on his back, so to speak, and talks of nothing but interest and profit."

The practical domination of Judaism over the Christian world has reached such a point in North America that the preaching of the Gospel itself, the Christian ministry, has become an article of commerce, and the bankrupt merchant takes to the Gospel, while the minister grown rich goes into business.

"He whom you see at the head of a respectable congregation began as a merchant; his business failing, he became a minister. The other started his career in the ministry, but as soon as he had saved a sum of money, he abandoned the pulpit for the counter. In the eyes of a large number, the ministry is a commercial career." Beaumont.

According to Bauer, to withhold political rights from the Jew in theory, while in practice he wields enormous power, exercising wholesale the influence he is forbidden to distribute in retail, is an anomaly.

The contradiction between the practical, political power of the Jew and his political rights is the contradiction between politics and financial power generally. While the former is raised ideally above the latter, it has in reality become its bond slave.

Judaism has persisted alongside of Christianity not only as religious criticism of Christianity, not only as the embodiment of doubt in the religious parentage of Christianity, but equally because Judaism has maintained itself, and even received its supreme development, in Christian society. The Jew who exists as a peculiar member of bourgeois society, is only the particular expression of the Judaism of bourgeois society.

Judaism has survived not in spite of, but by virtue of history.

Out of its own entrails, bourgeois society continually creates Jews.

What was the foundation of the Jewish religion? Practical needs, egoism. Consequently the monotheism of the Jew is in reality the polytheism of many needs. Practical needs or egoism are the principle of bourgeois society, and they appear openly as such so soon as bourgeois society gives birth to the political state. The God of practical needs and egoism is money.

Money is the jealous God of Israel, by the side of which no other god may exist. Money degrades all the gods of man and converts them into commodities. Money is the general and self-constituted value of all things. Consequently it has robbed the whole world — the world of mankind as well as Nature — of its peculiar value. Money is the being of man's work and existence alienated from himself, and this alien being rules him, and he prays to it.

The God of the Jews has secularized himself and become the universal God. Exchange is the Jew's real God.

The conception of Nature which prevails under the rule of private property and of money is the practical degradation of Nature, which indeed exists in the Jewish religion, but only in imagination.

In this sense Thomas Münzer declared it to be intolerable "that all creatures have been turned into property, the fishes in the water, the birds in the air, the growths of the soil."

What remains as the abstract part of the Jewish religion, contempt for theory, for art, for history, for man as an end in himself, is the real conscious standpoint and virtue of the monied man. The generic relation itself — the relation of man to woman, etc., becomes an object of commerce. Woman is bartered.

The chimerical nationality of the Jew is the nationality of the merchant, of the monied man generally.

The baseless law of the Jew is only the religious caricature of the baseless morality and of right generally, of the merely formal ceremonies which pervade the world of egoism.

Here also the highest relation of man is the legal relation — the relation to laws which do not govern him because they are the laws of his own will and being, but because they are imposed on him from without. Any infraction thereof is punished.

Jewish Jesuitism, the same practical Jesuitism that Bauer infers from the Talmud, is the relation of the world of egoism to the laws which dominate it, and the cunning circumvention of which is the supreme art of this world.

The movement of this world within its laws is necessarily a continual abrogation of the law.

Judaism cannot develop any further as a religion, that is theoretically, because the philosophy of practical needs is limited by its nature and is exhausted in a few moves.

Judaism could create no new world; it could only draw the new world creations and world relations within the orbit of its activity, because the practical need whose rationale is egoism remains a passive state, which does not extend itself by spontaneous act, but only expands with the development of social conditions.

Judaism reaches its acme with the completion of bourgeois society, but bourgeois society first completes itself in the Christian world. Only under the reign of Christianity, which turns all national, natural, moral and theoretical relations into relations external to man, can bourgeois society separate itself entirely from the political life, dissever all the generic ties of the individual, set egoism in the place of these generic ties, and dissolve the human world into a world of atomized, mutually hostile individuals.

Christianity sprang out of Judaism. It has again withdrawn into Judaism.

The Christian from the outset was the theorizing Jew; the Jew is therefore the practical Christian, and the practical Christian has again become a Jew.

Christianity had only appeared to overcome Judaism. It was too noble, too spiritual to abolish the crudeness of practical needs except by elevation into the blue sky.

Christianity is the sublime idea of Judaism. Judaism is the common application of Christianity, but this application could only become general after Christianity had completed the alienation of man from himself, and theoretically from Nature. Not until then could Judaism attain to general domination and turn the alienated individual and alienated Nature into alienable and saleable objects.

Just as the individual while he remained in the toils of religion could only objectivize his being by turning it into a fantastic and alien being, so under the domination of egoistic needs he can only manifest himself in a practical way and only create practical objects by placing both his products and his activity under the domination of an alien being, and investing them with the significance of an alien being — of money.

The Christian selfishness of bliss is necessarily transmuted in its completed practice into the material selfishness of the Jew, heavenly needs become earthly needs, and subjectivity becomes egoism. We do not explain the Jew's tenacity from his religion, but rather from the human basis of his religion, that is, practical needs, egoism.

Because the real essence of the Jew has been generally realized and secularized in bourgeois society, the latter could not convince the Jew of the unreality of his religious essence, which is merely the ideal reflexion of his practical needs.

Consequently, it is not only in the Pentateuch or the Talmud, but also in present-day society that we find the essence of the modern Jew; not as an abstract, but as an extremely empirical being, not merely in the form of the Jew's limitations, but in that of the Jewish limitations of society.

As soon as society succeeds in abolishing the empirical essence of Judaism, the huckster, and the conditions which produce him, the Jew will become impossible, because his consciousness will no longer have a corresponding object, because the subjective basis of Judaism, viz.: practical needs, will have been humanized, because the conflict of the individual sensual existence with the generic existence of the individual will have been abolished.

The social emancipation of the Jew is the emancipation of society from Judaism.

# THE HOLY FAMILY, 1845



*Translated by Richard Dixon*

Published in November 1844, this book was the first full collaboration between Marx and Friedrich Engels. It is a critique of the Young Hegelians and their trend of thought that was popular in academic circles at the time. The title was a suggestion by the publisher and is intended as an ironic reference to the Bauer Brothers and their supporters. The book created a controversy with much of the press and caused Bruno Bauer to attempt to refute it in an article published in Wigand's *Vierteljahrsschrift* in 1845. Bauer claimed that Marx and Engels misunderstood what he was trying to say. Marx later replied to his response with his own article that was published in the journal *Gesellschaftsspiegel* in January 1846.

During Engels' short stay in Paris in 1844, Marx suggested that they should write together a critique of the popular topic of their day, the Young Hegelians. While working on the project, their friendship blossomed. Agreeing to co-author the Foreword, they divided up the other sections. Engels finished his assigned chapters before leaving Paris. Marx had the larger share of work and he completed it by the end of November 1844. He drew from his *Economic and Philosophic Manuscripts*, on which he had been working the spring and summer of 1844.

*The Holy Family* caused considerable interest in the newspapers. One paper noted that it expressed socialist views, since it criticised the "inadequacy of any half-measures directed at eliminating the social ailments of our time." The conservative press immediately recognised the radical elements inherent in its many arguments. One paper wrote that, in *The Holy Family*, "every line preaches revolt... against the state, the church, the family, legality, religion and property."

**Die heilige Familie,**

oder

**K r i t i k**

der

**k r i t i s c h e n K r i t i k.**

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**Wegen Bruno Bauer & Consorten.**

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Von

**Friedrich Engels und Karl Marx.**

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**Frankfurt a. M.**

**L i t e r a r i s c h e A n s t a l t.**

(J. Rütten.)

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*The first edition's title page*

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*Engels, 1877*

## Foreword

*Real humanism* has no more dangerous enemy in Germany than *spiritualism* or *speculative idealism*, which substitutes “*self-consciousness*” or the “*spirit*” for the *real individual man* and with the evangelist teaches: “It is the spirit that quickeneth; the flesh profiteth nothing.” Needless to say, this incorporeal spirit is spiritual only in its imagination. What we are combating in *Bauer’s* criticism is precisely *speculation* reproducing itself as a *caricature*. We see in it the most complete expression of the *Christian-Germanic* principle, which makes its last effort by transforming “*criticism*” itself into a transcendent power.

Our exposition deals first and foremost with *Bruno Bauer’s Allgemeine Literatur-Zeitung* — the first eight numbers are here before us — because in it *Bauer’s* criticism, and with it the nonsense of *German speculation in general*, has reached its peak. The more completely *Critical Criticism* (the criticism of the *Literatur-Zeitung*) distorts reality into an obvious comedy through philosophy, the more instructive it is. — For examples see *Faucher* and *Szeliga*. — The *Literatur-Zeitung* offers material by which even the broad public can be enlightened on the illusions of speculative philosophy. That is the aim of our book.

Our exposition is naturally determined by its *subject*. *Critical Criticism* is in all respects *below* the level already attained by German theoretical development. The nature of our subject therefore justifies our refraining *here* from further *discussion* of that development itself.

*Critical Criticism* makes it necessary rather to assert, in contrast to it, the already achieved results *as such*.

We therefore give this polemic as a preliminary to the independent works in which we — each of us for himself, of course — shall present our positive view and thereby our positive attitude to the more recent philosophical anti social doctrines.

Paris, September 1844

Engels, Marx

# Chapter I. “Critical Criticism in the Form of a Master-Bookbinder”, Or Critical Criticism As Herr Reichardt

Critical Criticism, however superior to the mass it deems itself, nevertheless has boundless pity for the mass. And therefore Criticism has so loved the mass that it sent its only begotten son, that all who believe in him may not be lost, but may have Critical life. Criticism was made mass and dwells amongst us and we behold its glory, the glory of the only begotten son of the father. In other words, Criticism becomes socialistic and speaks of “works on pauperism.” It considers it not a crime to be equal to God but empties itself and takes the form of a bookbinder and humbles itself even to nonsense, yea, even to Critical nonsense in foreign languages. It, whose heavenly virginal purity shrinks from contact with the sinful leprous mass, overcomes itself to the extent of taking notice of “*Boz*” and “*all original writers on pauperism*” and “has for years been following this evil of the present time step by step”; it scorns writing for experts, it writes for the general public, banning all outlandish expressions, all “Latin intricacies, all professional jargon”. It bans all that from the works of *others*, for it would be too much to expect Criticism itself to submit to “this administrative regulation”. And yet it does do so partly, renouncing with admirable ease, if not the words themselves, at least their content. And who will reproach it for using “the huge heap of unintelligible foreign words” when it repeatedly proves that it does not understand those words itself? Here are a few samples:

“That is why the *institutions of mendicancy* inspire them with horror.”

“A doctrine of responsibility in which every motion of *human thought becomes an image of Lot’s wife.*”

“On the keystone of this really *profound edifice of art.*”

“This is the main content of Stein’s political testament, which the great statesman handed in even before retiring from the active service of the government and from all its transactions.”

“This people had *not yet any dimensions* at that time for such extensive freedom.”

“By *palavering* with fair assurance at the end of his publicistic work that only confidence was still lacking.”

“To the manly state-elevating understanding, rising above routine and pusillanimous fear, reared on history and nurtured with a live perception of foreign public state system.”

“The education of general national welfare.”

“Freedom lay dead in the *breast of the Prussian national mission* under the control of the authorities.”

“*Popular-organic* publicism.”

“The people to whom even Herr Brüggemann delivers the *baptismal certificate of its adulthood*.”

“A rather glaring contradiction to the other *certitudes* which are expressed in the work on the professional capacities of the people.”

“Wretched self-interest quickly dispels all the *chimeras of the national will*.”

“Passion for great gains, etc., was the spirit that pervaded the whole of the Restoration period and which, with a *fair quantity of indifference*, adhered to the new age.”

“The vague idea of political significance to be found in the *Prussian countrymanship nationality rests on the memory of a great history*.”

“The antipathy disappeared and turned into a completely exalted condition.”

“In this wonderful transition each one in his own way still *put forward in prospect* his own special wish.”

“A catechism with unctuous Solomon-like language the words of which rise gently like a dove — chirp! chirp! — to the regions of pathos and *thunder-like aspects*.”

“All the *dilettantism of thirty-five years of neglect*.”

“The *too sharp thundering* at the citizens by one of their former town authorities could have been suffered with the calmness of mind characteristic of our representatives if Benda’s view of the Town Charter of 1808 had not laboured under a *Mussulman conceptual affliction* with regard to the essence and the application of the Town Charter.”

In Herr Reichardt, the audacity of style always corresponds to the audacity of the thought. He makes transitions like the following:

“Herr Brüggemann ... 1843 ... state theory ... every upright man ... the great modesty of our Socialists ... natural marvels ... demands to be made on

Germany ... supernatural marvels ... Abraham ... Philadelphia ... manna ... baker ... but *since* we are speaking of *marvels*, *Napoleon* brought,” etc.

After these samples it is no wonder that Critical Criticism gives us a further “explanation” of a sentence which it itself describes as expressed in “popular language”, for it “arms its eyes with organic power to penetrate chaos”. And here it must be said that then even “popular language” cannot remain unintelligible to Critical Criticism. It is aware that the way of the writer must necessarily be a crooked one if the individual who sets out on it is not strong enough to make it straight; and therefore it naturally ascribes “mathematical operations” to the author.

It is self-evident — and history, which proves everything which is self-evident, also proves this — that Criticism does not become mass in order to remain mass, but in order to redeem the mass from its mass-like mass nature, that is, to raise the popular language of the mass to the critical language of Critical Criticism. It is the lowest grade of degradation for Criticism to learn the popular language of the mass and transfigure that vulgar jargon into the high-flown intricacy of the dialectics of Critical Criticism.

## Chapter II. “Critical Criticism” As a ‘Mill-Owner’, Or Critical Criticism As Herr Jules Faucher

After rendering most substantial services to self-consciousness by humiliating itself to the extent of nonsense in foreign languages, and thereby at the same time freeing the world from pauperism, Criticism still further humiliates itself to the extent of *nonsense in practice and history*. It masters “*English questions of the day*” and gives us a genuinely *critical outline of the history of English industry*.

Criticism, which is self-sufficient, and complete and perfect in itself, naturally cannot recognise history as it really took place, for that would mean recognising the base mass in all its mass-like mass nature, whereas the problem is precisely to redeem the mass from its mass nature. History is therefore freed from its mass nature, and Criticism, which has a free attitude to its object, calls to history: “*You ought to have happened in such and such a way!*” All the laws of Criticism have *retrospective* force: *prior to* the decrees of Criticism, history behaved quite differently from how it did *after* them. Hence mass-type history, so-called *real* history, deviates considerably from Critical history, as it takes place in Heft VII of the *Literatur-Zeitung* from page 4 onwards.

In mass-type history there were *no factory towns* before there were *factories*; but in Critical history, in which, as already in *Hegel*, the son begets his father, *Manchester, Bolton and Preston* were flourishing factory towns before factories were even thought of. In real history the *cotton industry* was founded mainly on *Hargreaves’ jenny* and *Arkwright’s throstle*, *Crompton’s mule* being only an improvement of the spinning jenny according to the new principle discovered by Arkwright. But Critical history knows how to make distinctions: it scorns the one-sidedness of the jenny and the throstle, and gives the crown to the mule as the speculative identity of the extremes. In reality, the invention of the throstle and the mule immediately made possible the *application of water-power* to those machines, but Critical Criticism sorts out the principles lumped together by crude history and makes this application come only later, as something quite special. In reality the invention of the steam-engine *preceded* all the

above-mentioned inventions; according to Criticism it is the crown of them all and the *last*.

In reality the *business* ties between Liverpool and Manchester in their present scope were the result of the export of English goods; according to Criticism they are the *cause* of the export and both are the result of the proximity of the two towns. In reality nearly all goods from Manchester go to the Continent via *Hull*, according to Criticism via *Liverpool*.

In reality all *grades of wages* exist in English factories, from 1s 6d to 40s and more; but according to Criticism only one rate is paid — 11s. In reality the *machine* replaces *manual labour*; according to Criticism it replaces *thought*. In reality the association of workers for wage rises is allowed in *England*, but according to Criticism it is prohibited, for when the Mass wants to allow itself anything it must first ask Criticism. In reality *factory labour* is extremely *tiring* and gives rise to specific diseases — there are even special medical works on them; according to Criticism “excessive exertion cannot be a hindrance to work, for the power is provided by the machine”. In reality the machine is a machine; according to Criticism it has a will, for as it does not rest, neither can the worker, and he is subordinated to an alien will.

But that is still nothing at all. Criticism cannot be content with the *mass-type parties* in England; it creates new ones, including a “*factory party*”, for which history may be thankful to it. On the other hand, it lumps together the factory-owners and the factory workers in one massive heap — why bother about such trifles! — and decrees that the factory workers refused to contribute to the Anti-Corn-Law Leagues not out of ill-will or because of Chartism, as the stupid factory-owners maintain, but merely because they were poor. It further decrees that with the repeal of the English Corn Laws agricultural labourers will have to put up with a lowering of wages, in regard to which, however, we must most submissively remark that that destitute class cannot be deprived of another penny without being reduced to absolute starvation. It decrees that the working day in English factories is sixteen hours, although a silly un-Critical English law has fixed a maximum of twelve hours. It decrees that England is to become a huge workshop for the world, although the un-Critical mass of Americans, Germans and Belgians are ruining one market after another for the English by their competition. Lastly, it decrees that neither the propertied nor the non-propertied classes in England are aware of the *centralisation of property*

and its consequences for the working classes, although the stupid Chartists think they are well aware of them; the Socialists maintain that they expounded those consequences in detail long ago, and even Tories and Whigs like *Carlyle, Alison and Gaskell* have proved their knowledge of them in their works.

Criticism decrees that Lord *Ashley's Ten Hour Bill* is a half-hearted *juste-milieu* measure and Lord Ashley himself “a true illustration of constitutional action”, while the factory-owners, the Chartists, the landowners — in short, all that makes up the mass nature of England — have so far considered this measure as an expression, the mildest possible one admittedly, of a downright radical principle, since it would lay the axe at the root of foreign trade and thereby at the root of the factory system — nay, not merely lay the axe to it, but cut deeply into it. Critical Criticism knows better. It knows that the ten hour question was discussed before a “commission” of the Lower House, although the un-Critical newspapers try to make us believe that this “commission” was the *House itself*, “*a Committee of the Whole House*” ; but Criticism must needs do away with that eccentricity of the English Constitution.

Critical Criticism, which itself *begets its opposite*, the *stupidity of the Mass*, also produces the stupidity of Sir James Graham: by a Critical understanding of the English language it puts things in his mouth which the un-Critical Home Secretary never said, just to allow Critical wisdom to shine brighter in comparison with his stupidity. Graham, according to Criticism, says that the machines in the factories wear out in about twelve years whether they work ten hours a day or twelve, and that therefore a Ten Hour Bill would make it impossible for the capitalists to reproduce in twelve years through the work of their machines the capital laid out on them. Criticism proves that it has thus put a false conclusion in the mouth of Sir James Graham, for a machine that works one-sixth of the time less every day will naturally remain usable longer.

However correct this observation of Critical Criticism against its own false conclusion, it must, on the other hand, be conceded that Sir James Graham said that under a Ten Hour Bill the machine would have to work quicker in the proportion that its working time was reduced (Criticism itself quotes this in VIII, page 32) and that in that case the time when it would be worn out would be the same — twelve years. This must all the more be acknowledged as the acknowledgment contributes to the glory and

exaltation of “*Criticism*”; for only Criticism both made the false conclusion and then refuted it. Criticism is just as magnanimous towards Lord *John Russell*, to whom it imputes the wish to change the political form of the state and the electoral system. From this we must conclude either that Criticism’s urge to produce stupidities is uncommonly powerful or that Lord John Russell must have become a Critical Critic within the past week.

But Criticism only becomes truly magnificent in its fabrication of stupidities when it discovers that the English workers — who in April and May held meeting after meeting, drew up petition after petition, and all for the Ten Hour Bill, and displayed more agitation throughout the factory districts than at any time during the past two years — that those workers take only a “*partial* interest” in this question, although it is evident that “legislation limiting the working day has also occupied their attention” Criticism is truly magnificent when it finally makes the great, the glorious, the unheard-of discovery that

“the apparently more immediate help from the repeal of the Corn Laws absorbs most of the wishes of the workers and will do so until no longer doubtful realisation of those wishes practically proves the futility of the repeal” —

proves it to workers who drag Anti-Corn-Law agitators down from the platform at every public meeting, who have seen to it that the Anti-Corn-Law League no longer dares to hold a public meeting in any English industrial town, who consider the League to be their only enemy and who, during the debate of the Ten Hour Bill — as nearly always before in similar matters — had the support of the Tories. Criticism is superb, too, when it discovers that “the workers still let themselves be lured by the sweeping promises of the *Chartist movement*”, which is nothing but the political expression of public opinion among the workers. Criticism is superb, too, when it realises, in the depths of its Absolute Spirit, that

“the two party groupings, the political one and that of the landowners and mill-owners, *no longer* wish to merge or coincide”.

It was so far not known that the party grouping of the landowners and the mill-owners, because of the numerical smallness of either class of owners and the equal political rights of each (with the exception of the few peers), was so comprehensive that it was completely identical with the political party groupings, and not their most consistent expression, their peak. Criticism is splendid when it suggests that the Anti-Corn-Law

Leaguers do not know that, *ceteris paribus*, a drop in the price of bread must be followed by a drop in wages, so that all would remain as it was; whereas these people expect that, granted there is a drop in wages and a consequent lowering of production costs, the result will be an expansion of the market. This, they expect, would lead to a reduction of competition among the workers, and consequently wages would still be kept a little higher in comparison with the price of bread than they are now.

Freely creating its opposite — nonsense — and moving in artistic rapture, Criticism, which only two years ago exclaimed “Criticism speaks German, theology speaks Latin!”, has now learnt *English* and calls the estate-owners “*Landeigner*” (landowners), the factoryowners “*Mühleigner*” (mill-owners) — in English a mill means any factory with machinery driven by steam or water-power — and the workers “*Hände*” (hands). Instead of “*Einmischung*” it says *Interferenz* (interference); and in its infinite mercy for the English language, the sinful mass nature of which is abundantly evident, it condescends to improve it by doing away with the pedantry with which the English place the title “Sir” before the *Christian* name of knights and baronets. Where the Mass says “Sir James Graham”, it says “Sir Graham”.

That Criticism reforms *English* history and the *English* language out of *principle* and not out of levity will presently be provided by the *thoroughness* with which it treats the *history of Herr Nauwerck*.

## Chapter III. “The Thoroughness of Critical Criticism”, Or Critical Criticism As Herr J. (Jungnitz?)

Criticism cannot ignore Herr *Nauwerck's* infinitely important dispute with the Berlin Faculty of Philosophy. It has indeed had a similar experience and it must take Herr *Nauwerck's* fate as a background in order to put its own *dismissal from Bonn* in sharper relief. Criticism, being accustomed to considering the Bonn affair as the event of the century, and having already written the “philosophy of the deposition of criticism”, could be expected to give a similar detailed philosophical construction of the Berlin “collision”. Criticism proves *a priori* that everything had to happen in such a way and no other. It proves:

- 1) Why the Faculty of Philosophy was bound to come into “collision” not with a logician or metaphysician, but with a philosopher of the state;
- 2) Why that collision could not be so sharp and decisive as Criticism’s conflict with theology in Bonn;
- 3) Why that collision was, properly speaking, a stupid business, since Criticism had already concentrated all principles and all content in its Bonn collision, so that world history could only become a plagiarist of Criticism;
- 4) Why the Faculty of Philosophy considered attacks on the works of Herr *Nauwerck* as attacks on itself;
- 5) Why no other course remained for Herr N, but to retire of his own accord;
- 6) Why the Faculty had to defend Herr N. if it did not want to disavow itself;
- 7) Why the “inner split in the Faculty had necessarily to manifest itself in such a way” that the Faculty declared both N. and the Government right and wrong at the same time;
- 8) Why the Faculty finds in N.’s works no reason for dismissing him;
- 9) What determined the lack of clarity of the whole verdict;
- 10) Why the Faculty “deems itself (!) entitled (!) as a scientific authority (!) to examine the essence of the matter”, and finally;

11) Why, nevertheless, the Faculty does not want to write in the same way as Herr N.

Criticism disposes of these important questions with rare thoroughness in four pages, proving by means of Hegel's logic why everything had to happen as it did and why no god could have prevented it. In another place Criticism says that there has not yet been full knowledge of a single epoch in history; modesty prevents it from saying that it has full knowledge of at least its own collision and Nauwerck's, which, although they are not epochs, appear to Criticism to be epoch-making.

Having "abolished" in itself the "element" of *thoroughness*, Critical Criticism becomes "*the tranquillity of knowledge*".

## Chapter IV. “Critical Criticism” As the Tranquillity of Knowledge, Or “Critical Criticism” As Herr Edgar

### 1) *Flora Tristan’s* “Union Ouvrière

The French Socialists maintain that the worker makes everything, produces everything and yet has no rights, no possessions, in short, nothing at all. Criticism answers in the words of Herr *Edgar*, the personification of the *tranquillity of Knowledge*:

“To be able to create everything, a stronger consciousness is needed than that of the worker. Only the opposite of the above proposition would be true: the worker makes nothing, therefore he has nothing; but the reason why he makes nothing is that his work is always individual, having as its object his most personal needs, and is everyday work.”

Here Criticism achieves a height of abstraction in which it regards only the creations of its own thought and generalities which contradict all reality as “something”, indeed as “*everything*”, The worker creates nothing because he creates only “individual”, that is, perceptible, palpable, spiritless and un-Critical objects, which are an abomination in the eyes of pure Criticism. Everything that is real and living is un-Critical, of a mass nature, and therefore “nothing”; only the ideal, fantastic creatures of Critical Criticism are “*everything*”.

The worker creates nothing, because his work remains individual, having only his individual needs as its object, that is, because in the present world system the individual interconnected branches of labour are separated from, and even opposed to, one another; in short, because labour is not *organized*. Criticism’s own proposition, if taken in the only reasonable sense it can possibly have, demands the organization of labour. Flora Tristan, in an assessment of whose work this great proposition appears, puts forward the same demand and is treated *en canaille* for her insolence in anticipating Critical Criticism. Anyhow, the proposition that the worker creates nothing is absolutely crazy except in the sense that the *individual* worker produces nothing *whole*, which is tautology. Critical Criticism creates nothing, the worker creates everything; and so much so that even his intellectual

creations put the whole of Criticism to shame; the English and the French workers provide proof of this. The worker creates even *man*; the critic will never be anything but sub-human though on the other hand, of course, he has the satisfaction of being a Critical critic.

“Flora Tristan is an example of the feminine dogmatism which must have a formula and constructs it out of the categories of what exists.”

Criticism does nothing but “construct formulae out of the categories of what exists”, namely, out of the existing *Hegelian* philosophy and the existing social aspirations. Formulae, nothing but formulae. And despite all its invectives against dogmatism, it condemns itself to dogmatism and even to *feminine* dogmatism. It is and remains an old woman — faded, widowed *Hegelian* philosophy which paints and adorns its body, shrivelled into the most repulsive abstraction, and ogles all over Germany in search of a wooer.

## 2) *Béraud on Prostitutes*

Herr Edger, taking pity on social questions, meddles also in “*conditions of prostitutes*” (Heft V, ).

He criticizes Paris Police Commissioner Béraud’s book on prostitution because he is concerned with the “*point of view*” from which “Béraud considers the attitude of prostitutes to society” The “tranquillity of knowledge” is surprised to see that a policeman adopts the point of view of the police, and it gives the mass to understand that that point of view is quite wrong. But it does not reveal its own point of view. Of course not! When Criticism takes up with prostitutes it cannot be expected to do so in public.

## 3) *Love*

In order to complete its transformation into the “tranquillity of knowledge”, Critical Criticism must first seek to dispose of *love*. Love is a passion, and nothing is more dangerous for the tranquillity of knowledge than passion. That is why, speaking of Madame von Paalzow’s novels, which, he assures us, he has “thoroughly *studied*”. Herr Edgar is amazed at “*a childish thing like so-called love*”. It is a horror and abomination and excites the wrath of Critical Criticism, makes it almost as bitter as gall, indeed, insane.

“Love ... is a cruel goddess, and like every deity she wishes to possess the whole of man and is not satisfied until he has surrendered to her not merely his soul, but his physical self. The worship of love is suffering, the peak of this worship is self-immolation, suicide.”

In order to change love into “Moloch”, the devil incarnate, Herr Edgar first changes it into a goddess. When love has become a goddess, i.e., a theological object, it is of course submitted to *theological criticism*; moreover, it is known that god and the devil are not far apart. Herr Edgar changes love into a “goddess”, a “cruel goddess” at that, by changing *man who loves*, the love of *man*, into a man of *love*; by making “*love*” a being apart, separate from man and as such independent. By this simple process, by changing the predicate into the subject, all the attributes and manifestations of human nature can be Critically transformed into their *negation* and into *alienations* of human nature.” Thus, for example, Critical Criticism makes criticism, as a predicate and activity of man, into a subject apart, criticism which relates itself to itself and is therefore Critical Criticism: a “Moloch”, the worship of which consists in the self-immolation, the suicide of man, and in particular of his *ability to think*.

“Object,” exclaims, the tranquillity of knowledge, “object is the right expression, for the beloved is important to the lover (there is no feminine) only as this external object of the emotion of his soul, as the object in which he wishes to see his selfish feeling satisfied.”

*Object!* Horrible! There is nothing more damnable, more profane, more mass-like than an *object* — *agrave; bas* the object! How could absolute subjectivity, the *actus puris*, “*pure*” Criticism, not see in love its *bête noire*, that Satan incarnate, in love, which first really teaches man to believe in the objective world outside himself, which not only makes man into an object, but even the object into a man!

Love, continues the tranquillity of knowledge, beside itself, is not even content with turning man into the *category of “object”* for another man, it even makes him into a definite, real object, into *this* bad-individual (see Hegel’s *Phänomenologie* on the categories “This” and “That”, where there is also a polemic against the bad “*This*”), *external* object, which does not remain internal, hidden in the brain, but is sensuously manifest.

Love

Lives not only in the brain immured.

No, the beloved is a *sensuous object*, and if Critical Criticism is to condescend to recognition of an object, it demands at the very least a *senseless* object. But love is an *un-Critical, un-Christian materialist*.

Finally, love even makes one human being “*this external object of the emotion of the soul*” of another, the object in which the *selfish* feeling of the other finds its satisfaction, a selfish feeling because it *looks for its own essence* in the other, and that must not be. Critical Criticism is so *free* from all *selfishness* that for it the whole range of human essence is exhausted *by its own self*.

Herr Edgar, of course, does not tell us in what way the beloved differs from the other “external objects of the emotion of the soul in which the selfish feelings of men find their satisfaction”. The spiritually profound, meaningful, highly expressive object of love means nothing to the tranquillity of knowledge but the abstract formula: “this external object of the emotion of the soul”, much as the comet means nothing to the speculative natural philosopher but “negativity”. By making man the external object of the emotion of his soul, man does in fact attach “importance” to him, Critical Criticism itself admits, but only *objective importance*, so to speak, while the importance which Criticism attaches to objects is none other than that which it attaches to itself. Hence this importance lies not in “*bad external being*”, but in the “*Nothing*” of the Critically important object.

If the tranquillity of knowledge has no *object* in real man, it has, on the other hand, a *cause in humanity*. Critical love “*is careful* above all not to forget the *cause* behind the personality, for that cause is none other than the cause of humanity”. Un-Critical love does not separate humanity from the personal, individual man.

Love itself, as an abstract passion, which comes we know not whence and goes we know not whither, is incapable of having an interest in internal development.”

In the eyes of the tranquillity of knowledge, love is an abstract passion according to the *speculative* terminology in which the concrete is called abstract and the abstract concrete.

The maid was not born in that valley,  
But where she came from, no one knew.

And soon all trace of her did vanish  
Once she had bidden them adieu.

For abstraction, love is “the maid from a foreign land” who has no dialectical passport and is therefore expelled from the country by the Critical police.

The passion of love is incapable of having an interest in *internal* development because it cannot be construed *a priori*, because its development is a real one which takes place in the world of the senses and between real individuals. But the main interest of speculative construction is the “Whence” and the “Whither”. The “Whence” is the “*necessity* of a concept, its proof and deduction” (Hegel). The “Whither” is the determination “by which each individual link of the speculative circular course, as the animated content of the method, is at the same time the beginning of a new link” (Hegel). Hence, only if its “Whence” and its “Whither” could be construed *a priori* would love deserve the “interest” of speculative Criticism.

What Critical Criticism combats here is not merely love but everything living, everything which is immediate, every sensuous experience, any and every *real* experience, the “Whence” and the “Whither” of which one never *knows* beforehand.

By overcoming love, Herr Edgar has completely *asserted* himself as the “tranquillity of knowledge”, and now by his treatment of *Proudhon*, he can show great virtuosity in knowledge, the “*object*” of which is no longer “*this external object*”, and a still greater *lack of love* for the French language.

#### 4) *Proudhon*

It was not *Proudhon* himself, but “*Proudhon’s point of view*”, Critical Criticism informs us, that wrote *Qu’est-ce que la propriété?*

“I begin my exposition of *Proudhon’s point of view* by characterizing its” (the point of view’s) “work, “*Qu’est-ce que la propriété?*”

As only the works of the Critical point of view possess a character of their own, the Critical characterization necessarily begins by giving a character to *Proudhon’s* work. Herr Edgar gives this work a character by *translating* it. He naturally gives it a *bad* character, for he turns it into an *object* of “Criticism”

Proudhon's work, therefore, is subjected to a double attack by Herr Edgar — an *unspoken* one in his characterising translation and an *outspoken* one in his Critical comments. We shall see that Herr Edgar is more devastating when he translates than when he comments.

### Characterizing Translation No. 1

“I do not wish” (says the Critically translated Proudhon) “to give any system of the new; I wish for nothing but the abolition of privilege, the abolition of slavery.... Justice, nothing but justice, that is what I mean.”

The characterized Proudhon confines himself to will and opinion, because “good will” and unscientific “opinion” are characteristic attributes of the un-Critical Mass. The characterized Proudhon behaves with the humility that is fitting for the mass and subordinates what he wishes to what he does *not* wish. He does not presume to wish to give a system of the new, he wishes less, he even wishes for *nothing* but the abolition of privilege, etc. Besides this Critical subordination of the will he has to the will he has not, his very first word is marked by a characteristic lack of logic. A writer who begins his book by saying that he does not wish to give any system of the new, should then tell us what he does wish to give: whether it is a systematised old or an unsystematised new. But does the characterized Proudhon, who does not wish to give any system of the new, wish to give the abolition of privilege? No. He just *wishes* it.

The real Proudhon says: “*Je ne fais pas de système; je demande la fin du privilège,*” etc. I make no system, I demand, etc., that is to say, the real Proudhon declares that he does not pursue any abstract scientific aims, but makes immediately practical demands on society. And the demand he makes is not an arbitrary one. It is motivated and justified by his whole argument and is the summary of that argument for, he says, “*justice, rien que justice; tel est le résumé de mon discours.*” With his “Justice, nothing but justice, that is what I mean”, the characterized Proudhon gets himself into a position which is all the more embarrassing as he means much more. According to Herr Edgar, for example, he “*means*” that philosophy has not been practical enough, he “*means*” to refute Charles Comte, and so forth.

The Critical Proudhon asks: “Ought *man* then always to be unhappy?” In other words, he asks whether unhappiness is man's moral destiny. The real Proudhon is a light-minded Frenchman and he asks whether unhappiness is

a material necessity, a must. (*L'homme doit-il être éternellement malheureux?*)

The mass-type Proudhon says: “Et, sans m’arrêter aux explications à toute fin des entrepreneurs de réformes, accusant de la détresse générale, ceux-ci la lâcheté et l’impéritie du pouvoir, ceux-là les conspirateurs et les émeutes, d’autres l’ignorance et la corruption générale”, etc.

The expression “à toute fin” being a bad mass-type expression that is not in the mass-type German dictionaries, the Critical Proudhon naturally omits this more exact definition of the “explanations”. This term is taken from mass-type French jurisprudence, and “explications ... toute fin” means explanations which preclude any objection. The Critical Proudhon censures the “*Reformists*”, a French Socialist Party; the massy Proudhon censures the initiators of reforms. The mass-type Proudhon distinguishes various classes of “entrepreneurs de réformes”. These (ceux-ci) say *one thing*, those (ceux-là) say *another*, others (d’autres) a third. The Critical Proudhon, on the other hand, makes *the same reformists* “accuse now one, then another, then a third”, which in any case is proof of their inconstancy. The real Proudhon, who follows mass-type French practice, speaks of “les conspirateurs et les émeutes”, i.e., first of the conspirators and then of their activity, revolts. The Critical Proudhon, on the other hand, who has lumped together the various classes of reformists, classifies the rebels and hence says: the conspirators and the rebels. The mass-type Proudhon speaks of *ignorance* and “*general corruption*”. The Critical Proudhon changes ignorance into stupidity, “corruption” into “depravity, and finally, as a Critical critic, makes the stupidity *general*. He himself gives an immediate example of it by putting “générale” in the singular instead of the plural. He writes: “l’ignorance et la corruption générale” for general stupidity and depravity. According to un-Critical French grammar this should be: “l’ignorance et la corruption générales.

The characterized Proudhon, who speaks and thinks otherwise than the mass-type one, necessarily went through quite a different *course of education*. He “questioned the masters of science, read hundreds of volumes of philosophy and law, etc., and *at last*” he “realised that we have never yet grasped the meaning of the words Justice, Equity, Freedom”. The real Proudhon thought he had realised *at first* (*je crus d’abord reconnaître*) what the Critical Proudhon realised only “at last”. The Critical alteration of *d’abord* into *enfin* is necessary because the mass may not think it realises

anything “at first”. The mass-type Proudhon tells explicitly how he was staggered by the unexpected result of his studies and distrusted it. Hence he decided to carry out a “*countertest*” and asked himself: “Is it possible that mankind has so long and so universally been mistaken over the principles of the application of morals? How and why was it mistaken?” etc. He made the correctness of his observations dependent on the solution of these questions. He found that in morals, as in all other branches of knowledge, errors “*are stages of science*”. The Critical Proudhon, on the other hand, immediately trusted the first impression that his studies of political economy, law and the like made upon him. Needless to say, the mass cannot proceed in any *thorough* way; it is bound to raise the first results of its investigations to the level of indisputable truths. It has “reached the end before it has started, before it has measured itself with its opposite”. Hence, “it is seen” later “that it is not yet at the beginning when it thinks it has reached the end”.

The Critical Proudhon therefore continues his reasoning in the most untenable and incoherent way.

“Our knowledge of moral laws is not complete from the beginning; thus it can for some time suffice for social progress, but in the long run it will lead us on a false path.”

The Critical Proudhon does not give any reason why incomplete knowledge of moral laws can suffice for social progress even for a single day. The real Proudhon, having asked himself whether and why mankind could universally and so long have been mistaken and having found as the solution that all errors are stages of science and that our most imperfect judgments contain a sum of truths sufficient for a certain number of inductions and for a certain area of practical life, beyond which number and which area they lead theoretically to the absurd and practically to decay, is in a position to say that even imperfect knowledge of moral laws can suffice for social progress for a time.

The Critical Proudhon says:

“But if new knowledge has become necessary, a bitter struggle arises between the old prejudices and the new idea.”

How can a struggle arise against an opponent who does *not yet* exist? Admitted, the Critical Proudhon has told us that a new idea has become necessary but he has not said that it has already *come into existence*.

The mass-type Proudhon says:

“Once higher knowledge has become indispensable it is *never lacking*”, it is therefore ready at hand. “*It is then* that the struggle begins.”

The Critical Proudhon asserts: “It is man’s destiny to learn step by step”, as if man did not have a quite different destiny, namely, that of being man, and as if that learning “step by step” necessarily brought him a step farther. I can go step by step and arrive at the very point from which I set out. The un-Critical Proudhon speaks, not of “destiny”, but of the *condition (condition)* for man to learn not *step by step (pas à pas)*, but *by degrees (par degrés)*. The Critical Proudhon says to himself:

“Among the principles upon which society rests there is one which society does not understand, which is spoilt by society’s ignorance and is the cause of all evil. Nevertheless, man honours *this* principle” and “wills it, for otherwise it would have no influence. Now this principle which is true in its *essence*; but is false in the way we conceive it ... what is it?”

In the first sentence the Critical Proudhon says that the principle is spoilt, misunderstood by society, hence that it is correct in itself. In the second sentence he admits superfluously that it is true in its essence; nevertheless he reproaches society with willing and honouring “this principle”. The mass-type Proudhon, on the other hand, reproaches society with willing and honouring not this principle, but this principle *as* falsified by our ignorance (“*Ce principe ... tel que notre ignorance l’a fait, est honoré*”). The Critical Proudhon finds the *essence* of the principle in its untrue form *true*. The mass-type Proudhon finds that the essence of the falsified principle is our incorrect conception, but that it is true in its *object (objet)*, just as the essence of alchemy and astrology is our imagination, but their objects — the movement of the heavenly bodies and the chemical properties of substances — are true.

The Critical Proudhon continues his monologue:

The object of our investigation is the law, the definition of the social principle. Now the politicians, i.e., the men of social science, are a prey to complete lack of clarity...; but as there is a reality at the basis of every error, in their books we shall find the truth, which they have brought into the world without knowing it.”

The Critical Proudhon has a most fantastic way of reasoning. From the fact that the politicians are ignorant and unclear, he goes on in the most arbitrary fashion to say that a reality lies *at the basis* of every error, which can all the less he doubted as there is a reality at the basis of every error —

in the person of the one who errs. From the fact that a reality lies at the basis of every error he goes on to conclude that truth is to be found *in the books* of politicians. And finally he even makes out that the politicians have brought this truth into the *world*. Had they brought it into the *world* we should not need to look for it in their *books*.

The mass-type Proudhon says:

“The politicians do not understand one another (*ne s’entendent pas*); their error is therefore a subjective one, having its origin in them (*donc c’est en eux qu’est l’erreur*).” Their mutual misunderstanding proves their one-sidedness. They confuse “their private opinion with common sense”, and “as”, according to the previous deduction, “every error has a true reality as its object, their books must contain the truth, which they unconsciously have put there” — i.e., in their books— “but have not brought into the world” (*dans leurs livres doit se trouver la vérité qu’ à leur insu ils y auront mise*).

The Critical Proudhon asks himself: “What is justice, what is its essence, its character, its meaning?” As if it had some meaning apart from its essence and character. The un-Critical Proudhon asks: What is its principle, its character and its formula (*formule*)? The formula is the principle as a principle of scientific reasoning. In the mass-type French language there is an essential difference between *formule and signification*. In the Critical French language there is none.

After his highly irrelevant disquisitions, the Critical Proudhon pulls himself together and exclaims:

“Let us try to get somewhat closer to our object.”

The un-Critical Proudhon, on the other hand, who arrived at his object long ago, tries to attain more precise and more positive definitions of his object (*d’arriver à quelque chose de plus précis et de plus positif*).

For the Critical Proudhon “the law” is a “*definition* of what is right”, for the un-Critical Proudhon it is a “*statement*” (*déclaration*) of it. The un-Critical Proudhon disputes the view that right is made by law. But a “definition of the law” can mean that the law is defined just as it can mean that it defines. Previously, the Critical Proudhon himself spoke about the definition of the social principle in this latter sense. To be sure, it is unseemly of the mass-type Proudhon to make such nice distinctions.

Considering these differences between the Critically characterised Proudhon and the real Proudhon, it is no wonder that Proudhon No. 1 seeks

to *prove* quite different things than Proudhon No. 2.

### The Critical Proudhon

“*seeks to prove by the experience of history*” that “if the idea that we have of what is just and right is false, *evidently*” (he tries to prove it in spite of its evidence) “all its applications in law must be bad, all our institutions must be defective”.

The mass-type Proudhon is far from wishing to prove what is evident. He says instead:

“If the idea that we have of what is just and right were badly defined, if it were incomplete or even false, it is *evident* that all our legislative applications would be bad”, etc.

What, then, does the un-Critical Proudhon wish to prove?

“This hypothesis,” he continues, “of the perversion of justice in our understanding, and as a necessary consequence in our actions, would be an established fact if the opinions of men concerning the concept of justice and its applications had not remained constantly the same, if at different times they had undergone modifications; in a word, if there had been progress in ideas.”

And precisely that inconstancy, that change, that progress “is what *history* proves by the most striking testimonies”. And the un-Critical Proudhon quotes these striking testimonies of history. His Critical double, who proves a completely different proposition by the experience of history, also presents that experience itself in a different way.

According to the real Proudhon, “the wise” (*les sages*), according to the Critical Proudhon, “the philosophers”, foresaw the fall of the Roman Empire. The Critical Proudhon can of course consider only philosophers to be wise men. According to the real Proudhon, Roman “rights were consecrated by ten centuries of law practice” or “administration of justice” (*ces droits consacrés par une justice dix: fois séculaire*); according to the Critical Proudhon, Rome had “rights consecrated by ten centuries of *justice*”.

According to the same Proudhon No. 1, the Romans reasoned as follows:

“Rome ... was victorious through its policy and its gods; any reform in worship or public spirit would be stupidity and profanation” (according to the Critical Proudhon, *sacrilège* means not the profanation or desecration of a holy thing, as in the mass-type French language, but just profanation).

“Had it wished to free the peoples, it would thereby have renounced its right.” “Rome had thus fact and right in its favour,” Proudhon No. 1 adds.

According to the un-Critical Proudhon, the Romans reasoned more logically. The *fact* was set out in detail:

“The slaves are the most fertile source of its wealth; the freeing of the peoples would therefore be the *ruin of its finance*.”

And the mass-type Proudhon adds, referring to law: “Rome’s claims were justified by the law of nations (*droit des gens*).” This way of proving the right of subjugation was completely in keeping with the Roman view on law. See the mass-type pandects: “*jure gentium servitus invasit*” (Fr. 4. D.I.I).”

According to the Critical Proudhon, “idolatry, slavery and softness” were “the basis of Roman institutions”, of all its institutions without exception. The real Proudhon says: “Idolatry in religion, slavery in the state and Epicureanism in private life” (*épicurisme* in the ordinary French language is not synonymous with *mollesse*, softness) “were the basis of the institutions.” Within that Roman situation there “appeared”, says the mystic Proudhon, “the Word of God”, whereas according to the real, rationalistic Proudhon, it was “a man who *called* himself the Word of God”. In the real Proudhon this man calls the priests “vipers” (*vipères*); in the Critical Proudhon he speaks more courteously with them and calls them “serpents”. In the former he speaks in the Roman way of “advocates” , in the latter in the German way of “lawyers” .

The Critical Proudhon calls the spirit of the French Revolution a spirit of contradiction, and adds:

“That is enough to realised that the new which replaced the old had on itself nothing methodical and considered.”

He cannot refrain from repeating mechanically the favourite categories of Critical Criticism, the “old” and the “new”. He cannot refrain from the senseless demand that the “new” should have on itself something methodical and considered, just as one might have a stain on oneself . The real Proudhon says:

“That is enough to prove that the new order of things which was substituted for the old was in itself without method or reflection.”

Carried away by the memory of the French Revolution, the Critical Proudhon *revolutionises* the French language so much that he translates un fait physique by “a fact of physics”, and *un fait intellectuel* by “a fact of the

intellect". By this revolution in the French language the Critical Proudhon manages to put physics in possession of all the facts to be found in nature. Raising natural science unduly on one side, he debases it just as much on the other by depriving it of intellect and distinguishing between a fact of physics and a fact of the intellect. To the same extent he makes all further psychological and logical investigation unnecessary by raising the intellectual fact directly to the level of a fact of the intellect.

Since the Critical Proudhon, Proudhon No. 1, has not the slightest idea what the real Proudhon, Proudhon No. 2, wishes to prove by his historical deduction, neither does the real content of that deduction exist for him, namely, the proof of the change in the views on law and of the continuous *implementation* of justice by the *negation* of historical actual right.

“La société fut sauvée par la *négation* de ses principes ... et la violation des droits les plus sacrés.”

Thus the real Proudhon proves how the negation of Roman law led to the widening of right in the Christian *conception*, the negation of the right of conquest to the right of the communes and the negation of the whole feudal law by the French Revolution to the present more comprehensive system of law.

Critical Criticism could not possibly leave Proudhon the glory of having discovered the law of the implementation of a principle by its negation. In this conscious formulation, this idea was a real revelation for the French.

### Critical Comment No. 1

As the first criticism of any science is necessarily influenced by the premises of the science it is fighting against, so Proudhon's treatise *Qu'est-ce que la propriété?* is the criticism of *political economy* from the standpoint of political economy. — We need not go more deeply into the juridical part of the book, which criticizes law from the standpoint of law, for our main interest is the criticism of political economy. — Proudhon's treatise will therefore be scientifically superseded by a criticism of *political economy*, including Proudhon's conception of political economy. This work became possible only owing to the work of Proudhon himself, just as Proudhon's criticism has as its premise the criticism of the mercantile system by the Physiocrats, Adam Smith's criticism of the Physiocrats,

Ricardo's criticism of Adam Smith, and the works of Fourier and Saint-Simon.

All treatises on political economy take *private property* for granted. This basic premise is for them an incontestable fact to which they devote no further investigation, indeed a fact which is spoken about only "*accidentellement*", as Say naively admits. But Proudhon makes a critical investigation — the first resolute, ruthless, and at the same time scientific investigation — of the basis of political economy, *private property*. This is the great scientific advance he made, an advance which revolutionizes political economy and for the first time makes a real science of political economy possible. Proudhon's treatise *Qu'est-ce que la propriété?* is as important for modern political economy as Sieyès' work *Qu'est-ce que le tiers état?* for modern politics.

Proudhon does not consider the further creations of private property, e.g., wages, trade, value, price, money, etc., as forms of private property in themselves, as they are considered, for example, in the *Deutsch-Französische Jahrbücher* (see *Outlines of a Critique of Political Economy* by F. Engels), but uses these economic premises in arguing against the political economists; this is fully in keeping with his historically justified standpoint to which we referred above.

Accepting the relationships of private property as human and rational, political economy operates in permanent contradiction to its basic premise, private property, a contradiction analogous to that of the theologian who continually gives a human interpretation to religious conceptions, and by that very fact comes into constant conflict with his basic premise, the superhuman character of religion. Thus in political economy wages appear at the beginning as the proportional share of the product due to labour. Wages and profit on capital stand in the most friendly, mutually stimulating, apparently most human relationship to each other. Afterwards it turns out that they stand in the most hostile relationship, in *inverse* proportion to each other. Value is determined at the beginning in an apparently rational way, by the cost of production of an object and by its social usefulness. Later it turns out that value is determined quite fortuitously and that it does not need to bear any relation to either the cost of production or social usefulness. The size of wages is determined at the beginning by *free* agreement between the free worker and the free capitalist. Later it turns out that the worker is compelled to allow the capitalist to determine it, just as the capitalist is

compelled to fix it as low as possible. *Freedom* of the contracting parties has been supplanted by *compulsion*. The same holds good of trade and all other economic relationships. The economists themselves occasionally feel these contradictions, the development of which is the main content of the conflict between them. When, however, the economists become conscious of these contradictions, *they themselves* attack *private property* in one or other *particular* form as the falsifier of what is in itself (i.e., in their imagination) rational wages, in itself rational value, in itself rational trade. Adam Smith, for instance, occasionally polemises against the capitalists, Destutt de Tracy against the money-changers, Simonde de Sismondi against the factory system, Ricardo against landed property, and nearly all modern economists against the *non-industrial* capitalists, among whom property appears as a mere *consumer*.

Thus, as an exception — when they attack some special abuse — the economists occasionally stress the semblance of humanity in economic relations, but sometimes, and as a rule, they take these relations precisely in their clearly pronounced *difference* from the human, in their strictly economic sense. They stagger about within this contradiction completely unaware of it.

Now *Proudhon* has put an end to this unconsciousness once for all. He takes the *human semblance* of the economic relations seriously and sharply opposes it to their *inhuman reality*. He forces them to be in reality what they imagine themselves to be, or rather to give up their own idea of themselves and confess their real inhumanity. He therefore consistently depicts as the falsifier of economic relations not this or that particular kind of private property, as other economists do, but private property as such and in its entirety. He has done all that criticism of political economy from the standpoint of political economy can do.

Herr Edgar, who wishes to *characterise* the *standpoint* of the treatise *Qu'est-ce que la propriété?*, naturally does not say a word either of political economy or of the distinctive character of this book, which is precisely that it has made the *essence of private property* the vital question of political economy and jurisprudence. This is all self-evident for Critical Criticism. Proudhon, it says, has done nothing new by his negation of private property. He has only let out a secret which Critical Criticism did not want to divulge.

“Proudhon,” Herr Edgar continues immediately after his characterising translation, “therefore finds something absolute, an eternal foundation in

history, a god that guides mankind — justice.”

Proudhon’s book, written in France in 1840, does not adopt the standpoint of German development in 1844. It is Proudhon’s standpoint, a standpoint which is shared by countless diametrically opposed French writers, which therefore gives Critical Criticism the advantage of having characterized the most contradictory standpoints with a single stroke of the pen. Incidentally, to be relieved from this Absolute in history as well one has only to apply consistently the law formulated by Proudhon himself, that of the implementation of justice by its negation. If Proudhon does not carry consistency as far as that, it is only because he had the misfortune of being born a Frenchman, not a German.

For Herr Edgar, Proudhon has become a *theological* object by his Absolute in history, his belief in justice, and Critical Criticism, which is *ex professo* a criticism of theology, can now set to work on him in order to expatiate on “religious conceptions”

“It is a characteristic of every religious conception that it sets up as a dogma a situation in which at the end one of the opposites comes out victorious as the only truth.”

We shall see how religious Critical Criticism sets up as a dogma a situation in which at the end one of the opposites, “*Criticism*”, comes out victorious over the other, the “Mass”, as the only truth. By seeing in mass-type justice an Absolute, a god of history, Proudhon committed an injustice that is all the greater because just Criticism has *explicitly* reserved for itself the role of that Absolute, that god in history.

## Critical Comment No. 2

“The fact of misery, of poverty, makes Proudhon one-sided in his considerations; he sees in it a *contradiction* to equality and justice; it provides him with a weapon. Hence this fact becomes for him absolute and justified, whereas the fact of property becomes unjustified.”

The tranquillity of knowledge tells us that Proudhon sees in the fact of poverty a contradiction to justice, that is to say, finds it unjustified; yet in the same breath it assures us that this fact becomes for him absolute and justified.

Hitherto political economy proceeded from *wealth*, which the movement of private property supposedly creates for the *nations*, to its considerations

which are an apology for private property. Proudhon proceeds from the opposite side, which political economy sophistically conceals, from the poverty bred by the movement of private property to his considerations which negate private property. The first criticism of private property proceeds, of course, from the fact in which its contradictory essence appears in the form that is most perceptible and most glaring and most directly arouses man's indignation — from the fact of poverty, of misery.

“Criticism, on the other hand, joins the two facts, poverty and property, in a single unity, grasps the inner link between them and makes them a single whole, which it investigates as such to find the preconditions for its existence.”

Criticism, which has hitherto understood nothing of the facts of property and of poverty, uses, “on the other hand”, the deed which it has accomplished in its imagination as an argument against Proudhon's real deed. It unites the *two* facts in a *single* one, and having made *one* out of *two*, grasps the inner link between the two. Criticism cannot deny that Proudhon, too, is aware of an inner link between the facts of poverty and of property, since because of that very link he abolishes property in order to abolish poverty. Proudhon did even more. He proved in detail *how* the movement of capital produces poverty. But Critical Criticism does not bother with such trifles. It recognizes that poverty and private property are *opposites* — a rather widespread recognition. It makes poverty and wealth *a single whole*, which it “investigates *as such* to find the preconditions for its existence” an investigation which is all the more superfluous since it has just *made* “the whole as such” and therefore its *making* is in itself the precondition for the existence of this whole.

By investigating “the whole as such” to find the preconditions for its existence, Critical Criticism is searching in the genuine theological manner *outside* the “whole” for the preconditions for its existence. Critical speculation operates outside the object which it pretends to deal with. Whereas the *whole antithesis* is nothing but the *movement of both its sides*, and the precondition for the existence of the whole lies in the very nature of the two sides. But Critical Criticism dispenses with the study of this real movement which forms the whole in order to be able to declare that it, Critical Criticism as the tranquillity of knowledge, is above both extremes of the antithesis, and that its activity, which has made “the whole as such”, is now alone in a position to abolish the abstraction of which it is the maker.

Proletariat and wealth are opposites; as such they form a single whole. They are both creations of the world of private property. The question is exactly what place each occupies in the antithesis. It is not sufficient to declare them two sides of a single whole.

Private property as private property, as wealth, is compelled to maintain *itself*, and thereby its opposite, the proletariat, in *existence*. That is the *positive* side of the antithesis, self-satisfied private property.

The proletariat, on the contrary, is compelled as proletariat to abolish itself and thereby its opposite, private property, which determines its existence, and which makes it proletariat. It is the *negative* side of the antithesis, its restlessness within its very self, dissolved and self-dissolving private property.

The propertied class and the class of the proletariat present the same human self-estrangement. But the former class feels at ease and strengthened in this self-estrangement, it recognizes estrangement as *its own power* and has in it the *semblance* of a human existence. The class of the proletariat feels annihilated in estrangement; it sees in it its own powerlessness and the reality of an inhuman existence. It is, to use an expression of Hegel, in its abasement the indignation at that abasement, an *indignation* to which it is necessarily driven by the contradiction between its human *nature* and its condition of life, which is the outright, resolute and comprehensive negation of that nature.

Within this antithesis the private property-owner is therefore the *conservative* side, the proletarian the *destructive* side. From the former arises the action of preserving the antithesis, from the latter the action of annihilating it.

Indeed private property drives itself in its economic movement towards its own dissolution, but only through a development which does not depend on it, which is unconscious and which takes place against the will of private property by the very nature of things, only inasmuch as it produces the proletariat as proletariat, poverty which is conscious of its spiritual and physical poverty, dehumanization which is conscious of its dehumanization, and therefore self-abolishing. The proletariat executes the sentence that private property pronounces on itself by producing the proletariat, just as it executes the sentence that wage-labour pronounces on itself by producing wealth for others and poverty for itself. When the proletariat is victorious, it by no means becomes the absolute side of society, for it is victorious only

by abolishing itself and its opposite. Then the proletariat disappears as well as the opposite which determines it, private property.

When socialist writers ascribe this world-historic role to the proletariat, it is not at all, as Critical Criticism pretends to believe, because they regard the proletarians as *gods*. Rather the contrary. Since in the fully-formed proletariat the abstraction of all humanity, even of the *semblance* of humanity, is practically complete; since the conditions of life of the proletariat sum up all the conditions of life of society today in their most inhuman form; since man has lost himself in the proletariat, yet at the same time has not only gained theoretical consciousness of that loss, but through urgent, no longer removable, no longer disguisable, absolutely imperative *need* — the practical expression of *necessity* — is driven directly to revolt against this inhumanity, it follows that the proletariat can and must emancipate itself. But it cannot emancipate itself without abolishing the conditions of its own life. It cannot abolish the conditions of its own life without abolishing all the inhuman conditions of life of society today which are summed up in its own situation. Not in vain does it go through the stern but steeling school of *labour*. It is not a question of what this or that proletarian, or even the whole proletariat, at the moment *regards* as its aim. It is a question of *what the proletariat is*, and what, in accordance with this *being*, it will historically be compelled to do. Its aim and historical action is visibly and irrevocably foreshadowed in its own life situation as well as in the whole organization of bourgeois society today. There is no need to explain here that a large part of the English and French proletariat is already *conscious* of its historic task and is constantly working to develop that consciousness into complete clarity.

“Critical Criticism” can all the less admit this since it has proclaimed itself the exclusive creative element in history. To it belong the historical antitheses, to it belongs the task of abolishing them. That is why it issues the following *notification* through its incarnation, Edgar:

“Education and lack of education, property and absence of property, these antitheses, if they are not to be desecrated, must be wholly and entirely the concern of Criticism.”

Property and absence of property have received metaphysical consecration as Critical speculative antitheses. That is why only the hand of Critical Criticism can touch them without committing a sacrilege. Capitalists and workers must not interfere in their mutual relationship.

Far from having any idea that his Critical conception of antitheses could be touched, that this holy thing could be desecrated, Herr Edgar lets his opponent make an objection that he alone could make to himself.

“Is it then possible,” the imaginary opponent of Critical Criticism asks, “to use other concepts than those already existing — liberty, equality, etc.? I answer” (note Herr Edgar’s answer) “that Greek and Latin perished as soon as the range of thoughts that they served to express was exhausted.”

It is now clear why Critical Criticism does not give a single thought in *German*. The language of its thoughts has not yet come into being in spite of all that Herr Reichardt by his Critical handling of foreign words, Herr Faucher by his handling of English, and Herr Edgar by his handling of French, have done to prepare the *new Critical* language.

## Characterizing Translation No. 2

The Critical Proudhon says:

“The husbandmen divided the land among themselves; equality consecrated only possession; on this occasion it consecrated property.”

The Critical Proudhon makes landed property arise simultaneously with the division of land. He effects the transition from possession to property by the expression “on this occasion”.

The real Proudhon says:

“Husbandry was the basis of possession of the land... It was not enough to ensure for the tiller the fruit of his labour without ensuring for him at the same time the instruments of production. To guard the weaker against the encroachments of the stronger ... it was felt necessary to establish permanent demarcation lines between owners.”

On this occasion, therefore, it is *possession* that equality consecrated in the first place.

“Every year saw the population increase and the greed of the settlers grow; it was thought ambition should be checked by new insuperable barriers. Thus the land became property owing to the need for equality ... doubtless the division was never geographically equal ... but the principle nevertheless remained the same; equality had consecrated possession, equality consecrated property.”

According to the Critical Proudhon

“the ancient founders of property, absorbed with concern for their needs, overlooked the fact that to the right of property corresponded at the same time the right to alienate, to sell, to give away, to acquire and to lose, which destroyed the equality from which they started out.”

According to the real Proudhon it was not that the founders of property overlooked this course of its development in their concern for their needs. It was rather that they did not foresee it; but even if they had been able to foresee it, their actual need would have gained the upper hand. Besides, the real Proudhon is too mass-minded to counterpose the right to alienate, sell, etc., to the “*right of property*”, i.e., to counterpose the varieties to the species. He contrasts the “right to *keep* one’s heritage” to the “right to *alienate* it, etc.”, which constitutes a real opposition and a real step forward.

### Critical Comment No. 3

“On what then does Proudhon base his proof of the impossibility of property? Difficult as it is to believe it — on the same principle of equality!”

A short consideration would have sufficed to arouse the belief of Herr Edgar. He must be aware that Herr Bruno Bauer based all his arguments on “*infinite* self-consciousness” and that he also saw in this principle the creative principle of the gospels which, by their infinite unconsciousness, appear to be in direct contradiction to infinite self-consciousness. In the same way Proudhon conceives equality as the creative principle of private property, which is in direct contradiction to equality. If Herr Edgar compares French *equality* with German “self-consciousness” for an instant, he will see that the latter principle expresses in *German*, i.e., in abstract thought, what the former says in *French*, that is, in the language of politics and of thoughtful observation. Self-consciousness is man’s equality with himself in pure thought. Equality is man’s consciousness of himself in the element of practice, i.e., man’s consciousness of other men as his equals and man’s attitude to other men as his equals. Equality is the French expression for the unity of human essence, for man’s consciousness of his species and his attitude towards his species, for the practical identity of man with man, i.e., for the social or human relation of man to man. Hence, just as destructive criticism in Germany, before it had progressed in *Feuerbach* to the consideration of *real man*, tried to resolve everything definite and

existing by the principle of *self-consciousness*, destructive criticism in France tried to do the same by the principle of equality.

“Proudhon is angry with philosophy, for which, in itself, we cannot blame him. But why is he angry? Philosophy, he maintains, has not yet been practical enough; it has mounted the high horse of speculation and from up there human beings have seemed much too small. I think that philosophy is over practical, i.e., it has so far been nothing but the abstract expression of the existing state of things; it has always been captive to the premises of the existing state of things, which it has accepted as absolute.”

The opinion that philosophy is the abstract expression of the existing state of things does not belong originally to Herr Edgar. It belongs to *Feuerbach*, who was the first to describe philosophy as speculative and mystical empiricism and to prove it. But Herr Edgar manages to give this opinion an original, Critical twist. While Feuerbach concludes that philosophy must come down from the heaven of speculation to the depth of human misery, Herr Edgar, on the contrary, informs us that philosophy is over-practical. However, it seems rather that philosophy, precisely because it was only the transcendent, abstract expression of the actual state of things, by reason of its transcendentalism and abstraction, by reason of its *imaginary difference* from the world, must have imagined it had left the actual state of things and real human beings far below itself. On the other hand, it seems that because philosophy was not really different from the world it could not pronounce any *real judgment* on it, it could not bring any real differentiating force to bear on it and could therefore not interfere *practically*, but had to be satisfied at most with a practice *in abstracto*. Philosophy was over-practical only in the sense that it soared above practice. Critical Criticism, by lumping humanity together in a spiritless mass, gives the most striking proof how infinitely small real human beings seem to speculation. In this the old speculation agrees with Critical Criticism, as the following sentence out of Hegel’s *Rechtsphilosophie* shows:

“From the standpoint of needs, it is the concrete object of the idea that is called man; therefore what we are concerned with here, and properly speaking only here, is man in this sense.”

In other cases in which speculation speaks of man it does not mean the *concrete*, but the *abstract*, *the idea*, *the spirit*, etc. The way in which philosophy expresses the actual state of things is strikingly exemplified by

Herr Faucher in connection with the actual English situation and by Herr Edgar in connection with the actual situation of the French language.

“Thus Proudhon also is practical because, finding that the concept of equality is the basis of the proofs in favour of property, he argues from the same concept against property.”

Proudhon here does exactly the same thing as the German critics who,, finding that the proofs of the existence of God are based on the idea of man, argue from that idea against the existence of God.

“If the consequences of the principle of equality are more powerful than equality itself, how does Proudhon intend to help that principle to acquire its sudden power?”

Self-consciousness, according to Herr Bruno Bauer, lies at the basis of all religious ideas. It is, he says, the creative principle of the gospels. Why, then, were the consequences of the principle of self-consciousness more powerful than self-consciousness itself? Because, the answer comes after the German fashion, self-consciousness is indeed the creative principle of religious ideas, but only as self-consciousness outside itself, in contradiction to itself, alienated and estranged. Self-consciousness that has come to itself, that understands itself, that apprehends its essence, therefore governs the creations of its self-alienation. Proudhon finds himself in exactly the same case, with the difference, of course, that he speaks French whereas we speak German, and he therefore expresses in a French way what we express in a German way.

Proudhon asks himself why equality, although as the creative principle of reason it underlies the institution of property and as the ultimate rational foundation is the basis of all arguments in favour of property, nevertheless does not exist, while its negation, private property, does. He accordingly considers the fact of property in itself. He proves “that, in truth, property, as an institution and a principle, is *impossible*” , i.e., that *it contradicts itself* and abolishes itself in all points; that, to put it in the German way, it is the existence of alienated, self-contradicting, self-estranged equality. The real state of things in France, like the recognition of this estrangement, suggests correctly to Proudhon the necessity of the real abolition of this estrangement.

While negating private property, Proudhon feels the need to justify the existence of private property historically. His argument, like all first arguments of this kind, is pragmatic, i.e., he assumes that earlier generations

wished consciously and with reflection to realised in their institutions that equality which for him represents the human essence.

“We always come back to the same thing.... Proudhon writes in the interest of the proletarians.”

He does not write in the interest of self-sufficient Criticism or out of any abstract, self-made interest, but out of a mass-type, real, historic interest, an interest that goes beyond criticism, that will go as far as a crisis. Not only does Proudhon write in the interest of the proletarians, he is himself a proletarian, an *ouvrier*. His work is a scientific manifesto of the French proletariat and therefore has quite a different historical significance from that of the literary botch-work of any Critical Critic.

“Proudhon writes in the interest of those who have nothing; to have and not to have are for him absolute categories. To have is for him the highest, because at the same time not to have is for him the highest object of thought. Every man ought to have, but no more or less than another, Proudhon thinks. But one should bear in mind that of all I have, only what I have exclusively, or what I have more of than other people have, is interesting for me. With equality, both to have and equality itself will be a matter of indifference to me.

According to Herr Edgar, *having and not having* are for Proudhon absolute categories. Critical Criticism sees nothing but categories everywhere. Thus, according to Herr Edgar, having and not having, wages, salary, want and need, and work to satisfy that need, are nothing but categories.

If society had to free itself only from the *categories* of having and not having, how easy would the “overcoming” and “abolition” of those categories be made for it by any dialectician, even if he were weaker than Herr Edgar! Indeed, Herr Edgar considers this such a trifle that he does not think it worth the trouble to give even an *explanation* of the categories of having and not having as an argument against Proudhon. But not having is not a mere category, it is a most dismal reality; today the man who has nothing is nothing, for he is cut off from existence in general, and still more from a human existence, for the condition of not having is the condition of the complete separation of man from his objectivity. Therefore not having seems quite justified in being the highest object of thought for Proudhon; all the more since so little thought had been given to this subject prior to him and the socialist writers in general. Not having is the most despairing

*spiritualism*, a complete unreality of the human being, a complete reality of the dehumanized being, a very positive having, a having of hunger, of cold, of disease, of crime, of debasement, of hebetude, of all inhumanity and abnormality. But every object which for the first time is made the object of thought with full consciousness of its importance is the *highest object of thought*.

Proudhon's wish to abolish not having and the old way of having is quite identical with his wish to abolish the practically estranged relation of man to his *objective essence* and the *economic* expression of human self-estrangement. But since his criticism of political economy is still captive to the premises of political economy, the re-appropriation of the objective world itself is still conceived in the economic form of *possession*.

Proudhon does not oppose having to not having, as Critical Criticism makes him do; he opposes *possession* to the old way of having, to *private property*. He proclaims possession to be a "*social function*". What is "interesting" in a function, however, is not to "exclude" the other person, but to affirm and to realised the forces of my own being.

Proudhon did not succeed in giving this thought appropriate development The idea of "*equal possession*" is the economic and therefore itself still estranged expression for the fact that the *object as being for man*, as the *objective being of man*, is at the same time the *existence of man for other men*, his human relation to other men, the *social behaviour of man to man*. Proudhon abolishes economic estrangement *within* economic estrangement.

### Characterising Translation No. 3

The Critical Proudhon has a *Critical property-owner*, too, according to whose

"own admission those who had to work for him lost what he appropriated."

The mass-type Proudhon says to the mass-type property-owner:

"You have worked! Ought you never to have let others work for you! How, then, have they lost while working for you, what you were able to acquire while not working for them!"

By "*richesse naturelle*"," the Critical Proudhon makes Say understand "*natural possessions*" although Say, to preclude any error, states explicitly

in the *Épitom;é* to his *Traité d'économie politique* that by *richesse* he understands neither property nor possession, but a “sum of values”. Of course, the Critical Proudhon reforms Say just as he himself is reformed by Herr Edgar. He makes Say “infer immediately a right to take a field as property” because land is easier to appropriate than air or water. But Say, far from inferring from the greater possibility of appropriating land a property right to it, says instead quite explicitly:

“Les *droits* des propriétaires de terres — remontent une *spoliation*.”  
(*Traité d'économie politique*, edition III. t. I., , Nota.)

That is why, in Say's opinion, there must be “*concours de la législation*” and “*droit positif*” to provide a basis for the *right* to landed property. The real Proudhon does not make Say “immediately” *infer* the right of landed property from the easier appropriation of land. He reproaches him with basing himself on possibility *instead* of right and *confusing* the question of possibility with the question of right:

“Say prend la possibilité *pour* le droit. On ne demande pas pourquoi la terre a été plutt appropriée que la mer et les airs; on veut savoir, en vertu de quel droit l'homme s'est approprié cette richesse.

The Critical Proudhon continues:

“The only remark to be made on this is that with the appropriation of a piece of land the other elements — air, water and fire — are also appropriated: *terra, aqua, aëre et igne interdicti sumus*.”

Far from making “*only*” this remark, the real Proudhon says, on the contrary, that he draws “attention”, to the appropriation of air and water incidentally (*en passant*). The Critical Proudhon makes an unaccountable use of the Roman formula of banishment. He forgets to say who the “we” are who have been banished. The real Proudhon addresses the non-property-owners :

“Proletarians... property *excommunicates* us: *terra, etc. interdicti sumus*.”

The Critical Proudhon polemises against Charles Comte as follows:

“Charles Comte thinks that, in order to live, man needs air, food and clothing. Some of these things, like air and water, are inexhaustible and therefore always remain common property; but others are available in smaller quantities and become private property. Charles Comte therefore bases his proof on the concepts of limitedness and unlimitedness; he would

perhaps have come to a different conclusion had he made the concepts of dispensability and indispensability his main categories.”

How childish the Critical Proudhon’s polemic is! He expects Charles Comte to give up the categories he uses for his proof and to jump over to others so as to come, not to his own conclusions, but “*perhaps*” to those of the Critical Proudhon.

The real Proudhon does not make any such demands on Charles Comte; he does not dispose of him with a “perhaps”, but defeats him with his own categories.

Charles Comte, Proudhon says, proceeds from the indispensability of air, food, and, in certain climates, clothing, not in order to live, but in order not to stop living. Hence (according to Charles Comte) in order to maintain himself, man constantly needs to appropriate things of various kinds. These things do not all exist in the same proportion.

“The light of the heavenly bodies, air and water exist in such quantities that man can neither increase nor decrease them appreciably; hence everyone can appropriate as much of them as his needs require, *without prejudice to the enjoyment of others*”.

Proudhon proceeds from Comte’s own definitions. First of all he proves to him that land is also an object of primary necessity, the usufruct of which must therefore remain free to everyone, within the limits of Comte’s clause, namely: “*without prejudice to the enjoyment of others.*” Why then has land become private property? Charles Comte answers: because it is *not unlimited*. He should have concluded, on the contrary, that because land is *limited* it may not be appropriated. The appropriation of air and water causes no prejudice to anybody because, as they are unlimited, there is always enough left. The arbitrary appropriation of land, on the other hand, prejudices the enjoyment of others precisely because the land is *limited*. The use of the land must therefore be regulated in the interests of *all*. Charles Comte’s method of proving refutes his own thesis.

“Charles Comte, so Proudhon” (the Critical one, of course) “reasons, proceeds from the view that a nation can be the owner of a land; yet if property involves the right to use and misuse — *jus utendi et abutendi re sua* — even a nation cannot be adjudged the right to use and misuse a land.”

The real Proudhon does not speak of *jus utendi et abutendi* that the right of property “*involves*”. He is too mass-minded to speak of a right of property that the right of property involves. *Jus utendi et abutendi re sua* is,

in fact, the right of property itself. Hence Proudhon directly refuses a people the right of property over its territory. To those who find that exaggerated, he replies that in all epochs the imagined right of national property gave rise to suzerainty, tribute, royal prerogatives, *corvée*, etc.

The real Proudhon reasons against Charles Comte as follows: Comte wishes to expound how property arises and he begins with the hypothesis of a nation as owner. He thus falls into a *petitio principii*. He makes the state sell lands, he lets industrialists buy those estates, that is to say, he presupposes the *property* relations that he wishes to prove.

The Critical Proudhon scraps the French *decimal system*. He keeps the *franc* but replaces the *centime* by the “*Dreier*”.

“If I cede a piece of land, Proudhon” (the Critical one) “continues, I not only rob myself of one harvest; I deprive my children and children’s children of a lasting good. Land has value not only today, it has also the value of its capacity and its future.”

The real Proudhon does not speak of the fact that land has value not only today but also tomorrow: he contrasts the full present value to the value of its capacity and its future, which depends on my skill in exploiting the land. He says:

“Destroy the land, or, what comes to the same thing for you, sell it; you not only deprive yourself of one, two or more harvests; you annihilate all the produce you could have obtained from it, you, your children and your children’s children.”

For Proudhon the question is not one of stressing the contrast between one harvest and the lasting good — the money I get for the field can, as capital, also become a “lasting good” — but the contrast between the present value and the value the land can acquire through continuous cultivation.

“The new value, Charles Comte says, that I give to a thing by my work is my property. Proudhon” (the Critical one) “thinks he can refute him in the following way: *Then* a man must cease to be a property-owner as soon as he ceases to work. Ownership of the product can by no means involve ownership of the material from which the product was made.”

The real Proudhon says:

“Let the worker appropriate the products of his work, but I do not understand how ownership of the products involves ownership of the matter. Does the fisherman who manages to catch more fish than the others

on the same bank become by this skill the owner of the place where he fishes! Was the skill of a hunter ever considered a title to ownership of the game in a canton! The same applies to agriculture. In order to transform *possession* into *property*, another condition is necessary besides work, or a man would cease to be a property-owner as soon as he ceased to be a worker.”

*Cessante causa cessat effectus*. When the owner is owner only as a worker, he ceases to be an owner as soon as he ceases to be a worker.

“According to *law*, it is *prescription* which creates ownership; *work* is only the perceptible sign, the material act by which occupation is *manifested*.”

“The system of appropriation through work,” Proudhon goes on, “is therefore *contrary* to law; and when the supporters of that system put it forward as an explanation of the laws they are *contradicting themselves*.”

To say further, according to this opinion, that the cultivation of the land, for example, “creates full ownership of the same” is a *petitio principii*. It is a fact that a new productive capacity of the matter has been created. But what has to be proved is that ownership of the matter itself has thereby been created. Man has not created the matter itself. And he cannot even create any productive capacity if the matter does not exist beforehand.

The Critical Proudhon makes *Gracchus Babeuf* a partisan of *freedom*, but for the mass-minded Proudhon he is a partisan of *equality* (*partisan de l'égalité*).

The *Critical Proudhon*, who wanted to estimate *Homer's* fee for the *Iliad*, says:

“The fee which I pay Homer should be equal to what he gives me. But how is the value of what he gives to be determined!”

The Critical Proudhon is too superior to the trifles of political economy to know that the *value* of an object and what that object gives somebody else are two different things. The real Proudhon says:

“The fee of the poet should be equal to his product: what then is the value of that product?”

The real Proudhon supposes that the *Iliad* has an infinite *price* (or exchange value, *prix*), while the Critical Proudhon supposes that it has an infinite *value*. The real Proudhon counterposes the value of the *Iliad*, its *value* in the *economic* sense (*valeur intrinsèque*), to its exchange value

(*valeur changeable*); the Critical Proudhon counterposes its “value for exchange” to its “intrinsic value”, i.e., its value as a poem.

The real Proudhon says:

“Between material reward and talent there is no common measure. In this respect the situation of all producers is the same. Consequently any comparison between them, any classification according to fortune is impossible.” (“Entre une récompense matérielle et le talent il n’existe pas de commune mesure; sous ce rapport la condition de tous les producteurs est égale; conséquemment toute comparaison entre eux et toute distinction de fortunes est impossible.”)

The Critical Proudhon says:

“*Relatively*, the position of all producers is the same. Talent cannot be weighed materially .... Any comparison of the producers among themselves, any *external distinction* is impossible.”

In the Critical Proudhon we read that

“the man of science must feel himself equal in society, because his talent and his insight are only a product of the insight of society”.

The real Proudhon does not speak anywhere about the feelings of talent. He says that talent must lower itself to the level of society. Nor does he at all assert that the man of talent is only a product of society. On the contrary, he says:

“The man of talent has contributed to produce in himself a useful instrument .... There exist in him a free worker and an accumulated social capital.”

The Critical Proudhon goes on to say:

“Besides, he must be thankful to society for releasing him from other work so that he can apply himself to science.”

The real Proudhon nowhere resorts to the gratitude of the man of talent. He says:

“The artist, the scientist, the poet, receive their just reward by the mere fact that society allows them to apply themselves exclusively to science and art.”

Finally, the Critical Proudhon achieves the miracle of making a society of 150 workers able to maintain a “*marshal*” and, therefore, probably, an army. In the real Proudhon the marshal is a “*farrier*” (*maréchal*).

“If he” (Proudhon) “retains the concept of wages, if he sees in society an institution that gives us work and pays us for it, he has all the less right to recognize time as the measure for payment as he but shortly before, agreeing with Hugo Grotius, professed that time has no bearing on the validity of an object.”

This is the only point on which Critical Criticism attempts to solve its problem and to prove to Proudhon that from the standpoint of political economy he is arguing wrongly against political economy. Here Criticism *disgraces* itself in truly Critical fashion.

Proudhon agrees with Hugo Grotius in arguing that *prescription* is no title to change *possession into property* or a “*legal principle*” into another principle, any more than time can change the truth that the three angles of a triangle are together equal to two right angles into the truth that they are equal to three right angles.

“Never,” exclaims Proudhon, “will you succeed in making length of time, which of itself creates nothing, changes nothing, modifies nothing, able to change the user into a proprietor.”

Herr Edgar’s conclusion is: since Proudhon said that mere time cannot *change* one legal principle into another, that by itself it cannot change or modify anything, he is inconsistent when he makes *labour time* the measure of the economic value of the product of labour. Herr Edgar achieves this Critically Critical remark by translating “*valeur*”“ by “*Geltung*” so that he can use the word for validity of a legal principle in the same sense as for the commercial value of a product of labour. He achieves it by identifying empty length of time with time filled with labour. Had Proudhon said that time cannot change a fly into an elephant, Critical Criticism could have said with the same justification: he has therefore no right to make labour time the measure of wages.

Even Critical Criticism must be capable of grasping that the *labour time expended* on the production of an object is included in the *cost of production* of that object, that the *cost of production* of an object is what it *costs*, and therefore what it can be sold for, abstraction being made of the influence of *competition*. Besides the labour time and the material of labour, economists include in the cost of production the rent paid to the owner of the land, interest and the profit of the capitalist. The latter are excluded by Proudhon because he excludes private property. Hence there remain only the labour time and the expenses. By making labour time, the immediate

existence of human activity as activity, the measure of wages and the determinant of the value of the product, Proudhon makes the human side the decisive factor. In old political economy, on the other hand, the decisive factor was the material power of capital and of landed property. In other words, Proudhon reinstates man in his rights, but still in an economic and therefore contradictory way. How right he is from the standpoint of political economy can be seen from the fact that *Adam Smith*, the founder of modern political economy, in the very first pages of his book, *An Inquiry into the Nature and Causes of the Wealth of Nations*, develops the idea that before the invention of private property, that is to say, presupposing the *non-existence of private property*, labour time was the measure of wages and of the *value of the product of labour*, which was not yet distinguished from wages.

But even let Critical Criticism suppose for an instant that Proudhon did not proceed from the premise of wages. Does it believe that the time which the production of an object requires will ever not be an essential factor in the “*validity*” of the object! Does it believe that time will lose its *costliness*?

As far as immediate material production is concerned, the decision whether an object is to be produced or not, i.e., the decision on the *value* of the object, will depend essentially on the labour time required for its production. For it depends on time whether society has time to develop in a human way.

And even as far as *intellectual* production is concerned, must I not, if I proceed reasonably in other respects, consider the time necessary for the production of an intellectual work when I determine its scope, its character and its plan? Otherwise I risk at least that the object that is in my idea will never become an object in reality, and can therefore acquire only the value of an imaginary object, i.e., an *imaginary value*.

The criticism of political economy from the standpoint of political economy recognizes all the essential determinants of human activity, but only in an estranged, alienated form. Here, for example, it converts the importance of time for *human labour* into its importance for *wages*, for wage-labour.

Herr Edgar continues:

“In order to force talent to accept that measure, Proudhon misuses the concept of free contract and asserts that society and its individual members have the right to reject the products of talent.”

Among the *followers of Fourier and Saint-Simon*, talent puts forward exaggerated *fee claims* on an economic basis and makes its imagined notion of its infinite value the measure of the *exchange value* of its products. Proudhon answers it in exactly the same way as political economy answers any claim for a price much higher than the so-called natural price, that is, higher than the cost of production of the object offered. He answers by freedom of contract. But Proudhon does not *misuse* this relation in the sense of political economy; on the contrary, he assumes that to be real which the economists consider to be only nominal and illusory—the *freedom* of the contracting parties.

#### Characterizing Translation No. 4

The Critical Proudhon finally reforms *French society* by as deep a transformation of the French proletarians as of the French bourgeoisie.

He denies the French proletarians “*strength*” because the real Proudhon reproaches them with a lack of *virtue* (*vertu*). He makes their *skill* in work problematic— “you are *perhaps* skilled in work” — because the real Proudhon unconditionally recognizes it (“*prompts au travail vous êtes*”, etc.). He converts the French bourgeoisie into dull burghers whereas the real Proudhon counterposes the ignoble bourgeois (*bourgeois ignobles*) to the blemished nobles (*nobles flétris*). He converts the bourgeois from happy-medium burghers (*bourgeois juste-milieu*) into “our good burghers”, for which the French bourgeoisie can be grateful. Hence, where the real Proudhon says the “ill will” of the French bourgeoisie (*la malveillance de nos bourgeois*) is growing, the Critical Proudhon consistently makes the “*carefreeness* of our burghers” grow. The real Proudhon’s bourgeois is so far from being carefree that he calls out to himself: “*N’ayons pas peur! N’ayons pas peur!*” Those are the words of a man who wishes to reason himself out of fear and worry.

By creating the Critical Proudhon through its translation of the real Proudhon, Critical Criticism has revealed to the Mass what a Critically perfect translation is. It has given directions for “translation as it ought to be”. It is therefore rightly against bad, mass-type translations.

“The German public wants the booksellers’ wares ridiculously cheap, so the publisher needs a cheap translation; the translator does not want to starve at his work, he cannot even perform it with mature reflection” (with

all the tranquillity of knowledge) “because the publisher must anticipate rivals by quick delivery of translations; even the translator has to fear competition, has to fear that someone else will produce the ware cheaper and quicker; he therefore dictates his manuscript offhand to some poor scribe — as quickly as he can in order not to pay the scribe his hourly wage for nothing. He is more than happy when he can next day adequately satisfy the harassing type-setter. For the rest, the translations with which we are flooded are but a manifestation of the present-day impotence of German literature”, etc. (*Allgemeine Literatur-Zeitung*, Heft VIII, p.54.)

### Critical Comment No. 5

“The proof of the impossibility of property that Proudhon draws from the fact that mankind ruins itself particularly by the interest and profit system and by the disproportion between consumption and production lacks its counterpart, namely, the proof that private property is historically possible.”

Critical Criticism has the fortunate instinct not to go into Proudhon’s reasoning on the interest and profit system, etc., i.e., into the most important part of his argument. The reason is that on this point not even a semblance of criticism of Proudhon can be offered without absolutely positive knowledge of the movement of private property. Critical Criticism tries to make up for its impotence by observing that Proudhon has not proved the historical possibility of property. Why does Criticism, which has nothing but words to give, expect others to give it *everything*?

“Proudhon proves the impossibility of property by the fact that the worker cannot buy back the product of his work out of his wage. Proudhon does not give an exhaustive proof of this by expounding the essence of capital. The worker cannot buy back his product because it is always a joint product, whereas he is never anything but an individual paid man.”

Herr Edgar, in contrast to Proudhon’s deduction, could have expressed himself still more exhaustively to the effect that the worker cannot buy back his product because in general he must *buy it back*. The definition of buying already implies that he regards his product as an object that is no longer his, an estranged object. Among other things, Herr Edgar’s exhaustive argument does not exhaust the question why the capitalist, who himself is *nothing* but an *individual* man, and what is more, a man *paid* by profit and interest, can buy back not only the product of labour, but still more than this product. To

explain this Herr Edgar would have to explain the relationship between labour and capital, that is, to expound the essence of capital.

The above quotation from Criticism shows most palpably how Critical Criticism immediately makes use of what it has learnt from a writer to pass it off as wisdom it has itself discovered and use it with a Critical twist against the same writer. For it is from Proudhon himself that Critical Criticism drew the argument that it says Proudhon did not give and that Herr Edgar did. Proudhon says:

“Divide et impera ... separate the workers from one another, and it is quite possible that the daily wage paid to each one may exceed the value of each individual product; but that is not the point at issue.... Although you have paid for all the individual powers you have still not paid for the collective power.”

Proudhon was the first to draw attention to the fact that the sum of the wages of the individual workers, even if each individual labour be paid for completely, does not pay for the collective power objectified in its product, that therefore the worker is not paid as a part of the *collective labour power*. Herr Edgar twists this into the assertion that the worker is nothing but an individual paid man. Critical Criticism thus opposes a *general* thought of Proudhon's to the further *concrete* development that Proudhon himself gives to the same thought. It takes possession of this thought after the fashion of Criticism and expresses the secret of *Critical socialism* in the following sentence:

“The modern worker thinks only of himself, i.e., he allows himself to be paid only for his own person. It is he himself who fails to take into account the enormous, the immeasurable power which arises from his co-operation with other powers.”

According to Critical Criticism, the whole evil lies only in the workers' “*thinking*”. It is true that the English and French workers have formed associations in which they exchange opinions not only on their immediate needs as *workers*, but on their needs as human beings. In their associations, moreover, they show a very thorough and comprehensive consciousness of the “enormous” and “immeasurable” power which arises from their co-operation. But these *mass-minded*, communist workers, employed, for instance, in the Manchester or Lyons workshops, do not believe that by “*pure thinking*” they will be able to argue away their industrial masters and their own practical debasement. They are most painfully aware of the

*difference* between *being* and *thinking*, between *consciousness* and *life*. They know that property, capital, money, wage-labour and the like are no ideal figments of the brain but very practical, very objective products of their self-estrangement and that therefore they must be abolished in a practical, objective way for man to become man not only in *thinking*, in *consciousness*, but in mass *being*, in life. Critical Criticism, on the contrary, teaches them that they cease in reality to be wage-workers if in thinking they abolish the thought of wage-labour; if in thinking they cease to regard themselves as wage-workers and, in accordance with that extravagant notion, no longer let themselves be paid for their person. As absolute idealists, as ethereal beings, they will then naturally be able to live on the ether of pure thought. Critical Criticism teaches them that they abolish real capital by overcoming in *thinking* the category Capital, that they *really* change and transform themselves into real human beings by changing their “*abstract ego*” in consciousness and scorning as an un-Critical operation all real change of their real existence, of the real conditions of their existence, that is to say, of their *real ego*. The “*spirit*”, which sees in reality only categories, naturally reduces all human activity and practice to the dialectical process of thought of Critical Criticism. That is what distinguishes its socialism from *mass-type* socialism and communism.

After his great argumentation, Herr Edgar must, of course, declare Proudhon’s criticism “devoid of consciousness”.

“Proudhon, however, wishes to be practical too.” “He thinks he has grasped.” “And nevertheless,” cries the tranquillity of knowledge triumphantly, “we cannot even now credit him with the tranquillity of knowledge.” “We quote a few passages to show how little he has thought out his attitude to society.”

Later we shall also quote a few passages from the works of Critical Criticism (see the *Bank for the Poor* and the *Model Farm*) to show that it has not yet become acquainted with the most elementary economic relationships, let alone thought them out, and hence with its characteristic Critical tact has felt itself called upon to pass judgment on Proudhon.

Now that Critical Criticism as the tranquillity of knowledge has “*made*” *all the mass-type “antitheses its concern”*, has mastered all reality in the form of categories and dissolved all human activity into speculative dialectics, we shall see it produce the world again out of speculative dialectics. It goes without saying that if the miracles of the Critically

speculative creation of the world are not to be “desecrated”, they can be presented to the profane mass only in the form of *mysteries*. Critical Criticism therefore appears in the incarnation of Vishnu-Szeliga as a *mystery-monger*.

## Chapter V. “Critical Criticism” As a Mystery-Monger, Or “Critical Criticism” As Herr Szeliga

“Critical Criticism” in its *Szeliga-Vishnu* incarnation provides an apotheosis of the *Mystères de Paris*. Eugène Sue is proclaimed a “Critical Critic”. Hearing this, he may exclaim like Molière’s *Bourgeois gentilhomme*:

“*Par ma foi, il y a plus de quarante ans que je dis de la prose, sans que j’en susse rien: et je vous suis le plus obligé du monde de m’avoir appris cela.*”

Herr Szeliga prefaces his criticism with an *aesthetic* prologue. “The aesthetic prologue” gives the following explanation of the general meaning of the “Critical” epic and in particular of the *Mystères de Paris*:

“The epic gives rise to the thought that the present in itself is nothing, and not only” (nothing and not only!) “the eternal boundary between past and future, but” (nothing, and not only, but) “but the gap that separates immortality from transience and must continually be filled.... Such is the *general meaning of the Mystères de Paris.*”

The “aesthetic prologue” further asserts that “if the Critic wished he could also be a *poet*”.

The whole of Herr Szeliga’s criticism will prove that assertion. It is “*poetic fiction*” in every respect.

It is also a product of “free art” according to the definition of the latter given in the “aesthetic prologue” — it “invents *something quite new, something that absolutely never existed before*”.

Finally, it is even a *Critical epic*, for it is “the gap that separates immortality” — Herr Szeliga’s Critical Criticism — from “transience” — Eugène Sue’s novel — and “must continually be filled”.

- 1) “The Mystery of Degeneracy in Civilisation” and “The Mystery of Rightlessness in the State”

*Feuerbach*, we know, conceived the Christian ideas of the Incarnation, the Trinity, Immortality, etc., as the mystery of the Incarnation, the mystery of the Trinity, the mystery of Immortality. Herr Szeliga conceives all present

world conditions as mysteries. But whereas *Feuerbach* disclosed *real mysteries*, Herr *Szeliga* makes *mysteries* out of real *trivialities*. His art is not that of disclosing what is hidden, but of hiding what is disclosed.

Thus he proclaims as *mysteries* degeneracy (criminals) within civilisation and rightlessness and inequality in the state. This means that socialist literature, which has revealed these mysteries, is still a mystery to Herr *Szeliga*, or that he wants to convert the best-known findings of that literature into a private mystery of “Critical Criticism.”

We therefore need not go more deeply into Herr *Szeliga*’s discourse on these mysteries; we shall merely draw attention to a few of the most brilliant points.

“Before the law and the judge everything is *equal*, the high and the low, the rich and the poor. This proposition stands at the head of the credo of *the state*.”

Of the state? The credo of most states starts, on the contrary, by making the high and the low, the rich and the poor *unequal* before the *law*.

“The gem-cutter Morel in his naive probity most clearly expresses the mystery” (the mystery of the antithesis of poor and rich) “when he says: If only the rich knew! If only the rich knew! The misfortune is that they do not know what poverty is.”

Herr *Szeliga* does not know that Eugène Sue commits an *anachronism* out of courtesy to the French bourgeoisie when he puts the motto of the burghers of Louis XIV’s time “*Ah! si le roi le savait!*” in a modified form: “*Ah! si le riche le savait!*” into the mouth of the working man Morel who lived at the time of the *Charte vérité*” In England and France, at least, this *naive* relation between rich and poor has ceased to exist. There the scientific representatives of wealth, the economists, have spread a very detailed understanding of the physical and moral misery of poverty. They have made up for that by proving that misery must remain because the present state of things must remain. In their solicitude they have even calculated the *proportions* in which the poor must be reduced in number by deaths for the good of the rich and for their own welfare.

If Eugene Sue depicts the taverns, hide-outs and language of *criminals*, Herr *Szeliga* discloses the “*mystery*” that what the “author” wanted was not to depict that language or those hide-outs, but

“to teach us the mystery of the mainsprings of evil, etc.” “It is precisely in the most crowded places ... that criminals feel at *home*.”

What would a natural scientist say if one were to prove to him that the bee's cell does not interest him as a bee's cell, that it has no mystery for one who has not studied it, because the bee "feels at home precisely" in the open air and on the flower? The hide-outs of the criminals and their language reflect the character of the criminal, they are part of his existence, their description is part of his description just as the description of the *petite maison* is part of the description of the *femme galante*.

For Parisians in general and even for the Paris police the hide-outs of criminals are such a "mystery" that at this very moment broad light streets are being laid out in the *Cité* to give the police access to them.

Finally, Eugène Sue himself states that in the descriptions mentioned above he was counting "*sur la curiosité, craintive*" of his readers. M. Eugène Sue has counted on the timid curiosity of his readers in all his novels. It is sufficient to recall *Atar Gull, Salamandre, Plick and Plock*, etc.

## 2) The Mystery of Speculative Construction

The mystery of the Critical presentation of the *Mystères de Paris* is the mystery of *speculative*, of *Hegelian construction*. Once Herr Szeliga has proclaimed that "degeneracy within civilisation" and rightlessness in the state are "mysteries", i.e., has dissolved them in the category "mystery", he lets "mystery" begin its *speculative career*. A few words will suffice to characterise speculative construction *in general*. Herr Szeliga's treatment of the *Mystères de Paris* will give the application in *detail*.

If from real apples, pears, strawberries and almonds I form the general idea "*Fruit*", if I go further and *imagine* that my abstract idea "*Fruit*", derived from real fruit, is an entity existing outside me, is indeed the true essence of the pear, the apple, etc., then in the *language of speculative philosophy* — I am declaring that "*Fruit*" is the "*Substance*" of the pear, the apple, the almond, etc. I am saying, therefore, that to be a pear is not essential to the pear, that to be an apple is not essential to the apple; that what is essential to these things is not their real existence, perceptible to the senses, but the essence that I have abstracted from them and then foisted on them, the essence of my idea— "*Fruit*". I therefore declare apples, pears, almonds, etc., to be mere forms of existence, *modi*, of "*Fruit*". My finite understanding supported by my senses does of course *distinguish* an apple from a pear and a pear from an almond, but my speculative reason declares

these sensuous differences inessential and irrelevant. It sees in the apple *the same* as in the pear, and in the pear the same as in the almond, namely “*Fruit*”. Particular real fruits are no more than semblances whose true essence is “*the substance*”—“*Fruit*”.

By this method one attains no particular *wealth of definition*. The mineralogist whose whole science was limited to the statement that all minerals are really “*the Mineral*” would be a mineralogist only in *his imagination*. For every mineral the speculative mineralogist says “*the Mineral*”, and his science is reduced to repeating this word as many times as there are real minerals.

Having reduced the different real fruits to the *one* “*fruit*” of abstraction — “*the Fruit*”, speculation must, in order to attain some semblance of real content, try somehow to find its way back from “*the Fruit*”, from the *Substance* to the *diverse*, ordinary real fruits, the pear, the apple, the almond, etc. It is as hard to produce real fruits from the abstract idea “*the Fruit*” as it is easy to produce this abstract idea from real fruits. Indeed, it is impossible to arrive at the opposite of an abstraction without relinquishing the abstraction.

The speculative philosopher therefore relinquishes the abstraction “*the Fruit*”, but in a *speculative, mystical* fashion — with the appearance of *not* relinquishing it. Thus it is really only in appearance that he rises above his abstraction. He argues somewhat as follows:

If apples, pears, almonds and strawberries are really nothing but “*the Substance*”, “*the Fruit*”, the question arises: Why does “*the Fruit*” manifest itself to me sometimes as an apple, sometimes as a pear, sometimes as an almond? Why this *semblance of diversity* which so obviously contradicts my speculative conception of *Unity*, “*the Substance*”, “*the Fruit*”?

This, answers the speculative philosopher, is because “*the Fruit*” is not dead, undifferentiated, motionless, but a living, self-differentiating, moving essence. The diversity of the ordinary fruits is significant not only for my sensuous understanding, but also for “*the Fruit*” itself and for speculative reason. The different ordinary fruits are different manifestations of the life of the “*one Fruit*”; they are crystallisations of “*the Fruit*” itself. Thus in the apple “*the Fruit*” gives itself an apple-like existence, in the pear a pear-like existence. We must therefore no longer say, as one might from the standpoint of the *Substance*: a pear is “*the Fruit*”, an apple is “*the Fruit*”, an almond is “*the Fruit*”, but rather “*the Fruit*” presents itself as a pear, “*the*

Fruit” presents itself as an apple, “*the Fruit*” presents itself as an almond; and the differences which distinguish apples, pears and almonds from one another are the self-differentiations of “*the Fruit*” and, make the particular fruits different members of the life-process of “*the Fruit*”. Thus “*the Fruit*” is no longer an empty undifferentiated unity; it is oneness as *allness*, as “*totality*” of fruits, which constitute an “*organically linked series of members*”. In every member of that series “*the Fruit*” gives itself a more developed, more explicit existence, until finally, as the “*summary*” of all fruits, it is at the same time the living *unity* which contains all those fruits dissolved in itself just as it produces them from within itself, just as, for instance, all the limbs of the body are constantly dissolved in and constantly produced out of the blood.

We see that if the Christian religion knows only *one* Incarnation of God, speculative philosophy has as many incarnations as there are things, just as it has here in every fruit an incarnation of the Substance, of the Absolute Fruit. The main interest for the speculative philosopher is therefore to produce the *existence* of the real ordinary fruits and to say in some mysterious way that there are apples, pears, almonds and raisins. But the apples, pears, almonds and raisins that we rediscover in the speculative world are nothing but *semblances* of apples, *semblances* of pears, *semblances* of almonds and *semblances* of raisins, for they are moments in the life of “*the Fruit*”, this abstract creation of the mind, and therefore themselves abstract *creations of the mind*. Hence what is delightful in this speculation is to rediscover all the real fruits there, but as fruits which have a higher mystical significance, which have grown out of the ether of your brain and not out of the material earth, which are incarnations of “*the Fruit*”, of the *Absolute Subject*. When you return from the abstraction, the *supernatural* creation of the mind, “*the Fruit*”, to real *natural* fruits, you give on the contrary the natural fruits a supernatural significance and transform them into sheer abstractions. Your main interest is then to point out the *unity* of “*the Fruit*” in all the manifestations of its life — the apple, the pear, the almond — that is, to show the *mystical interconnection* between these fruits, how in each one of them “*the Fruit*” realises itself by *degrees* and *necessarily* progresses, for instance, from its existence as a raisin to its existence as an almond. Hence the value of the ordinary fruits *no longer* consists in their *natural* qualities, *but* in their *speculative* quality,

which gives each of them a definite place in the life-process of “*the Absolute Fruit*”

The ordinary man does not think he is saying anything extraordinary when he states that there are apples and pears. But when the philosopher expresses their existence in the speculative way he says something *extraordinary*. He performs a *miracle* by producing the real *natural objects*, the apple, the pear, etc., out of the unreal *creation of the mind* “*the Fruit*”, i.e., by *creating* those fruits out of his *own abstract reason*, which he considers as an Absolute Subject outside himself, represented here as “*the Fruit*”. And in regard to every object the existence of which he expresses, he accomplishes an act of creation.

It goes without saying that the speculative philosopher accomplishes this continuous creation only by presenting universally known qualities of the apple, the pear, etc., which exist in reality, as determining features *invented* by him, by giving the *names* of the real things to what abstract reason alone can create, to abstract formulas of reason, finally, by declaring his *own* activity, by which *he passes* from the idea of an apple to the idea of a pear, to be the *self-activity* of the Absolute Subject, “*the Fruit*”

In the speculative way of speaking, this operation is called comprehending *Substance as Subject*, as an *inner process*, as an *Absolute Person*, and this comprehension constitutes the essential character of *Hegel's* method.

These preliminary remarks were necessary to make Herr Szeliga intelligible. Only now, after dissolving real relations, e.g., law and civilisation, in the category of mystery and thereby making “*Mystery*” (das Geheimnis) into Substance, does he rise to the true speculative, *Hegelian* height and transforms “*Mystery*” into a self-existing Subject *incarnating* itself in real situations and persons so that the manifestations of its life are countesses, marquises, grisettes, porters, notaries, charlatans, and love intrigues, balls, wooden doors, etc. Having produced the category “*Mystery*” out of the real world, he produces the real world out of this category.

The mysteries of *speculative construction* in Herr Szeliga's presentation will be all the *more visibly* disclosed as he has an indisputable *double* advantage over *Hegel*. On the one hand, Hegel with masterly sophistry is able to present as a process of the imagined creation of the mind itself, of the Absolute Subject, the process by which the philosopher through sensory

perception and imagination passes from one subject to another. On the other hand, however, Hegel very often gives a *real* presentation, embracing the *thing* itself, within the *speculative* presentation. This real development *within* the speculative development misleads the reader into considering the speculative development as real and the real as speculative.

With Herr Szeliga both these difficulties vanish. His dialectics have no hypocrisy or dissimulation. He performs his tricks with the most laudable honesty and the most ingenuous straightforwardness. But then he *nowhere* develops any *real content*, so that his speculative construction is free from all disturbing accessories, from all ambiguous disguises, and appeals to the eye in its naked beauty. In Herr Szeliga we also see a brilliant illustration of how speculation on the one hand apparently freely creates its object *a priori* out of itself and, on the other hand, precisely because it wishes to get rid by sophistry of the rational and natural dependence on the *object*, falls into the most irrational and unnatural *bondage* to the object, whose most accidental and most individual attributes it is obliged to construe as absolutely necessary and general.

### 3) “The Mystery of Educated Society”

After leading us through the lowest strata of society, for example through the criminals’ taverns, Eugene Sue transports us to “*haute volée*,” to a *ball* in the Quartier Saint-Germain.

This *transition* Herr Szeliga construes as follows:

“*Mystery* tries to evade examination by a ... twist: so far it appeared as the absolutely enigmatic, elusive and negative, in contrast to the true, real and positive; now it withdraws into the latter as its *invisible* content. But by doing so it gives up the unconditional possibility of becoming known.”

“*Mystery*” which has so far appeared in contrast to the “true”, the “real”, the “positive”, that is, to law and education, “now withdraws into the latter”, that is, into the realm of education. It is certainly a *mystere* for Paris, if not of Paris, that “*haute volée*” is the exclusive realm of education. Herr Szeliga does not pass from the mysteries of the criminal world to those of aristocratic society; instead, “*Mystery*” becomes the “invisible content” of educated society, its *real essence*. It is “*not a new twist*” of Herr Szeliga’s designed to enable him to proceed to further examination; “*Mystery*” itself takes this “new twist” in order to escape examination.

Before really following Eugene Sue where his heart leads him - to an aristocratic ball, Herr Szeliga resorts to the *hypocritical* twists of speculation which makes *a priori* constructions.

“One can *naturally foresee* what a solid shell ‘Mystery’ will *choose* to hide in; *it seems, in fact*, that it is of *insuperable impenetrability* ... that ... *hence it may be expected* that in *general* ... *nevertheless* a new attempt to pick out the kernel is *here indispensable*.”

Enough. Herr Szeliga has gone so far that the

“*metaphysical* subject, *Mystery*, now steps forward, light, self-confident and jaunty”.

In order now to change aristocratic society into a “mystery”, Herr Szeliga gives us a few considerations on “*education*”. He presumes aristocratic society to have all sorts of qualities that no man would look for in it, in order later to find the “mystery” that it does not possess those qualities. Then he presents this discovery as the “mystery” of educated society. Herr Szeliga wonders, for example, whether “*general* reason” (does he mean speculative logic?) constitutes the content of its “*drawing-room talk*”, whether “the *rhythm* and *measure* of love *alone* makes” it a “harmonious whole”, whether “what we call *general education* is the form of the *general, the eternal, the ideal*”, i.e., whether what we call education is a metaphysical illusion. It is not difficult for Herr Szeliga to prophesy *a priori* in answer to his questions:

“It is to be *expected, however* ... that the answer will be in the negative.”

In Eugene Sue’s novel, the transition from the low world to the aristocratic world is a normal transition for a novel. The *disguises of Rudolph*, Prince of Geroldstein, give him entry into the lower strata of society as his title gives him access to the highest circles. On his way to the aristocratic ball he is by no means engrossed in the contrasts of contemporary life; it is the contrasts of his own disguises that he finds *piquant*. He informs his obedient companions how extraordinarily interesting he finds himself in the various situations.

“Je trouve,” he says, “assez de piquant dans ces contrastes: un jour peintre en éventails, m’établant dans un bouge de la rue aux Fèves; ce matin commis marchand offrant un verre de cassis à Madame Pipelet, et ce soir ... un des privilégiés par la grâce de dieu, qui règnent sur ce monde.”

When Critical Criticism is ushered into the ball-room, it sings:

Sense and reason forsake me near,  
In the midst of the potentates here!

It pours forth in *dithyramb*s as follows:

“Here magic brings the brilliance of the sun at night, the verdure of spring and the splendour of summer in winter. We immediately feel in a mood to believe in the miracle of the divine presence in the breast of man, especially when beauty and grace uphold the conviction that we are in the immediate proximity of ideals.” (!!!)

Inexperienced, credulous *Critical country parson*! Only your Critical ingenuousness can be raised by an elegant Parisian ball-room “to a mood” in which you believe in “the miracle of the divine presence in the breast of man”, and see in Parisian lionesses “immediate ideals” and angels corporeal!

In his *unctuous* naivety the Critical parson listens to the two “most beautiful among the beautiful”, Clemence d’Harville and Countess Sarah MacGregor. One can guess what he wishes to “*hear*” from them:

“In what way we can be the *blessing* of beloved children and the ‘*fullness* of happiness of a husband’!... “We hark ... we wonder ... we do not trust our ears.”

We secretly feel a malicious pleasure when the listening parson is disappointed. The ladies converse neither about “blessing”, nor “fullness”, nor “general reason”, but about “an infidelity of Madame d’Harville to her husband”.

We get the following naive revelation about one of the ladies, Countess MacGregor:

She was “*enterprising enough* to become *mother to a child as the result* of a secret marriage”.

Unpleasantly affected by the

of the Countess, Herr Szeliga has sharp words for her:

“We find that all the strivings of the Countess are for her personal, selfish advantage.”

Indeed, he expects nothing good from the attainment of her purpose - marriage to the Prince of Geroldstein:

“concerning which we can *by no means* expect that she will avail herself of it for the *happiness* of the Prince of Geroldstein’s *subjects*.”

The puritan ends his admonitory sermon with “profound earnestness”:

“Sarah” (the *enterprising* lady), “*incidentally, is hardly* an exception in this brilliant circle, *although* she is one of its *summits*.”

Incidentally, hardly! Although! And is not the “summit” of a circle an exception?

Here is what we learn about the character of two other ideals, the Marquise d’Harville and the Duchess of Lucenay:

They “‘lack satisfaction of the heart’. They have not found in marriage the object of love, so they seek it outside marriage. In marriage, love has remained a *mystery* for them, and the imperative urge of the heart drives them to unravel this mystery. So they give themselves up to *secret love*. These ‘victims’ of ‘loveless marriage’ are ‘driven against their will to debase love to something external, to a so-called affair, and take the romantic, the *secrecy*, for the internal, the vivifying, the essential element of love’”.

The merit of this dialectical reasoning is to be assessed all the higher as it is of more general application.

He, for example, who is not allowed to *drink* at home and yet feels the need to drink looks for the “object” of drinking “*outside*” the house, and “so” takes to *secret drinking*. Indeed, he will be driven to consider secrecy an essential ingredient of drinking, although he will not debase drink to a mere “external” indifferent thing, any more than those ladies did with love. For, according to Herr Szeliga himself, it is not love, but marriage without love, that they debase to what it really is, to something external, to a so-called affair.

Herr Szeliga goes on to ask: “What is the ‘*mystery*’ of love?”

We have just had the speculative construction that “mystery” is the “*essence*” of this kind of love. How is it that we now come to be looking for the mystery of the mystery, the essence of the essence?

“Not the shady paths in the thickets,” declaims the parson, “not the *natural* semi-obscurity of moonlight night nor the artificial semi-obscurity of costly curtains and draperies; not the soft and enrapturing notes of the harps and the organs, not the attraction of what is forbidden....”

Curtains and draperies! Soft and enrapturing notes! Even the *organ*! Let the reverend parson stop thinking of *church*! Who would bring an organ to a love tryst?

“All this” (curtains, draperies and organs) “is only the mysterious.”

And is not the mysterious the “mystery” of mysterious love? By no means:

“The mysterious in it is what excites, what intoxicates, what enraptures, the *power of sensuality*.”

In the “soft and *enrapturing*” notes, the parson already had what enraptures. Had he brought turtle soup and champagne to his love tryst instead of curtains and organs, the “*exciting and intoxicating*” would have been present too.

“It is true we do not like to admit,” the reverend gentleman argues, “the power of sensuality; but it has such tremendous power over us only because we cast it out of us and will not recognise it as our own nature, which we should then be in a position to dominate if it tried to assert itself at the expense of reason, of true love and of will-power.”

The parson advises us, after the fashion of speculative theology, to *recognise* sensuality as our *own* nature, in order afterwards to be able to *dominate* it, i.e., to retract recognition of it. True, he wishes to dominate it only when it tries to assert itself at the expense of *Reason* - will-power and love as *opposed* to sensuality are only the will-power and love of *Reason*. The unspeculative Christian also recognises *sensuality* as long as it does not assert itself at the expense of true reason, i.e., of faith, of true love, i.e., of love of God, of true will-power, i.e., of will in Christ.

The parson immediately betrays his real meaning when he continues:

“If then love ceases to be the essential element of marriage and of morality in general, *sensuality* becomes the mystery of love, of morality, of educated society - sensuality both in its *narrow* meaning, in which it is a *trembling in the nerves* and a *burning stream* in the veins, and in the broader meaning, in which it is elevated to a *semblance* of spiritual power, to lust for power, ambition, craving for glory.... Countess MacGregor represents” the latter meaning “of sensuality as the mystery of educated society.”

The parson hits the nail on the head. To overcome *sensuality* he must first of all overcome the *nerve currents* and the quick *circulation of the blood*.- Herr Szeliga believes in the “narrow” meaning that greater warmth in the body comes from the heat of the blood in the veins; he does not know that *warm-blooded animals* are so called because the temperature of their blood, apart from slight modifications, always remains at a constant level.- As soon as there is no more nerve current and the blood in the veins is no longer hot, the *sinful body*, this seat of sensual lust, becomes a *corpse* and

the souls can converse unhindered about “general reason”, “true love”, and “pure morals”. The parson debases sensuality to such an extent that he abolishes the very elements of sensual love which inspire it - the rapid circulation of the blood, which proves that man does not love by insensitive phlegm; the nerve currents which connect the organ that is the main seat of sensuality with the brain. He reduces true sensual love to the *mechanical secretio* seminis and lisps with a notorious German theologian:

“Not for the sake of sensual love, not for the lust of the flesh, but because the Lord said: Increase and multiply.”

Let us now compare the speculative construction with Eugene Sue’s novel. It is not *sensuality* which is presented as the secret of love, but mysteries, adventures, obstacles, fears, dangers, and especially the attraction of what is forbidden.

“Pourquoi,” says Eugene Sue, “beaucoup de femmes prennent-elles pourtant des hommes qui ne valent pas leurs maris? Parce que le plus grand charme de l’amour est l’attrait affriandant du fruit défendu ... avancez que, en retranchant de cet amour les craintes, les angoisses, les difficultés, les mystères, les dangers, il ne reste rien ou peu de chose, c’est-à-dire, l’amant ... dans sa simplicité première ... en un mot, ce serait toujours plus ou moins l’aventure de cet homme à qui l’on disait: ‘Pourquoi n’épousez-vous donc pas cette veuve, votre maîtresse?’ - ‘Hélas, j’y ai bien pensé’ - répondit-il’ - ‘mais alors je ne saurais plus où aller passer mes soirées.’”

Whereas Herr Szeliga says explicitly that the mystery of love is not in the *attraction of what is forbidden*, Eugene Sue says just as explicitly that it is the “greatest charm of love” and the reason for all love adventures *extra muros*.

“Prohibition and smuggling are as inseparable in love as in trade.”

Eugene Sue similarly maintains, contrary to his speculative commentator, that

“the propensity to pretence and craft, the liking for mysteries and intrigues, is an essential quality, a natural propensity and an imperative instinct of woman’s nature”.

The only thing which embarrasses Eugene Sue is that this propensity and this liking are directed against *marriage*. He would like to give the instincts of woman’s nature a more harmless, more useful application.

Herr Szeliga makes Countess MacGregor a representative of the kind of *sensuality* which “is elevated to a semblance of spiritual power”, but in

Eugene Sue she is a *person of abstract reason*. Her “ambition” and her “pride”, far from being forms of sensuality, are born of an abstract reason which is completely independent of sensuality. That is why Eugene Sue explicitly notes that

“the fiery impulses of love could never make her icy breast heave; no surprise of the heart or the senses could upset the pitiless calculations of this crafty, selfish, ambitious woman”.

This woman’s essential character lies in the egoism of abstract reason that never suffers from the sympathetic senses and on which the blood has no influence. Her soul is therefore described as “dry and hard”, her mind as “artfully wicked”, her character as “treacherous” and - what is very typical of a person of abstract reason - as “absolute”, her dissimulation as “profound”.- It is to be noted incidentally that Eugene Sue motivates the career of the Countess just as stupidly as that of most of his characters. An old nurse gives her the idea that she must become a “crowned head”. Convinced of this, she undertakes journeys to capture a crown through marriage. Finally she commits the inconsistency of considering a petty German “*Serenissimus*” as a “crowned head”.

After his outpourings against *sensuality*, our Critical saint deems it necessary to show why Eugene Sue introduces us to *haute volée* at a ball, a method which is used by nearly all French novelists, whereas the *English* do so more often at the chase or in a country mansion.

“For this” (i.e., Herr Szeliga’s) “conception it cannot be indifferent there” (in Herr Szeliga’s construction) “and merely accidental that Eugene Sue introduces us to high society at a ball.”

Now the horse has been given a free rein and it trots briskly towards the necessary end through a series of conclusions reminding one of the late Wolff.

“*Dancing* is the most common manifestation of *sensuality as a mystery*. The immediate *contact*, the embracing of the two sexes” (?) “necessary to form a couple are allowed in dancing because, in spite of appearances, and the really” (really, Mr. Parson?) “perceptible pleasant sensation, it is not considered as *sensual* contact and embracing” (but probably as connected with universal reason?).

And then comes a closing sentence which at best staggers rather than dances:

“For if it were in actual fact considered as such it would be impossible to understand why society is so lenient only as regards dancing while it, on the contrary, so severely condemns that which, if exhibited with similar freedom elsewhere, incurs branding and merciless casting out as a most unpardonable offence against morals and modesty.”

The reverend parson speaks here neither of the *cancan* nor of the *polka*, but of *dancing* in general, of the *category* Dancing, which is not performed anywhere except in his Critical cranium. Let him see a dance at the Chaumiere in Paris, and his Christian-German soul would be outraged by the boldness, the frankness, the graceful petulance and the music of that most sensual movement. His own “really perceptible pleasant sensation” would make it “perceptible” to him that “in actual fact it would be impossible to understand why the dancers themselves, while on the contrary they” give the spectator the uplifting impression of frank human sensuality - “which, if exhibited in the same way elsewhere” - namely in Germany - “would be severely condemned as an unpardonable offence”, etc., etc.- why those dancers, at least so to speak in their own eyes, not only should not and may not, but of necessity cannot and must not be frankly sensual human beings!!

The Critic introduces us to the *ball* for the sake of the *essence of dancing*. He encounters a great difficulty. True, there is dancing at this ball, but only in imagination. The fact is that Eugene Sue does not say a word describing the dancing. He does not mix among the throng of dancers. He makes use of the ball only as an opportunity for bringing together his characters from the upper aristocracy. In despair, “Criticism” comes to help out and *supplement* the author, and its own “fancy” easily provides a description of ball incidents, etc. If, as prescribed by Criticism, Eugene Sue was not directly interested in the criminals’ hide-outs and language when he described them, the dance, on the other hand, which *not he* but his “fanciful” Critic describes, necessarily interests him infinitely.

Let us continue.

“*Actually*, the secret of sociable tone and tact - the secret of that extremely unnatural thing - is the longing to return to nature. That is why the appearance of a person like *Cecily* in educated society has such an electrifying effect and is crowned with such extraordinary success. She grew up a slave among slaves, without any education, and the only source of life she has to rely upon is her -nature. Suddenly transported to a court

and subjected to its constraint and customs, she soon learns to see through the secret of the latter.... In this sphere, which she can undoubtedly hold in sway because her power, the power of her nature, has an enigmatic magic, Cecily must necessarily stray into losing all sense of measure, whereas formerly, when she was still a slave, the same nature taught her to resist any unworthy demand of the powerful master and to remain true to her love. *Cecily is the mystery of educated society disclosed*. The scorned senses finally break down the barriers and surge forth completely uncurbed”, etc.

Those of Herr Szeliga’s readers who have not read Sue’s novel will certainly think that Cecily is the lioness of the ball that is described. In the novel she is in a German gaol while the dancing goes on in Paris.

Cecily, as a slave, remains true to the Negro doctor David because she loves him “passionately” and because her owner, Mr. Willis, is “*brutal*” in courting her. The reason for her change to a dissolute life is a very simple one. Transported into the “European world”, she “blushes” at being “married to a Negro”. On arriving in Germany she is “*at once*” seduced by a wicked man and her “Indian blood” comes into its own. This the hypocritical M. Sue, for the sake of *douce morale* and *doux commerce*, is bound to describe as “*perversité naturelle*”.

The secret of Cecily is that she is a *half-breed*. The secret of her sensuality is the *heat of the tropics*. Parny sang praises of the half-breed in his beautiful lines to Eleonore. Over a hundred sea-faring tales tell us how dangerous she is to sailors.

“Cecily était le type incarné de la sensualité brûlante, qui ne s’allume qu’au feu des tropiques.... Tout le monde a entendu parler de ces filles de couleur, pour ainsi dire mortelles aux Européens, de ces vampyrs enchanteurs, qui, enivrant leurs victimes de séductions terribles ... ne lui laissent, selon l’énergique expression du pays, que ses larmes à boire, que son coeur à ronger.”

Cecily was far from producing such a magical effect precisely on people aristocratically educated, blasé...

“les femmes de l’espèce de Cecily exercent une action soudaine, une omnipotence magique sur les hommes de sensualité brutale tels que Jacques Ferrand”.

Since when have men like Jacques Ferrand been representative of fine society? But Critical Criticism must speculatively make *Cecily* a factor in the life-process of Absolute Mystery.

#### 4) “The Mystery of Probity and Piety”

“*Mystery, as that of educated society, withdraws, it is true, from the antithesis into the inner sphere. Nevertheless, high society once again has exclusively its own circles in which it preserves the holy. It is, as it were, the chapel for this holy of holies. But for people in the forecourt, the chapel itself is the mystery. Education, therefore, in its exclusive position is the same thing for the people ... as vulgarity is for the educated.*”

*It is true, nevertheless, once again, as it arere, but, therefore* - those are the magic hooks which hold together the links of the chain of *speculative reasoning*. Herr Szeliga has made *Mystery* withdraw from the world of criminals into high society. Now he has to construct the mystery that high society has its *exclusive* circles and that the mysteries of those circles are mysteries for the people. Besides the magic hooks already mentioned, this construction requires the transformation of a *circle* into a *chapel* and the transformation of non-aristocratic society into a *forecourt* of that chapel. Again it is a mystery *for* Paris that all the spheres of bourgeois society are only a forecourt of the chapel of high society.

Herr Szeliga pursues two aims. Firstly, *Mystery* which has become incarnate in the exclusive circle of high society must be declared “*common property of the world*”. Secondly, the *notary Jacques Ferrand* must be construed as a link in the life of *Mystery*. Here is the way Herr Szeliga reasons:

“Education as yet is unable and unwilling to bring all estates and distinctions into its circle. Only *Christianity and morality* are able to found universal kingdoms on earth.”

Herr Szeliga identifies education, civilisation, with *aristocratic* education. That is why he cannot see that *industry and trade* found universal kingdoms quite different from *Christianity and morality*, domestic happiness and civic welfare. But how do we come to the *notary Jacques Ferrand*? Quite simply!

Herr Szeliga transforms *Christianity* into an *individual* quality, “*piety*”, and *morality* into another *individual* quality, “*probity*”. He combines these two qualities in one individual whom he christens *Jacques Ferrand*, because Jacques Ferrand does not possess these two qualities but only pretends to. Thus Jacques Ferrand becomes the “mystery of probity and piety”. His “testament”, on the other hand, is “the mystery of *seeming* piety”

and probity”, and therefore no longer of piety and probity themselves. If Critical Criticism had wanted speculatively to construe this testament as a mystery, it should have declared the seeming probity and piety to be the mystery of this testament, and not the other way round, this testament as the mystery of the seeming probity.

Whereas the Paris college of notaries considered Jacques Ferrand as a malicious libel against itself and through the theatrical censorship had this character removed from the stage performance of the *Mysteres de Paris*, Critical Criticism, at the very time when it “*polemises against the airy kingdom of conceptions*”, sees in a Paris notary not a Paris notary but religion and morality, probity and piety. The trial of the notary *Lehon* ought to have taught it better. The position held by the *notary* in Eugene Sue’s novel is closely connected with his official position.

“Les notaires sont au temporel ce qu’au spirituel sont les curés; ils sont les dépositaires de nos secrets” (Monteil, *Hist des frangais des div états*,” etc. t. ix, ).

The notary is the secular confessor. He is a puritan by profession, and “honesty”, Shakespeare says, is “no Puritan”. He is at the same time the go-between for all possible purposes, the manager of all civil intrigues and plots.

With the notary Ferrand, whose whole mystery consists in his hypocrisy and his profession, we do not seem to have made a single step forward yet. But listen:

“If for the notary hypocrisy is a matter of the most complete consciousness, and for Madame Roland it is, *as it were*, instinct, *then* between them there is the great mass of those who cannot get to the bottom of the mystery and yet involuntarily feel a desire to do so. It is therefore not superstition that leads the high and the low to the sombre dwelling of the charlatan Bradamanti (Abbe Polidori); no, it is the search for *Mystery*, to justify themselves to the world.”

“The high and the low” flock to Polidori not to find out a definite mystery which is justified to the whole world, but to look for *Mystery* in general, *Mystery* as the Absolute Subject, *in order to* justify themselves to the world; as if to chop wood one looked, not for an axe, but for the Instrument *in abstracto*.

All the mysteries that Polidori possesses are limited to a means for abortion and a poison for murder.- In a speculative frenzy Herr Szeliga

makes the “*murderer*” resort to Polidori’s poison “because he wants to be not a murderer, but respected, loved and honoured”. As if in an act of murder it was a question of respect, love or honour and not of one’s *neck*! But the Critical murderer does not bother about his neck, but only about “*Mystery*”.- As not everyone commits murder or becomes pregnant illegitimately, how is Polidori to put *everyone* in the desired possession of *Mystery*? Herr Szeliga probably confuses the charlatan Polidori with the scholar *Polydore Virgil* who lived in the sixteenth century and who, although he did not discover any mysteries, tried to make the history of those who did, the *inventors*, the “common property of ~he world” (see *Polidori Virgilii liber de rerum inventoribus*, Lugduni MDCCVI).

*Mystery*, Absolute *Mystery*, as it has finally established itself as the “common property of the world”, consists therefore in the mystery of abortion and poisoning. *Mystery* could not make itself “the common property of the world” more skilfully than by turning itself into mysteries which are mysteries to no one.

##### 5) “*Mystery*, a Mockery”

“*Mystery* has now become common property, the mystery of the whole world and of every individual. Either it is my art or my instinct, or I can buy it as a purchasable commodity.”

*What* mystery has now become the common property of the world? Is it the mystery of rightlessness in the state, or the mystery of educated society, or the mystery of adulterating wares, or the mystery of making eau-de-cologne, or the mystery of “Critical Criticism”? None of all these, but *Mystery in abstracto*, the category *Mystery*!

Herr Szeliga intends to depict the servants and the *porter Pipelet and his wife* as the incarnation of Absolute *Mystery*. He wants speculatively to construct the *servant* and the *porter* of “*Mystery*”. How does he manage to make the headlong descent from *pure category* down to the “*servant*” who “*spies at a locked door*”, from *Mystery as the Absolute Subject*, which is enthroned above the *roof* in the cloudy heavens of abstraction, down to the ground floor where the *porter’s lodge* is situated?

First he subjects the category *Mystery* to a speculative process. When by the aid of means for abortion and poisoning *Mystery* has become the common property of the world, it is

“therefore by no means any longer concealment and inaccessibility itself, but it conceals itself, or better still” (always better!) “I conceal it, *I make it inaccessible*”.

With this transformation of Absolute Mystery from *essence* into *concept*, from the *objective* stage, in which it is concealment itself, into the *subjective* stage, in which it conceals itself, or better still, in which I conceal it, we have not made a single step forward. On the contrary, the difficulty seems to grow, for a mystery in man’s head or breast is more inaccessible and concealed than at the bottom of the sea. That is why Herr Szeliga comes to the aid of his *speculative* progress *directly* by means of an *empirical* progress.

“It is *behind locked doors*” - hark! hark! - “that *henceforth*” - henceforth! - “Mystery, is hatched, brewed and perpetrated.”

Herr Szeliga has “*henceforth*” changed the speculative *ego* of Mystery into a very empirical, very *wooden* reality - a *door*.

“*But with that*” - i.e., with the locked door, not with the transition from the closed essence to the concept - “there exists *also the possibility* of my overhearing, eavesdropping, and spying on it.”

It is not *Herr Szeliga* who discovered the “mystery” that one can eavesdrop at locked doors. The mass-type proverb even says that walls have ears. On the other hand it is a quite Critical speculative mystery that only “*henceforth*”, after the descent into the hell of the criminals’ hide-outs and the ascent into the heaven of educated society, and after Polidori’s miracles, mysteries can be brewed behind locked doors and overheard *through* closed doors. It is just as great a Critical mystery that locked doors are a categorical necessity for hatching, brewing and perpetrating mysteries - how many mysteries are hatched, brewed, and perpetrated behind bushes! - as well as for spying them out.

After this brilliant dialectical feat of arms, Herr Szeliga naturally goes on from *spying* itself to the *reasons for spying*. Here he reveals the mystery that *malicious gloating* is the reason for it. From malicious gloating he goes on to the *reason for malicious gloating*.

“Everyone wishes to be better than the others,” he says, “because he keeps secret the mainsprings not only of his good actions, but of his bad ones too, which he tries to hide in impenetrable darkness.”

The sentence should be the other way round: Everyone not only keeps the mainsprings of his good actions secret, but tries to conceal his bad ones

in impenetrable darkness because he wishes to be better than the others.

Thus it seems we have gone from *Mystery that conceals itself* to the *ego* that conceals it, from the *ego* to the *locked door*, from the *locked door* to *spying*, from *spying* to the *reason for spying*, malicious gloating; from *malicious gloating* to the *reason for malicious gloating*, the *desire to be better than the others*. We shall soon have the pleasure of seeing the *servant* standing at the locked door. For the general desire to be better than the others leads us directly to this: that “everyone is inclined to find out the mysteries of another”, and this is followed easily by the witty remark:

“In this respect *servants* have the *best opportunity*.”

Had Herr Szeliga read the records from the Paris police archives, Vidocq’s memoirs, the *Livre noir* and the like, he would know that in this respect the *police* has still greater opportunity than the “best opportunity” that servants have; that it uses servants only for crude jobs, that it does not stop at the door or where the masters are in *neglige*, but creeps under their sheets next to their naked body in the shape of a *femme galante* or even of a legitimate wife. In Sue’s novel the police spy “*Bras rouge*” plays a leading part in the story.

What “henceforth” annoys Herr Szeliga in servants is that they are not “*disinterested*” enough. This Critical misgiving leads him to the *porter Pipelet and his wife*.

“The porter’s position, on the other hand, gives him relative independence so that he can pour out free, disinterested, although vulgar and injurious, mockery on the mysteries of the house.”

At first this speculative construction of the porter is put into a great difficulty because in many Paris houses the servant and the porter are one and the same person for some of the tenants.

The following facts will enable the reader to form an opinion of the Critical fantasy concerning the relatively independent, disinterested position of the porter. The porter in Paris is the representative and spy of the landlord. He is generally paid not by the landlord but by the tenants. Because of that precarious position he often combines the functions of commission agent with his official duties. During the Terror, the Empire and the Restoration, the porter was one of the main agents of the secret police. General Foy, for instance, was watched by his porter, who took all the letters addressed to the general to be read by a police agent not far away

(see Froment, *La police dévoilée*). As a result “*portier*” and “*èpicier*” are considered insulting names and the porter prefers to be called “*concierge*”.

Far from being depicted as “disinterested” and harmless, Eugene Sue’s Madame Pipelet immediately cheats Rudolph when giving him his change; she recommends to him the dishonest money-lender living in the house and describes Rigolette to him as an acquaintance who may be pleasant to him. She teases the major because he pays her badly and haggles with her - in her vexation she calls him a “*commandant de deux liards*” - “*ca t’apprendra à ne donner que douze francs par mois pour ton ménage.*” - and because he has the “*petitesse*” as to keep a check on his firewood, etc. She herself gives the reason for her “independent” behaviour: the major only pays her twelve francs a month.

According to Herr Szeliga, “Anastasia Pipelet has, *to some extent*, to declare a small war on *Mystery*”.

According to Eugene Sue, Anastasia Pipelet is a typical *Paris Portière*. He wants “to dramatise the *Portière*, whom Henri Monier portrayed with such mastery”. But Herr Szeliga feels bound to transform one of Madame Pipelet’s qualities - “*médisance*” - into a separate being and then to make her a representative of that being.

“The husband,” Herr Szeliga continues, “the porter Alfred Pipelet, helps her, but with less luck.”

To console him for this bad luck, Herr Szeliga makes him also into an *allegory*. He represents the “*objective*” side of *Mystery*, “*Mystery as Mockery*”.

“The mystery which defeats him is a mockery, a joke, that is played on him.”

Indeed, in its infinite pity divine dialectic makes the “unhappy, old, childish man” a “*strong man*” in the *metaphysical sense*, by making him represent a very worthy, very happy and very decisive factor in the life-process of Absolute *Mystery*. The victory over Pipelet is

“*Mystery’s most decisive defeat.*” “A cleverer, courageous man would not let himself be duped by a *joke.*”

## 6) Turtle-Dove (Rigolette)

“There is still one step left. Through *its own consistent development*, *Mystery*, as we saw in Pipelet and Cabrion, is driven to debase itself to mere

clowning. The *one* thing necessary now is that the individual should no longer agree to play that silly comedy. *Turtle-dove* takes that step in the most nonchalant way in the world.”

Anyone in two minutes can see through the mystery of this speculative clowning and learn to practise it himself. We will give brief directions in this respect.

*Problem.* You must give me the speculative construction showing how man becomes master over animals.

*Speculative solution.* Given are half a dozen animals, such as the lion, the shark, the snake, the bull, the horse and the pug. From these six animals abstract the category: *the* “Animal”. Imagine *the* “Animal” to be an independent being. Regard the lion, the shark, the snake, etc., as disguises, incarnations, of *the* “Animal”. Just as you made your imagination, the “Animal” of your abstraction, into a real being, now make the real animals into beings of abstraction, of your imagination. You see that the “Animal”, which in the *lion* tears man to pieces, in the *shark* swallows him up, in the *snake* stings him with venom, in the *bull* tosses him with its horns and in the *horse* kicks him, only barks at him when it presents itself as a *pug*, and converts the fight against man into the mere *semblance of a fight*. Through its *own consistent development*, the “Animal” is driven, as we have seen in the *pug*, to debase itself to a *mere clown*. When a child or a childish man runs away from a pug, the only thing is for the individual no longer to agree to play the silly comedy. The individual X takes this step in the most nonchalant way in the world by using his bamboo cane on the pug. You see how “Man”, through the agency of the individual X and the pug, has become master over the “Animal”, and consequently over animals, and in the *Animal as a pug* has defeated the *lion as an animal*.

Similarly Herr Szeliga’s “turtle-dove” defeats the mysteries of the present state of the world through the intermediary of Pipelet and Cabrion. More than that! She is herself a manifestation of the category “*Mystery*”.

“She herself is not yet conscious of her high moral value, therefore she is still a mystery to herself.”

The mystery of *non-speculative* Rigolette is revealed in Eugene Sue’s book by Murph. She is “*une fort jolie grisette*”. Eugene Sue described in her the lovely human character of the Paris *grisette*. Only owing to his devotion to the bourgeoisie and his own tendency to high-flown exaggeration, he had to idealise the *grisette morally*. He had to gloss over

the essential point of her situation in life and her character, to be precise, her disregard for the form of marriage, her naive attachment to the Etudiant or the Ouvrier. It is precisely in that attachment that she constitutes a really human contrast to the hypocritical, narrow-hearted, self-seeking wife of the bourgeois, to the whole circle of the bourgeoisie, that is, to the official circle.

## 7) The World System of the Mysteries of Paris

“This world of mysteries is now the general world system, in which the individual action of the *Mysteries of Paris* is set.”

Before, “however”, Herr Szeliga “passes on to the *philosophical reproduction* of the epic event”, he must “assemble in a general picture the sketches previously jotted down separately”.

It must be considered as a real confession, a revelation of Herr Szeliga’s Critical Mystery, when he says that he wishes to pass on to the “philosophical reproduction” of the epic event. He has so far been “philosophically reproducing” the world system.

Herr Szeliga continues his confession:

“From our presentation it appears that the individual mysteries dealt with have not their value in themselves, each separate from the others, and are in no way magnificent novelties for gossip, but that their value consists in their constituting an *organically linked sequence*, the *totality* of which is “*Mystery*”.

In his mood of sincerity, Herr Szeliga goes still further. He admits that the “*speculative sequence*” is not the *real* sequence of the *Mysteres de Paris*.

“Granted, the mysteries do not appear in our epic in the relationship of this *self-knowing sequence*” (to cost prices?). “But we are not dealing with the *logical*, obvious, *free organism* of criticism, but with a *mysterious vegetable existence*.”

We shall pass over Herr Szeliga’s summary and go on immediately to the point that constitutes the “transition”. In Pipelet we saw the “self-mockery of Mystery”.

“In self-mockery, Mystery passes judgment on itself. *Thereby* the mysteries, annihilating themselves in their final consequence, challenge every strong character to independent examination.”

*Rudolph*, Prince of Geroldstein, the *man of "pure Criticism"*, is destined to carry out this examination and the "*disclosure of the mysteries.*"

If we deal with Rudolph and his deeds only later, after diverting our attention from Herr Szeliga for some time, it can already be foreseen, and to a certain degree the reader can sense, indeed even surmise without presumption, that instead of treating him as a "*mysterious vegetable existence*", which he is in the *Critical Literatur-Zeitung*, we shall make him a "*logical, obvious, free link*" in the "organism of Critical Criticism."

## Chapter VI. Absolute Critical Criticism, Or Critical Criticism As Herr Bruno

### 1) Absolute Criticism's First Campaign

#### a) "Spirit" and "Mass"

So far Critical Criticism has seemed to deal more or less with the Critical treatment of various mass-type objects. We now find it dealing with the absolutely Critical object, *with itself*. So far it has derived its relative glory from Critical debasement, rejection and transformation of *definite* mass-type objects and persons. It now derives its *absolute* glory from the Critical debasement, rejection and transformation of the Mass in general. Relative Criticism was faced with relative limits. Absolute Criticism is faced with an absolute limit, the limit of the Mass, the Mass as limit. Relative Criticism in its opposition to definite limits was itself necessarily a *limited* individual. Absolute Criticism, in its opposition to the *general* limit, to limit in general, is necessarily an *absolute* individual. As the various mass-type objects and persons have merged in the *impure* pulp of the "Mass", so has still seemingly objective and personal Criticism changed into "*pure Criticism*". So far Criticism has appeared to be more or less a quality of the Critical individuals: Reichardt, Edgar, Faucher, etc. Now it is the *Subject* and Herr Bruno is its incarnation.

So far *mass character* has seemed to be more or less the quality of the objects and persons criticised; now objects and persons have become the "Mass", and the "Mass" has become object and person. All previous Critical attitudes have been dissolved in the attitude of absolute Critical wisdom to absolute mass-type stupidity. This *basic attitude* appears as the *meaning*, the *tendency* and the *keyword* of Criticism's previous deeds and struggles.

In accordance with its absolute character, "pure" Criticism, as soon as it appears, will pronounce the differentiating "*cue*"; nevertheless, as Absolute Spirit it must go through a dialectical process. Only at the end of its heavenly motion will its original concept be truly realised (see Hegel, *Enzyklopädie*).

“But a few months ago,” Absolute Criticism announces, “the Mass believed itself to be of gigantic strength and destined to world mastery within a time that it could count on its fingers.”

It was Herr *Bruno Bauer*, in *Die gute Sache der Freiheit* (his “own” cause, of course), in *Die Judenfrage*, etc., who counted on his fingers the time until the approaching world mastery, although he admitted he could not give the exact date. To the record of the sins of the Mass he adds the mass of his own sins.

“The Mass thought itself in possession of so many truths which seemed obvious to it.” “But one *possesses a truth* completely only ... when one follows it through *its* proofs.”

For Herr Bauer, as for Hegel, truth is an *automaton* that proves itself. Man must *follow* it. As in Hegel, the result of real development is nothing but the *truth proven*, — i.e., brought to *consciousness*. Absolute Criticism may therefore ask with the most’ narrow-minded theologian:

“*What* would be the purpose of *history* if it; task were not precisely to *prove* these simplest of all truths (such as the movement of the earth round the sun)?”

Just as, according to the earlier teleologists, plants exist to be eaten by animals, and animals to be eaten by men, history exists in order to serve as the act of consumption of theoretical eating — *proving*. Man exists so that history may exist, and history exists so that the *proof of truths* exists. In this *Critically* trivialised form is repeated the speculative wisdom that man exists, and history exists, so that *truth* may arrive at *self-consciousness*.

That is why *history*, like *truth*, becomes a person apart, a metaphysical subject of which the real human individuals are merely the bearers. That is why Absolute Criticism uses phrases like these:

“*History* does not allow itself to be mocked at ... *History* has exerted *its* greatest efforts to ... *History* has been engaged ... what would be the purpose of *History*?... *History* provides the explicit proof ... *History* puts forward truths,” etc.

If, as Absolute Criticism asserts, history has so far been occupied with only a *few* such truths — the simplest of all — which in the end are self-evident, this inadequacy to which Absolute Criticism reduces previous human experiences proves first of all only its own inadequacy. From the un-Critical standpoint the result of history is, on the contrary, that the most

complicated truth, the quintessence of all truth, man, is self-evident in the end.

“But truths,” Absolute Criticism continues to argue, “which *seem* to the mass to be so crystal-clear that they are self-evident *from the start* ... and that the mass regards proof of them as superfluous, are not worth history supplying explicit proof of them; they are in general no part of the problem which history is engaged in solving.”

In its holy zeal against the mass, Absolute Criticism pays it the finest compliment. If a truth is *crystal-clear* because it *seems* crystal-clear to the mass; if history’s *attitude* to truths *depends* on the *opinion* of the mass, then the verdict of the mass is absolute, infallible, the *law* of history, and history proves only what does not seem crystal-clear to the mass, and therefore needs proof. It is the mass, then, that prescribes history’s “task” and “occupation”.

Absolute Criticism speaks of “truths which are self-evident *from the start*. In its Critical naivety it invents an absolute “*from the start*” and an abstract, immutable “*mass*”. There is just as little difference, in the eyes of Absolute Criticism, between the “from the start” of the sixteenth-century mass and the “from the start” of the nineteenth-century mass as there is between those masses themselves. It is precisely the characteristic feature of a truth which has become true and obvious and is self-evident that it is “self-evident *from the start*”. Absolute Criticism’s polemic against truths which are self-evident from the start is a polemic against truths which are “self-evident” in general.

A truth which is self-evident has lost its savour, its meaning, its value for Absolute Criticism as it has for divine *dialectic*. It has become flat, like stale water. On the one hand, therefore, Absolute Criticism proves everything which is self-evident and, in addition, many things which have the luck to be incomprehensible and therefore will never be self-evident. On the other hand, it considers as self-evident everything which needs some elaboration. Why? Because it is *self-evident* that *real problems* are not self-evident.

Since, *the* “Truth”, like history, is an ethereal subject separate from the material mass, it addresses itself not to the empirical man but to the “*innermost depths of the soul*”; in order to be “*truly apprehended*” it does not act on his *vulgar body*, which may live deep down in an English cellar or at the top of a French block of flats; it “stretches” “from end to end”

through his idealistic intestines. Absolute Criticism does certify that “the mass” has so far in its own way, i.e., superficially, been affected by the truths that history has been so gracious as to “put forward”; but at the same time it prophesies that

“the *attitude* of the *mass* to *historical progress* will “*completely change*”.

It will not be long before the mysterious meaning of this Critical prophecy becomes “crystal-clear” to us.

“All great actions of previous history,” we are told, “were failures *from the start* and had no effective success because the mass became *interested* in and *enthusiastic* over them — or, they were bound to come to a pitiful end because the idea underlying them was such that it had to be content with a superficial comprehension and therefore to rely on the approval of the mass.”

It seems that the comprehension which suffices for, and therefore corresponds to, an idea ceases to be superficial. It is only for appearance’s sake that Herr Bruno brings out a *relation* between an *idea* and its *comprehension*, just as it is only for *appearance’s sake* that he brings out a *relation* between unsuccessful historical action and the *mass*. If, therefore, Absolute Criticism condemns something as “superficial”, it is simply previous history, the actions and ideas of which were those of the “masses”. It rejects *mass-type* — history to replace it by *Critical* history (see Herr Jules Faucher on English problems of the day). According to previous *un-Critical* history, i.e., history not conceived in the sense of Absolute Criticism, it must further be precisely distinguished to what extent the *mass* was “*interested*” in aims and to what extent it was “*enthusiastic*” over them.. The “*idea*” always disgraced itself insofar as it differed from the “*interest*”. On the other hand, it is easy to understand that every mass-type “*interest*” that asserts itself historically goes far beyond its real limits in the “*idea*” or “*imagination*” when it-first comes on the scene and is confused with *human* interest in general. This *illusion* constitutes what *Fourier* calls the *tone* of each historical epoch. The *interest* of the bourgeoisie in the 1789 Revolution, far from having been a “*failure*”, “*won*” everything and had “*most effective success*”, however much its “*pathos*” has evaporated and the “*enthusiastic*” flowers with which that Interest adorned its cradle have faded. That interest was so powerful that it was victorious over the pen of Marat, the guillotine of the Terror and the sword of Napoleon as well as the crucifix and the blue blood of the Bourbons. The Revolution was a “failure”

only for the mass which did not have in the *political* “idea” the idea of its real “*interest*”, i.e., whose true life-principle did not coincide with the life-principle of the Revolution, the mass whose real conditions for emancipation were essentially different from the conditions within which the bourgeoisie could emancipate itself and society. If the Revolution, which can exemplify all great historical “actions”, was a failure, it was so because the mass within whose living conditions it essentially came to a stop, was an *exclusive, limited* mass, not an all-embracing one. If the Revolution was a failure it was not because the mass was “*enthusiastic*” over it and “*interested*” in it, but because the most numerous part of the mass, the part distinct from the bourgeoisie, did not have its *real* interest in the principle of the Revolution, did not have a revolutionary principle of its own, but *only* an “*idea*”, and hence only an object of momentary enthusiasm and only seeming *uplift*.

Together with the thoroughness of the historical action, the size of the mass whose action it is will therefore increase. In Critical history, according to which in historical actions it is not a matter of the acting masses, of empirical action, or of the empirical interest of this action, but instead is only “a matter of an *idea in them*”, things must naturally take a different course.

“*In the mass,*” Criticism teaches us, “*not somewhere else, as its former liberal spokesmen believed, is the enemy of the spirit to be found.*”

The enemies of progress *outside* the mass are precisely those *products* of *self-debasement, self-rejection* and *self-alienation* of the *mass* which have been endowed with independent being and a life of their *own*. The mass therefore turns against its *own* deficiency when it turns against the independently existing *products* of its *self-debasement*, just as man, turning against the existence of God, turns against his *own religiosity*. But as those *practical* self-alienations of the mass exist in the real world in an outward way, the mass must fight them in an *outward* way. It must by no means hold these products of its self-alienation for mere *ideal* fantasies, mere *alienations of self-consciousness*, and must not wish to abolish material estrangement by purely *inward spiritual* action. As early as 1789 Loustalot’s journal bore the motto:

*The great appear great in our eyes  
Only because we kneel*

*Let us rise!*

But to rise it is not enough to do so in *thought* and to leave hanging over one's *real sensuously perceptible* head the *real sensuously perceptible* yoke that cannot be subtilised away with ideas. Yet *Absolute Criticism* has learnt from Hegel's *Phänomenologie* at least *the art of converting real objective chains that exist outside me into merely ideal, merely subjective chains, existing merely in me* and thus of converting all external sensuously perceptible struggles into pure struggles of thought.

This Critical transformation is the basis of the *pre-established harmony* between *Critical Criticism* and the *ensorship*. From the Critical point of view, the writer's fight against the censor is not a fight of "man against man". The censor is nothing but *my own tact personified* for me by the solicitous police, my own tact struggling against my tactlessness and un-Criticalness. The struggle of the writer with the censor is only seemingly, only in the eyes of wicked sensuousness, anything else than the *inner struggle of the writer with himself*. *Insofar* as the censor is *really individually different* from myself, a *police executioner* who mishandles the product of my mind by applying an external standard alien to the matter in question, he is a mere *mass-type* fantasy, an *un-Critical figment of the brain*. When Feuerbach's *Thesen zur Reform der Philosophie* were prohibited by the censorship, it was not the official barbarity of the censorship that was to blame but the uncultured character of Feuerbach's *Thesen*. "Pure" Criticism, unsullied by mass or matter, too, has in the censor a purely "ethereal" form, divorced from all mass-type reality.

Absolute Criticism has declared the "Mass" to be the *true enemy of the Spirit*. It develops this in more detail as follows:

"The Spirit now knows where to *look for its only adversary* — in the self-deception and the pithlessness of the Mass."

Absolute Criticism proceeds from the *dogma* of the absolute competency of the "*Spirit*". Furthermore, it proceeds from the *dogma* of the *extramundane* existence of the Spirit, i.e., of its existence outside the mass of humanity. Finally, it transforms "*the Spirit*", "*Progress*", on the one hand, and "*the Mass*", on the other, into *fixed* entities, into concepts, and then relates them to one another as such given rigid extremes. It does not occur

to Absolute Criticism to investigate *the "Spirit"* itself, to find out whether it is not in its spiritualistic nature, in its airy pretensions, that the "Phrase", "self-deception" and "pithlessness" are rooted. No, the Spirit is *absolute*, but unfortunately at the same time it continually turns into *spiritlessness*; it continually reckons without its host. Hence it must necessarily have an *adversary* that intrigues against it. That adversary is the Mass.

The position is the same with "*Progress*". In spite of the pretensions of "*Progress*", continual *retrogressions* and *circular movements* occur. Far from suspecting that the category "*Progress*" is completely empty and abstract, Absolute Criticism is so profound as to recognise "*Progress*" as being absolute, so as to explain retrogression by assuming a "*personal adversary*" of Progress, *the Mass*. As "*the Mass*" is nothing but the "*opposite of the Spirit*", of Progress, of "*Criticism*", it can accordingly be defined only by this imaginary opposition; apart from that opposition all that Criticism can say about the meaning and the existence of the Mass is only something *meaningless*, because completely undefined:

"The Mass, in *that sense* in which the 'word' also embraces the *so-called* educated world."

"Also" and "so-called" suffice for a Critical definition. The "Mass" is therefore distinct from the *real* masses and exists as *the "Mass"* only for "*Criticism*".

All communist and socialist writers proceeded from the observation that, on the one hand, even the most favourably brilliant deeds seemed to remain without brilliant results, to end in trivialities, and, on the other, *all progress of the Spirit* had so far been *progress against the mass of mankind*, driving it into an ever more *dehumanised* situation. They therefore declared "*progress*" (see *Fourier*) to be an inadequate, abstract phrase; they assumed (see *Owen* among others) a fundamental flaw in the civilised world; that is why they subjected the *real* foundations of contemporary society to incisive *criticism*. This communist criticism had practically at once as its counterpart the movement of the great mass, in opposition to which history had been developing so far. One must know the studiousness, the craving for knowledge, the moral energy and 'the unceasing urge for development of the French and English workers to be able to form an idea of the human nobility of this movement.

How infinitely *profound* then is "Absolute Criticism", which, in face of these intellectual and practical facts, sees in a one-sided way only *one*

aspect of the relationship, the continual foundering of the Spirit, and, vexed at this, seeks in addition an *adversary* of the “Spirit”, which it finds in *the* “Mass”! In the end this great Critical *discovery* amounts to a *tautology*. According to Criticism, *the* Spirit has so far had a limit, an obstacle, in other words, an *adversary*, because it has had an *adversary*. Who, then, is the adversary of the *Spirit*? *Spiritlessness*. For the Mass is defined only as the “opposite” of the Spirit, as *spiritlessness* or, to take the more precise definitions of spiritlessness, as “indolence”, “superficiality”, “self-complacency”. What a fundamental superiority over the communist writers it is not to have traced spiritlessness, indolence, superficiality and self-complacency to their places of origin, but to have denounced them *morally* and *exposed* them as the opposite of the Spirit, of Progress! If these qualities are proclaimed qualities of *the* Mass, as of a *subject* still distinct from them, that distinction is nothing but a “Critical” *semblance* of distinction. Only in *appearance* has Absolute Criticism a *definite* concrete subject besides the abstract qualities of spiritlessness, indolence, etc., for “*the* Mass” in the Critical conception is *nothing* but those abstract qualities, another *word* for them, a *fantastic personification* of them. . The relation between “Spirit and Mass” has, however, also a *hidden* meaning which will be completely revealed in the course of the reasoning. We only indicate it here. That relation *discovered* by Herr Bruno is, in fact, nothing but a *Critically caricatured consummation of Hegel’s conception of history*, which, in turn, is nothing but the *speculative* expression of the *Christian-Germanic* dogma of the antithesis between *Spirit* and *Matter*, between God and the world-. This antithesis finds expression in history, in the human world itself in such a way that a few chosen *individuals* as the *active Spirit* are counterposed to the rest of mankind, as the *spiritless Mass*, as *Matter*.

*Hegel’s* conception of history presupposes an *Abstract* or *Absolute Spirit* which develops in such a way that mankind is a mere *mass* that bears the Spirit with a varying degree of consciousness or. unconsciousness. Within *empirical*, exoteric history, therefore, Hegel makes a speculative, esoteric history, develop. The history of mankind becomes the history of the *Abstract Spirit* of mankind, hence a *spirit far removed* from the real man.

Parallel with this doctrine of Hegel’s there developed in France the theory of the *Soctrinairians* proclaiming the *sovereignty of reason* in opposition to the *sovereignty of the people*, in order to exclude the masses and rule *alone*. This was quite consistent. If the activity of *real* mankind is

nothing but the activity of a mass of human individuals, then abstract *generality*, *Reason*, *the Spirit*, on the contrary, must have an abstract expression restricted to a few individuals. It then depends on the situation and imaginative power of each individual whether he will claim to be this representative of “the Spirit”.

Already in *Hegel* the *Absolute Spirit* of history has its material in the *Mass* and finds its appropriate expression only in *philosophy*. The philosopher, however, is only the organ through which the maker of history, the *Absolute Spirit*, arrives at self-consciousness *retrospectively* after the movement has ended. The participation of the philosopher in history is reduced to this retrospective consciousness, for the real movement is accomplished by the *Absolute Spirit* *unconsciously*. Hence the philosopher appears on the scene *post festum*.

Hegel is guilty of being doubly half-hearted: firstly in that, while declaring that philosophy is the mode of existence of the *Absolute Spirit*, he refuses to recognise the *actual philosophical individual* as the *Absolute Spirit*; secondly, in that he lets the *Absolute Spirit* as *Absolute Spirit* make history only in *appearance*. For since the *Absolute Spirit* becomes *conscious* of itself as the creative *World Spirit* only *post festum* in the philosopher, its making of history exists only in the consciousness, in the opinion and conception of the philosopher, i.e., only in the speculative imagination. Herr Bruno Bauer overcomes Hegel’s half-heartedness.

*Firstly*, he proclaims *Criticism* to be the *Absolute Spirit* and *himself* to be *Criticism*. Just as the element of *Criticism* is banished from the *Mass*, so the element of the *Mass* is banished from *Criticism*. Therefore *Criticism* sees itself incarnate not in a *mass*, but exclusively in a *handful* of chosen men, in Herr *Bauer* and his disciples.

Herr Bauer furthermore overcomes Hegel’s other half-heartedness. No longer, like the Hegelian *Spirit*, does he make history *post festum* and in imagination. He *consciously* plays the part of the *World Spirit* in opposition to the mass of the rest of mankind; he enters into a contemporary *dramatic* relation with that mass; he invents and executes history with a purpose and after mature reflection.

On the one side is the *Mass* as the passive, spiritless, unhistorical, *material* element of history. On the other is *the Spirit*, *Criticism*, Herr Bruno and Co. as the active element from which all *historical* action proceeds. The

act of transforming society is reduced to the *cerebral activity* of Critical Criticism.

Indeed, the relation of Criticism, and hence of Criticism incarnate, Herr Bruno and Co., to the Mass is in truth the only historical relation of the present time. The whole of present-day history is reduced to the movement of these two sides against each other. All antitheses have been dissolved in this *Critical* antithesis.

Critical Criticism, which becomes *objective* to itself only in relation to its antithesis, to the Mass, to *stupidity*, is consequently obliged continually to produce this antithesis for itself, and Herren Faucher, Edgar and Szeliga have supplied sufficient proof of their Virtuosity in their speciality, the *mass stupefaction* of persons and things.

Let us now accompany Absolute Criticism in its *campaigns* against the *Mass*.

## b) The Jewish Question No. 1.

### The Setting of the Questions

The “Spirit”, contrary to the Mass, behaves from the outset in a *Critical way* by considering its own narrow-minded work, Bruno Bauer’s *Die Judenfrage*, as absolute, and only the opponents of that work as sinners. In Reply No. 1 to attacks on that treatise, he does not show any inkling of its defects; on the contrary, he declares he has set forth the “true”, “*general*” (!) significance of the Jewish question. In later replies we shall see him obliged to admit his “*oversights*”.

“The reception my book has had is the *beginning* of the proof that the very ones who so far have advocated freedom, and still advocate it, must rise against the Spirit more than any others; the defence of my book which I am now going to undertake will supply further pond how thoughtless the *spokesmen of the Mass* are; they have God knows what a great opinion of themselves for supporting emancipation and the dogma of the ‘*rights of man*’.”

On the occasion of a treatise by Absolute Criticism, the “Mass” must necessarily have *begun* to prove its antithesis to the Spirit; for it is its antithesis to Absolute Criticism that *determines* and *proves* its very *existence*.

The polemic of a few liberal and rationalist Jews against Herr Bruno's *Die Judenfrage* has naturally a Critical meaning quite different from that of the mass-type polemic of the liberals against philosophy and of the rationalists against Strauss. Incidentally, the originality of the above-quoted remark can be judged by the following passage from *Hegel*:

“We can here note the particular form of bad conscience manifest in the kind of eloquence with which that shallowness” (of the liberals) “plumes itself, and first of all in the fact that it speaks most of *Spirit* where its speech has the *least spirit*, and uses the word *life*”, etc., “where it is most dead and withered.”

As for the “*rights of man*”, it has been proved to Herr Bruno (“On the Jewish Question”, *Deutsch-Französische Jahrbücher*) that it is “*he himself*”, not the *spokesmen of the Mass*, who has misunderstood and dogmatically mishandled the essence of those rights. Compared to his discovery that the rights of man are not “*inborn*” — a discovery which has been made innumerable times in England during the last 40-odd years — Fourier's assertion that the right to fish, to hunt, etc., are inborn rights of men is one of genius.

We give only a few examples of Herr Bruno's fight against *Philippson*, *Hirsch* and others. Even such poor opponents as these are not disposed of by Absolute Criticism. It is by no means preposterous of Herr *Philippson*, as Absolute Criticism maintains, to say:

“Bauer conceives a peculiar kind of state ... a *philosophical ideal* of a state.”

Herr Bruno, who confuses the state with humanity, the rights of man with man and political emancipation with human emancipation, was bound, if not to conceive, at least to imagine a peculiar kind of state, a philosophical ideal of a state.

“Instead of writing his laboured statement, the rhetorician” (Herr Hirsch) “would have done better to refute my proof that the *Christian state*, having as its vital principle a definite religion, cannot allow adherents of another particular religion ... complete equality with its own social estates.”

Had the rhetorician *Hirsch* really refuted Herr Bruno's proof and shown, as is done in the *Deutsch-Französische Jahrbücher*, that the state of social estates and of exclusive Christianity is not only an incomplete state but an incomplete *Christian* state, Herr Bruno would have answered as he does to that refutation:

“Objections in this matter are meaningless.”

Herr Hirsch is quite correct when in answer to Herr Bruno’s statement:

“By pressure against the mainsprings of history the Jews provided counterpressure”,

he recalls:

“Then they must have counted for something in the making of history, and if Bauer himself asserts this, he has no right to assert, on the other hand, that they did not contribute anything to the making of modern times.”

Herr Bruno answers:

“An eyesore is something too — does that mean it contributes to develop my eyesight?”

Something which has been an eyesore to me from birth, as the Jews have been to the Christian world, and which persists and develops with the eye is not an ordinary sore, but a wonderful one, one that really belongs to my eye and must even contribute to a highly original development of my eyesight. The Critical “*eyesore*” does not therefore hurt the rhetorician “*Hirsch*”. Incidentally, the criticism quoted above revealed to Herr Bruno the significance of Jewry in “the *making* of modern times”.

The theological mind of Absolute Criticism feels so offended by a *deputy of the Rhenish Landtag* stating that “the Jews are *queer* in their own Jewish way, not in our so-called Christian way”, that it is still “calling him *to order* for using that argument”.

Concerning the assertion of another deputy that “civil equality of the Jews can be implemented only where Jewry no longer exists”, Herr Bruno comments:

“Correct! That is correct if Criticism’s other proposition, which I put forward in my treatise, is not omitted”, namely the proposition that Christianity also must have ceased to exist.

We see that in its Reply No. 1 to the attacks upon *Die Judenfrage*, Absolute Criticism still regards the abolition of religion . atheism, as the condition for civil equality. In its first stage it has therefore not yet acquired any deeper insight into the essence of the state than into the “*oversights*” of its “*work*”.

Absolute Criticism feels offended when one of its *intended* “latest” scientific discoveries is betrayed as something already generally recognised. A Rhenish deputy remarks:

“No one has yet maintained that France and Belgium were distinguished by particular clarity in recognising principles in the organisation of their political affairs.”

Absolute Criticism could have objected that that assertion transferred the present into the past by representing as traditional the now trivial view of the inadequacy of French political principles. Such a relevant objection ‘ would not be profitable for Absolute Criticism. On the contrary, it must assert the obsolete view to be that at present prevailing, and proclaim the now prevailing view a Critical mystery which its investigation still has to reveal to the Mass. Hence it must say:

“It” (the antiquated prejudice) “has been asserted *by very many*” (of the Mass): “*but a thorough investigation of history will provide the proof that even after the great work done by France to comprehend the principles, much still remains to be achieved.*”

That means that a thorough investigation of history will not itself “*achieve*” the comprehension of the principles. It will only *prove* in its thoroughness that “*much still remains to be achieved*”. A great achievement, especially after the works of the Socialists! Nevertheless Herr Bruno *already achieves much* for the comprehension of the present social state of things by his remark:

“The *certainty* prevailing at present is *uncertainty*.”

If Hegel says that the prevailing Chinese certainty is “Being”, that the prevailing *Indian* certainty is “Nothing”, etc., Absolute Criticism joins him in the “pure” way when it resolves the character of the present time in the logical category “*Uncertainty*”, and all the purer since “*Uncertainty*”, like “Being” and “Nothing”, belongs to the first chapter of speculative logic, the chapter on “*Quality*”.

We cannot leave No. 1 of *Die Judenfrage* without a general remark.

One of the chief pursuits of Absolute Criticism consists in first bringing all questions of the day into their *right setting*. For it does not answer the *real* questions — it substitutes *quite different* ones. As it makes everything, it must also first make the “questions of the day”, make them *its own* questions, questions of Critical Criticism. If it were a question of the Code Napoléon, it would prove that it is *properly* a question of the *Pentateuch*. Its *setting* of “questions of the day” is *Critical distortion* and *misrepresentation* of them. It thus distorted the “Jewish question”, too, in such a way that it did not need to investigate *political emancipation*, which is the subject-

matter of that question, but could instead confine itself to a criticism of the Jewish religion and a description of the Christian-Germanic state.

This method, too, like all Absolute Criticism's originalities, is the repetition of a *speculative* verbal trick. *Speculative* philosophy, namely, *Hegel's* philosophy, had to transpose all questions from the form of common sense to the form of speculative reason and convert the real question into a *speculative* one to be able to answer it. Having distorted *my* question on my lips and, like the catechism, put *its own* question into my mouth, it could, of course, like the catechism, have its ready answer to all my questions.

c) Hinrichs No. 1.

### Mysterious Hints on Politics, Socialism and Philosophy

“*Political!*” Absolute Criticism is literally horrified at the presence of this word in Professor *Hinrichs'* lectures.

“Whoever has followed the development of modern times and knows history will also know that the political movements at present taking place have a significance *quite different*” (!) “from a *political* one: at their base” (at their base! ... now for basic wisdom) “they have a *social*” (!) “significance, which, as we know” (!) “is such” (!) “that *all* political interests appear *insignificant*” (!) “in comparison with it.”

A few months before the *Critical Literatur-Zeitung* began to be published, there appeared, *as we know* (!), Herr Bruno's fantastic political treatise: *Staat, Religion und Parthei!*

If *political* movements *have social significance*, how can political interests appear “*insignificant*” in comparison with their own social significance?

“Herr Hinrichs does not know his way about either in his own house or anywhere else in the world... He could not be at home anywhere *because ... because* Criticism, which in the last four years has begun and carried on its *by no means 'political'* but *'social'*” (!) “work, has remained *completely*” (!) “unknown to him.”

*Criticism*, which according to the opinion of the Mass carried on “*by no means political*” but “*in all respects theological*” work, is still content with

the word “*social*”, even now when it has uttered this *word* for the first time, not just in the last four years, but since its literary birth.

Since socialist writings spread in Germany the recognition that all human aspirations and actions without exception have *social* significance, Herr Bruno can call his theological works social too. But what a *Critical* demand it is that Professor Hinrichs should have derived socialism from an *acquaintance* with *Bauer’s* works, considering that all Bruno Bauer’s works published up to the appearance of Hinrichs’ lectures, when they do draw practical conclusions, draw *political* ones! It was impossible, un-Critically speaking, for Professor Hinrichs to supplement Herr Bruno’s published works with his as yet unpublished ones. From the Critical point of view, the Mass is, of course, obliged to interpret all Absolute Criticism’s mass-type “movements”, as well as “political” ones, from the angle of the future and of Absolute Progress! But in order that Herr Hinrichs, after becoming acquainted with the *Literatur-Zeitung*, may never again forget the word “*social*” or fail to recognise the “*social*” character of *Criticism*, *Criticism* prohibits the word “political” for the third time before the whole world and solemnly repeats the word “*social*” for the third time.

“If the *true* tendency of modern history is considered it is *no longer a question of political, but* — but of *social* significance”, etc.

Just as Professor Hinrichs is the scapegoat for the former political” movements, so is he also for the “*Hegelian*” movements and expressions which Absolute Criticism used intentionally up to the publication of the *Literatur-Zeitung*, and continues to use unintentionally in it.

Once “*real Hegelian*” and twice “*Hegelian philosopher*” are thrown in Hinrichs’ face as catchwords. Herr Bruno even “*hopes*” that the “banal expressions so tiresomely circulated in all the books of the *Hegelian* school” (in particular in his own books) will, *in view of* their great “*exhaustion*” as seen in Professor Hinrichs’ lectures, soon reach the end of their journey. From the “*exhaustion*” of *Professor Hinrichs*, Herr Bruno hopes for the dissolution of *Hegel’s philosophy* and thereby *his own redemption* from it.

Thus in its *first campaign* Absolute Criticism overthrows its own long-worshipped gods, “*Politics*” and “*Philosophy*”, declaring them idols of Professor Hinrichs.

Glorious first campaign!

## 2) Absolute Criticism's Second Campaign

### a) Hinrichs No. 2. "Criticism" and "Feuerbach".

#### Condemnation of Philosophy

As the result of its first campaign, *Absolute Criticism* can regard "*philosophy*" as having been dealt with and term it outright an ally of the "*Mass*".

"*Philosophy* were predestined to fulfil the heart's desires of the '*Mass*'". For "the *Mass* *wants* simple concepts, in order to have nothing to do with the thing itself, shibboleths, so as to have finished with everything from the start, phrases by which Criticism can be done away with"

And "philosophy" fulfils this longing of the "Mass"!

Dizzy after its victories, Absolute Criticism breaks out in *Pythian* frenzy against philosophy. *Feuerbach's Philosophie der Zukunft* is the concealed cauldron whose fumes inspire the frenzy of Absolute Criticism's victory-intoxicated head. It read Feuerbach's work in March. The fruit of that reading, and at the same time the criterion of the earnestness with which it was undertaken, is Article No. 2 against Professor Hinrichs.

In this article Absolute Criticism, which has never freed itself from the cage of the Hegelian way of viewing things, storms at the iron bars and walls of its prison. The "simple concept", the terminology, the whole mode of thought of philosophy, indeed, the whole of philosophy, is rejected with disgust. In its place we suddenly find the "*real wealth of human relations*", the "*immense content of history*", the "*significance of man*", etc. "*The mystery of the system*" is declared "*revealed*".

But who, then, revealed the mystery of the "system"? *Feuerbach*. Who annihilated the dialectics of concepts, the war of the gods that was known to the philosophers alone? *Feuerbach*. Who substituted for the old lumber and for "infinite self-consciousness" if not, indeed, "*the significance of man*" — as though man had another significance than that of being man! — at any rate "*Man*"? *Feuerbach*, and only *Feuerbach*. And he did more. Long ago he did away with the very categories with which "*Criticism*" now operates — the "*real wealth of human relations, the immense content of history, the struggle of history, the fight of the Mass against the Spirit*", etc., etc.

Once man is recognised as the essence, the basis of all human activity and situations, only “*Criticism*” can invent *new categories* and transform *man* himself into a category and into the principle of a whole series of categories, as it is doing now. It is true that in so doing it takes the only road to salvation that has remained for frightened and persecuted *theological* inhumanity. *History* does *nothing*, it “possesses *no* immense wealth”, it “wages *no* battles”. It is *man*, real, living man who does all that, who possesses and fights; “history” is not, as it were, a person apart, using man as a means to achieve *its own* aims; history is *nothing but* the activity of man pursuing his aims. If *Absolute Criticism*, after *Feuerbach’s* brilliant expositions, still dares to reproduce all the old trash in a new form, at the same time abusing it as “*mass-type*” trash — which it has all the less right to do as it never stirred a finger to dissolve philosophy — that fact alone is sufficient to bring the “*mystery*” of Criticism to light and to assess the Critical naivety with which it says the following to Professor Hinrichs, whose “*exhaustion*” once did it such a great service:

“The *damage* is to those who have not gone through any development and therefore *could not alter themselves even if they wished to*, and at most to the *new* principle — but no! The new *cannot* be made *into a phrase, separate turn of speech cannot be borrowed from it.*”

*Absolute Criticism* prides itself that, in contrast to Professor Hinrichs, it has solved “*the mystery of the faculty sciences*”. Has it then solved the “mystery” of philosophy, jurisprudence, politics, medicine, political economy and so forth? Not at all! It has — be it noted! — shown in *Die gute Sache der Freiheit* that science as a source of livelihood and free science, freedom of teaching and faculty statutes, contradict each other.

If “*Absolute Criticism*” were honest it would have admitted where its pretended illumination on the “*Mystery of Philosophy*” Comes from. It is a good thing all the same that it does not put into *Feuerbach’s* mouth such nonsense as the misunderstood and distorted propositions that it borrowed from him, as it has done with other people. By the way, it is characteristic of “*Absolute Criticism’s*” *theological* viewpoint that, whereas the German philistines are now beginning to understand *Feuerbach* and to adopt his conclusions, it is unable to grasp a single sentence of his correctly or to use it properly.

*Criticism* achieves a real advance over its feats of the first campaign when it “defines” the struggle of “*the Mass*” against the “*Spirit*” as “*the*

*aim*” of all previous history, when it declares that “*the Mass*” is the “*pure nothing*” of “*misery*”; when it calls the Mass purely and simply “*Matter*” and contrasts “*the Spirit*” as truth to “*Matter*”. Is not Absolute Criticism therefore *genuinely Christian-Germanic*? After the old antithesis between spiritualism and materialism has been fought out on all sides and overcome once for all by *Feuerbach*, “*Criticism*” again makes a basic dogma of it in its most loathsome form and gives the victory to the “*Christian-Germanic spirit*”.

Finally, it must be considered as a development of Criticism’s mystery concealed in its first campaign when it now identifies the antithesis between *Spirit* and *Mass* with the antithesis between “*Criticism*” and the Mass. Later it will go on to identify *itself* with “*Criticism*” and therefore to represent itself as “*the Spirit*”, the Absolute and Infinite, and the Mass, on the other hand, as finite, coarse, brutal, dead and inorganic — for that is what “*Criticism*” understands by matter.

How immense is the wealth of history that is exhausted in the relationship of humanity to *Herr Bauer*!

## b) The Jewish Question No. 2

### Critical Discoveries on Socialism, Jurisprudence and Politics (Nationality)

To the material, mass-type Jews is preached the *Christian* doctrine of *freedom of the Spirit, freedom in theory*, that *spiritualistic* freedom which *imagines* itself to be free even in chains, and whose soul is satisfied with “*the idea*” and only embarrassed by any mass-type existence.

“The Jews are *emancipated* to the extent they have now reached in *theory*, they are *free* to the extent that they *wish to be free*.”

From this proposition one can immediately measure the Critical gap which separates *mass-type*, profane communism and socialism from *absolute* socialism. The first proposition of profane socialism rejects emancipation *in mere theory* as an illusion and for *real* freedom it demands besides the idealistic “*will*” very tangible, very material conditions. How low “*the Mass*” is in comparison with holy Criticism, the Mass which considers material, practical Upheavals necessary even to win the time and means required merely to occupy itself with “*theory*”!

Let us leave purely spiritual socialism an instant for *politics*!

Herr *Riesser* maintains against Bruno Bauer that his state (i.e., the *Critical* state) must exclude “Jews” and “Christians”. Herr Riesser is right. Since Herr Bauer confuses *political* emancipation with *human* emancipation, since the state can react to antagonistic elements — and Christianity and Judaism are described as treasonable elements in *Die Judenfrage* — only by forcible exclusion of the persons representing them (as the Terror, for instance, wished to do away with hoarding by guillotining the hoarders), Herr Bauer must have both Jews and Christians hanged in his “Critical state”. Having confused political emancipation with human emancipation, he had to be consistent and confuse the *political means* of emancipation with the *human means*. But as soon as Absolute Criticism is told the *definite* meaning of its deductions, it gives the answer that *Schelling* once gave to all his opponents who substituted *real* thoughts for his phrases:

“*Criticism’s* opponents are its opponents because they not only measure it with their *dogmatic* yardstick but regard Criticism itself as *dogmatic*; they oppose Criticism because it does not recognise their dogmatic distinctions, definitions and evasions.”

It is, of course, to adopt a dogmatic attitude to Absolute Criticism, as also to Herr *Schelling*, if one assumes it to have *definite*, real meaning, thoughts and views. In order to be accommodating and to prove to Herr Riesser its humanity, “*Criticism*”, however, decides to resort to dogmatic distinctions, definitions and especially to “*evasions*”.

Thus we read:

“Had I in that work” (*Die Judenfrage*) “had the *will* or the *right* to go *beyond*, criticism, I *ought*’ (!) .’to *have spoken*” (!) “not of the *state*, but of ‘*society*’, which excludes no one but from which only those exclude themselves who do not wish to take part in its development.”

Here Absolute Criticism makes a *dogmatic distinction* between what it ought to have done, if it had not done the contrary, and what it actually did. It explains the narrowness of its work *Die Judenfrage* by the “*dogmatic evasions*” of having the *will* and the *right* which prohibited it from going “*beyond criticism*”. What? “*Criticism*” should go *beyond* “*criticism*”? This quite *mass-type* notion occurs to Absolute Criticism because of the dogmatic necessity for, on the one hand, asserting its conception of the Jewish question as absolute, as “*Criticism*”, and on the other hand, admitting the possibility of a more comprehensive conception.

The *mystery* of its “*not having the will*” and “*not having the right*” will later be revealed as the Critical *dogma* according to which all apparent limitations of “Criticism” are nothing but necessary *adaptations* to the powers of comprehension of the Mass.

It had not the *will*! It *had* not the *right* to go beyond its narrow conception of the Jewish question! But what would it have done *had* it *had* the *will* or the *right*? — It would have given a *dogmatic definition*. It would have spoken of “*society*” instead of the “*state*”, that is to say, it would not have studied the *real* relation of Jewry to *present-day civil* society! It would have given a *dogmatic definition* of “*society*” as distinct from the “*state*”, in the sense that if the *state* excludes, on the other hand *they exclude* themselves from society who do not wish to take part in its development!

Society behaves just as exclusively as the state, only in a more polite form: it does not throw you out, but it makes it so uncomfortable for you that you go out of your own will.

Basically, the state does not behave otherwise, for it does not exclude anybody who complies with all *its* demands and orders and its development. In its *perfection* it even closes its eyes and declares *real* contradictions to be *non-political* contradictions which do not disturb it. Besides, Absolute Criticism itself has argued that the state excludes Jew.. because and in so far as the Jews exclude the state and hence exclude *themselves* from the state. If this reciprocal relationship has a more polite, a more hypocritical, a more insidious form in *Critical* “*society*”, this only proves that “*Critical*” “*society*” is more hypocritical and less developed.

Let us follow Absolute Criticism deeper in its “dogmatic distinctions” and “definitions”, and, in particular, in its “*evasions*”.

Herr Riesser, for example, demands of the critic “that he *distinguish* what belongs to the domain of law” from “what is beyond its sphere”.

*The Critic* is indignant at the impertinence of this *juridical* demand.

“So far, *however*,” he retorts, “both feeling and conscience have interfered in law, always supplemented it, and because of its character, based on its *dogmatic form*” (not, therefore, on its *dogmatic essence*?), “have always had to supplement it.”

*The Critic* forgets only that *law*, on the other hand, *distinguishes itself* quite explicitly from “feeling and conscience”, that this distinction is based on the one-sided *essence* of *law* as well as on its *dogmatic form*, and is even one of the *main dogmas* of law; that, finally, the practical implementation of

that distinction is just as much the peak of the *development of law* as the separation of religion from all profane content makes it *abstract, absolute* religion. The fact that “feeling and conscience” interfere in law is sufficient reason for the “Critic” to speak of feeling and conscience when it is a matter of *law*, and of *theological* dogmatism when it is a matter of *juridical* dogmatism.

The “definitions and distinctions of Absolute Criticism” have prepared us sufficiently to hear its latest “discoveries” on “society” and “law”.

“The world form that *Criticism* is preparing, and the *thought* of which it is *even only* just preparing, is not a *merely legal* form but” (collect yourself, reader) “a *social* one, about which *at least* this much” (this little?) “*can* he said: whoever has not made his contribution to its development and does not live with his conscience and feeling in it. cannot feel at home in it or take part in its history.”

The world form that “*Criticism*” is preparing is defined as *not merely* legal, *but* social. This definition can be interpreted in two ways. The sentence quoted may be taken as “*not* legal *but* social” or as “not merely legal, but *also* social”. Let us consider its content according to both readings, beginning with the first. Earlier, Absolute Criticism defined the new “world form” distinct from the “*state*” as “society”. Now it defines the noun “society” by the adjective “social”. If Herr Hinrichs was three times given the word “social” in contrast to his “political”, Herr Riesser is now given *social society* in contrast to his “legal” society. If the *Critical* explanations for Herr Hinrichs reduced themselves to the formula “social” + “social” + “social” = 3a, Absolute Criticism in its second campaign passes from *addition* to *multiplication* and Herr Riesser is referred to society multiplied by itself, society to the *second* power, Social society = a<sup>2</sup>. In order to complete its deductions on society, all that now remains for Absolute Criticism to do is to go On to fractions, to extract the *square root* of society, and so forth.

If, on the other hand, we take the second reading: the “*not merely* legal, *but also* social” world form, this hybrid world form is nothing but the *world form* existing *today*, the world form of *present-day society*. It is a great, a meritorious *Critical miracle* that “*Criticism*” in its pre-world thinking is only just *preparing* the *future* existence of the world form which *exists today*. But however matters stand with “not merely legal but social society”, *Criticism* can for the time being say no more about it than “*fabula docet*”,

the *moral* application. Those who do not live in that society with their feeling and their conscience will “not *feel* at home” in it. In the end, no one will live in that society except “pure feeling” and “pure conscience”, that is, “the Spirit”, “*Criticism*” and its *supporters*. The *Mass* will be excluded from it in one way or another so that “mass-type society” will exist outside “social society”.

In a word, this society is nothing but the *Critical heaven* from which the real world is excluded as being the *un-Critical hell*. In its pure thinking, Absolute Criticism is preparing this transfigured *world form* of the contradiction between “*Mass*” and “*Spirit*”.

Of the same *Critical* depth as these explanations on “*society*” are the explanations Herr Riesser is given on the destiny of *nations*.

The Jews’ desire for emancipation and the desire of the Christian states to “classify” the Jews in “their government scheme” — as though the Jews had not long ago been classified in the Christian government scheme! — lead Absolute Criticism to prophecies on the *decay of nationalities*. See by what a complicated detour Absolute Criticism arrives at the present historical movement — namely, by the *detour of theology*. The following illuminating oracle shows us what great results Criticism achieves in this way:

“The *future* of all nationalities — *is* — *very* — *obscure!*”

But let the future of nationalities be as obscure as it may be, for Criticism’s sake. The one essential thing is *clear*: the *future* is the *work of Criticism*.

“*Destiny*,” it exclaims, “may decide as it will: we now know that it is *our work*.”

As God leaves *his creation*, man, his *own will*, so *Criticism* leaves destiny, which is *its creation*, its *own will*. *Criticism*, of which destiny is the work, is, like God, *almighty*. Even the “resistance” which it “*finds*” outside itself is its own work. “*Criticism makes* its adversaries.” The “*mass indignation*” against it is therefore “dangerous” only for “the *Mass*” itself.

But if Criticism, like God, is *almighty*, it is also, like God, *all-wise* and is capable of combining its almightiness with the *freedom*, the will and the *natural determination* of human individuals.

“It would not be the *epoch-making* force if it did not have the effect of *making each one* what he *wills* to be and showing each one irrevocably the standpoint *corresponding to his nature* and *his will*.”

*Leibniz* could not have given a happier presentation of the re-established harmony between the almightiness of God and the p freedom and natural determination of man.

If “*Criticism*” seems to clash with psychology by *not distinguishing* between the *will* to be something and the *ability* to be something, it must be borne in mind that it has decisive grounds to declare this “*distinction*” “*dogmatic*”.

Let us steel ourselves for the third campaign! Let us recall once more that “*Criticism makes its adversary*”! But how could it make its adversary, *the*. “*phrase*”, if it were not a phrase-monger?

### 3) Absolute Criticism’s Third Campaign

#### a) Absolute Criticism’s Self-Apology.

##### Its “Political” Past

*Absolute Criticism* begins its third campaign against the “*Mass*” with the question:

“*What is now the object of criticism?*”

In the same number of the *Literatur-Zeitung* we find the information:

“*Criticism wishes nothing but to know things.*”

According to this, all things are the *object* of Criticism. It would be senseless to inquire about some particular, definite object peculiar to Criticism. The contradiction is easily resolved when one remembers that all things “merge” into Critical things and all Critical things into *the Mass*, as *the “Object”* of “*Absolute Criticism*”.

First of all, Herr Bruno describes his *infinite pity* for the “*Mass.*” He makes “*the gap* that separates him from the *crowd*” an object of “*persevering study.*” He wants “*to find out the significance of that gap for the future*” (this is what above was called knowing “*all*” things) and at the same time “*to abolish it*”. In truth he therefore already knows the *significance* of that gap. It consists in being *abolished* by him.

As each man’s self is nearest to him, “*Criticism*” first sets about abolishing its *own mass nature*, like the Christian ascetics who begin the campaign of the spirit against the flesh with the mortification of their own flesh. The “*flesh*” of Absolute Criticism is its *really* massive literary *past*,

amounting to 20-30 volumes. Herr Bauer must therefore free the literary biography of "*Criticism*" — which coincides exactly with his own literary biography — from its *mass-like appearance*; he must retrospectively *improve* and *explain* it and by this *apologetic* commentary "*place its earlier works in safety*".

He begins by explaining by a double cause the error of the *Mass*, which until the end of the *Deutsche Jahrbücher* and the *Rheinische Zeitung* regarded Herr Bauer as one of its supporters. Firstly the mistake was made of regarding the literary movement as *not* "*purely literary*". At the same time the opposite mistake was made, that of regarding the literary movement as "a merely" or *purely* "*literary*" movement. There is no doubt that the "*Mass*" was mistaken in any case, if only because it made two mutually incompatible errors at *the same time*.

Absolute Criticism takes this opportunity of exclaiming to those who ridiculed the "German nation" as a "*blue stocking*":

"Name even a single historical epoch which was not authoritatively *outlined beforehand by the 'pen'* and had not to allow itself to be shattered by a stroke of the pen."

In his Critical naivety Herr Bruno separates "*the pen*" from the *subject who writes*, and the subject who writes as "*abstract writer*" from the living *historical man* who wrote. This allows him to go into ecstasy over the *wonder-working* power of the "*pen*". He might just as well have demanded to be told of a historical movement which was not outlined beforehand by "poultry" or the "goose girl".

Later we shall be told by the same Herr Bruno that so far not one historical epoch, not a single one, has become known. How could the "*pen*", which so far has been unable to *outline "any single"* historical epoch *after* the event, have been able to *outline them all beforehand*?

Nevertheless, Herr Bruno proves the correctness of his view by *deeds*, by himself "*outlining beforehand*" his own "*past*" with *apologetic* "*strokes of the pen*".

*Criticism*, which was involved on all sides not only in the *general* limitation of the world and of the epoch, but in quite particular and personal limitations, and which nevertheless assures us that it has been "*absolute, perfect and pure*" Criticism in all its works for as long as man can think, has only *accommodated* itself to the *prejudices* and *power of comprehension* of the *Mass*, as God is wont to do in his revelations to man.

“It was bound to come,” Absolute Criticism informs us, “to a breach of *Theory* with its *seeming ally*.”

But because *Criticism*, here called *Theory* for a change, comes to *nothing*, but everything, on the contrary, comes from it; because it develops not inside but *outside* the world, and has predestined everything in its divine immutable consciousness, the *breach* with its former ally was a “*new turn*” only in *appearance*, only for others, not in itself and not for *Criticism* itself.

“But this rum ‘*properly speaking*’ was not even new. *Theory* had continually worked on *criticism of itself*’ (we know how much effort has been expended on it to force it to criticise itself); “it had never flattered the Mass” (but itself an the more); lit had always *taken care* not to get itself ensnared in the premises of its opponent.”

“The Christian theologian must tread *cautiously*.” (Bruno Bauer, *Das entdeckte Christenthum*, .) How did it happen that “cautious” Criticism nevertheless did get ensnared and did not already at that time express its “proper” meaning clearly and audibly? Why did it not speak out bluntly? Why did it let the illusion of its brotherhood with the Mass persist?

“‘Why hast thou done this to me?’ said Pharaoh to Abraham as he restored to him Sarah his wife. ‘Why didst thou say she was thy sister?’” (*Das entdeckte Christenthum* by Bruno Bauer, .)

“‘Away with reason and language!’ says the theologian, ‘for otherwise Abraham would be a liar. It would be a mortal insult to Revelation!’” (*loc. cit.*)

“‘Away with reason and language!’ says the Critic. For had Herr Bauer *really* and not just apparently been ensnared with the Mass, Absolute Criticism would not be absolute in its revelations, it would be mortally insulted.

“It is *only*,” Absolute Criticism continues, “that its” (Absolute Criticism’s) efforts *had not been noticed*, and *there was moreover* a stage of Criticism when it was *forced sincerely* to consider its opponent’s premises and to take them seriously for an instant; a stage, in short, when it was *not yet fully* capable of taking away from the Mass the latter’s conviction that it had the same cause and the same interest as Criticism.”

“*Criticism’s* efforts had just not been noticed; therefore the Mass was to blame. On the other hand, Criticism admits that its efforts *could* not be noticed because it itself was not yet “*capable*” of making them *noticeable*. Criticism *therefore appears* to be to blame.

God help us! Criticism was “forced” — violence was used against it— “sincerely to consider its opponent’s premises and to take them seriously for an instant”. A fine sincerity, a truly theological sincerity, which does not really take a thing seriously but only “*takes it seriously for an instant*”; which has always, therefore every instant, been careful not to get itself ensnared in its opponent’s premises, and nevertheless, “for *an instant*” “sincerely” takes these very premises into consideration. Its “sincerity” is still greater in the closing part of the sentence. It was in the same instant when Criticism “sincerely took into consideration the premises of the Mass” that it “was not yet fully *capable*” of destroying the illusion about the unity of *its* cause and the cause of the *Mass*. It was *not yet capable*, but it already had the *will* and the *thought* of it. It *could* not yet *outwardly* break with the Mass but the break was already *complete inside it*, in its *mind* — complete in the same instant when it *sincerely* sympathised with the Mass!

In its involvement with the prejudices of the Mass, Criticism was not *really* involved in *them*; on the contrary, it was, *properly speaking*, free from its own limitation and was only “*not yet completely capable*” of informing the Mass of this. Hence all the limitation of “Criticism” was pure *appearance*; an appearance which without the limitation of the Mass would have been superfluous and would therefore not have existed at all. It is therefore again the Mass that is to blame.

*Insofar* as this *appearance*, however, was supported by “the inability”, “the impotence” of Criticism to express its thought, Criticism itself was *imperfect*. This it admits in its own way, which is as sincere as it is apologetic.

“In spite of having subjected liberalism itself to devastating criticism, it” (Criticism) “could *still* be regarded as a peculiar kind of liberalism, *perhaps* as its extreme form; *in spite of* its true and decisive arguments having gone beyond politics, it *nevertheless* was *still* bound to give an *appearance* of *engaging in politics*, and this *incomplete appearance* won it most of the friends mentioned above.”

Criticism won its friends through its *incomplete appearance* of engaging in politics. Had it *completely appeared* to engage in politics, it would inevitably have lost its *political* friends. In its *apologetic anxiety* to wash itself free of all sin, it accuses the *false appearance* of having been an *incomplete false appearance*, not a *complete false one*. By substituting one appearance for the other, “Criticism” can console itself with the thought that

if it had the “complete appearance” of wishing to engage in politics, it does not have, on the other hand, even the “incomplete appearance” of anywhere or at any time having dissolved politics.

Not completely satisfied with the “incomplete appearance”, Absolute Criticism again asks itself:

“How did it happen that *Criticism* at that time became involved in ‘mass-linked, political’ interests, that it — *even*” (!)— “*was obliged*” (!)— “*to engage in politics*”

Bauer the *theologian* takes it *as a matter of course* that *Criticism* had to indulge endlessly in *speculative theology* for *he*, “*Criticism*”, is indeed a theologian *ex professo*. But to *engage in politics*? That must be motivated by very special, political, personal circumstances!

Why, then, had “*Criticism*” to *engage even in politics*? “It was accused — *that is the answer to the question.*” At least the “mystery” of “*Bauer’s politics*” is thereby disclosed; at least the *appearance*, which in Bruno Bauer’s *Die gute Sache der Freiheit und meine eigene Sache* links its “own cause” to the *mass-linked* “cause of freedom” by means of an “*and*”, cannot be called *non-political*. But if *Criticism* pursued not its “own cause” in the *interest of politics*, but *politics* in the *interest of its own cause*, it must be admitted that not *Criticism* was taken in by politics, but politics by *Criticism*.

So Bruno Bauer was to be dismissed from his chair of theology: he was *accused*; “*Criticism*” had to engage in politics, that is to say, to *conduct “its”*, i.e., Bruno Bauer’s, suit. Herr Bauer did not conduct *Criticism*’s suit, “*Criticism*” conducted Herr Bauer’s suit. Why did “*Criticism*” *have* to conduct its suit?

“In order to justify itself!” *It may well be*; only “*Criticism*” is far from limiting itself to such a personal, vulgar reason. It may well be; but *not solely* for that reason, “*but mainly* in order to bring out the contradictions of its opponents”, and, *Criticism* could add, in order to have bound together in a single *book* old essays against various theologians — see among other things the wordy bickering with *Planck*, that family affair between “*Bauer-theology*” and *Strauss-theology*.

Having got a load off its heart by admitting the real interest of its “*politics*”, Absolute Criticism remembers its “*suit*” and again chews the old *Hegelian* cud (see the struggle between Enlightenment and faith in the *Phänomenologie*, see *the whole of the Phänomenologie*) that “the old which

resists the new is no longer really the old”, the cud which it has already chewed over at length in *Die gute Sache der Freiheit*. Critical Criticism is a ruminant animal. It keeps on warming up a few crumbs dropped by Hegel, like the above-quoted proposition about the “old” and the “new”, or again that about the “development of the extreme out of its opposite extreme”, and the like, without ever feeling the need to deal with “*speculative dialectic*” in any other way than by the exhaustion of Professor Hinrichs. Hegel, on the contrary, it continually transcends “Critically” by repeating him. For example:

“Criticism, by appearing and giving the investigation a new form, i.e., giving it the form which is *no longer* susceptible of being transformed into an external limitation,” etc.

When I *transform* something I make it something essentially different. Since every form is also an “*external limitation*”, *no* form is “susceptible” of being *transformed* into an “external limitation” any more than an apple of being “transformed” into an apple. Admittedly, the form which “Criticism” gives to the investigation is not susceptible of being transformed into any “external limitation” for quite *another* reason. Beyond every “external limitation” it is blurred into an ash-grey, dark-blue vapour of nonsense.

“It” (the struggle between the old and the new) “would, *however, be quit. impossible even then*” (namely at the moment when Criticism “gives” the investigation “the new form”) “if the old were to deal with the question of compatibility or incompatibility ... *theoretically.*”

But why does not the old deal with this question theoretically? Because “this, *however, is least of all* possible for it in the beginning, *since at the moment of surprise*” (i.e., in the beginning) it “knows neither itself nor the new”, i.e., it deals *theoretically* neither with itself nor with the new. It would be quite impossible if “impossibility”, unfortunately, were not impossible!

When *the* “Critic” from the theological faculty further “admits that he erred *intentionally*, that he committed the mistake deliberately and after mature reflection” (all that Criticism has experienced, learnt, and done *is transformed* for it into a free, pure and intentional product of its reflection) this confession of the Critic has only an “incomplete appearance” of truth. Since the *Kritik der Synoptiker* has a completely *theological* foundation, since it is through and through *theological* criticism, Herr Bauer, university lecturer in theology, could write and teach it “without mistake or error”. The

mistake and error were rather on the part of the theological faculties, which did not realise how strictly Herr Bauer had kept his promise, the promise he gave in *Kritik der Synoptiker*, Bd. 1, Foreword, p. xxiii.

“If the *negation* may appear still too sharp and far-reaching in this first volume too, we must remember that the truly positive can be born only if the negation has been serious and general.... *In the end* it will be seen that only the most devastating criticism of the world can teach us the creative *power of Jesus* and of his *principle*.”

Herr Bauer intentionally separates the Lord “Jesus” and his “principle” in order to free the *positive* meaning of his promise from all semblance of ambiguity. And Herr Bauer has really made the “*creative*” power of the Lord Jesus and of his principle so evident that his “*infinite self-consciousness*” and the “*Spirit*” are nothing but *creations* of Christianity.

If Critical Criticism’s dispute with the Bonn theological faculty explained so well its “politics” at that time, why did Critical Criticism continue to engage in politics after the dispute had been settled? Listen to this:

“At this point ‘Criticism’ *should have* either *come to a halt* or immediately *proceeded further* to examine the essence of politics and depict it as its adversary; — if only it had been possible for it to be able to come to a halt in the struggle at that time and if, on the *other* hand, there had not been a far too strict historical law that when a principle measures itself for the first time with its opposite it must let itself be repressed by it ...”

What a delightful apologetic phrase! “Criticism *should have* come to a halt” if only it had been possible ... “to be able to come to a halt”! Who “*should*” come to a halt? And who should have done what “it would not have been possible ... to be able to do”? On the other hand! Criticism should have proceeded “if *only*, on the other hand, there had *not* been a far *too* strict historical law,” etc. Historical laws are also “*far too strict*” with Absolute Criticism! If only they did not stand on the *opposite* side to Critical Criticism, how brilliantly the latter would proceed! But *à la guerre comme à la guerre*! In history, Critical Criticism must allow itself to be made a sorry “story” of!

“If Criticism” (still Herr Bauer) “had to ... it will *at the same time* be admitted that it always felt *uncertain* when it gave in to demands of this” (political) “kind, and that as a result of these demands it came into

contradiction with its *true elements*, a contradiction that had *already* found its *solution* in those *elements*.”

Criticism was forced into political weaknesses by the all too strict laws of history, but — it entreats — *it will at the same time be admitted* that it was above those weaknesses, if not in reality, at least *in itself*. Firstly, it had overcome them, “*in feeling*”, for “it always felt uncertain in its demands”; it felt *ill at ease* in politics, it could not make out what was the matter with it. More- than that! It came into contradiction with its *true elements*. And finally the greatest thing of ally The contradiction with its true *elements* into which it came found its solution not in the course of Criticism’s *development*, but “*had*”, on the contrary, “*already*” found its solution in Criticism’s true *elements* existing independently of the contradiction! These Critical elements can claim with pride: before Abraham was, we were. Before the opposite to us was produced by development, it lay yet unborn in our chaotic womb, dissolved, dead, ruined. But since Criticism’s contradiction with its true elements “had already found its solution” in the true elements of Criticism, and since a *solved* contradiction is *not* a contradiction, it found itself, to be precise, in no contradiction with its true elements, in *no* contradiction with itself, and — the general aim of self-apology seems attained.

Absolute Criticism’s self-apology has a whole *apologetical* dictionary at its disposal:

“not even properly speaking”, “only not noticed”, “there was besides”, “not yet complete”, “although — nevertheless”, “not only — but mainly”, “just as much, properly speaking, only”, “Criticism should have if only it had been possible and if on the other hand”, “if ... it will *at the same time* be admitted”, “was it not 1. natural, was it not inevitable”, “neither ...” etc.

Not so very long ago Absolute Criticism said the following about apologetic phrases of this kind:

“‘Although’ and ‘nevertheless’, ‘indeed’ and ‘but’, a heavenly ‘Nay’, and an earthly ‘Yea’, are the main pillars of modern theology, the stilts on which it strides along, the artifice to which its whole wisdom is reduced, the phrase which recurs in all its phrases, its alpha and omega” (*Das entdeckte Christenthum*, ).

“Absolute Criticism” does not stop at proving by its autobiography its own singular almightiness which “*properly speaking, first creates the old, just as much as the new*”. It does not stop at writing in *person* the apology of its past. It now sets third persons, the rest of the secular world, the Absolute “Task”, the “task which is *much more important now*”, the *apologia* for Bauer’s deeds and “works”.

The *Deutsch-Französische Jahrbücher* published a criticism of Herr Bauer’s *Die Judenfrage*. His basic error, the confusion of “*political*” with “*human emancipation*”, was revealed. True, the old Jewish question was not first brought into its “*correct setting*”; the “Jewish question” was rather dealt with and solved in the setting which recent developments have given to *old questions of the day*, and as a result of which the latter have become “questions” of the present instead of “questions” of the past.

Absolute Criticism’s *third* campaign, it seems, is intended to reply to the *Deutsch-Französische Jahrbücher*. First of all, Absolute Criticism *admits*:

“In *Die Judenfrage* the same ‘*oversight*’ was made — that of identifying the *human* with the *political* essence.”

Criticism remarks:

“it would be too late to *reproach* criticism for the stand which it still maintained partially *two years ago*.” “*The question is rather to explain why criticism ... even had to engage in politics.*”

“*Two years ago?*” We must reckon according to the *absolute* chronology, from the birth of the Critical Redeemer of the world, Bauer’s *Literatur-Zeitung*! The Critical world redeemer was born anno 1843. In the same year the second, enlarged edition of *Die Judenfrage* was published. The “Critical” treatment of the „Jewish question” in *Einundzwanzig Bogen aus der Schweiz* appeared later in the same year, 1843 old style. *After the end* of the *Deutsche Jahrbücher* and the *Rheinische Zeitung*, in the same momentous year 1843 old style, or anno 1 of the Critical era, appeared Herr Bauer’s fantastic-political work *Staat, Religion und Parthei*, which exactly repeated his old errors on the “*political* essence”. The apologist is forced to falsify *chronology*.

The “*explanation*” why Herr Bauer “*even had to*” engage in politics is a matter of general interest only under certain conditions. If the infallibility, purity and absoluteness of Critical Criticism are assumed as *basic dogma*, then, of course, the facts contradicting that dogma turn into riddles which

are just as difficult, profound and mysterious as the apparently ungodly deeds of God are for theologians.

If, on the other hand, “*the Critic*” is considered as a finite individual, if he is not separated from the *limitations* of his time, one does not have to answer the question *why he* had to develop *even* within the world, because the *question* itself does not exist.

If, however, Absolute Criticism insists on its demand, one can offer to provide a little scholastic treatise dealing with the following “*questions of the times*”:

“Why had the Virgin Mary’s conception by the Holy Ghost to be proved by no other than Herr Bruno Bauer?” “Why had Herr Bauer to prove that the angel that appeared to Abraham was a *real* emanation of God, an emanation which, nevertheless, lacked the consistency necessary to *digest food*?” “Why had Herr Bauer to provide an apologia for the Prussian royal house and to raise the Prussian state to the rank of *absolute* state?” “Why had Herr Bauer, in his *Kritik der Synoptiker*, to substitute ‘*infinite self-consciousness*’ for man?” “Why had Herr Bauer in his *Das entdeckte Christenthum* to repeat the *Christian theory of creation* in a *Hegelian* form?” “Why had Herr Bauer to demand of himself and others an ‘*explanation*’ of the miracle that he was bound to be mistaken?”

While waiting for proofs of these necessities, which are just as “Critical” as they are “Absolute”, let us listen once more to “*Criticism’s*” apologetic evasions.

“The Jewish question ... had ... first to be brought into its *correct* setting, as a *religious* and *theological* and as a *political* question.” “As to the treatment and solution of both these questions, *Criticism* is *neither religious nor political*.”

The point is that the *Deutsch-Französische-Jahrbücher* declares Bauer’s treatment of the “Jewish question” to be *really* theological and *fantastic-political*.

First, “*Criticism*” replies to the “reproach” of *theological* limitation.

“The Jewish question is a *religious* question. The *Enlightenment* claimed to solve it by describing the *religious contradiction* as *insignificant* or even by denying it. *Criticism*, on the contrary, had to present it in its purity.”

When we come to the *political* part of the Jewish question we shall see that in politics, too, Herr Bauer the theologian is not concerned with politics but with theology.

But when the *Deutsch-Französische-Jahrbücher* attacked his treatment of the Jewish question as “*purely religious*”, it was concerned especially with his article in *Einundzwanzig Bogen*, the title of which was:

“*Die Fähigkeit der hewigen Juden und Christen, frei zu werden*”.  
“The Ability of Present-Day Jews and Christians to obtain Freedom.”

This article has nothing to do with the old “Enlightenment” . It contains Herr Bauer’s *positive* view on the ability of the present-day Jews to be emancipated, that is, on the possibility of their emancipation.

“Criticism” says:

“The Jewish question is a *religious* question.”

The question is: *What is a religious question?* and, in particular, *what is a religious question today?*

The *theologian* will judge by *appearances* and see a *religious* question in a religious question. But “Criticism” must remember the explanation it gave Professor *Hinrichs* that the *political* interests of the present time have *social* significance, that it is “*no longer a question*” of *political interests*.

The *Deutsch-Französische Jahrbücher* with equal right said to Criticism: *Religious* questions of the day have at the present time a *social* significance. It is no longer a question of *religious* interests as *such*. Only the *theologian* can believe it is a question of religion as religion. Granted, the *Jahrbücher* committed the *error* of not stopping at the word “*social*”. It characterised the real position of the Jews in civil society today. Once Jewry was stripped bare of the *religious* shell and its empirical, worldly, practical kernel was revealed, the practical, *really social* way in which this kernel is to be abolished could be indicated. Herr Bauer was content with a “religious question” being a “religious question”.

It was by no means denied, as Herr Bauer *makes out*, that the Jewish question is also a *religious* question. On the contrary, it was shown that Herr Bauer grasps *only the religious* essence of Jewry, but not the *secular, real basis* of that religious essence. He combats *religious consciousness* as if it were something independent. Herr Bauer therefore explains the *real* Jews by the *Jewish religion*, instead of explaining the mystery of the Jewish religion by the *real Jews*. Herr Bauer therefore understands the Jew only insofar as he is an immediate object of *theology* or a *theologian*.

Consequently Herr Bauer has no inkling that real *secular* Jewry, and hence *religious* Jewry too, is being continually produced by the *present-day civil life* and finds its final development in the *money system*. He could not have any inkling of this because he did not know Jewry as a part of the real world but only as a part of his world, *theology*; because he, a pious, godly man, considers not the active *everyday Jew* but the hypocritical *Jew of the Sabbath* to be the *real* Jew. For Herr Bauer, as a theologian of the *Christian faith*, the *world-historic* significance of Jewry had to cease the *moment* Christianity was *born*. Hence he had to repeat the old orthodox view that it has maintained itself *in spite* of history; and the old theological superstition that Jewry exists only as a *confirmation* of the divine curse, as a *tangible proof* of the Christian revelation had to recur with him in the *Critical-theological* form that it exists and has existed only as *crude religious doubt* about the supernatural origin of Christianity, i.e., as a *tangible proof* against Christian revelation.

On the other hand, it was proved that Jewry has maintained itself and developed *through* history, *in* and *with* history, and that this development is to be perceived not by the eye of the theologian, but only by the eye of the man of the world, because it is to be found, not in *religious theory*, but only in *commercial* and *industrial practice*. It was explained why practical Jewry attains its full development only in the fully developed Christian world, *why* indeed it is the fully developed *practice* of the *Christian world itself*. The existence of the *present-day Jew* was not explained by his religion — as though this religion were something apart, independently existing — but the tenacious survival of the Jewish religion was explained by practical features of civil society which are *fantastically* reflected in that religion. The emancipation of the Jews into human beings, or the human emancipation of Jewry, was therefore not conceived, as by Herr Bauer, as the special task of the Jews, but as a general practical task of the present-day world, which is *Jewish* to the core. It was proved that the task of abolishing the essence of Jewry is actually the task of abolishing the *Jewish character of civil society*, abolishing the inhumanity of the present-day practice of life, the most extreme expression of which is the *money system*.

Herr Bauer, as a *genuine*, although *Critical, theologian* or *theological Critic*, could not get beyond the *religious contradiction*. In the attitude of the Jews to the Christian world he could see only the attitude of the *Jewish religion* to the *Christian religion*. He even had to restore the religious

contradiction in a *Critical* way — in the *antithesis* between the attitudes of the Jew and the Christian to *Critical* religion — *atheism*, the last stage of *theism*, the *negative* recognition of God. Finally, in his *theological fanaticism* he had to *restrict* the ability of the “present-day Jews and Christians”, i.e., of the present-day world, “to obtain freedom” to their ability to grasp “the Criticism” of theology and apply it themselves. For the orthodox theologian the whole world is dissolved in “religion and theology”. (He could just as well dissolve it in politics, political economy, etc., and call *theology* heavenly *political economy*, for example, since it is the theory of the production, distribution, exchange and consumption of “*spiritual wealth*” and of the treasures of heaven!) Similarly, for the radical, Critical theologian, the *ability* of the world to achieve freedom, is dissolved in the *single* abstract ability to criticise “religion and theology” as “religion and theology”. The only struggle he knows is the struggle against the *religious* limitations of self-consciousness, whose Critical “*purity*” and “*infinity*” is just as much a theological limitation.

Herr Bauer, therefore, dealt with the *religious* and *theological* question in the *religious* and *theological* way, if only because he saw in the “religious” question of the time a “*purely religious*” question. His “*correct setting of the question*” set the question “correctly” only in respect of his “*own ability*” — to answer!

Let us now go on to the political part of the *Jewish question*.

The *Jews* (like the Christians) are fully *politically emancipated* in various states. Both Jews and Christians are far from being *humanly* emancipated. Hence there must be a *difference* between *political* and *human* emancipation. The essence of political emancipation, i.e., of the developed, modern state, must therefore be studied. On the other hand, states which cannot yet *politically* emancipate the Jews must be rated by comparison with the perfected political state and shown to be under-developed states.

That is the point of view from which the “*political* emancipation” of the Jews should have been dealt with and is dealt with in the *Deutsch-Französische Jahrbücher*.

Herr Bauer offers the following defence of “Criticism’s” *Die Judenfrage*.

“The Jews were shown that they laboured under an illusion about *the system* from which they demanded freedom.”

Herr Bauer did show that the illusion of *the German Jews* was to demand the right to partake in the political community life in a land where there was

no political community and to demand *political rights* where only political privileges existed. On the other hand, Herr Bauer was shown that he himself, no less than the Jews, laboured under “illusions” about the “German political system”. For he explained the position of the Jews in the German states as being due to the inability of “*the Christian state*” to emancipate the Jews politically. Flying in the face of the facts, he depicted the state of *privilege*, the *Christian-Germanic* state, as the Absolute Christian state. It was proved to him, on the contrary, that the politically perfected, modern state that knows no religious privileges is also the fully developed *Christian* state, and that therefore the fully developed Christian state, not only can emancipate the Jews but has emancipated them and by its very nature must emancipate them.

.’the Jews are shown ... that they are under the greatest illusion about themselves when they think they are demanding *freedom* and the recognition of *free humanity*, whereas for them it is, and can be, only a question of a special *privilege*.”

*Freedom! Recognition of free humanity! Special privilege!* Edifying words by which to by-pass certain questions apologetically!

*Freedom?* it was a question of political freedom. Herr Bauer was shown that when the Jew demands freedom and nevertheless refuses to renounce his religion, he “*is engaging in politics*” and sets no condition that is contrary to *political* freedom. Herr Bauer was shown that it is by no means contrary to political emancipation to *divide* man into the non-religious citizen and the religious *private individual*. He was shown that just as the state emancipates itself from religion by emancipating itself from *state religion* and leaving religion to itself within civil society, so the individual emancipates himself *politically* from religion by regarding it no longer as a *public* matter but as a *private matter*. Finally, it was shown that the *terroristic* attitude of the French Revolution to *religion*, far from refuting this conception, bears it out.

Instead of studying the real attitude of the *modern* state to religion, Herr Bauer thought it necessary to imagine a *Critical* state, a state which is nothing but the *Critic of theology inflated into a state* in Herr Bauer’s imagination. If Herr Bauer is caught up in *politics* he continually makes politics a prisoner of his faith, *Critical* faith. Insofar as he deals with the state he always makes out of it an *argument* against “*the adversary*”, un-

*Critical* religion and theology. The state acts as executor of *Critical-theological* cherished desires.

When Herr Bauer had first freed himself from *orthodox*, un-Critical *theology*, *political authority* took for him the place of *religious authority*. His faith in Jehovah changed into faith in the Prussian state. In Bruno Bauer's work *Die evangelische Landeskirche*, not only the Prussian state, but, quite consistently, the Prussian royal house too, was made into an *absolute*. In reality Herr Bauer had no *political* interest in that state; its merit, in the eyes of "Criticism", was rather that it abolished dogmas by means of the *Unified Church* and suppressed the dissenting sects with the help of the police.

The political movement that began in the year 1840 redeemed Herr Bauer from *his conservative politics* and raised him for a moment to *liberal* politics. But here again politics was in reality only a *pretext* for theology. In his work *Die gute Sache der Freiheit und meine eigene Angelegenheit*, the free state is the Critic of the theological faculty in Bonn and an argument against religion. In *Die Judenfrage* the contradiction between state and religion is the main interest, so that the criticism of political emancipation changes into a criticism of the Jewish religion. In his latest political work, *Staat, Religion und Parthei*, the most secret cherished desire of the Critic inflated into a state is at last expressed. *Religion* is *sacrificed to the state* or rather the state is only the *means* by which the opponent of "Criticism", un-Critical religion and theology, is done to death. Finally, after *Criticism* has been redeemed, if only apparently, from all politics by the socialist ideas, which have been spreading in Germany from 1843 onwards, in the same way as it was redeemed from its conservative politics by the political movement after 1840, it is finally able to proclaim its writings against *un-Critical* theology to be social and to indulge unhindered in its own *Critical* theology, the contrasting of Spirit and Mass, as the annunciation of the Critical Saviour and Redeemer of the world.

Let us return to our subject!

*Recognition of free humanity?* "Free humanity", recognition of which the Jews did not merely think they wanted, but really did want, is the same "free humanity" which found *classic* recognition in the so-called universal *rights of man*. Herr Bauer himself explicitly treated the Jews' efforts for recognition of their free humanity as their efforts to obtain the universal *rights of man*.

In the *Deutsch-Französische Jahrbücher* it was demonstrated to Herr Bauer that this “free humanity” and the “recognition” of it are nothing but the recognition of the *egoistic civil individual* and of the *unrestrained* movement of the spiritual and material elements which are the content of his life situation, the content of *present-day* civil life; that the *rights of man* do not, therefore, free man from religion, but give him freedom of religion; that they do not free him from property, but procure for him *freedom of property*; that they do not free him from the filth of gain, but rather give him *freedom of gainful occupation*.

It was shown that the *recognition of the rights of man* by the *modern state* has no other meaning than the *recognition of slavery* by the *state of antiquity* had. In other words, just as the ancient state had slavery as its *natural basis*, the *modern state* has as its *natural basis* civil society and the *man* of civil society, i.e., the independent man linked with other men ‘only by the ties of private interest and *unconscious* natural necessity, the *slave* of labour for gain and of his own as well as other men’s *selfish* need. The modern state has recognised this its natural basis as such in the *universal rights of man*. It did not create it. As it was the product of civil society driven beyond the old political bonds by its own development, the modern state, for its part, now recognised the womb from which it sprang and its basis by the *declaration* of the *rights of man*. Hence, the political emancipation of the Jews and the granting to them of the “*rights of man*” is an act the two sides of which are mutually dependent. Herr *Riesser* correctly expresses the meaning of the Jews’ desire for recognition of their free humanity when he demands, among other things, the freedom of movement, sojourn, travel, earning one’s living, etc. These manifestations of “*free humanity*” are explicitly recognised as such in the French Declaration of the Rights of Man. The Jew has all the more right to the recognition of his “free humanity” as “free civil society” is of a thoroughly commercial and Jewish nature, and the Jew is a necessary member of it. The *Deutsch-Französische Jahrbücher* further demonstrated why the member of civil society is called, *par excellence*, “Man” and why the rights of man are called “inborn rights”.

The only Critical thing Criticism could say about the rights of man was that they are not inborn but arose in the course of history. That much *Hegel* had already told us. Finally, to its assertion that both Jews and Christians, in order to grant or receive the universal rights of man, *must sacrifice the*

*privilege of faith* — the Critical theologian supposes his *one* fixed idea at the basis of all things — there was specially counterposed the fact contained in all un-Critical declarations of the rights of man that the *right* to believe what one wishes, the right to practise any religion, is explicitly recognised as a *universal right of man*. Besides, “*Criticism*” should have known that Hébert’s party in particular was defeated on the pretext that it attacked the rights of man by attacking *freedom of religion*, and that similarly the rights of man were invoked later when freedom of worship was restored.

“As far as *political* essence is concerned, *Criticism* followed its contradictions to the point where the *contradiction between theory and practice* had been most thoroughly elaborated during the past fifty years — to the *French representative system*, in which the freedom of theory is disavowed by practice and the freedom of practical life seeks in vain its expression in theory.

“Now that the basic illusion has been done away with, *the contradiction* proved in the *debates in the French Chamber*, the contradiction between *free theory* and the *practical validity of privileges*, between the legal validity of privileges and a *public system* in which the *egoism of the pure individual* tries to dominate the *exclusivity of the privileged*, should be conceived as a *general contradiction* in this sphere.”

The contradiction that *Criticism* proved in the debates in the French Chamber was nothing but a contradiction of *constitutionalism*. Had *Criticism* grasped it as a *general* contradiction it would have grasped the general contradiction of constitutionalism. Had it gone still further than in its opinion it “should have” gone, had it, to be precise, gone as far as the *abolition* of this general contradiction, it would have proceeded correctly from constitutional *monarchy* to arrive at the *democratic representative state*, the perfected modern state. Far from having criticised the essence of political emancipation and proved its definite relation to the essence of man, it would have arrived only at the *fact* of political emancipation, at the fully developed modern state, that is to say, only at the point where the existence of the modern state conforms to its essence and where, therefore, not only the relative, but the absolute *imperfections*, those which constitute its very essence, can be observed and described.

The above-quoted “Critical” passage is all the more valuable as it proves beyond any doubt that at the very moment when *Criticism* sees the “*political essence*” far below itself, it is, on the contrary, far below the

political essence; it still needs to find in the latter the solution of its own contradictions and it still persists in not giving a thought to the *modern principle of the state*.

To “*free theory*” Criticism contrasts the “*practical validity of privileges*”; to the “*legal validity of privileges*” it contrasts the “*public system*”.

In order not to misinterpret the opinion of *Criticism*, let us recall the contradiction it proved in the debates in the French Chamber, the very contradiction which “should have been conceived” as a *general* one. One of the questions dealt with was the fixing of a day in the week on which children would be freed from work. *Sunday* was suggested. One deputy moved to leave out mention of Sunday in the law as being unconstitutional. The Minister Martin (du Nord) saw in this motion an attempt to proclaim that Christianity had ceased to exist. Monsieur Crémieux declared on behalf of the French Jews that the Jews, out of respect for the religion of the great majority of Frenchmen, did not object to Sunday being mentioned. Now, according to free theory, Jews and Christians are equal, but according to this practice Christians have a privilege over Jews; for otherwise how could the Sunday of the Christians have a place in a law made for all Frenchmen? Should not the Jewish Sabbath have the same right, etc.? Or in the practical life of the French too, the Jew is not really oppressed by Christian privileges; but the law does not dare to express this practical equality. All the contradictions in the political essence expounded by Herr Bauer in *Die Judenfrage* are of this kind — contradictions of *constitutionalism*, which is, in general, the contradiction between the modern representative state and the old state of privileges.

Herr Bauer is committing a very serious oversight when he thinks he is rising from the *political* to the *human* essence by conceiving and criticising this contradiction as a “general” one. He would thus only rise from partial political emancipation to full Political emancipation, from the constitutional state to the democratic representative state.

Herr Bauer thinks that by the abolition of *privilege* the *object* of privilege is also abolished. Concerning the statement of Monsieur Martin (du Nord), he says:

“*There is no longer any religion when there is no longer any privileged religion. Take from religion its exclusive power and it will no longer exist.*”

Just as *industrial* activity is not abolished when the *privileges of the trades*, guilds and corporations are abolished, but, on the contrary, real

*industry* begins only after the abolition of these privileges; just as *ownership of the land* is not abolished when *privileged* land-ownership is abolished, but, on the contrary, begins its universal movement only with the abolition of privileges and with the free division and free sale of land; just as *trade* is not abolished by the abolition of *trade privileges*, but finds its true realisation in free trade; so religion develops in its *practical* universality only where there is no *privileged* religion (cf. the North American States).

The modern “*public system*”, the developed modern state, is not based, as *Criticism* thinks, on a society of privileges, but on a society in which *privileges have been abolished and dissolved*, on developed *civil society* in which the vital elements which were still politically bound under the privilege system have been set free. Here no “*privileged exclusivity*,” stands opposed either to any other exclusivity or to the public system. Free industry and free trade abolish privileged exclusivity and thereby the struggle between the privileged exclusivities. They replace exclusivity with man freed from privilege — which isolates from the general totality but at the same time unites in a smaller exclusive totality — man no longer bound to other men even by the *semblance* of a common bond. Thus they produce the universal struggle of man against man, individual against individual. In the same way *civil society* as a whole is this war against one another of all individuals, who are no longer isolated from one another by anything but their *individuality*, and the universal unrestrained movement of the elementary forces of life freed from the fetters of privilege. ‘the contradiction between the *democratic representative state* and *civil society* is the completion of the *classic* contradiction between public *commonweal* and *slavery*. In the modern world each person is *at the same time* a member of slave society and of the public commonweal. Precisely the *slavery of civil society is in appearance* the greatest *freedom* because it is in appearance the fully developed independence of the individual, who considers as his *own* freedom the uncurbed movement, no longer bound by a common bond or by man, of the estranged elements of his life, such as property, industry, religion, etc., whereas actually this is his fully developed slavery and inhumanity. *Law* has here taken the place of *privilege*.

It is therefore only here, where we find no contradiction between free theory and the practical validity of privilege, but, on the contrary, the practical abolition of privilege, *free industry*, *free trade*, etc., conform to

“free theory”, where the public system is not opposed by any privileged exclusivity, where the contradiction expounded by Criticism is *abolished* — only here is the *fully developed modern state to be found*.

Here also reigns the *reverse* of the law which Herr Bauer, on the occasion of the debates in the French Chamber, formulated in perfect agreement with Monsieur Martin (du Nord):

“Just as M. Martin (du Nord) saw the proposal to omit mention of *Sunday* in the *law* as a motion to declare that Christianity has ceased to exist, with equal reason (*and this reason is very well founded*) — the declaration that the *law of the Sabbath* is no longer binding on the Jews would be a *proclamation abolishing Judaism*.”

It is just *the opposite* in the developed modern state. The state declares that religion, like the other elements of civil life, only *begins* to exist in its full scope when the state declares it to be *non-political* and therefore leaves it to itself. To the dissolution of the *political* existence of these elements, as for example, the: dissolution of *property* by the abolition of the *property qualification for electors*, the dissolution of *religion* by the abolition of the *state church*, to this proclamation of their civil death corresponds their most vigorous life, which henceforth obeys its own laws undisturbed and develops to its full scope.

*Anarchy* is the law of civil society emancipated from divisive privileges, and the *anarchy of civil society* is the basis of the modern *public system*, just as the public system in its turn is the guarantee of that anarchy. To the same great extent that the two are opposed to each other they also determine each other.

It is clear how capable *Criticism* is of assimilating the “new”. But if we remain within the bounds of “pure Criticism”, the question arises: Why did Criticism not conceive as a *universal* contradiction the contradiction which it disclosed in connection with the debates in the French Chamber, although in its own opinion that is what it “*should have*” been done?

“That step *was*, however, then *impossible* — not only because ... not only because ... *but also* because without that *last remnant* of inner involvement with its opposite Criticism *was impossible* and *could not have come to the point* from which only *one step* remained to be taken.”

It was impossible ... because ... it was impossible! *Criticism* assures us, moreover, that the fateful “*one step*” necessary „to come to the point from which only one step remained to be taken” was impossible. Who will

dispute that? In order to be able to come to a point from which only “*one step*” remains to be taken, it is absolutely impossible to take that “*one step*” more which leads over the point beyond which still “*one step*” remains to be taken.

All’s well that ends well! At the end of the encounter with the *Mass*, which is hostile to *Criticism’s Die Judenfrage*, “*Criticism*” admits that its conception of the “*rights of man*”, its

“appraisal of religion in the French Revolution”, the “free political essence it pointed to occasionally *at the conclusion of its* considerations”, in short, the whole ‘.period of the French Revolution, was for *Criticism* neither more nor less than a symbol — that is to say, not the period of the revolutionary efforts of the French in the exact and prosaic sense — a symbol and therefore only a fantastic expression of the shapes which it saw at the end”.

We shall not deprive *Criticism* of the consolation that when it sinned politically it did so only at the “conclusion” and at the “end” of its works. A notorious drunkard used to console himself with the thought that he was never drunk before midnight.

In the sphere of the “Jewish question”, *Criticism* has indisputably been winning more and more ground from *the Enemy*. In No. 1 of the “Jewish question”, the treatise of “*Criticism*” defended by Herr Bauer was still absolute and revealed the “*true*” and “*general*” significance of the “Jewish question”. In No. 2 *Criticism* had neither the “*will*” nor the “*right*” to go beyond *Criticism*. In No. 3 it had still to take “*one step*”, but that step was “impossible” — because it was— “impossible”. It was not its “will or right” but its involvement in its “opposite” that prevented it from taking that *one step*”. It would very much have liked to clear the last obstacle, but unfortunately a *last remnant of Mass* stuck to its Critical seven-league boots.

### c) Critical Battle Against the French Revolution

The *narrow-mindedness of the Mass* forced the “Spirit”, *Criticism*, Herr Bauer, to consider the *French Revolution* not as the time of the revolutionary efforts of the French in the “*prosaic sense*” but “*only*” as the “*symbol and fantastic expression*” of the Critical figments of his own brain. *Criticism* does *penance* for its “*oversight*” by submitting the *Revolution* to a

*fresh examination*. At the same time it punishes the seducer of its innocence — “the Mass” — by communicating to it the results of this “fresh examination”.

“The *French Revolution* was an experiment which still belonged entirely to the eighteenth century.”

The chronological truth that an experiment of the eighteenth century like the French Revolution is still entirely an experiment of the eighteenth century, and not, for example, an experiment of the nineteenth, seems “still entirely” to be one of those truths which “are self-evident from the start”. But in the terminology of criticism, which is very prejudiced against “crystal-clear” truths, a truth like that is called an “*examination*” and therefore naturally has its place in a “fresh examination of the Revolution”.

“The ideas to which the French Revolution gave rise did not, however, lead beyond the *order of things* that it wanted to abolish by force.”

*Ideas* can never lead beyond an old world order but only beyond the ideas of the old world order. Ideas *cannot carry out anything* at all. In order to carry out ideas men are needed who can exert practical force. In its literal *sense* the Critical sentence is therefore another truth that is self-evident, and therefore another “*examination*”.

Undeterred by this examination, the French Revolution gave rise to ideas which led beyond the *ideas* of the entire old world order. The revolutionary movement which began in 1789 in the *Cercle Social*, which in the middle of its course had as its chief representatives *Leclerc* and *Roux*, and which finally with *Babeuf's* conspiracy was temporarily defeated, gave rise to the communist idea which *Babeuf's* friend *Buonarroti* re-introduced in France after the Revolution of 1830. This idea, consistently developed, is the *idea* of the *new world order*.

“After the Revolution had therefore” (!) “abolished the feudal barriers in the life of the people, it was compelled to satisfy and even to inflame the pure egoism of the nation and, on the other hand, to curb it by its necessary complement, the recognition of a supreme being, by this higher confirmation of the general state System, which has to hold together the individual self-seeking atoms.”

The egoism of the nation is the natural egoism of the general state system, as opposed to the egoism of the feudal classes. The supreme being is the higher confirmation of the general state system, and hence also of the nation. Nevertheless, the supreme being is supposed to curb the egoism of

the nation, that is, of the general state system! A really Critical task, to *curb* egoism by means of its confirmation and even of its *religious* confirmation, i.e., by recognising that it is of a superhuman nature and therefore free of human restraint! The creators of the supreme being were not aware of this, their Critical intention.

Monsieur *Buchez*, who bases national fanaticism on religious fanaticism, understands his hero *Robespierre* better.

Nationalism led to the downfall of Rome and Greece. *Criticism* therefore says nothing specific about the French Revolution when it maintains that nationalism caused its downfall, and it says just as little about the nation when it defines its egoism as *pure*. This pure egoism appears rather to be a very dark, spontaneous egoism, combined with flesh and blood, when compared, for example, with the pure egoism of *Fichte's* "ego". But if, in contrast to the egoism of the feudal classes, its purity is only relative, no "fresh examination of the revolution" was needed to see that the egoism which has a nation as its content is more general or purer than that which has as its content a particular social class or a particular corporation.

*Criticism's* explanations about the general state system are no less instructive. They are confined to saying that the general state system must hold together the individual self-seeking atoms.

Speaking exactly and in the prosaic sense, the members of civil society are not *atoms*. The *specific property* of the atom is that it has no properties and is therefore not connected with beings outside it by any relationship determined by its own *natural necessity*. The atom *has no needs*, it is *self-sufficient*., the world outside it is an absolute *vacuum*, i.e., is contentless, senseless, meaningless, just because the atom has *all fullness* in itself. The egoistic individual in civil society may in his non-sensuous imagination and lifeless abstraction inflate himself into an *atom*, i.e., into an unrelated, self-sufficient, wantless, *absolutely full*, blessed being. Unblessed *sensuous reality* does not bother about his imagination, each of his senses compels him to believe in the existence of the world and of individuals outside him, and even his *profane* stomach reminds him every day that the world *outside* him is not *empty*, but is what really *fills*. Every activity and property of his being, every one of his vital urges, becomes a *need*, a *necessity*, which his *self-seeking* transforms into seeking for other things and human beings outside him. But since the need of one individual has no self-evident

meaning for another egoistic individual capable of satisfying that need, and therefore no direct connection with its satisfaction, each individual has to create this connection; it thus becomes the intermediary between the need of another and the objects of this need. Therefore, it is *natural necessity*, the *essential human properties* however estranged they may seem to be, and *interest* that hold the members of civil society together; *civil*, not *political* life is their *real* tie. It is therefore not the *state* that holds the *atoms* of civil society together, but the fact that they are *atoms* only in *imagination* in the *heaven* of their fancy, but in *reality* beings tremendously different from atoms, in other words, not *divine egoists*, but *egoistic human beings*. Only political superstition still imagines today that civil life must be held together by the state, whereas in reality, on the contrary, the state is held together by civil life.

“Robespierre’s and Saint-Just’s tremendous idea of making a ‘free people’ which would live only according to the rules of justice and *virtue* — see, for example, Saint-Just’s report on Danton’s crimes and his other report on the general police — could be maintained for a certain time only by terror and was a *contradiction against which* the vulgar, self-seeking elements of *the popular community* reacted in the cowardly and insidious way that was only to be expected from them..,

This phrase of *Absolute Criticism*, which describes a “free people” as a “*contradiction*” *against which* the elements of the “*popular community*” are bound to react, is absolutely hollow, for according to Robespierre and Saint-just *liberty, justice* and *virtue* could, on the contrary, be only manifestations of the life of the “*people*” and only properties of the “*popular community*”. Robespierre and Saint-just spoke explicitly of “*liberty, justice and virtue*” of *ancient times*, belonging only to the “*popular community*”. *Spartans, Athenians* and *Romans* at the time of their greatness were “free, just and virtuous peoples”.

“What,” asks Robespierre in his speech on the principles of public morals (sitting of the Convention on February 5, 1794), “is the *fundamental principle* of democratic or popular government? It is *virtue*, I mean *public* virtue, which worked such miracles in *Greece* and *Rome* and which will work still greater ones in Republican France; virtue which is nothing but love of one’s country and its laws.” >

Robespierre then explicitly calls the *Athenians* and *Spartans* “*peuples libres*”. He continually recalls the ancient *popular commune* and quotes its

heroes as well as its corrupters — Lycurgus, Demosthenes, Miltiades, Aristides, Brutus and Catilina, Caesar, Clodius and Piso.

In his report on Danton's arrest (referred to by Criticism) *Saint-Just* says explicitly:

“The world has been empty since the *Romans*, and only their memory fills it and still prophesies liberty.”

His accusation is composed in the ancient style and directed against *Danton* as against *Catilina*.

In *Saint-Just's* other report, the one on the general police, the *republican* is described exactly in the *ancient* sense, as *inflexible, modest, simple* and so on. The *police* should be an institution of the same nature as the Roman *ensorship*. — He does not fail to mention Codrus, Lycurgus, Caesar, Cato, Catilina, Brutus, Antonius, and Cassius. Finally, *Saint-Just* describes the “*liberty, justice and virtue*” that he demands in a *single word* when he says:

“Que les hommes révolutionnaires soient des *Romains*.”

Robespierre, Saint-just and their party fell because they confused the ancient, *realistic-democratic commonweal* based on *real slavery* with the *modern spiritualistic-democratic representative state*, which is based on *emancipated slavery, bourgeois society*. What a terrible illusion it is to have to recognise and sanction in the *rights of man* modern bourgeois society, the society of industry, of universal competition, of private interest freely pursuing its aims, of anarchy, of self-estranged natural and spiritual individuality, and at the same time to want afterwards to annul the *manifestations of the life* of this society in particular individuals and simultaneously to want to model the *political head* of that society in the manner of antiquity!

The illusion appears tragic when Saint-Just, on the day of his execution, pointed to the large table of the *Rights of Man* hanging in the hall of the *Conciergerie* and said with proud dignity: “*C'est pourtant moi qui ai fait cela*” It was just this table that proclaimed the *right* of a *man* who cannot be the man of the ancient commonweal any more than his *economic and industrial* conditions are those of *ancient* times.

This is not the place to vindicate the illusion of the *Terrorists* historically.

“After the fall of Robespierre the *political enlightenment* and *movement* hastened to the point where they became the prey of *Napoleon* who, shortly after 18 Brumaire, could say: ‘With my prefects, gendarmes and priests I can do what I like with France.’”

*Profane* history, on the other hand, reports: After the fall of Robespierre, the *political* enlightenment, which formerly had been *overreaching* itself and had been *extravagant*, began for the first time to develop *prosaically*. Under the government of the *Directory*, *bourgeois society*, freed by the Revolution itself from the trammels of feudalism and officially recognised in spite of the *Terror’s* wish to sacrifice it to an ancient form of political life, broke out in powerful streams of life. A storm and stress of commercial enterprise, a passion for enrichment, the exuberance of the new bourgeois life, whose first self-enjoyment is pert, light-hearted, frivolous and intoxicating; a *real* enlightenment of the *land* of France, the feudal structure of which had been smashed by the hammer of the Revolution and which, by the first feverish efforts of the numerous new owners, had become the object of all-round cultivation; the first moves of industry that had now become free — these were some of the signs of life of the newly emerged bourgeois society. *Bourgeois society* is *positively* represented by the *bourgeoisie*. The bourgeoisie, therefore, *begins* its rule. The *rights of man* cease to exist *merely* in *theory*.

It was not the revolutionary movement as a whole that became the prey of Napoleon on 18 Brumaire, as *Criticism* in its faith in a Herr von Rotteck or Welcker believes; it was the *liberal bourgeoisie*. One only needs to read the speeches of the legislators of the time to be convinced of this. One has the impression of coming from the National Convention into a modern Chamber of Deputies.

*Napoleon* represented the last battle of *revolutionary terror* against the *bourgeois society* which had been proclaimed by this same Revolution, and against its policy. Napoleon, of course, already discerned the essence of the *modern state*; he understood that it is based on the unhampered development of bourgeois society, on the free movement of private interest, etc. He decided to recognise and protect this basis. He was no terrorist with his head in the clouds. Yet at the same time he still regarded the *state* as an *end in itself* and civil life only as a treasurer and his *subordinate* which must have no *will of its own*. He *perfected* the *Terror* by *substituting permanent war* for *permanent revolution*. He fed the egoism of the French nation to

complete satiety but demanded also the sacrifice of bourgeois business, enjoyments, wealth, etc., whenever this was required by the political aim of conquest. If he despotically suppressed the liberalism of bourgeois society — the political idealism of its daily practice — he showed no more consideration for its essential *material* interests, trade and industry, whenever they conflicted with his political interests. His scorn of industrial *hommes d'affaires* was the complement to his scorn of *ideologists*. In his home policy, too, he combated bourgeois society as the opponent of the state which in his own person he still held to be an absolute aim in itself. Thus he declared in the State Council that he would not suffer the owner of extensive estates to cultivate them or not as he pleased. Thus, too, he conceived the plan of subordinating trade to the state by appropriation of *roulage*. French businessmen took steps to anticipate the event that first shook Napoleon's power. Paris exchange-brokers forced him by means of an artificially created famine to delay the opening of the Russian campaign by nearly two months and thus to launch it too late in the year.

Just as the liberal bourgeoisie was opposed once more by revolutionary terror in the person of Napoleon, so it was opposed once more by counter-revolution in the Restoration in the person of the Bourbons. Finally, in 1830 the bourgeoisie put into effect its wishes of the year 1789, with the only difference that its *political enlightenment* was now *completed*, that it no longer considered the constitutional representative state as a means for achieving the ideal of the state, the welfare of the world and universal human aims but, on the contrary, had acknowledged it as the *official* expression of its own *exclusive* power and the *political* recognition of its own *special* interests.

The history of the French Revolution, which dates from 1789, did not come to an end in 1830 with the victory of one of its components enriched by the consciousness of its own *social* importance.

#### d) Critical Battle Against French Materialism

“*Spinozism* dominated the eighteenth century both in its later French variety, which made matter into substance, and in deism, which conferred on matter a more spiritual name.... *Spinoza's French school* and the supporters of deism were but two sects disputing over the true meaning of *his system*.... The simple fate of this Enlightenment was its decline in

*romanticism* after being obliged to surrender to the reaction which began after the French movement.”

That is what *Criticism* says.

To the Critical history of French materialism we shall oppose a brief outline of its ordinary, mass-type history. We shall acknowledge with due respect the abyss between history as it really happened and history as it takes place according to the decree of “*Absolute Criticism*”, the creator equally of the old and of the new. And finally, obeying the prescriptions of *Criticism*, we shall make the “Why?”, “Whence?” and “Whither?” of Critical history the “object of a persevering study”.

“Speaking *exactly* and in the *prosaic sense*”, the French Enlightenment of the eighteenth century, and in particular *French materialism*, was not only a struggle against the existing political institutions and the existing religion and theology; it was just as much an *open, clearly expressed* struggle against the *metaphysics of the seventeenth century*, and against all *metaphysics*, in particular that of *Descartes, Malebranche, Spinoza and Leibniz*. Philosophy was counterposed to *metaphysics*, just as *Feuerbach*, in his first resolute attack on *Hegel*, counterposed *sober philosophy* to *wild speculation*. Seventeenth century *metaphysics*, driven from the field by the *French Enlightenment*, notably, by French materialism of the eighteenth century, experienced a *victorious and substantial restoration* in *German philosophy*, particularly in the *speculative German philosophy* of the nineteenth century. After *Hegel* linked it in a masterly fashion with all subsequent metaphysics and with German idealism and founded a metaphysical universal kingdom, the attack on theology again corresponded, as in the eighteenth century, to an attack on *speculative metaphysics* and *metaphysics in general*. It will be defeated for ever by *materialism*, which has now been perfected by the work of *speculation* itself and coincides with *humanism*. But just as *Feuerbach* is the representative of *materialism* coinciding with *humanism* in the *theoretical* domain, French and English *socialism* and *communism* represent materialism coinciding with *humanism* in the *practical* domain.

“Speaking *exactly* and in the *prosaic sense*”, there are *two trends* in *French materialism*; one traces its origin to *Descartes*, the other to *Locke*. The latter is *mainly* a *French* development and leads directly to *socialism*. The former, *mechanical* materialism, merges with French *natural science* proper. The two trends intersect in the course of development. We have no

need here to go more deeply into the French materialism that derives directly from *Descartes*, any more than into the French school of *Newton* and the development of French natural science in general.

We shall therefore merely say the following:

*Descartes* in his *physics* endowed *matter* with self-creative power and conceived *mechanical* motion as the manifestation of its life. He completely separated his *physics* from his *metaphysics*. Within his *physics*, *matter* is the sole *substance*, the sole basis of being and of knowledge.

*Mechanical* French materialism adopted *Descartes'* *physics* in opposition to his *metaphysics*. His followers were by profession *anti-metaphysicians*, i.e., *physicists*.

This school begins with the *physician* *Le Roy*, reaches its zenith with the *physician* *Cabanis*, and the *physician* *La Mettrie* is its centre. *Descartes* was still living when *Le Roy*, like *La Mettrie* in the eighteenth century, transposed the Cartesian structure of the animal to the human soul and declared that the soul is a *modus of the body* and *ideas* are *mechanical motions*. *Le Roy* even thought *Descartes* had kept his real opinion secret. *Descartes* protested. At the end of the eighteenth century *Cabanis* perfected Cartesian materialism in his treatise: *Rapport du physique et du moral de l'homme*.

*Cartesian* materialism still exists today in France. It has achieved great successes in *mechanical natural science* which, "speaking *exactly* and in the *prosaic sense*", will be least of all reproached with *romanticism*.

The *metaphysics* of the seventeenth century, represented in France by *Descartes*, had *materialism* as its *antagonist* from its very birth. The latter's opposition to *Descartes* was personified by *Gassendi*, the restorer of *Epicurean* materialism. French and English materialism was always closely related to *Democritus* and *Epicurus*. Cartesian *metaphysics* had another opponent in the *English* materialist *Hobbes*. *Gassendi* and *Hobbes* triumphed over their opponent long after their death at the very time when *metaphysics* was already officially dominant in all French schools.

*Voltaire* pointed out that the indifference of the French of the eighteenth century to the disputes between the Jesuits and the Jansenists was due less to philosophy than to *Law's* financial speculations. So the downfall of seventeenth-century *metaphysics* can be explained by the materialistic theory of the eighteenth century only in so far as this theoretical movement itself is explained by the practical nature of French life at that time. This life

was turned to the immediate present, to worldly enjoyment and worldly interests, to the *earthly* world. Its anti-theological, anti-metaphysical, materialistic practice demanded corresponding anti-theological, anti-metaphysical, materialistic theories. Metaphysics had *in practice* lost all credit. Here we have only to indicate briefly the *theoretical* course of events.

In the seventeenth century metaphysics (cf. Descartes, Leibniz, and others) still contained a *positive*, secular element. It made discoveries in mathematics, physics and other exact sciences which seemed to come within its scope. This semblance was done away with as early as the beginning of the eighteenth century. The positive sciences broke away from metaphysics and marked out their independent fields. The whole wealth of metaphysics now consisted only of beings of thought and heavenly things, at the very time when real beings and earthly things began to be the centre of all interest. Metaphysics had become insipid. In the very year in which Malebranche and Arnauld, the last great French metaphysicians of the seventeenth century, died, *Helvétius* and *Condillac* were born.

The man who deprived seventeenth-century metaphysics and metaphysics in general of all *credit* in the domain of *theory* was *Pierre Bayle*. His weapon was *scepticism*, which he forged out of metaphysics' own magic formulas. He himself proceeded at first from Cartesian metaphysics. Just as *Feuerbach* by combating speculative theology was driven further to combat *speculative philosophy*, precisely because he recognised in speculation the last drop of theology, because he had to force theology to retreat from pseudo-science to *crude*, repulsive *faith*, so Bayle too was driven by religious doubt to doubt about the metaphysics which was the prop of that faith. He therefore critically investigated metaphysics in its entire historical development. He became its historian in order to write the history of its death. He refuted chiefly *Spinoza* and *Leibniz*.

Pierre Bayle not only prepared the reception of materialism and of the philosophy of common sense in France by shattering metaphysics with his scepticism. He heralded the *atheistic society* which was soon to come into existence by proving that a society consisting only of atheists is *possible*, that an atheist can be a man worthy of respect, and that it is not by atheism but by superstition and idolatry that man debases himself.

To quote a French writer, *Pierre Bayle* was "the last metaphysician in the sense of the seventeenth century and *the first philosopher in the sense of the*

*eighteenth century*".

Besides the negative refutation of seventeenth-century theology and metaphysics, a *positive, anti-metaphysical* system was required. A book was needed which would systematise and theoretically substantiate the life practice of that time. *Locke's* treatise *An Essay Concerning Humane Understanding* came from across the Channel as if in answer to a call. It was welcomed enthusiastically like a long-awaited guest.

The question arises: Is *Locke* perhaps a disciple of *Spinoza*? "Profane" history can answer:

Materialism is the *natural-born* son of *Great Britain*. Already the British schoolman, *Duns Scotus*, asked, "*whether it was impossible for matter to think?*"

In order to effect this miracle, he took refuge in God's omnipotence, i.e., he made *theology* preach *materialism*. Moreover, he was a nominalist. Nominalism, the *first form* of materialism, is chiefly found among the *English* schoolmen.

The real progenitor of *English materialism* and all *modern experimental* science is *Bacon*. To him natural philosophy is the only true philosophy, and *physics* based upon the experience of the senses is the chiefest part of natural philosophy. *Anaxagoras* and his *homoeomeriae*, *Democritus* and his atoms, he often quotes as his authorities. According to him the *senses* are infallible and the *source* of all knowledge. All science is based on *experience*, and consists in subjecting the data furnished by the senses to a *rational method* of investigation. Induction, analysis, comparison, observation, experiment, are the principal forms of such a rational method. Among the qualities inherent in *matter*, *motion* is the first and foremost, not only in the form of *mechanical* and *mathematical* motion, *but* chiefly in the form of an *impulse*, a *vital spirit*, a *tension* — or a '*Qual*', to use a term of *Jakob Böhme's* — of matter. The primary forms of matter are the living, individualising *forces of being* inherent in it and producing the distinctions between the species.

In *Bacon*, its first creator, materialism still holds back within itself in a naive way the germs of a many-sided development. On the one hand, matter, surrounded by a sensuous, poetic glamour, seems to attract man's whole entity by winning smiles. On the other, the aphoristically formulated doctrine pullulates with inconsistencies imported from theology.

In its further evolution, materialism becomes *one-sided*. *Hobbes* is the man who *systematises Baconian* materialism. Knowledge based upon the senses loses its poetic blossom, it passes into the abstract experience of the *geometrician*. *Physical* motion is sacrificed to *mechanical* or *mathematical* motion; *geometry* is proclaimed as the queen of sciences. Materialism takes to *misanthropy*. If it is to overcome its opponent, *misanthropic*, *fleshless* spiritualism, and that on the latter's own ground, materialism has to chastise its own flesh and turn *ascetic*. Thus it passes into an *intellectual entity*; but thus, too, it evolves all the consistency, regardless of consequences, characteristic of the intellect.

Hobbes, as Bacon's continuator, argues thus: if all human knowledge is furnished by the senses, then our concepts, notions, and ideas are but the phantoms of the real world, more or less divested of its sensual form. Philosophy can but give names to these phantoms. One name may be applied to more than one of them. There may even be names of names. But it would imply a contradiction if, on the one hand, we maintained that all ideas had their origin in the world of sensation, and, on the other, that a word was more than a word; that besides the beings known to us by our senses, beings which are one and all individuals, there existed also beings of a general, not individual, nature. An *unbodily substance* is the same absurdity as an *unbodily body*. *Body, being, substance*, are but different terms for the same *reality*. It is impossible to separate thought from matter *that* thinks. This matter is the substratum of all changes going on in the world. The word *infinite* is *meaningless*, unless it states that our mind is capable of performing an endless process of addition. Only material things being perceptible, knowable to us, we cannot know *anything* about the existence of God. My own existence alone is certain. Every human passion is a mechanical movement which has a beginning and an end. The objects of impulse are what we call good. Man is subject to the same laws as nature. Power and freedom are identical.

Hobbes had systematised Bacon without, however, furnishing a proof for Bacon's fundamental principle, the origin of all human knowledge and ideas from the world of sensation.

It was *Locke* who, in his *Essay on the Humane Understanding*, supplied this proof.

Hobbes had shattered the *theistic* prejudices of Baconian materialism; Collins, Dodwell, Coward, Hartley, Priestley, similarly shattered the last

theological bars that still hemmed in Locke's sensationalism. At all events, for materialists, deism is but an easy-going way of getting rid of religion.

We have already mentioned how opportune Locke's work was for the French. Locke founded the philosophy of *bon sens*, of common sense; i.e., he said indirectly that there cannot be any philosophy at variance with the healthy human senses and reason based on them.

Locke's *immediate* pupil, *Condillac*, who translated him into *French*, at once applied Locke's sensualism against seventeenth-century *metaphysics*. He proved that the French had rightly rejected this metaphysics as a mere botch work of fancy and theological prejudice. He published a refutation of the systems of *Descartes*, *Spinoza*, *Leibniz* and *Malebranche*.

In his *Essai sur l'origine des connaissances humaines* he expounded Locke's ideas and proved that not only the soul, but the senses too, not only the art of creating ideas, but also the art of sensuous perception, are matters of *experience* and *habit*. The whole development of man therefore depends on *education* and *external circumstances*. It was only by *eclectic* philosophy that Condillac was ousted from the French schools.

The difference between *French* and *English* materialism reflects the difference between the two nations. The French imparted to English materialism wit, flesh and blood, and eloquence. They gave it the temperament and grace that it lacked. They *civilised* it.

In *Helvétius*, who also based himself on Locke, materialism assumed a really French character. Helvétius conceived it immediately in its application to social life (*Helvétius, De l'homme*). The sensory qualities and self-love, enjoyment and correctly understood personal interest are the basis of all morality. The natural equality of human intelligences, the unity of progress of reason and progress of industry, the natural goodness of man, and the omnipotence of education, are the main features in his system.

In *Lametrie's* works we find a synthesis of Cartesian and English materialism. He makes use of Descartes' physics in detail. His *Man Machine* is a treatise after the model of Descartes' animal-machine. The physical part of Holbach's *Système de la nature* is also a result of the combination of French and English materialism, while the moral part is based essentially on the morality of Helvétius. *Robinet (De la nature)*, the French materialist who had the most connection with metaphysics and was therefore praised by Hegel, refers explicitly to *Leibniz*.

We need not dwell on Volney, Dupuis, Diderot and others, any more than on the physiocrats, after we have proved the dual origin of French materialism from Descartes' physics and English materialism, and the opposition of French materialism to seventeenth-century *metaphysics*, to the metaphysics of Descartes, Spinoza, Malebranche, and Leibniz. This opposition only became evident to the Germans after they themselves had come into opposition to *speculative metaphysics*.

Just as *Cartesian* materialism passes into *natural science proper*, the other trend of French materialism leads directly to *socialism* and *communism*.

There is no need for any great penetration to see from the teaching of materialism on the original goodness and equal intellectual endowment of men, the omnipotence of experience, habit and education, and the influence of environment on man, the great significance of industry, the justification of enjoyment, etc., how necessarily materialism is connected with communism and socialism. If man draws all his knowledge, sensation, etc., from the world of the senses and the experience gained in it, then what has to be done is to arrange the empirical world in such a way that man experiences and becomes accustomed to what is truly human in it and that he becomes aware of himself as man. If correctly understood interest is the principle of all morality, man's private interest must be made to coincide with the interest of humanity. If man is unfree in the materialistic sense, i.e., is free not through the negative power to avoid this or that, but through the positive power to assert his true individuality, crime must not be punished in the individual, but the anti-social sources of crime must be destroyed, and each man must be given social scope for the vital manifestation of his being. If man is shaped by environment, his environment must be made human. If man is social by nature, he will develop his true nature only in society, and the power of his nature must be measured not by the power of the separate individual but by the power of society. These and similar propositions are to be found almost literally even in the oldest French materialists. This is not the place to assess them. The apologia of vices by Mandeville, one of Locke's early English followers, is typical of the socialist tendencies of materialism. He proves that in *modern* society vice is *indispensable* and *useful*. This was by no means an apologia for modern society.

*Fourier* proceeds directly from the teaching of the French materialists. The *Babouvists* were crude, uncivilised materialists, but developed communism, too, derives *directly* from *French materialism*. The latter returned to its mother-country, *England*, in the form *Helvétius* gave it. *Bentham* based his system of *correctly understood interest* on *Helvétius*' morality, and *Owen* proceeded from *Bentham's* system to found English communism. Exiled to England, the Frenchman *Cabet* came under the influence of communist ideas there and on his return to France became the most popular, if the most superficial, representative of communism. Like *Owen*, the more scientific French Communists, *Dézamy*, *Gay* and others, developed the teaching of *materialism* as the teaching of *real humanism* and the *logical* basis of *communism*.

Where, then, did Herr Bauer or, *Criticism*, manage to acquire the documents for the Critical history of French materialism?

1) Hegel's *Geschichte der Philosophie* presents French materialism as the *realisation* of the Substance of Spinoza, which at any rate is far more comprehensible than "the French school of Spinoza".

2) Herr *Bauer* read Hegel's *Geschichte der Philosophie* as saying that French materialism was the *school* of Spinoza. Then, as he found in another of Hegel's works that deism and materialism are *two parties* representing *one and the same* basic principle, he concluded that Spinoza had *two* schools which disputed over the meaning of his system. Herr Bauer could have found the supposed explanation in Hegel's *Phänomenologie*, where it is said:

"Regarding that Absolute Being, *Enlightenment* itself fails out with itself ... and is divided between the views of *two parties*.... The one ... calls *Absolute Being* that predicateless Absolute ... the other calls it *matter* .... Both are entirely the *same* notion — the distinction lies not in the objective fact, but purely in the diversity of starting-point adopted by the two developments" (Hegel, *Phänomenologie*, p, 421, 422)

3) Finally Herr Bauer could find, again in Hegel, that when Substance does not develop into a concept and self-consciousness, it degenerates into "romanticism". The journal *Hallische Jahrbücher* at one time developed a similar theory.

But at all costs *the "Spirit"* had to decree a "*foolish destiny*" for its "*adversary*", *materialism*.

*Note.* French materialism's connection with Descartes and Locke and the opposition of eighteenth-century philosophy to seventeenth-century metaphysics are presented in detail in most recent *French* histories of philosophy. In this respect, we had only to repeat against Critical Criticism what was already known. But the connection of eighteenth-century materialism with English and French *communism* of the nineteenth century still needs to be presented in detail. We confine ourselves here to quoting a few typical passages from Helvétius, Holbach and Bentham.

1) *Helvétius*. "Man is not wicked, but he is subordinate to his interests. One must not therefore complain of the wickedness of man but of the ignorance of the legislators, who have always placed the particular interest in opposition to the general interest."— "The moralists have so far had no success because we have to dig into legislation to pull out the roots which create vice. In New Orleans women have the right to repudiate their husbands as soon as they are tired of them. In countries like that women are not faithless, because they have no interest in being so."— "Morality is but a frivolous science when not combined with politics and legislation The hypocritical moralists can be recognised on the one hand by the equanimity with which they consider vices which undermine the state, and on the other by the fury with which they condemn private vice"— "Human beings are born neither good nor bad but ready to become one or the other according as a common interest unites or divides them."— "If citizens could not achieve their own particular good without achieving the general good, there would be no vicious people except fools" (*De l'esprit*. 1, Paris, 1822, p, 240, 241, 249, 251, 369 and 339).

As, according to Helvétius, it is education, by which he means (cf. loc. cit., ) not only education in the ordinary sense but the totality of the individual's conditions of life, which forms man, if a reform is necessary to abolish the contradiction between particular interests and those of society, so, on the other hand, a transformation of consciousness is necessary to carry out such a reform:

"Great reforms can be implemented only by weakening the stupid respect of peoples for old laws and customs" (loc. cit., )

or, as he says elsewhere, by abolishing ignorance.

2) *Holbach*. "Man can only love himself in the objects he loves: he can have affection only for himself in the other beings of his-kind." "Man can never separate himself from himself for a single instant in his life, he cannot

lose sight of himself.” “It is always our convenience, our interest ... that makes us hate or love things.” (*Système social*, t. 1, Paris, 1822, 56 p, 112), but “In his own interest man must love other men, because they are necessary to welfare... Morality proves to him that of all beings the most necessary to man is man.” . “True morality, and true politics as well, is that which seeks to bring men nearer to one another to make them work by united efforts for their common happiness. Any morality which separates our interests from *those of* our associates, is false, senseless, unnatural.” . “To love others ... is to merge our interests with *those of* our associates, to work for the common benefit.... Virtue is but the usefulness of men united in *society*” . . “A man without desires or passions would cease to be a man.... Perfectly detached from himself, how could one make him decide to attach himself to others? A man indifferent to everything and having no passions, sufficient to himself, would cease to be a social being.... Virtue is but the communication of good.” (loc. cit., ). “ Religious morality never served to make mortals more sociable.” (loc. cit., ).

3) *Bentham*. We only quote one passage from Bentham in which he opposes “*intérêt général* in the political sense” “The interest of individuals ... must give way to the public interest. But ... what does that mean? Is not each individual part of the public as much as any other? This public interest that you personify is but an abstract term: it represents but the mass of individual interests.... If it were good to sacrifice the fortune of one individual to increase that of others, it would be better to sacrifice that of a second, a third, and so on ad infinitum.... Individual interests are the only real interests.” (Bentham, *Théorie des peines et des récompenses*, Paris, 1826, 3ème 6d., II, p. , 230).

#### e) Final Defeat of Socialism

“The French set up a series of *systems* of *how* the *mass* should be *organised*, but they had to resort to *fantasy* because they considered the mass, as it is, to be usable material.”

Actually, the French and the English have proved, and proved in great detail, that the present social system organises the “mass *as it is*” and is therefore its *organisation*. *Criticism*, following the example of the *Allgemeine Zeitung*, disposes of all socialist and communist systems by means of the *fundamental* word “*fantasy*”. Having thus shattered foreign

socialism and communism, *Criticism* transfers its war-like operations to Germany.

“When the *German Enlighteners* suddenly found themselves disappointed in their hopes of 1842 and, in their embarrassment, did not know *what to do*, news of the recent *French* systems came in the nick of time. They were henceforth able to speak of raising the lower classes of the people and at that price they were able to dispense with the question whether they did not themselves belong to the mass, which is to be found not only in the lowest strata.”

*Criticism* has obviously so exhausted its entire provision of well meaning motives in the apologia for Bauer’s literary past that it can find no other explanation for the German socialist movement than the “embarrassment” of the Enlighteners in 1842. “Fortunately they received news of the recent *French* systems.” Why not of the *English*? For the decisive *Critical* reason that Herr Bauer received no news of the recent English systems through Stein’s book: *Der Communismus und Socialismus des heutigen Frankreichs*. This is also the decisive reason why only *French* systems ever exist for *Criticism* in all its talk about socialist systems.

The German Enlighteners, *Criticism* goes on to explain, committed a sin against the Holy Ghost. They busied themselves with the “lower classes of the people”, already in existence in 1842, in order to get rid of the question, which did not yet exist then, as to what rank they were destined to occupy in the *Critical world system* that was to be instituted in anno 1843: sheep or goat, Critical Critic or impure Mass, *Spirit* or *Matter*. But above all they should have thought seriously of the *Critical salvation of their own souls*, for of what profit is it to me if I gain the whole world, including the lower classes of the people, and suffer the loss of my own soul?

“But a spiritual being cannot be raised to a higher level unless it is altered, and it cannot be altered before it has experienced extreme resistance.”

Were *Criticism* better acquainted with the movement of the lower classes of the people it would know that the extreme resistance that they have experienced from practical life is changing them every day. Modern prose and poetry emanating in England and France from the lower classes of the people would show it that the lower classes of the people know how to raise themselves spiritually even without being directly *overshadowed* by the *Holy Ghost of Critical Criticism*.

“They,” Absolute Criticism continues to indulge in fancy, “whose *whole wealth* is the word ‘*organisation of the mass*’”, etc.

A lot has been said about “organisation of labour”, although even this “catchword” came not from the Socialists themselves but from the politically radical party in France, which tried to be an intermediary between politics and socialism. But nobody before Critical Criticism spoke of “organisation of the mass” as of a question yet to be solved. It was proved, on the contrary, that *bourgeois society*, the dissolution of the old *feudal society*, is this organisation of the mass.

*Criticism* puts its discovery in quotation marks . The goose that cackled to Herr Bauer the watchword for saving the Capitol is none but his *own goose*, *Critical Criticism*. It organised the mass anew by speculatively constructing it as *the Absolute Opponent of the Spirit*. The antithesis between spirit and mass is the Critical “organisation of society”, in which *the Spirit*, or *Criticism*, represents the organising *work*, the mass — the *raw material*, and history — the *product*.

After Absolute Criticism’s great victories over revolution, materialism and socialism in its third campaign, we may ask: What is the *final result* of these Herculean feats? Only that these movements *perished* without any result because they were still *criticism adulterated by mass* or *spirit adulterated by matter*. Even in Herr Bauer’s own literary past *Criticism* discovered manifold adulterations of criticism by the mass. But *here* it writes an apologia instead of a criticism, “*places in safety*” instead of *surrendering*; instead of seeing in the *adulteration of the spirit* by the *flesh* the death of the spirit too, it reverses the case and finds in the adulteration of the *flesh by the spirit* the life even of *Bauer’s flesh*. On the other hand, it is all the more ruthless and decisively *terroristic* as soon as imperfect criticism still adulterated by mass is no longer the *work* of Herr Bauer but of whole peoples and of a number of ordinary Frenchmen and Englishmen; as soon as imperfect criticism is no longer entitled *Die Judenfrage*, or *Die gute Sache der Freiheit*, or *Staat, Religion und Parthei*, but revolution, materialism, socialism or communism. Thus *Criticism* did away with the adulteration of spirit by matter and of criticism by mass by sparing its own flesh and crucifying the flesh of others.

One way or the other, the “spirit adulterated by flesh” or “Criticism adulterated by mass” has been cleared out of the way. Instead of this un-Critical adulteration, there appears absolutely Critical *disintegration* of

spirit and flesh, criticism and mass, their pure opposition. This opposition in its *world-historic* form in which it constitutes the true historical interest of the present time, is the opposition of Herr Bauer and Co., or *the Spirit*, to the rest of the human race as Matter.

Revolution, materialism and communism *therefore* have fulfilled their historic mission. By their *downfall* they have prepared the way for the Critical Lord. Hosanna!

f) The Speculative Cycle of Absolute Criticism and the Philosophy of Self-Consciousness

*Criticism*, having supposedly attained *perfection* and purity in *one* domain, *therefore* committed only one *oversight* “only” one “inconsistency”, that of not being “pure” and “perfect” in all domains. The “one” Critical domain is none other than that of *theology*. The *pure* area of this domain extends from the *Kritik der Synoptiker* by Bruno Bauer to *Das entdeckte Christenthum* by Bruno Bauer, as the farthest frontier post.

“Modern Criticism,” we are told, “had finally dealt with Spinozism; it was therefore inconsistent of it naively to presuppose Substance in one domain, even if only in individual, falsely expounded points.”

*Criticism's* earlier admission that it had been involved in political prejudice was immediately followed by the extenuating circumstance that this involvement had been “*basically so slight!*” Now “the admission of *inconsistency* is tempered by the parenthesis that it committed only in *individual, falsely expounded points*. It was not Herr Bauer who was to blame, but the *false points* which *ran away with Criticism* like recalcitrant mounts.

A few quotations will show that by overcoming *Spinozism Criticism* ended up in *Hegelian idealism*, that from “*Substance*” it arrived at another *metaphysical monster*, the “*Subject*”, “*Substance as a process*”, “*infinite self-consciousness*”, and that the final result of “perfect” and “pure” Criticism is the *restoration of the Christian theory of creation* in a *speculative, Hegelian* form.

Let us first open the *Kritik der Synoptiker*.

“Strauss remains true to the view that Substance is the Absolute. Tradition in this form of universality, which has not yet attained the real and rational certitude of universality, that certitude which can be attained only in

self-consciousness, in the one and infinity of self-consciousness, is nothing but Substance which has emerged from its logical simplicity and has assumed a definite form of existence as the *power of the community*.” (*Kritik der Synoptiker*, Vol. I, Preface, pp. vi ).

Let us leave to their fate “the universality which attains certitude”, the “oneness and infinity” (the Hegelian *Notion*). — Instead of saying that the view put forward in *Strauss*’ theory on the “power of the community” and “tradition” has its abstract expression, its logical and metaphysical *hieroglyphic*, in the Spinozist conception of *Substance*, Herr Bauer makes “*Substance* emerge from its *logical simplicity* and assume a definite form of existence in the power of the community”. He applies the *Hegelian* miracle apparatus by which the “*metaphysical categories*” — abstractions extracted out of *reality* — emerge from *logic*, where they are dissolved in the “*simplicity*” of thought, and assume “a definite form” of physical or human existence; he makes them become incarnate. Help, *Hinrichs*!

“Mysterious,” *Criticism* continues its argument against *Strauss*, “mysterious is this view because whenever it wishes to explain and make visible the process to which the gospel history owes its origin, it can only bring out the *semblance* of a process. The sentence: ‘The gospel history has its source and origin in tradition’, posits the same thing *twice*— ‘tradition’ and the ‘gospel history’; admittedly it does posit a relation between them, but it does not tell us to what *internal process of Substance* the development and exposition owe their origin.”

According to *Hegel*, *Substance* must be conceived as an *internal process*. He characterises *development* from the viewpoint of *Substance* as follows:

“But if we look more closely at this *expansion*, we find that it has not come about by one and the same principle taking shape in diverse ways; it is only the shapeless *repetition of one and the same thing* ... keeping up a tedious *semblance* of diversity” (*Phänomenologie*, Preface, ).

Help, *Hinrichs*!

“*Criticism*,” Herr Bauer continues, “according to this, must turn against itself and look for the solution of the *mysterious substantiality* ... in what the *development of Substance itself* leads to, in the universality and certitude of the idea and its real existence, in *infinite self-consciousness*.”

*Hegel*’s criticism of the substantiality view continues:

“The compact solidity of *Substance* is to be opened up and *Substance* raised to *self-consciousness*” (loc. cit., ).

Bauer's *self-consciousness*, too, is *Substance raised to self-consciousness or self-consciousness as Substance*; self-consciousness is transformed from an *attribute of man* into a *self-existing subject*. This is the *metaphysical-theological* caricature of man in his *severance* from nature. The *being* of this self-consciousness is therefore not *man*, but *the idea* of which self-consciousness is the *real existence*. It is the *idea become man*, and therefore it is *infinite*. All *human* qualities are thus transformed in a *mysterious way* into qualities of imaginary "*infinite self-consciousness*". Hence, Herr Bauer says *expressly* that *everything* has its *origin* and its *explanation* in this "*infinite self-consciousness*", i.e., finds in it the *basis* of its *existence*. Help, *Hinrichs!*

Herr Bauer continues:

"The power of the *substantiality relation* lies in its impulse, which leads us to the concept, the idea and self-consciousness."

*Hegel*. says:

"Thus the *concept* is the *truth* of the substance." "The transition of the *substantiality relation* takes place through its own immanent necessity and consists in this only, that *the concept* is the truth of the substance." "The *idea* is the adequate concept." "The concept ... having achieved *free existence* ... is nothing but the *ego* or *pure self-consciousness*" (*Logik*, Hegel's Werke, 2nd ed., Vol. 5, p, 9, 229, 13).

Help, *Hinrichs!*

It seems comic in the extreme when Herr Bauer says in his *Literatur-Zeitung*:

"*Strauss* came to grief because he was unable to *complete the criticism of Hegel's system*, although he proved by his half-way criticism the necessity for its completion", etc.

It was not a *complete criticism* of Hegel's system that Herr Bauer himself thought he was giving in his *Kritik der Synoptiker* but at the most the *completion of Hegel's system*, at least in its application to theology.

He describes his criticism (*Kritik der Synoptiker*, Preface, p. xxi) as "the last act of a definite system", which is no other than *Hegel's system*.

The dispute between *Strauss* and *Bauer* over *Substance* and *Self-Consciousness* is a dispute *within Hegelian speculation*. In *Hegel* there are *three* elements, *Spinoza's Substance*, *Fichte's Self-Consciousness* and *Hegel's necessarily antagonistic unity* of the two, the *Absolute Spirit*. The first element is metaphysically disguised *nature separated* from man; the

second is metaphysically disguised *spirit separated* from nature; the third is the metaphysically disguised *unity* of both, *real man* and the *real human species*.

Within the domain of theology, *Strauss* expounds *Hegel* from *Spinoza's point of view*, and *Bauer* does so from *Fichte's point of view*, both quite consistently. They both *criticised* *Hegel* insofar as with him each of the two elements was *falsified* by the other, whereas they carried each of these elements to its *one-sided* and hence consistent development. — Both of them therefore go *beyond* *Hegel* in their criticism, but both also remain *within* his speculation and each represents only *one* side of his system. *Feuerbach*, who completed and criticised *Hegel* from *Hegel's point of view* by resolving the metaphysical *Absolute Spirit* into “*real man on the basis of nature*”, was the first to complete the *criticism of religion* by sketching in a grand and masterly manner the *basic features* of the *criticism of Hegel's speculation* and hence of *all metaphysics*.

With *Herr Bauer* it is, admittedly, no longer the *Holy Ghost*, but nevertheless *infinite self-consciousness* that dictates the writings of the evangelist.

“We ought not any longer to conceal the fact that the correct conception of the gospel history also has its *philosophical basis, namely, the philosophy of self-consciousness*” (*Bruno Bauer, Kritik der Synoptiker, Preface, p. xv*).

This philosophy of *Herr Bauer*, the *philosophy of self-consciousness*, like the *results* he achieved by his criticism of theology, must be characterised by a few extracts from *Das entdeckte Christenthum*, his *last* work on the philosophy of religion.

Speaking of the *French materialists*, he says:

“When the *truth* of materialism, the *philosophy of self-consciousness*, is revealed and *self-consciousness* is recognised as the *Universe*, as the solution of the riddle of *Spinoza's substance* and as the true *causa sui* ..., what is the purpose of *the Spirit*? *What is the purpose of self-consciousness*? As if *self-consciousness*, by positing the *world*, did not posit *distinction* and did not produce itself in all it produces, since it does away again with *the distinction of what it produced from itself*, and since, consequently it is itself only in production and in movement — as if *self-consciousness* in this movement, which is itself, had not its purpose and did not possess itself!” (*Das entdeckte Christenthum, .*)

“The French materialists did, indeed, conceive the movement of selfconsciousness as the movement of the universal being, matter, but they could *not yet* see that the *movement of the universe* became *real* for itself and achieved unity with itself *only* as the *movement of self-consciousness*” (1. c., pp. 115).

Help, *Hinrichs!*

In plain language the *first* extract means: the truth of *materialism* is the *opposite* of materialism, *absolute*, i.e., exclusive, unmitigated *idealism*. Self-consciousness, *the Spirit*, is the *Universe*. Outside of it there is *nothing*. “Self-consciousness”, “*the Spirit*”, is the almighty creator of the world, of heaven and earth. The *world* is a manifestation of the life of self-consciousness which has to *alienate* itself and take on *the form of a slave*, but the difference between the world and self-consciousness is only an *apparent difference*. Self-consciousness distinguishes *nothing real* from itself. The world is, rather, only a metaphysical *distinction*, a phantom of its ethereal brain and an *imaginary* product of the latter. Hence selfconsciousness does away again with the appearance, which it conceded for a moment, that something exists outside of it, and it recognises in what it has “produced” no real object, i.e., no object which in reality, is distinct from it. By this movement, however, *self-consciousness* first produces itself as absolute, for the *absolute* idealist, in order to be an absolute idealist, must necessarily constantly go through the *sophistical process* of first transforming the world *outside himself* into an appearance, a mere fancy of *his* brain, and afterwards declaring this *fantasy* to be what it really is, i.e., a mere fantasy, so as finally to be able to proclaim his sole, exclusive existence, which is no longer disturbed even by the semblance of an external world.

In plain language the *second* extract means: The French materialists did, of course, conceive the movements of matter as movements involving spirit, but they were not yet able to see that they are not *material* but *ideal* movements, movements of selfconsciousness, consequently pure movements of thought. They were not yet able to see that the real movement of the universe became true and real only as the *ideal* movement of selfconsciousness free and freed from *matter*, that is, from reality; in other words, that a *material* movement distinct from ideal brain movement exists only in *appearance*. Help, *Hinrichs!*

This speculative *theory of creation* is almost word for word in *Hegel*; it can be found in his *first* work, his *Phänomenologie*.

“The alienation of *self-consciousness* itself establishes *thinghood*.... In this alienation self-consciousness establishes itself as object or sets up the object as *itself*. On the other hand, there is also this other moment in the process that it has just as much *abolished* this *alienation* and *objectification* and resumed them into itself.... This is the *movement of consciousness*” (Hegel, *Phänomenologie*, p-75).

“Self-consciousness has a *content* which it distinguishes *from itself*... This content in its *distinction* is itself the *ego*, for it is the *movement* of superseding itself... More precisely stated, this content is nothing but the *very movement just spoken of*; for the content is *the Spirit* which traverses the whole range of its own being, and does this *for itself as Spirit*” (*loc. cit.*, pp. 583).

Referring to this theory of creation of Hegel’s, *Feuerbach* observes:

“Matter is the self-alienation of the spirit. Thereby matter itself acquires spirit and reason — but at the same time it is assumed as a *nothingness*, an *unreal* being, inasmuch as being producing itself from this alienation, i.e., being divesting itself of matter, of sensuousness, is pronounced to be being in its perfection, in its true shape and form. Therefore the natural, the material, the sensuous, is what is to be *negated* here too, as *nature poisoned by original sin* is in theology” (*Philosophie der Zukunft* ).

Herr Bauer therefore defends materialism against *un-Critical theology*, at the same time as he reproaches it with “not yet” being *Critical theology, theology of reason, Hegelian speculation. Hinrichs! Hinrichs!*

Herr Bauer, who in all domains carries through *his* opposition to *Substance*, *his philosophy of self-consciousness* or of *the Spirit*, must therefore in all domains have only the *figments* of his own *brain* to deal with. In his hands, *Criticism* is the instrument to sublimate into mere *appearance* and *pure thought* all that affirms a *finite* material existence *outside infinite self-consciousness*. What he combats in *Substance* is not the *metaphysical illusion* but its *mundane* kernel — *nature*; nature both as it exists *outside* man and as man’s nature. Not to presume *Substance* in any domain — he still uses this language — means therefore for him not to recognise any *being* distinct from thought, any *natural energy* distinct from the *spontaneity of the spirit*, any *power of human nature* distinct from *reason*, any *passivity* distinct from *activity*, any *influence of others* distinct

from *one's own action* any *feeling* or *willing* distinct from *knowing*, any *heart* distinct from the *head*, any *object* distinct from the *subject*, any *practice* distinct from *theory*, any *man* distinct from the *Critic*, any *real community* distinct from *abstract generality*, any *Thou* distinct from *I*. Herr Bauer is therefore consistent when he goes on to identify *himself* with *infinite self-consciousness*, with the *Spirit*, i.e., to replace these creations of his by their creator. He is just as consistent in rejecting as *stubborn mass* and *matter* the *rest of the world* which obstinately insists on being something *distinct* from what *he*, Herr Bauer, has produced. And so he hopes:

*It will not belong  
Before all bodies perish.*

His own ill-humour at so far being unable to master “the *something* of this *clumsy world*” he interprets equally consistently as the *self-discontent* of this world, and the indignation of his Criticism at the development of mankind as the *mass-type* indignation of mankind against *his* Criticism, against the Spirit, against Herr Bruno Bauer and Co.

Herr Bauer was a *theologian* from the very beginning, but no ordinary one; he was a *Critical theologian* or a *theological Critic*. While still the extreme representative of *old Hegelian* orthodoxy who put in a speculative form all *religious* and *theological nonsense*, he constantly proclaimed *Criticism* his *private domain*. At that time he called *Strauss' criticism* *human* criticism and expressly asserted the right of divine criticism in opposition to it. He later stripped the great *self-reliance* or *self-consciousness*, which was the hidden kernel of this divinity, of its religious shell, made it self-existing as an independent being, and raised it, under the trade-mark “*Infinite Self-consciousness*”, to the rank of the principle of Criticism. Then he accomplished in his own movement the movement that the “philosophy of self-consciousness” describes as the absolute act of life. He abolished anew the “distinction” between “the product”, *infinite self-consciousness*, and the producer, *himself*, and acknowledged that infinite self-consciousness in its movement “*was only he himself*”, and that therefore the movement of the universe only becomes *true* and *real* in his ideal self-movement.

*Divine* criticism in its *return into itself* is restored in a rational, conscious, Critical way; *being in-itself* is transformed into *being in-and-for-itself* and only at the *end* does the fulfilled, realised, revealed *beginning* take place. *Divine* criticism, as *distinct* from *human* criticism, reveals itself as *Criticism, pure Criticism, Critical Criticism*. The apologia for the Old and the New Testament is replaced by the apologia for the old and new works of Herr Bauer. The *theological* antithesis of God and man, spirit and flesh, infinity and finiteness is transformed into the *Critical-theological* antithesis of the *Spirit, Criticism, or Herr Bauer*, and the *matter* of the *mass*, or the secular world. The theological antithesis of faith and reason has been resolved into the Critical-theological antithesis of *common sense* and pure Critical thought. The *Zeitschrift für spekulative Theologie* has been transformed into the Critical *Literatur-Zeitung*. *The religious redeemer of the world* has finally become a reality in the *Critical redeemer of the world, Herr Bauer*.

Herr Bauer's last stage is not an anomaly in his development; it is the *return* of his development *into* itself from its *alienation*. Naturally, the point at which *divine* Criticism *alienated* itself and came out of itself coincided with the point at which it became partly untrue to itself and created something *human*.

Returning to its starting-point, *Absolute Criticism* has ended the *speculative cycle* and thereby its own *life's career*. Its further movement is *pure, lofty circling within itself*, above all interest of a mass nature and therefore devoid of any further interest for the Mass.

# Chapter VII. Critical Criticism's Correspondence

## 1) The Critical Mass

Where can one feel better  
Than in the bosom of one's family?

In its *Absolute* existence as Herr *Bruno*, Critical Criticism has declared the *mass* of mankind, the whole of mankind that is not Critical Criticism, to be its *opposite*, its *essential object*; *essential*, because the Mass exists *ad majorem gloriam dei*, the glory of *Criticism*, of *the Spirit*; *its object*, because it is only the *matter* on which Critical Criticism operates. Critical Criticism has proclaimed its relationship to the Mass as the *world-historic relationship* of the present time.

No *world-historic opposition* is formed, however, by the statement that one is in opposition to the whole world. One can imagine that one is a stumbling-block for the world because one is clumsy enough to stumble everywhere. But for a world-historic opposition it is not enough for me to declare the world *my* opposite; the *world* for its part must declare me to be its essential opposite, and must treat and *recognise* me as such. Critical Criticism ensures itself this recognition by its *correspondence*, which is called upon to *bear witness* before the world to Criticism's function of redeemer and equally to the general *irritation* of the world at the Critical gospel. Critical Criticism is its own object as the *object of the world*. The correspondence is intended to *show it as such*, as the *world interest* of the present time.

Critical Criticism is in its own eyes the *Absolute Subject*. The Absolute Subject requires a cult. A real cult requires other believing individuals. The *Holy Family of Charlottenburg* therefore receives from its correspondents the cult due to it. The correspondents tell it *what it is* and what its adversary, the Mass, *is not*.

However, Criticism falls into an inconsistency by thus having its opinion of itself represented as the opinion of the world and by its *concept* being converted into *reality*. *Within Criticism itself* a sort of *Mass* is forming, a

Critical Mass whose simple function is untiringly to echo the stock phrases of Criticism. For consistency's sake this inconsistency may be forgiven. Not feeling at home in the sinful world, Critical Criticism must set up a sinful world in its own home.

The path of Critical Criticism's correspondent, a member of the Critical Mass, is not a rosy one. It is a difficult, thorny path, a Critical path. Critical Criticism is a spiritualistic lord, pure spontaneity, *actus purus*, intolerant of any influence *from without*. The correspondent can therefore be a *subject* only *in appearance*, can only *seem* to behave *independently* towards Critical Criticism, can only *seemingly* want to communicate something new and of his own to it. In *reality* he is Critical Criticism's own *product*, its perception of its own voice made for an instant *objective* and self-existing.

That is why the correspondents do not fail to assert incessantly that Critical Criticism itself *knows, realises, understands, grasps, and experiences* what at the same moment is being communicated to it for *appearance's sake*. Thus *Zerleder*, for instance, uses the expressions: "Do you grasp it? You know. You know for the second and third time. You' have probably heard enough to be able to see for yourself."

So too the Breslau correspondent *Fleischhammer* says: "But the fact," etc., "will be as little of a puzzle to you as to me." Or the Zurich correspondent *Hirzel*: "You will probably find out for yourself." The Critical correspondent has such anxious respect for the absolute understanding of *Critical Criticism* that he attributes understanding to it even where there is absolutely nothing to understand. For example, *Fleischhammer* says:

You will *perfectly understand* me when I tell you that one can hardly go out without meeting young Catholic priests in their long black cowls and cloaks."

Indeed, in their *fear* the correspondents *hear* Critical Criticism — *saying, answering, exclaiming, deriding!*

*Zeerleder*, for example, says: "But — you *say*. Well, then, listen." And *Fleischhammer*. "Yes, I hear what *you say* — I *only* mean that..." And *Hirzel*: "Good for you, you *will exclaim!*" And a Tübingen correspondent: "*Do not laugh* at me!"

The correspondents, therefore, also express themselves as though they were communicating *facts* to Critical Criticism and expect from it the *spiritual interpretation*; they provide it with *premises* and leave the

*conclusion* to it, or they even *apologise* for repeating things Criticism has known for a long time.

*Zerrleder*, for example, says:

“Your correspondent can only give a picture, a description of the facts. The Spirit which animates these things is *certainly* not unknown to *you*.” Or again: “Now you will *surely* draw the *conclusion for yourself*.”

And *Hirzel* says:

“*I shall not presume* to entertain you with the speculative proposition that every creation arises out of its extreme opposite.”

Sometimes, too, the *experiences* of the correspondents are merely the *fulfilment* and *confirmation* of Criticism’s *prophecies*.

*Fleischhammer*, for example, says:

“Your *prediction* has come true.”

And *Zerrleder*:

“Far from being disastrous, the tendencies that I have described to you as gaining ever greater scope in Switzerland, are very *fortunate*; they *only confirm* the *thought* you have already often expressed,” etc.

Critical Criticism sometimes feels urged to express the condescension involved by its participation in the correspondence and motivates this condescension by the fact that the correspondent has successfully carried out some *task*. Thus Herr Bruno writes to the Tübingen correspondent:

“It is really inconsistent on my part to answer your letter. — On the other hand, you have again ... made such an *apt remark* that I ... *cannot refuse* the explanation you request.”

Critical Criticism has letters written to it *from the provinces*; not the provinces in the political sense, which, as we know, do not exist anywhere in Germany, but from the *Critical provinces* of which. Berlin is the capital, *Berlin*, the seat of the Critical patriarchs and of the Holy Critical Family, whereas the provinces are where the Critical Mass resides. The *Critical provincials* dare not engage the attention of the *supreme Critical authority* without bows and apologies.

Thus, someone writes anonymously to Herr *Edgar*, who, being a member of the Holy Family, is also an eminent personage:

“Honourable Sir, I hope you will *excuse* these lines on the grounds that young people like to unite in common strivings (there is not more than two years’ *difference* in our ages).”

The coeval of Herr Edgar describes *himself* incidentally as the *essence of modern philosophy*. Is it not in the nature of things that *Criticism* should correspond with *the essence* of philosophy? If Herr Edgar's coeval affirms that he has already lost his *teeth*, that is only an allusion to his *allegorical* essence. This "essence of modern philosophy" has "learned from *Feuerbach* to set the factor of education in objective view". It at once gives a sample of its *education* and *views* by assuring Herr Edgar that it has acquired a "*complete view* of his short story", "*Es leben feste Grundsätze!*" At the same time it openly admits that Herr Edgar's point of view is by no means quite clear to it, and finally invalidates the assurance concerning the complete view by the question: "Or have I *completely misunderstood* you?" After this sample it will be found quite normal that the essence of modern philosophy, referring to the Mass, should say:

"We must at least once *condescend* to examine and untie the magic knot which bars *common human reason* from access to the *unrestricted flood of thought*."

In order to get a complete view of the Critical Mass one should read the *correspondence* of Herr *Hirzel* from Zurich (Heft V). This unfortunate man memorises the stock phrases of Criticism with really touching docility and praiseworthy power of recall, not omitting Herr Bruno's favourite phrases about the battles he has waged and the campaigns he has planned and led. But Herr *Hirzel* exercises his profession as a member of the Critical Mass especially by raging against the *profane Mass* and its attitude to *Critical Criticism*.

He speaks of the Mass claiming a part in history, "of the pure Mass", of "pure Criticism", of the "purity of this contradiction"— "a contradiction purer than any that history has provided" — of the "*discontented being*", of the "perfect emptiness, ill humour, dejection, heartlessness, timidity, fury and bitterness of the Mass towards Criticism"; of "the Mass which only exists in order by its resistance to make Criticism sharper and more vigilant". He speaks of "creation from the extreme opposite", of how Criticism is above *hate* and similar profane sentiments. The whole of Herr *Hirzel's* contribution to the *Literatur-Zeitung* is confined to this profusion of Critical stock phrases. While reproaching the Mass for being satisfied with mere "disposition", "good will", "the phrase", "faith", etc., he himself, as a member of the *Critical Mass*, is content with phrases, expressions of his

“Critical disposition”, his “Critical faith”, his “Critical good will” and leaves “action, work, struggle” and “works” to Herr Bruno and Co.

Despite the terrible picture of the world-historic tension between the profane world and “Critical Criticism” which the members of the “Critical Mass” outline, for the non-believer at least not even the fact of the matter is stated, the factual existence of this *world-historic* tension. The obliging and un-Critical repetition of Criticism’s “imagination” and “pretensions” by the correspondents only proves that the fixed ideas of the master are the fixed ideas of the servant as well. It is true that one of the Critical correspondents makes an attempt at a proof based on *fact*.

“You see,” he writes to the Holy Family, “that the *Literatur-Zeitung* is fulfilling its purpose, ie., that it meets with *no approval*. It could meet with approval only if it sounded in unison with the general thoughtlessness, if you strode proudly before it with the jingling of hackneyed phrases of a whole janissary band of current categories.”

The jingling of hackneyed phrases of a whole janissary band of current categories It is evident that the Critical correspondent does his best to keep pace with non-”current” hackneyed phrases. But his explanation of the fact that the *Literatur-Zeitung* meets with no approval must be rejected as purely *apologetic*. This fact could be better explained in just the opposite way by saying that Critical Criticism is in *unison* with the great mass, to be precise, the great *mass* of scribblers who meet with no approval.

It is therefore not enough for the *Critical* correspondent to address Critical hackneyed phrases to the Holy Family as “prayers” and at the same time to the Mass as “anathemas”. *Un-Critical, mass-type* correspondents, *real* delegates of the *Mass* to Critical Criticism, are needed to show the real tension between the Mass and Criticism.

That is why Critical Criticism also assigns a place to the *un-Critical Mass*. It makes unbiased *representatives* of the latter *correspond* with it, acknowledge the opposition to itself, Criticism, as important and absolute, and utter a *fearful cry* for redemption from this opposition.

## 2) The “Un-Critical Mass” and “Critical Criticism”

### a) The “Obdurate Mass” and the “Unsatisfied Mass”

The hardness of heart, the obduracy and blind unbelief of “the Mass” has one rather determined representative. This representative speaks of the exclusively “Hegelian philosophical education of the Berlin Couleur”

“The only true progress that we can make,” he says, “lies in the acknowledgment of reality. But we learn from you that our knowledge was not knowledge of reality but of something unreal.”

He calls “natural science” the basis of philosophy.

“A good naturalist stands in the same relation to the philosopher as the philosopher to the theologian.”

Further he comments as follows on the “Berlin Couleur”.

“I do not think it would be exaggerating to try to explain the state of these people by saying that, although they have gone through a process of spiritual mouking, they have not yet altogether got rid of their old skin in order to be able to absorb the elements of renovation and rejuvenation.” “We must yet assimilate this” (natural-scientific and industrial) “knowledge”. “The knowledge of the world and of man, which we need most of all, cannot be acquired only by acuity of thought; all the senses must collaborate and all the aptitudes of man must be applied as indispensable instruments; otherwise contemplation and knowledge will always remain defective — and will lead to *moral death*.”

This correspondent, however, sweetens the pill that he hands out to Critical Criticism. He “makes *Bauer’s words* find their correct application”, he has “followed *Bauer’s thoughts*”, he agrees that “*Bauer has spoken the truth*” and in the end he seems to polemise, not against *Criticism* itself, but against a “Berlin Couleur” which is distinct from it.

Critical Criticism, feeling itself hit and, moreover, being as sensitive as an old maid in all *matters of faith*, is not taken in by these distinctions and this semi-homage.

“You are *mistaken*,” it answers, “if you have taken the party you described at the beginning of your letter for *your opponent*. Rather *admit*” (and now comes the crushing sentence of excommunication) “that *you are an opponent of Criticism itself!*”

The miserable wretch! The man of the Mass! An opponent of *Criticism itself!* But as far as the content of that *mass-type* polemic is concerned, Critical Criticism declares its respect for its critical attitude to *natural science and industry*”.

“*All respect for natural science! All respect for James Watt and*” (a really noble turn!) “no respect at all for the millions that he made for his relatives.”

All respect for the respect of Critical Criticism! In the same letter in which Critical Criticism reproaches the above-mentioned *Berlin Couleur* with too easily disposing of thorough and solid works without studying them and having *finished* with a work when they have merely remarked that it is epoch-making, etc. — in that same letter *Criticism itself disposes* of the whole of natural science and *industry* by merely declaring its respect for them. The clause which it appends to its’ declaration of respect for *natural science* reminds one of the first fulminations of the deceased knight *Krug* against natural philosophy.

“Nature is not the only reality *because we eat and drink it in its individual products.*”

Critical Criticism knows this much about the *individual products* of nature that “*we eat and drink them*”. All respect for the natural science of Critical Criticism!

Criticism is consistent in countering the embarrassingly importunate demand to study “nature” and “industry” with the following indisputably witty rhetorical exclamation:

“Or” (!) “do you think that the knowledge of *historical* reality is *already complete*? Or” (!) “do you know of any single period in history which is already *actually* known?”

Or does Critical Criticism believe that it has reached even the *beginning* of a knowledge of historical reality so long as it excludes *from* the historical movement the theoretical and practical relation of man to nature, i.e., natural science and industry? Or does it think that it actually knows any period without knowing, for example, the industry of that period, the immediate mode of Production of life itself? Of course, spiritualistic, *theological* Critical Criticism only knows (at least it imagines it knows) the main political, literary and theological acts of history. Just as it separates thinking from the senses, the soul from the body and itself from the world, it separates history from natural science and industry and sees the origin of history not in vulgar *material* production on the earth but in vaporous clouds in the heavens.

The representative of the “obdurate” and “hard-hearted” Mass with his trenchant reproofs and counsels is disposed of as a *mass-type materialist*.

Another correspondent, not so malicious or mass-like, who places his hopes in Critical Criticism but finds them unsatisfied ‘ fares no better. The representative of the “*unsatisfied*” Mass writes:

“I must, however, admit that the first number of your paper was *by no means satisfying*. We expected something else.”

The *Critical patriarch* answers in person:

“I knew beforehand that it would not satisfy expectations, because I could rather easily imagine those expectations. One is so exhausted that one wishes to have *everything at once*. Everything? No! If possible everything and nothing at the same time. An everything that costs no trouble, an everything that one can absorb without going through any development, an everything that is contained in a single word.”

In his vexation at the undue demands of the “Mass”, which demands *something*, indeed everything, from Criticism, which by principle and disposition “*gives nothing*”, the Critical patriarch relates an *anecdote* in the way that old men do. Not long ago a Berlin *acquaintance* complained bitterly of the verbosity and profusion of detail of his works — Herr Bruno is known to make a bulky work out of the tiniest semblance of a thought. He was consoled with the promise of being sent the ink necessary for the printing of the book in a small pellet so that he could easily absorb it. The patriarch explains the length of his “works” by the bad spreading of the ink, as he explains the nothingness of his *Literatur-Zeitung* by the emptiness of the “profane Mass”, which, in order to be full, wants to swallow everything and nothing at the same time.

Just as it is difficult to deny the importance of what has so far been related, it is equally difficult to see a *world-historic contradiction* in the fact that a mass-type acquaintance of Critical Criticism considers Criticism empty, while Criticism, for its part, declares him to be un-Critical; that a second acquaintance does not find that the *Literatur-Zeitung* satisfies his expectations, and that a third acquaintance and friend of the family finds Criticism’s works too bulky. However, acquaintance No. 2, who entertains expectations, and friend of the family No. 3, who wishes at least to find out the secrets of Critical Criticism, constitute the transition to a *more substantial* and tenser relationship between Criticism and the ‘un-Critical Mass’. Cruel as Criticism is to the “hard-hearted” Mass which has only “common human reason”, we shall find it condescending to the Mass that is pining for *redemption* from contradiction. The Mass which approaches

Criticism with a contrite heart, a spirit of repentance and a humble mind will be rewarded for its honest striving with many a *wise, prophetic and outspoken* word.

b) The “Soft-Hearted” Mass “Pining for Redemption”

The representative of the *sentimental, soft-hearted Mass pinning for redemption* cringes and implores Critical Criticism for a kind word with effusions of the heart, deep bows and rolling of the eyes, as follows:

“Why am I writing this to you? Why am I justifying myself before you? Because I *respect* you and therefore *desire* your *respect*; because I owe you deepest *thanks* for my development and therefore *love* you. *My heart* impels me to justify myself before you ... who have upbraided me.... *Far be* it from me to *obtrude* upon you; judging *by myself*, I thought you *might be pleased* to have proof of *sympathy* from a man who is still little known to you. I *make no claim whatsoever* that you should answer my letter: I wish neither to take up your time, of which you can make better use, nor to be irksome to you, nor to expose myself to the mortification of seeing something that I hoped for remain *unfulfilled*. You *may* interpret my letter as *sentimentality*, importunity or vanity” (!) “or whatever you like; you may answer me or not, I cannot resist the *impulse* to send it and I only hope that you will realise the *friendly feeling* which inspired it” (!!).

Just as from the beginning God has had mercy on the *poor in spirit*, this mass-like but humble correspondent, too, who whimpers for mercy from Critical Criticism, has his wish *fulfilled*. Critical Criticism gives him a kind answer. More than that! It gives him most Profound explanations on the objects of his curiosity.

“Two years ago,” Critical Criticism teaches, “it was opportune to remember the Enlightenment of the French in the eighteenth century in order to be able to make use of those *light troops*, too, at a place in the battle that was then being waged. The situation is now *quite different*. Truths now change very quickly. What was then *opportune* is now an *oversight*.”

Of course it was only “an *oversight*” then too, but an “*opportune*” one, when the Absolute Critical All-high itself (cf. *Anekdotia*, Book II, ) called those *light troops* “*our saints*”, our “*prophets*”, “*patriarchs*” etc. Who would call *light troops* a *troop of “patriarchs”*? It was an “*opportune*”

oversight when it spoke with enthusiasm of the self-denial, moral energy and inspiration with which these *light* troops “thought, worked — and studied — throughout their lives for the truth”. It was an “oversight” when, in the preface to *Das entdeckte Christenthum*, it was stated that these “*light*” troops seemed invincible and *any one well-informed* would have wagered that they would *put the world out of joint*” and that “it seemed beyond doubt that they would succeed in giving the world a new shape”. *Those light troops?*

Critical Criticism continues to teach the inquisitive representative of the “*cordial Mass*”:

“Although it was a new historical merit of the French to attempt to set up a social theory, they are none *the less* now exhausted; their new theory was not yet pure, their social fantasies and their peaceful democracy are by no means free from the assumptions of the old state of things.”

Criticism is talking here about *Fourierism* — if it is talking about anything — and in particular of the Fourierism of *La Démocratie pacifique*. But this is far from being the “social theory” of the French. The French have *social theories*, but not a social theory; the diluted Fourierism that *La Démocratie pacifique* preaches is nothing but the social doctrine of a section of the philanthropic bourgeoisie. The people is *communistic*, and, as a matter of fact, split into a multitude of different groups; the true movement and the elaboration of these different social shades is not only not *exhausted*, it is really only *beginning*. But it will not end in pure, i.e., abstract, *theory* as Critical Criticism would like it to; it will end in a quite *practical practice* that will not bother at all about the categorical categories of Criticism.

“No nation,” Criticism chatters on, “has *so far* any advantage over another. If one can succeed in winning some spiritual superiority over the others, it will be the one which is in a position to criticise itself and the others and to discover the causes of the universal decay.”

*Every* nation has *so far some advantage* over another. But if the Critical prophecy is right, no nation will have any advantage over another, because all the civilised peoples of Europe — the English, the Germans, the French — now “*criticise* themselves and others” and “are in a position to discover the causes of the universal decay”. Finally, it is high-sounding *tautology* to say that “*criticising*”, “*discovering*”, i.e., *spiritual* activities, give a *spiritual superiority*, and Criticism, which in its infinite self-consciousness places

itself above the nations and expects them to kneel at its feet and implore it for enlightenment, only shows by this caricatured Christian-Germanic idealism that it is still up to its neck in the mire of *German nationalism*.

The criticism of the French and the English is not an abstract, preternatural personality outside mankind; it is the *real human activity* of individuals who are active members of society and who suffer, feel, think and act as human beings. That is why their criticism is at the same time practical, their communism a socialism in which they give practical, concrete measures, and in which they not only think but even more act, it is the living, real criticism of existing society, the recognition of the causes of “the decay”.

After Critical Criticism’s explanations for the inquisitive member of the Mass, it is entitled to say of its *Literatur-Zeitung*:

“Here Criticism that is *pure*, graphic, relevant and adds nothing is practised.”

Here “*nothing self-existing is given*”; here *nothing* at all *is given* except *criticism that gives nothing*, that is, criticism which culminates in extreme non-criticism. *Criticism* has underlined passages printed and reaches its full bloom in *excerpts*. *Wolfgang Menzel* and *Bruno Bauer* stretch a brotherly hand to each other and Critical Criticism stands where the *philosophy of identity* stood at the beginning of this century, when *Schelling* protested against the mass-like supposition that he wanted to give something, anything except *pure, entirely philosophical* philosophy.

### c) Grace Bestowed on the Mass

The soft-hearted correspondent whose instruction we have just witnessed stood in a *comfortable* relationship to Criticism. In his case there was only an idyllic hint of the tension between the *Mass* and *Criticism*. Both sides of the *world-historic* contradiction behaved *kindly* and *politely*, and therefore *exoterically*, to each other.

Critical Criticism, in its *unhealthy*, soul-shattering effect on the Mass, is seen first in regard to a correspondent who has one foot already in Criticism and the other still in the profane world. He represents the “Mass” in its *inner* struggle with Criticism.

At times it seems to him “that Herr Bruno and his friends do not understand *mankind*”, that “they are the ones who are really blinded”. Then

he immediately corrects himself:

“Yes, it is *as clear as daylight* to me that you are right and that your thoughts are correct; but *excuse* me, the people is not wrong *either*.... Oh yes! The people is right.... I cannot deny that you are right.... I really do not know what it will all lead to: you will say ... well, stay at home.... *Alas!* I can no longer stand it.... *Alas!* One might otherwise go *mad* in the end.... *Kindly* accept... Believe me, the knowledge one has acquired sometimes makes one feel as *stupid* as if a mill-wheel were turning in one’s head.”

Another correspondent, too, writes that he “is *occasionally disconcerted*”. One can see that *Critical grace* is about to be bestowed on this mass-type correspondent. The poor wretch! The sinful Mass is tugging at him on one side and Critical Criticism on the other. It is not the knowledge he has acquired that reduces this pupil of Critical Criticism to a state of stupor; it is the question of *faith* and *conscience*; Critical Christ or the people, God or the world, Bruno Bauer and his friends or the profane Mass! But just as bestowal of *divine* grace is preceded by extreme wretchedness of the sinner, Critical grace is preceded by a crushing *stupefaction*. And when it is at last bestowed, the chosen one loses not stupidity but the *consciousness of stupidity*.

### 3) The Un-Critically Critical Mass Or “Criticism” and The “Berlin Couleur”

Critical Criticism has not succeeded in depicting itself as the *essential opposite*, and hence at the same time as the *essential object*, of the mass of humanity. Apart from the representatives of the *obdurate* Mass which reproaches Critical Criticism for its *objectlessness* and gives it to understand in the most courteous possible way that it has not yet gone through the *process* of its spiritual “*moult*” and must first of all acquire solid knowledge, there is the *soft-hearted* correspondent. He is no *opposite* at all, but then the actual reason for his approach to Critical Criticism is a *purely personal* one. As we can see a little further on in his letter, he really only wants to reconcile his devotion to Herr Arnold Ruge with his devotion to Herr *Bruno Bauer*. This attempt at reconciliation does credit to his kind heart, but it in no way constitutes an *interest of a mass nature*. Finally, the

last correspondent to appear was no longer a *real* member of the Mass, he was only a catechumen of Critical Criticism.

In general, the *Mass* is an *indefinite* object, and therefore can neither carry out a definite action nor enter into a definite relationship. *The Mass*, as the object of Critical Criticism, has nothing in common with the *real* masses who, for their part, form among themselves oppositions of a pronounced mass nature. *Critical Criticism's* mass is "made" by Criticism itself, as would be the case if a naturalist, instead of speaking of definite classes, contrasted *the Class* to himself.

Hence, in order to have an opposite of a really mass nature, *Critical Criticism* needs, besides this *abstract Mass* which is the figment of its own brain, a *definite Mass* that can be empirically demonstrated and not just conjured up. This Mass must see in Critical Criticism both its *essence and the annihilation of its essence*. It must wish to be Critical Criticism, non-Mass, without *being able to*. This Critically un-Critical Mass is the above-mentioned "*Berlin Couleur*". The *mass* of humanity which is seriously concerned with Critical Criticism is confined to a Berlin Couleur.

The "Berlin Couleur", the "*essential object*" of Critical Criticism, of which it is always thinking and which, Critical Criticism imagines, is always thinking of Critical Criticism, consists, as far as we know, of a few *ci-devant Young Hegelians* in whom Critical Criticism claims to inspire partly a *horror vacui* and partly a feeling of *futility*. We are not investigating the actual state of affairs, we rely on what *Criticism* says.

The *Correspondence* is mainly intended to expound *at length* to the public this *world-historic* relation of *Criticism* to the "Berlin Couleur", to reveal its profound significance, to show why *Criticism* must necessarily be cruel towards this "Mass", and finally to make it appear that *the whole world* is in fearful agitation over this opposition, expressing itself now in favour of, and then against the actions of *Criticism*. For example, *Absolute Criticism* writes to a correspondent who sides with the "Berlin Couleur":

"I have *already* heard things like that *so often* that I have made up my mind not to take any more notice of them."

The world has no idea how often it has dealt with Critical things *like that*.

Let us now hear what a member of the Critical Mass reports on the Berlin Couleur:

“If anyone recognises the Bauers” (the Holy Family must always be recognised *pêle-mêle*) “began his answer — *I am the one. But the Literaturzeitung! Let us be quite fair!* It was interesting for me to hear what one of those radicals, those clever men of anno 42, thought of you...”

The correspondent goes on to remark that the unfortunate man had all sorts of reproaches to make to the *Literatur-Zeitung*.

Herr Edgar’s short story, *Die drei Biedermdnner* he found lacking in polish and exaggerated. He could not understand that *censorship* is not so much a fight of man against man, an external fight, as an internal one. They do not take the trouble to bethink themselves and to replace the *phrase the censor objects to* by a *cleverly* expressed and thoroughly developed *Critical thought*. He found Herr Edgar’s essay on Béraud lacking in thoroughness. The Critical reporter thinks it was thorough. True he admitted himself: “I have *not* read Béraud’s book.” But he *believes* that Herr Edgar has *succeeded*, etc., and belief, we know, is bliss. “In general,” the Critical believer continues, “he” (the one from the Berlin Couleur) “is *not at all satisfied* with Herr Edgar’s works.” He also finds that “*Proudhon* is not dealt with *thoroughly* enough”. And here the reporter gives Herr Edgar a testimonial:

“*It is true*” (1?) “ *that I am acquainted with Proudhon. I know that Edgar’s presentation took the characteristic points from him and set them out clearly.*”

The only reason why Herr Edgar’s *excellent* criticism of Proudhon is not liked, the reporter says, can only be that Herr Edgar does *not fulminate* against property. And just imagine it, the opponent finds Herr Edgar’s essay on the “*Union ouvrière*” *unimportant*. To console Herr Edgar the reporter says:

“Of course, it does not give anything *independent*, and these people have really gone back to *Gruppe’s* point of view, which, to be sure, they have *always maintained*. Criticism must give, give and *give!*”

As though Criticism had not given quite new linguistic, historical, philosophical, economic, and juridical discoveries! And it is so modest as to let itself be told that it has not given anything *independent!* Even our Critical correspondent gave mechanics something that it had not hitherto known when he made people *go back to the same* point of view which they had always *maintained*. It is clumsy to recall *Gruppe’s* point of view. In his pamphlet, which is otherwise miserable and not worth mentioning, Gruppe

asked Herr Bruno what criticism he could give on *speculative logic*. Herr Bruno referred him to future generations and —

“a fool is waiting for an answer”.

As God punished the unbelieving Pharaoh by hardening his heart and did *not think* him *worthy* of being enlightened, so the reporter assures us:

“They are therefore *not at all worthy* of seeing or knowing the contents of your *Literatur-Zeitung*.”

And instead of advising his friend Edgar to acquire thoughts and knowledge he gives him the following advice:

“Let Edgar get a *bag of phrases* and draw blindly out of it when he writes essays in future, in order to acquire a style in harmony with the public.”

Besides assurances of “a certain fury, ill-favour, emptiness, thoughtlessness, an inkling of something which they are not able to fathom, and a feeling of nullity” (all these epithets apply, of course, to the Berlin Couleur), eulogies like the following are made of the Holy Family:

“Lightness of treatment penetrating the matter, command of the categories, insight acquired by study, in a word, *command of the Objects*. He” (of the Berlin Couleur) “takes an easy attitude to the thing, you make the thing easy.” Or: “Your criticism in the *Literatur-Zeitung* is pure, graphic and relevant.”

Finally it is stated:

“I have written it all to you at such length because I know that I shall give you *pleasure* by reporting the opinions of my friend. From this you can see that the *Literatur-Zeitung* is fulfilling its purpose.”

Its purpose is opposition to the Berlin Couleur. Having just witnessed the *Berlin Couleur's polemic* against Critical Criticism and the reproof it received for that polemic, we are now given a double picture of its efforts to obtain mercy from Critical Criticism.

One correspondent writes:

“My acquaintances in Berlin told me when I was there at the beginning of the year that you repel all and keep all at a distance; that you keep yourself to yourself and let nobody approach you, assiduously avoiding all intercourse. I, of course, cannot tell which side is to blame.”

*Absolute Criticism* replies:

“Criticism does *not form any party* and will have no party of its own; it is *solitary* because it is engrossed in *its*” (!) “object and opposes itself to it.

*It isolates itself from everything.”*

Critical Criticism thinks it rises above all dogmatic antitheses by substituting for the real antitheses the imaginary antithesis between *itself and the world*, between the *Holy Ghost* and the *profane Mass*. In the same way it thinks it rises *above parties* by falling *below the party point of view*, by counterposing itself as a *party* to the rest of mankind and concentrating all interest in the personality of Herr Bruno and Co. The truth of Criticism’s *admission* that it sits enthroned in the solitude of *abstraction*, that even when it seems to be occupied with some *object* it does not come out of its objectless solitude into a truly social relation to a *real object*, because *its object* is only the object of its *imagination*, only an imaginary object — the truth of this Critical *admission* is proved by the whole of our exposition. Equally correctly Criticism defines its *abstraction* as *absolute* abstraction, in the sense that “*it isolates itself from everything*”, and precisely this isolation of *nothing from everything*, from *all* thought., contemplation, etc., is *absolute nonsense*. Incidentally, the solitude which it achieves by isolating and abstracting itself from *everything* is no more free from the object from which it abstracts itself than *Origen* was from the *genital organ* that he *isolated* from himself.

Another correspondent begins by describing *one* of the members of the “Berlin Couleur”, whom he saw and spoke with, as “gloomy”, “depressed”, “no longer able to open his mouth” (although he was formerly always “ready with a quite *impudent* word”), and “despondent”. This member of the “Berlin Couleur” related the following to the correspondent, who in turn reported it to Criticism:

“He cannot grasp how people like you two, who formerly respected the principle of humanity, can behave in such an aloof, repelling, indeed arrogant manner.” He does not know “why there are some people who, it seems, Intentionally cause a split. Have we not all the same point of view? Do we not all *pay homage* to the extreme, to Criticism? Are we not all capable, if not of producing, at least of grasping and applying an extreme thought?” He “finds that this split is motivated by no other principle than egoism and arrogance”.

Then the correspondent puts in a good word:

“Have not at least some of our friends grasped *Criticism*, or perhaps *the good will of Criticism* .. ‘*ut desint vires, tamen est laudanda voluntas*’.”

*Criticism* replies with the following *antitheses* between itself and the Berlin Couleur:

“There are *various* standpoints on criticism.” The members of the Berlin Couleur “thought they had criticism in their pocket”, but Criticism “really knows and applies the force of criticism”, i.e., does not keep it in its pocket. For the former, criticism is pure form, whereas for Criticism, on the other hand, it is the “*most substantial* or rather the only substantial thing”. Just as Absolute Thought considers itself the whole of reality, so does Critical Criticism. That is why it sees no content *outside itself* and is therefore not the criticism of *real* objects existing outside the Critical subject; on the contrary, it *makes* the object, it is the Absolute *Subject-Object*. Further! “The former kind of criticism disposes of everything, of the investigation of things, by means of phrases. The latter isolates itself *from everything* by means of phrases.” The former is “*clever in ignorance*”, the latter is “learning”. The latter, at any rate, is not clever, it learns *par ça, par là*, but only in appearance, only in order to be able to fling what it has superficially learnt from the Mass back at the Mass in the form of a “catchword”, as wisdom that it itself has discovered, and to resolve it into the nonsense of Critical Criticism.

“For the former, words such as ‘extreme’, ‘proceed’, ‘not go far enough’ are of importance and highly revered categories; the latter investigates the *standpoints* and does not apply to them the *measures* of those abstract categories.”

The exclamations of Criticism No. 2 that it is no longer a question of politics, that philosophy is done away with, and its dismissal of social systems and developments by means of words like “fantastic”, “utopian”, etc. — what is all that if not a *Critically revised* version of “proceeding” and “not going far enough”? And are not its “measures”, such as “*History*”, “*Criticism*”, “summing up of objects”, “the old and the new”, “Criticism and Mass”, “investigation of standpoints” — in a word, are not all its catch-words *categorical measures* and abstractly categorical ones at that! ?

“The former is theological, spiteful, envious, petty, presumptuous, the latter is the *opposite* of all that.”

After thus praising itself a dozen times in one breath and ascribing to itself all that the Berlin Couleur lacks, just as God is all that *man is not*, *Criticism* bears witness to itself that:

“It has achieved a clarity, a thirst for learning, a tranquillity in which it is *unassailable* and *invincible*.”

Hence it can “at the most treat” its opponent, the Berlin Couleur, “with *Olympic laughter*”. This *laughter* — it explains with its customary thoroughness what it is and what it is not— “this laughter is not arrogance”. By no means! It is the negation of the negation. It is “*only the process* that *the Critic must apply* in all ease and equanimity against a *subordinate standpoint* which *thinks* itself *equal* to him” (what conceit!). When *the Critic* laughs, therefore, he is *applying a process*! And “in all equanimity” he applies the *process of laughter* not against *persons*, but against a *standpoint*! Even *laughter* is a category which he applies and even *must* apply!

*Extramundane Criticism* is not an *essential activity* of the *human subject* who is *real* and therefore lives and suffers in *present-day* society, sharing in its pains and pleasures. The *real* individual is only an *accidental feature*, an earthly vessel of *Critical Criticism*, which reveals itself in it as *eternal Substance*. The subject is not the human individual’s criticism, but the *non-human individual of Criticism*. Criticism is not a *manifestation of man*, but man is an *alienation of Criticism*, and that is why the Critic lives completely outside society.

“Can the Critic live in the society which he criticises?”

It should be asked instead: Must he not live in that society? Must he not himself be a manifestation of the life of that society? Why does the Critic *sell* the products of his mind, for thereby he makes the worst law of present-day society his own law?

“*The Critic* must not even dare to mix *personally* with society.”

That is why he creates for himself a *Holy Family*, just as the solitary God endeavours in the Holy Family to end his tedious isolation from society. If the Critic *wants to free himself* from *bad society* he must first of all free himself from *his own society*.

“Thus the Critic dispenses with *all the pleasures of society*, but *its sufferings*, too, stay remote from him. He knows neither friendship” (except that of *Critical friends*) “nor love” (except *self-love*) “but on the other hand calumny is powerless against him; nothing can offend him; no hatred, no envy can affect him; vexation and grief are *feelings unknown* to him.”

In short, the Critic is free from all *human passions*, he is a *divine person*; he can apply to himself the song of the nun.

*I think not of a lover,  
I think not of a spouse.  
I think of God the Father  
For he my life endows.*

Criticism cannot write a single passage without contradicting itself. Thus it tells us finally:

“The Philistinism that stones the Critic” (he has to be stoned by analogy with the Bible), “that misjudges him and ascribes *impure* motives to him” (ascribes *impure* motives to *pure* Criticism!) “in order to make *him equal to itself*” (the conceit of equality reproved above!), “is *not laughed at* by him, because it is not worth it, but is seen through and calmly reiezzated to its own insignificant significance.”

Earlier the Critic *had to* apply the *process of laughter* to the “subordinate standpoint that thought itself equal to him”. Critical Criticism’s unclarity about its mode of procedure with the godless “Mass” seems almost to indicate an interior irritation, a sort of bile to which “feelings” are not “unknown”.

However, there should be no misunderstanding. Having waged a Herculean struggle *to free* itself from the uncritical “profane Mass” and “everything”, Critical Criticism has at last succeeded in achieving its *solitary, god-like, self-sufficient, absolute* existence. If in its first pronouncement in this, its “new phase”, the old world of *sinful feelings* seems still to have some power over it, we shall now see Criticism find aesthetic relaxation and *transfiguration* in an “*artistic form*” and complete its *penance* so it can finally as a second triumphant *Christ* accomplish the *Critical last judgment* and after its victory over the dragon ascend calmly to heaven.

## Chapter VIII. The Earthly Course and Transfiguration Of “Critical Criticism”, Or “Critical Criticism” As Rudolph, Prince of Geroldstein

*Rudolph*, Prince of Geroldstein, *does penance* in his *earthly course* for a *double crime*: his *personal crime* and that of *Critical Criticism*. In a furious dialogue he drew his sword against his father; *Critical Criticism*, also in a furious dialogue, let itself be carried away by sinful feelings against the Mass. *Critical Criticism* did not reveal a *single* mystery. *Rudolph* does penance for that and reveals *all* mysteries.

*Rudolph*, Herr Szeliga informs us, is the *first* servant of the *state* of humanity (the *Humanitätsstaat* of the Swabian *Egidius*. See *Konstitutionelle Jahrbücher* by Dr. Karl Weil, 1844, Bd. 266).

For *the world not to be destroyed*, Herr Szeliga asserts, it is necessary that

“Men of ruthless criticism appear.... *Rudolph* is *such* a man.... *Rudolph* grasps the thought of *pure criticism*. And that thought is more fruitful for him and mankind than *all* the experiences of the latter in its *history*, than *all* the knowledge that *Rudolph*, guided even by the most reliable teacher, was able to derive from that history.... The impartial judgment by which *Rudolph* perpetuates his *earthly course* is, *in fact*, nothing but

*the revelation of the mysteries of society.*”

He is: “*the revealed mystery of all mysteries.*”

*Rudolph* has far more external means at his disposal than the other men of *Critical Criticism*. But the latter consoles itself:

“Unattainable for those less favoured by destiny are *Rudolph’s results*” (!), “not unattainable is the splendid goal

That is why *Criticism* leaves the *realisation* of its own *thoughts* to *Rudolph*, who is so favoured by destiny. It sings to him:

*Hahnemann*, go on ahead.

You’ve waders on, you won’t get wet!

Let us accompany Rudolph in his Critical earthly course, which “is *more fruitful for mankind* than *all the experiences* of the latter in its history, than *all the knowledge*” etc., and which twice saves the world from *destruction*.

### 1) Critical Transformation of a Butcher into a Dog, Or Chourineur

*Chourineur* was a butcher by trade. Owing to a concurrence of circumstances, this mighty son of nature becomes a murderer. Rudolph comes across him accidentally just when he is molesting Fleur de Marie. Rudolph gives the dexterous brawler a few impressive, masterly punches on the head, and thus wins his respect. Later, in the tavern frequented by criminals, Chourineur’s kind-hearted disposition is revealed. “You still have heart and honour,” Rudolph says to him. By these words he instils in Chourineur respect for himself. Chourineur is reformed or, as Herr Szeliga says, is transformed into a “*moral being*”. Rudolph takes him under his protection. Let us follow the course of Chourineur’s education under the guidance of Rudolph.

*Ist Stage.* The first lesson Chourineur receives is a lesson in hypocrisy, faithlessness, craft and *dissimulation*. Rudolph uses the reformed Chourineur in exactly the same way as *Vidocq* used the criminals he had reformed, i.e., he makes him a *mouchard* and *agent provocateur*. He advises him to “*pretend*” to the “*maître d’école*” that he has altered his “*principle of not stealing*” and to suggest a robbery so as to lure him into a trap set by Rudolph. Chourineur feels that he is being made a fool of. He protests against the suggestion of playing the role of *mouchard* and *agent provocateur*. Rudolph easily convinces the son of nature by the “*pure*” *casuistry* of Critical Criticism that a foul trick is not foul when it is done for “*good, moral*” reasons. Chourineur, as an *agent provocateur* and under the pretence of friendship and confidence, lures his former companion to destruction. For the first time in his life he commits an act of *infamy*.

*2nd Stage.* We next find Chourineur acting as *garde-malade* to Rudolph, whom he has saved from mortal danger.

Chourineur has become such a *respectable moral* being that he rejects the Negro doctor David’s suggestion to sit on the floor, for fear of dirtying the carpet. He is indeed too *shy* to sit on a chair. He first lays the chair on its back and then sits on the front legs. He never fails to apologise when he

addresses Rudolph, whom he saved from a mortal danger, as “friend” or “*Monsieur*” instead of “*Monseigneur*”.

What a wonderful training of the ruthless son of nature! Chourineur expresses the innermost secret of his Critical transformation when he admits to Rudolph that he has the same attachment for him as a *bulldog* for its master: “Je me sens pour vous, comme qui dirait *l’attachement* d’un *bouledogue* pour son maître.” The former butcher is transformed into a dog. Henceforth all his virtues will be reduced to the virtue of a dog, pure “*dévouement*” to its master. His independence, his individuality will disappear completely. But just as bad painters have to label their pictures to say what they are supposed to represent, Eugène Sue has to put a label on “*bulldog*” Chourineur, who constantly affirms: “The two words, ‘You still have heart and honour’, made a man out of me.” Until his very last breath, Chourineur will find the motive for his actions, not in his human individuality, but in that label. As proof of his moral reformation he will often reflect on his own excellence and the wickedness of other individuals. And every time he throws out moral sentences, Rudolph will say to him: “I like to hear you *speak* like that.” Chourineur has not become an ordinary *bulldog* but a *moral one*.

*3rd Stage.* We have already admired the *petty-bourgeois respectability* which has taken the place of Chourineur’s coarse but *daring* unceremoniousness. We now learn that, as befits a “*moral being*”, he has also adopted the gait and demeanour of the *petty bourgeois*.

“*A le voir marcher — on l’eût pris pour le bourgeois le plus inoffensif du monde.*”

Still sadder than this form is the content that Rudolph gives his Critically reformed life. He sends him to Africa “to serve as a living and salutary example of repentance to the world of unbelievers”. In future, he will have to represent, not his own human nature, but a Christian dogma.

*4th Stage.* The Critically moral transformation has made Chourineur a quiet, cautious man who behaves according to the rules of fear and worldly wisdom.

“Le Chourineur”, reports Murph, who in his indiscreet simplicity continually tells tales out of school “n’a pas dit un mot de l’exécution du

maître d'école, de *peur* de se trouver compromise”

So Chourineur knows that the punishment of the maître *d'école* was an illegal act. But he does not talk about it for fear of compromising himself. *Wise Chourineur!*

*5th Stage.* Chourineur has carried his moral education to such perfection that he gives his *dog-like* attitude to Rudolph a civilised form—he becomes conscious of it. After saving *Germain* from a mortal danger he says to him:

“I have a protector who is to me what *God* is to *priests* — he is such as to make one kneel before him.”

And in imagination he kneels before his God.

“Monsieur Rudolph,” he says to Germain, “protects you. I say ‘*Monsieur*’ though I should say ‘*Monseigneur*’. But I am used to calling him ‘*Monsieur Rudolph*’, and he allows me to.”

“Magnificent awakening and flowering!” exclaims Szeliga in Critical delight.

*6th Stage.* Chourineur worthily ends his career of pure *dévouement*, or moral bulldogishness, by finally letting himself be stabbed to death for his gracious lord. At the moment when Squelette threatens the prince with his knife, Chourineur stays the murderer’s arm. Squelette stabs him. But, dying, Chourineur says to Rudolph:

“I was right when I said that a *lump of earth*” (a bulldog) “like me can sometimes be useful to a *great and gracious master* like you.”

To this dog-like utterance, which sums up the whole of Chourineur’s Critical life like an epigram, the label put in his mouth adds:

“We are quits, Monsieur Rudolph. You told me that I had heart and honour.”

Herr Szeliga cries as loud as he can:

“What a merit it was for ‘Rudolph to have restored the *Schuriman* (?)’  
“to *mankind* (!)”

## 2) Revelation of The Mystery of Critical Religion, Or Fleur De Marie

### a) The Speculative “Marguerite”

A word more about Herr Szeliga’s speculative “Marguerite” before we go on to Eugène Sue’s Fleur de Marie.

The speculative “Marguerite” is above all a *correction*. The fact is that the reader could conclude from Herr Szeliga’s construction that Eugène Sue had

“separated the presentation of the objective basis” (of the “world system”) “from the development of the acting individual forces which can be understood only against that background”.

Besides the task of correcting this erroneous conjecture that the reader may have made from Herr Szeliga’s presentation, Marguerite has also a metaphysical mission in our, or rather Herr Szeliga’s, “epic”.

“The *world system* and an epic event *would still not* be artistically united in a really *single* whole if they were only interspersed in a motley mixture — now here a bit of world system and then there some stage play. If *real unity* is to result, both things, the mysteries of this prejudiced *world* and the clarity, frankness and confidence with which *Rudolph* penetrates and reveals them, must clash in a *single* individual ... This is the task of Marguerite.”

Herr Szeliga speculatively constructs Marguerite by analogy with *Bauer’s* construction of the *Mother of God*.

On one side is the “*divine element*” (*Rudolph*) to which “all power and freedom” are attributed, the only *active* principle. On the other side is the passive “*world system*” and the human beings belonging to it. The world system is the “ground of reality”. If this ground is not to be “entirely abandoned” or “the last remnant of the natural condition is not to be abolished”; if the world itself is to have some share in the “principle of development” that *Rudolph*, in contrast to the world, concentrates in himself; if “the human element is not to be represented simply as unfree and inactive”, Herr Szeliga is bound to fall into the “contradiction of religious consciousness”. Although he tears apart the world system and its activity as the dualism of a dead Mass and Criticism (*Rudolph*), he is nevertheless obliged to concede some attributes of divinity to the world system and the mass and to give in Marguerite a speculative construction of the unity of the two, *Rudolph* and the world (see *Kritik der Synoptiker*, Band 1, ).

Besides the real relations of the *house-owner*, the acting “individual force”, to his *house* (the “objective basis”), mystical speculation, and speculative aesthetics too, need a third *concrete, speculative unity*, a *Subject-Object* which is the house and the house-owner in *one*. As speculation does not like natural mediations in their extensive

circumstantiality, it does not realise that the same “bit of world system”, the house, for example, which for one, the house-owner, for example, is an “objective basis”, is for the other, the builder of the house, an “epic event”. In order to get a “really single whole” and “real unity” Critical Criticism, which reproaches “romantic art” with the “dogma of unity”, replaces the natural and human connection between the world system and world events by a fantastic connection, a mystical Subject-Object, just as *Hegel* replaces the real connection between man and nature by an absolute Subject-Object which is at one and the same time the whole of nature and the whole of humanity, the *Absolute Spirit*.

In the Critical Marguerite “the universal guilt of the time, the guilt of mystery”, becomes the “*mystery of guilt*”, just as the universal debt of mystery becomes *the mystery of debts* in the indebted *Epicier* .

According to the Mother-of-God construction, Marguerite should really have been the *mother of Rudolph*, the redeemer of the world. Herr Szeliga expressly says:

“According to the *logical sequence*, Rudolph should have been the *son* of Marguerite.”

Since, however, he is not her son, but her father, Herr Szeliga finds in this “the new mystery that the present often bears in its womb the long departed past instead of the future”. He even reveals another mystery, a still greater one, a mystery which directly contradicts mass-type statistics, the mystery that

“a child, if it does not, in its turn, become a father or mother, but goes to its grave pure and innocent, is ... *essentially ... a daughter*”.

Herr Szeliga faithfully follows Hegel’s speculation when, according to the “*logical sequence*”, he regards the daughter as the mother of her father. In Hegel’s philosophy of history, as in his philosophy of nature, the son engenders the mother, the spirit nature, the Christian religion paganism, the result the beginning.

After proving that according to the “*logical sequence*” Marguerite ought to have been Rudolph’s mother, Herr Szeliga proves the opposite:

“in order to conform fully to the *idea* she embodies in *our* epic, she must *never become a mother*”.

This shows at least that the idea of our epic and Herr Szeliga’s logical sequence are mutually contradictory.

The speculative Marguerite is nothing but the “*embodiment of an idea*”. But what idea?

“She has the task of representing, *as it were*, the last tear of grief that the past sheds prior to its final passing away.”

She is the representation of an allegorical tear, and even this little that she is, is only “*as it were*”.

We shall not follow Herr Szeliga in his further description of Marguerite. We shall leave her the satisfaction, according to Herr Szeliga’s prescription, of “constituting *the most decisive* antithesis to *everyone*”, a mysterious antithesis, as mysterious as the attributes of God.

Neither shall we delve into the “*true mystery*” that is “deposited *by God* in the breast of man” and at which the speculative Marguerite “as it were” hints. We shall pass from Herr Szeliga’s Marguerite to Eugène Sue’s Fleur de Marie and to the Critical miraculous cures Rudolph accomplishes on her.

#### b) Fleur de Marie

We meet Marie surrounded by criminals, as a prostitute in bondage to the proprietress of the criminals’ tavern. In this debasement she preserves a human nobleness of soul, a human unaffectedness and a human beauty that impress those around her, raise her to the level of a poetical flower of the criminal world and win for her the name of Fleur de Marie.

We must observe Fleur de Marie attentively from her first appearance in order to be able to compare her *original form* with her *Critical transformation*.

In spite of her frailty, Fleur de Marie at once gives proof of vitality, energy, cheerfulness, resilience of character — qualities which alone explain her human development in her *inhuman* situation.

When Chourineur ill-treats her, she defends herself with her scissors. That is the situation in which we first find her. She does not appear as a defenceless lamb who surrenders without any resistance to overwhelming brutality; she is a girl who can vindicate her rights and put up a fight.

In the criminals’ tavern in the Rue aux Fèves she tells Chourineur and Rudolph the story of her life. As she does so she *laughs* at Chourineur’s wit. She blames herself because on being released from prison she spent the 300 francs she had earned there on amusements instead of looking for work. “But,” she said, “I had no one to advise me.” The memory of the

catastrophe of her life — her selling herself to the proprietress of the criminals' tavern — puts her in a melancholy mood. It is the first time since her childhood that she has recalled these events.

“Le fait est, que ça me chagrine de regarder ainsi derrière moi ... a doit être bien bon d'être honnête.”

When Chourineur makes fun of her and tells her she must become honest, she exclaims:

“Honnête, mon dieu! et avec quoi donc veux-tu que je sois honnête?”

She insists that she is not one “to have fits of tears”: “*Je ne suis pas pleurnicheuse*” ; but her position in life is sad—“*Ça nest pas gai.*” Finally, contrary to Christian *repentance*, she pronounces on the past the human sentence, at once *Stoic* and Epicurean, of a free and strong nature:

Enfin ce qui est fait, est fait.”

Let us accompany Fleur de Marie on her first outing with Rudolph.

“The consciousness of your terrible situation has probably often distressed you,” Rudolph says, itching to moralise.

“Yes,” she replies, “more than once I looked over the embankment of the Seine; but then I would gaze at the flowers and the sun and say to myself: the river will always be there and I am not yet seventeen years old. Who can say? “*On such occasions it seemed to me that I had not deserved my fate, that I had something good in me. People have tormented me enough, I used to say to myself, but at least I have never done any harm to anyone.*”

Fleur de Marie considers her situation not as one she has freely created, not as the expression of her own personality, but as a fate she has not deserved. Her bad fortune can change. She is still young.

*Good* and *evil*, as Marie conceives them, are not the *moral abstractions* of good and evil. She is *good* because she has never caused *suffering* to anyone, she has always been *human* towards her inhuman surroundings. She is *good* because the sun and the flowers reveal to her her own sunny

and blossoming nature. She is good because she is still *young*, full of hope and vitality. Her situation is *not good*, because it puts an unnatural constraint on her, because it is not the expression of her human impulses, not the fulfilment of her human desires; because it is full of torment and without joy. She measures her situation in life by ‘ her own *individuality*, her *essential nature*, not by *the ideal of what is good*.

In *natural* surroundings, where the chains of bourgeois life fall away and she can freely manifest her own nature, Fleur de Marie bubbles over with love of life, with a wealth of feeling, with human joy at the beauty of nature; these show that her social position has only grazed the surface of her and is a mere misfortune, that she herself is neither good nor bad, but *human*.

“*Monsieur Rudolph, what happiness! ... grass, fields! If you would allow me to get out, the weather is so fine ... I should love so much to run about in these meadows.*”

Alighting from the carriage, she plucks flowers for Rudolph, can hardly speak for joy”, etc., etc.

Rudolph tells her that he is going to take her to *Madame George’s farm*. There she can see dove-cotes, cow-stalls and so forth; there they have milk, butter, fruit, etc. Those are real *blessings* for this child. She will be merry, that is her main thought. “*You can’t believe how I am longing for some fun!*” She explains to Rudolph in the most unaffected way her own share of responsibility for her misfortune. “*My whole fate is due to the fact that I did not save up my money.*” She therefore advises him to be thrifty and to put money in the savings-bank. Her fancy runs wild in the castles in the air that Rudolph builds for her. She becomes sad only because she

“has forgotten the present” and “the contrast of that present with the dream of a joyous and laughing existence reminds her of the cruelty of her situation”.

So far we have seen Fleur de Marie in her original un-Critical form. Eugène Sue has risen above the horizon of his narrow world outlook. He has slapped bourgeois prejudice in the face. He will hand over Fleur de Marie to the hero Rudolph to atone for his temerity and to reap applause from all old men and women, from the whole of the Paris police, from the current religion and from “Critical Criticism”.

Madame George, to whom Rudolph entrusts Fleur de Marie, is an unhappy, hypochondriacal religious woman. She immediately welcomes the

child with the unctuous words: “*God* blesses those who love and fear him, who have been unhappy and who *repent*.” Rudolph, the man of “pure Criticism”, has the wretched priest *Laporte*, whose hair has greyed in superstition, called in. He has the mission of accomplishing Fleur de Marie’s Critical reform.

Joyfully and unaffectedly Marie approaches the old priest. In his Christian brutality, *Eugène Sue* makes a “marvellous instinct” at once whisper in her ear that “*shame* ends where *repentance* and *penance* begin”, that is, in the church, which alone saves. He forgets the unconstrained merriness of the outing, a merriness which nature’s grace and Rudolph’s friendly sympathy had produced, and which was troubled only by the thought of having to go back to the criminals’ landlady.

The priest *Laporte* immediately adopts a *supermundane* attitude. His first words are:

“*God’s* mercy is infinite, my dear child! He has proved it to you by not abandoning you in your severe trials.... The magnanimous man who saved you fulfilled the *word of the Scriptures*” (note — the word of the Scriptures, not a human purpose!): “Verily the Lord is nigh to those who invoke him; he will fulfil their desires ... he will hear their voice and will save them ... the Lord will accomplish *his* work.”

Marie cannot yet understand the evil meaning of the priest’s exhortations. She answers:

“I shall pray for those who pitied me and brought me back to God.”

Her first thought is *not* for God, it is for her *human* saviour and she wants to pray for *him*, not for her *own* absolution. She attributes to her prayer some influence on the salvation of others. Indeed, she is still so naive that she supposes she has *already been brought back* to God. The priest feels it is his duty to destroy this unorthodox illusion.

“Soon,” he says, interrupting her, “soon you will deserve absolution, absolution from your great errors ... for, to quote the prophet once more, the Lord holdeth up those who are on the brink of falling.”

One should not fail to see the inhuman expressions the priest uses. Soon you will deserve absolution. Your sins are *not yet forgiven*.

As *Laporte*, when he receives the girl, bestows on her the *consciousness of her sins*, so Rudolph, when he leaves her, presents her with a gold *cross*, the symbol of the *Christian crucifixion* awaiting her.

Marie has already been living for some time on Madame George's farm. Let us first listen to a dialogue between the old priest Laporte and Madame George.

He considers "marriage" out of the question for Marie "because no man, in spite of the priest's guarantee, will have the courage to face the past that has soiled her youth". He adds: "she has great errors to atone for, her moral sense ought to have kept her upright."

He proves, as the commonest of bourgeois would, that she could have remained good: "There are many virtuous people in Paris today." The hypocritical priest knows quite well that at any hour of the day, in the busiest streets, those virtuous people of Paris pass indifferently by little girls of seven or eight years who sell *allumettes*, and the like until about midnight as Marie herself used to do and who, almost without exception, will have the same fate as Marie.

The priest has made up his mind concerning Marie's *penance*; in his own mind he has already *condemned* her. Let us follow Marie when she is accompanying Laporte home in the evening.

"See, my child," he begins with unctuous eloquence, "the boundless horizon the limits of which are no longer visible" (for it is evening), "it seems to me that the calm and the vastness almost give us an idea of eternity.... I am telling you this, Marie, because you are sensitive to the beauties of creation.... I have often been moved by the religious admiration which they inspire in you-you who for so long were deprived of religious feeling."

The priest has already succeeded in changing Marie's immediate naive pleasure in the beauties of nature into a *religious* admiration. For her, *nature* has already become devout, *Christianised* nature, debased to *creation*. The transparent sea of space is desecrated and turned into the dark symbol of stagnant *eternity*. She has already learnt that all human manifestations of her being were "*profane*", devoid of religion, of real consecration, that they were impious and godless. The priest must soil her in her own eyes, he must trample underfoot her natural, spiritual resources and means of grace, in order to make her receptive to the supernatural means of grace he promises her, *baptism*.

When Marie wants to make a confession to him and asks him to be lenient he answers:

"The *Lord* has shown you that he is merciful."

In the clemency which she is shown Marie must not see a natural, self-evident attitude of a related human being to her, another human being. She must see in it an extravagant, supernatural, superhuman mercy and condescension; in *human leniency* she must see *divine mercy*. She must transcendentalise all human and natural relationships by making them *relationships to God*. The way Fleur de Marie in her answer accepts the priest's chatter about divine mercy shows how far she has already been spoiled by religious doctrine.

As soon as she entered upon her improved situation, she said, she had felt only her *new happiness*.

“Every instant I thought of Monsieur Rudolph. I often raised my eyes to heaven, to look there, not for God, but for Monsieur Rudolph, and to thank him. Yes, *I confess*, Father, I *thought more* of him than of God; for *he* did for me what God alone could have done.... I was *happy*, as happy as someone who has escaped a great danger for ever.”

Fleur de Marie already finds it wrong that she took a new happy situation in life simply for what it *really* was, that she felt it as a new happiness, that her attitude to it was a natural, not a supernatural one. She accuses herself of seeing in the man who rescued her what he *really* was, her rescuer, instead of supposing some imaginary saviour, *God*, in his place. She is already caught in religious hypocrisy, which takes away from *another* man what he has deserved in respect of me in order to give it to God, and which in general regards everything human in man as alien to him and everything inhuman in him as *really* belonging to him.

Marie tells us that the *religious transformation* of her thoughts, her sentiments, her attitude to life was effected by Madame George and Laporte.

“When Rudolph took me away from the *Cité*, I already had a vague consciousness of my degradation. But the education, the advice and examples I got from you and Madame George made me understand ... that I had been more guilty than unfortunate.... You and Madame George made me *realise the infinite depth of my damnation*.”

That is to say she owes to the priest Laporte and Madame George the replacement of the human and therefore bearable consciousness of her degradation by the Christian and hence unbearable consciousness of eternal damnation. The priest and the bigot have taught her to judge herself from the *Christian point of view*.

Marie feels the depth of the spiritual misfortune into which she has been cast. She says:

“Since the consciousness of good and evil had to be so frightful for me, why was I not left to my wretched lot?... Had I not been snatched away from infamy, misery and blows would soon have killed me. At least I should have died in ignorance of a purity that I shall always wish for in vain.”

The heartless priest replies:

“Even the most noble nature, were it to be plunged only for a day in the filth from which you have been saved, would be *indelibly branded*. That is the *immutability of divine justice!*”

Deeply wounded by this *priestly curse* uttered in such honeyed tones, Fleur de Marie exclaims:

“You see therefore, I must despair!”

The grey-headed slave of religion answers:

“You must renounce hope of effacing this desolate page from your life, but you must trust in the *infinite mercy of God*. Here *below*, my poor child, you will have tears, remorse and penance, but one day *up above*, forgiveness and *eternal bliss!*”

Marie is not yet stupid enough to be satisfied with eternal bliss and forgiveness up above.

“Pity, pity, my God!” she cries. “I am so young.... *Malheur à moi!*”

Then the hypocritical sophistry of the priest reaches its peak:

“On the contrary, happiness for you, Marie; happiness for you to whom the Lord sends this bitter but saving remorse! It shows the religious susceptibility of your soul.... Each of your sufferings is counted up above. Believe me, God left you awhile on the path of evil only to reserve for you the *glory of repentance* and the eternal reward due to *atonement*.”

From this moment Marie is *enslaved by the consciousness of sin*. In her former most unhappy situation in life she was able to develop a lovable, human individuality; in her outward debasement she was conscious that *her human essence was her true essence*. Now the filth of modern society, which has touched her externally, becomes her innermost being, and continual hypochondriacal self-torture because of that filth becomes her duty, the task of her life appointed by God himself, the self-purpose of her existence. Formerly she said of herself “*Je ne suis pas pleurnicheuse*” and

knew that “*ce qui est fait, est fait*”. Now self-torment will be her good and remorse will be her *glory*.

It turns out later that Fleur de Marie is Rudolph’s daughter. We come across her again as Princess of Geroldstein. We overhear a conversation she has with her father:

“*In vain I pray to God to deliver me from these obsessions, to fill my heart solely with his pious love and his holy hopes; in a word, to take me entirely, because I wish to give myself entirely to him ... he does not grant my wishes, doubtless because my earthly preoccupations make me unworthy of communion with him.*”

When man has realised that his transgressions are *infinite* crimes against God he can be sure of *salvation* and *mercy* only if he gives himself *wholly* to God and becomes *wholly* dead to the world and worldly concerns. When Fleur de Marie realises that her delivery from her inhuman situation in life was a miracle of *God* she *herself* has to become a *saint* in order to be worthy of such a *miracle*. Her human love must be transformed into religious love, the striving for happiness into striving for eternal bliss, worldly satisfaction into holy hope, communion with people into communion with God. God must take her entirely. She herself reveals to us why he does not take her entirely. She has not yet *given* herself entirely to him, her heart is still preoccupied and engaged with earthly affairs. This is the last flickering of her strong nature. She gives herself entirely up to God by becoming wholly dead to the world and entering a *convent*.

A monastery is no place for him  
Who has no stock of sins laid in,  
So numerous and great  
That be it early, be it late  
He may not miss the sweet delight  
Of penance for a heart contrite.

In the convent Fleur de Marie is promoted to *abbess* through the intrigues of Rudolph. At first she refuses to accept this appointment because she feels unworthy. The old abbess persuades her:

“*I shall say more, my dear daughter: if before entering the fold your life had been as full of error as, on the contrary, it was pure and praiseworthy*

... *the evangelical virtues of which you have given an example since you have been here would have atoned for and redeemed your past in the eyes of the Lord, no matter how sinful it was.*"

From what the abbess says, we see that Fleur de Marie's earthly virtues have changed into evangelical virtues, or rather that her real virtues can no longer appear otherwise than as evangelical caricatures.

Marie answers the abbess:

*"Holy Mother, I now believe that I can accept."*

Convent life does not suit Marie's individuality — she dies. Christianity consoles her only in imagination, or rather her Christian consolation is precisely the annihilation of her real life and essence — her death.

So Rudolph first changed Fleur de Marie into a repentant sinner, then the repentant sinner into a nun and finally the nun into a corpse. At her funeral not only the Catholic priest, but also the Critical priest Szeliga preaches a sermon over her grave.

Her "*innocent*" existence he calls her "*transient*" existence, opposing it to "eternal and unforgettable guilt". He praises the fact that her "*last breath*" was a "prayer for forgiveness and pardon". But just as the Protestant Minister, after expounding the necessity of the Lord's mercy, the participation of the deceased in universal original sin and the intensity of his consciousness of sin, must praise the virtues of the departed in *earthly* terms, so, too, Herr Szeliga uses the expression:

*"And yet personally, she has nothing to ask forgiveness for."*

Finally he throws on Marie's grave the most faded flower of pulpit eloquence:

*"Inwardly pure as human beings seldom are, she has closed her eyes to this world."*

Amen!

### 3) Revelation of the Mysteries of Law

a) The *maître d'école*, or the New Penal Theory.

The Mystery of Solitary Confinement Revealed.

Medical Mysteries

The *maître d'école* is a criminal of Herculean strength and great intellectual vigour. He was brought up an educated and well-schooled man. This passionate athlete comes into conflict with the laws and customs of bourgeois society, whose universal yardstick is mediocrity, delicate morals and quiet trade. He becomes a murderer and abandons himself to all the excesses of a violent temperament that can nowhere find a fitting human occupation.

Rudolph captures this criminal. He wants to reform him critically and set him up as an example for the world of law. He quarrels with the world of law not over “*punishment*” itself, but over *kinds and methods* of punishment. He invents, as the Negro doctor David aptly expresses it, a penal theory which would be worthy of the “*greatest German criminal expert*”, and which has since had the good fortune to be defended by a German criminal expert with German earnestness and German thoroughness. Rudolph has not the slightest idea that one can rise *above* criminal experts: his ambition is to be “the greatest criminal expert”, *primus inter pares*. He has the *maître d'école* blinded by the Negro doctor David.

At first Rudolph repeats all the trivial objections to capital punishment: that it has no effect on the criminal and no effect on the people, for whom it seems to be an entertaining spectacle.

Further Rudolph establishes a difference between the *maître d'école* and the *soul* of the *maître d'école*. It is not the man, not the *real maître d'école* whom he wishes to save; he wants the *spiritual salvation* of his soul.

“The salvation of a soul,” he teaches, “is something holy.... Every crime can be *atoned for* and redeemed, the Saviour said, but only if the criminal earnestly desires to repent and *atone*. The transition from the court to the scaffold is too short.... You” (the *maître d'école*) “have criminally misused your *strength*. I shall *paralyse* your strength ... you will tremble before the weakest, your punishment will be equal to your crime ... but this terrible punishment will at least leave you the boundless horizon of *atonement*.... I shall cut you off only from the outer world in order to plunge you into impenetrable night and leave you *alone* with the memory of your ignominious deeds.... You will be forced to look into yourself ... your intelligence, which you have degraded, will be roused and will lead you to atonement.”

Since Rudolph regards the *soul* as *holy* and man's *body* as *profane*, since he thus considers only the soul to be the true essence, because — according

to Herr Szeliga's Critical description of humanity — it belongs to heaven, the body and the strength of the *maître d'école* do not belong to humanity, the manifestation of their essence cannot be given human form or claimed for humanity and cannot be treated as essentially human. The *maître d'école* has misused his strength; Rudolph paralyses, lames, destroys that strength. There is no more *Critical* means of getting rid of the perverse manifestations of a human essential strength than the destruction of this essential strength. This is the Christian means — plucking out the eye if it offends or cutting off the hand if it offends, in a word, killing the body if the body gives offence; for the eye, the hand, the body are really only superfluous sinful appendages of man. Human nature must be killed in order to heal its ailments. Mass-type jurisprudence, too, in agreement here with the Critical, sees in the *laming* and paralysing of human strength the antidote to the objectionable manifestations of that strength.

What Rudolph, the man of pure Criticism, objects to in profane criminal justice is the too swift transition from the court to the scaffold. He, on the other hand, wants to link *vengeance* on the criminal with *penance* and *consciousness of sin* in the criminal, corporal punishment with spiritual punishment, sensuous torture with the non-sensuous torture of remorse. Profane punishment must at the same time be a means of Christian moral education,

This penal theory, which links *jurisprudence* with *theology*, this “revealed mystery of the mystery”, is no other than the penal theory of the *Catholic Church*, as already expounded at length by *Bentham* in his work *Punishments and Rewards*. In that book Bentham also proved the moral futility of the punishments of today. He calls legal penalties “*legal parodies*”.

The punishment that Rudolph imposed on the *maître d'école* is the same as that which *Origen* imposed on himself. He *emasculates* him, robs him of a *productive organ*, the eye. “The eye is the light of the body.” It does great credit to Rudolph's religious instinct that he should hit, of all things, upon the idea of *blinding*. This punishment was current in the thoroughly Christian empire of Byzantium and came to full flower in the vigorous youthful period of the Christian-Germanic states of England and France. Cutting man off from the perceptible outer world, throwing him back into his abstract inner nature in order to correct him — blinding — is a necessary consequence of the Christian doctrine according to which the

consummation of this cutting off, the pure isolation of man in his spiritualistic “ego”, is *good itself*. If Rudolph does not shut the *maître d'école* up in a real monastery, as was the case in Byzantium and in Franconia, he at least shuts him up in an ideal monastery, in the cloister of an impenetrable night which the light of the outer world cannot pierce, the cloister of an idle conscience and consciousness of sin filled with nothing but the phantoms of memory.

A certain speculative bashfulness prevents Herr Szeliga from discussing openly the penal theory of his hero Rudolph that worldly punishment must be linked with Christian repentance and atonement. Instead he imputes to him — naturally as a mystery which is only just being revealed to the world — the theory that punishment must make the criminal the “judge” of his “own” crime.

The mystery of this revealed mystery is *Hegel's* penal theory. According to Hegel, the criminal in his punishment passes sentence on himself. *Gans* developed this theory at greater length. In Hegel this is the *speculative disguise* of the old *jus talionis*, which Kant expounded as the *only juridical* penal theory. For Hegel, self-judgment of the criminal remains a mere “*Idea*”, a mere speculative interpretation of the *current empirical punishments* for criminals. He thus leaves the mode of application to the respective stage of development of the state, i.e., he leaves punishment as it is. Precisely in that he shows himself more critical than his Critical echo. A *penal* theory which at the same time sees in the criminal the man can do so only in *abstraction*, in imagination, precisely because *punishment, coercion*, is contrary to *human* conduct. Moreover, this would be impossible to carry out. Purely subjective arbitrariness would take the place of the abstract law because it would always depend on the official, “honourable and decent” men to adapt the penalty to the individuality of the criminal. Plato long ago realised that the *law* must be one-sided and *take no account* of the individual. On the other hand, under *human* conditions punishment will *really* be nothing but the sentence passed by the culprit on himself. No one will want to convince him that *violence* from *without*, done to him by others, is violence which he had done to himself. On the contrary, he will see in *other* men his natural saviours from the punishment which he has imposed on himself; in other words, the relation will be reversed.

Rudolph expresses his innermost thought — the purpose of blinding the *maître d'école* — when he says to him:

*“Chacune de tu paroles sera une prière.”*

He wants to teach him to *pray*. He wants to convert the Herculean robber into a *monk* whose only work is prayer. Compared with this Christian cruelty, how humane is the ordinary penal theory that just chops a man’s head off when it wants to destroy him. Finally, it goes without saying that whenever real mass-type legislation was seriously concerned with improving the criminal it acted incomparably more sensibly and humanely than the German Harun al-Rashid. The four Dutch agricultural colonies and the Ostwald penal colony in Alsace are truly human attempts in comparison with the blinding of the *maître d’école* just as Rudolph kills Fleur de Marie by handing her over to the priest and consciousness of sin, just as he kills Chourineur by robbing him of his human independence and degrading him into a bulldog, so he kills the *maître d’école* by having his eyes gouged out in order that he can learn to “*pray*”.

This is, of course, the way in which all reality emerges “*simply*” out of “*pure Criticism*”, namely, as a distortion and *senseless abstraction* of reality.

Immediately after the blinding of the *maître d’école* Herr Szeliga causes a *moral miracle* to take place.

“The terrible *maître d’école*,” he reports, “*suddenly* recognises the power of honesty and decency and says to Schurimann: ‘*Yes, I can trust you, you have never stolen anything.*’”

Unfortunately Eugène Sue recorded a statement of the *maître d’école* about Chourineur which contains the same recognition and cannot be the effect of his having been blinded, since it was made earlier. In talking to Rudolph alone, the *maître d’école* said about Chourineur:

“Besides, he is not capable of betraying a friend. No, there’s something good in him ... he has always had strange ideas.”

This would seem to do away with Herr Szeliga’s moral miracle. Now we shall see the *real* results of Rudolph’s Critical cure.

We next meet the *maître d’école* as he is going with a woman called Chouette to Bouqueval farm to play a foul trick on Fleur de Marie. The thought that dominates him is, of course, the thought of *revenge* on Rudolph. But the only way he knows of wreaking vengeance on him is metaphysically, by thinking and hatching “*evil*” to spite him.

“*He has taken away my sight but not the thought of evil.*”

He tells Chouette why he had sent for her:

“I was bored all alone with those honest people.”

When Eugène Sue satisfies his monkish, bestial lust in the *self-humiliation* of man to the extent of making the *maître d'école* implore on his knees the old hag Chouette and the little imp Tortillard not to abandon him, the great moralist forgets that that is the height of diabolical satisfaction for Chouette. Just as Rudolph, precisely by the *violent act* of *blinding* the criminal, proved to him the power of *physical force*, which he wants to show him is insignificant, so Eugène Sue now teaches the *maître d'école* really to recognise the full power of the *senses*. He teaches him to understand that without it man is *unmanned* and becomes a helpless object of mockery for children. He convinces him that the world deserved his crimes, for he had only to lose his sight to be ill-treated by it. He robs him of his last human illusion, for so far the *maître d'école* believed in Chouette's attachment to him. He had said to Rudolph: “She would let herself be thrown into the fire for me.” Eugène Sue, on the other hand, has the satisfaction of hearing the *maître d'école* cry out in the depths of despair:

“*Mon dieu! Mon dieu! Mon dieu!*”

He has learnt to “*pray*”! In this “*appel involontaire de la commisération divine*,” Eugène Sue sees “*quelque chose de providentiel*”.

The first result of Rudolph's Criticism is this *spontaneous prayer*. It is followed immediately by an involuntary *atonement* at Bouqueval farm, where the ghosts of those whom the *maître d'école* murdered appear to him in a dream.

We shall not give a detailed description of this dream. We next find the Critically reformed *maître d'école* fettered in the cellar of the “Bras rouge”, half devoured by rats, half starving and half insane as a result of being tortured by Chouette and Tortillard, and roaring like a beast. Tortillard had delivered Chouette to him. Let us watch the treatment he inflicts on her. He *copies* the hero *Rudolph* not only outwardly, by scratching out Chouette's eyes, but *morally* too by repeating Rudolph's hypocrisy and embellishing his cruel treatment with pious phrases. As soon as the *maître d'école* has Chouette in his power he gives vent to “*une joie effrayante*”, and his voice trembles with rage.

“You realise that I do not want to get it over at once.... Torture for torture.... I must have a long talk with you before killing you.... It is going to be terrible for you. First of all, you see ... since that dream at Bouqueval farm which brought all our crimes back before me, since that dream which nearly drove me mad ... and which will drive me mad ... a strange change has come over me.... I have become horrified at my past cruelty.... At first I would not let you torture the songstress , but that was nothing.... By bringing me to this cellar and making me suffer cold and hunger.... you left me to the terror of my own thoughts.... Oh, you don’t know what it is to be alone.... isolation purified me. I should not have thought it possible ... a proof that I am perhaps less of a blackguard than before ... what an infinite joy I feel to have you in my power, you monster ... not in order to revenge myself but ... to avenge our victims.... Yes, I shall have done my duty when I have punished my accomplice with my own hand I am now horrified at my past murders, and yet ... don’t you find it strange? it is without fear and quite calmly that I am going to commit a terrible murder on you, with terrible refinements ... tell me, tell me ... do you understand that?”

In those few words the *maître d’école* goes through a whole gamut of *moral casuistry*.

His first words are a *frank* expression of his desire for vengeance. He wants to give torture for torture. He wants to murder Chouette and he wants to prolong her agony by a long sermon. And — delightful sophistry!-the speech with which he tortures her is a sermon on morals. He asserts that his dream at Bouqueval has improved him. At the same time he reveals the real effect of the dream by admitting that it almost drove him mad and that it will actually do so. He gives as a proof of his reform that he prevented Fleur de Marie from being tortured. Eugène Sue’s personages -earlier Chourineur and now the *maître d’école* — must express, as the result of their thoughts, as the conscious motive of their actions, his own intention as a writer, which causes him to make them behave in a certain way and no other. They must continually say: I have reformed myself ‘in this, in that, etc. Since their life has no real content, their words must give vigorous tones to insignificant features like the protection of Fleur de Marie.

Having reported the salutary effect of his Bouqueval dream, the *maître d’école* must explain why Eugène Sue had him locked up in a cellar. He must find the novelist’s procedure reasonable. He must say to Chouette: by

locking me up in a cellar, causing me to be gnawed by rats and to suffer hunger and thirst, you have completed my reform. Solitude has Purified me.

The beastly roar, the ‘wild fury, the terrible lust for vengeance with which the *maître d’école* welcomes Chouette are in complete contradiction to this moralising talk. They betray what kind of thoughts occupied him in his dungeon.

The *maître d’école* himself seems to realise this, but being a Critical moralist, he will know how to reconcile the contradictions.

He declares that the “infinite joy” of having Chouette in his power is precisely a sign of his reform, for his lust for vengeance is not a natural one but a *moral* one. He wants to avenge, not himself, but the common *victims* of Chouette and himself. If he murders her, he does not commit *murder*, he fulfils a *duty*. He does not *avenge* himself on her, he *punishes* his accomplice like an impartial judge. He shudders at his past murders and, nevertheless, marvelling at his own casuistry, he asks Chouette: “Don’t you find it strange? Without fear and quite calmly I am going to kill you.” On moral grounds that he does not reveal, he gloats at the same time over the picture of the murder that he is going to commit, as being *terrible murder ... murder with terrible refinements*.

It is in accord with the character of the *maître d’école* that he should murder Chouette, especially after the cruelty with which she treated him. But that he should commit murder on moral grounds, that he should give a moral interpretation to his savage pleasure in the *terrible murder* and the *terrible refinements* that he should show his remorse for the past murders precisely by committing a fresh one, that from a simple murderer he should become *a murderer in a double sense, a moral murderer* — all this is the glorious result of Rudolph’s Critical cure.

Chouette tries to get away from the *maître d’école*. He notices it and holds her fast.

“Keep still, Chouette, I must finish explaining to you how I gradually came to repentance.... This revelation will be hateful to you ... and it will also show you how pitiless I must be in the vengeance I want to wreak on you in the name of our victims.... I must hurry.... The joy of having you here in my hands makes the blood pound in my veins.... I shall have time to make the approach of your death terrifying to you by forcing you to listen to me.... I am blind ... and my thoughts take a shape, a body, such that they incessantly present to me visibly, almost palpably ... the features of my

victims.... The ideas are reflected almost materially in my brain. When repentance is linked with an atonement of terrifying severity, an atonement that changes our life into a long sleeplessness filled with hallucinations of revenge or desperate reflections ... then, perhaps, the pardon of men follows remorse and atonement.”

The *maître d'école* continues with his hypocrisy which every minute betrays itself as such. Chouette must hear how he came by degrees to repentance. This revelation will be hateful to her, for it will prove that it is his *duty* to take a pitiless revenge on her, not in his own name, but in the name of their common victims. Suddenly the *maître d'école* interrupts his didactic lecture. He must, he says, “hurry” with his lecture, for the pleasure of having her in his hands makes the blood pound in his veins; that is a moral reason for cutting the lecture short! Then he calms his blood again. The long time that he takes in preaching her a moral sermon is not wasted for his revenge. It will “make the approach of death terrifying” for her. That is a different moral reason, one for protracting his sermon! And having such moral reasons he can safely resume his moral text where he left off.

The *maître d'école* describes correctly the condition to which isolation from the outer world reduces a man. For one to whom the *sensuously perceptible world* becomes a *mere idea*, for him mere ideas are transformed into *sensuously perceptible beings*. The figments of his brain assume corporeal form. A world of tangible, palpable ghosts is begotten within his mind. That is the secret of all pious visions and at the same time it is the general form of insanity. When the *maître d'école* repeats Rudolph's words about the “power of repentance and atonement linked with terrible torments”, he does so in a state of semi-madness, thus proving in fact the connection between Christian consciousness of sin and insanity. Similarly, when the *maître d'école* considers the transformation of *life* into a *night of dream* filled with ghosts as the real result of repentance and atonement, he is expressing the true mystery of pure Criticism and of Christian reform, which consists in changing man into a ghost and his life into a life of dream.

At this point Eugène Sue realises how the *salutary thoughts* which he makes the blind robber prate after Rudolph will be made ridiculous by the robber's treatment of Chouette. That is why he makes the *maître d'école* say:

“The salutary influence of these thoughts is such that my rage is appeased.”

So the *maître d'école* now admits that his moral wrath was nothing but *profane rage*.

“I lack courage ... strength ... will to kill you.... No, it is not for me to shed Your blood ... it would be ... murder.... Excusable murder, perhaps, but murder all the same.”

Chouette wounds the *maître d'école* with a dagger just in time. Eugène Sue can now let him kill her without any further moral casuistry.

“He uttered a cry of pain ... his fierce passion of vengeance, of rage and of bloodthirsty instinct, suddenly aroused and exacerbated by this attack, had a sudden and terrible outburst in which his already badly shaken reason was shattered.... Viper! I have felt your fang ... you will be *sightless as I am*.”

And he scratches her eyes out.

When the nature of the *maître d'école*, which has been only hypocritically, sophistically disguised, only ascetically repressed by Rudolph's cure, breaks out, the *outburst* is all the more violent and terrifying. We must be grateful to Eugène Sue for his admission that the reason of the *maître d'école* was badly shaken by all the events which Rudolph has prepared.

“The last spark of his reason was extinguished in that cry of terror, in that cry of a damned soul” (he sees the ghosts of his murdered victims) “... the *maître d'école* rages and roars like a *frenzied beast*.... He tortures Chouette to death...

Herr Szeliga mutters under his breath:

“With the *maître d'école* there cannot be such a *swift*” (!) “and *fortunate*” (!) “*transformation*” (!) “as with Schurimann.”

Just as Rudolph sends Fleur de Marie into a convent, he makes the *maître d'école* an inmate of the *Bicêtre* asylum. He has paralysed his *spiritual* as well as his physical strength. And rightly. For the *maître d'école* sinned with his spiritual as well as his physical strength, and according to Rudolph's penal theory the *sinning forces* must be annihilated.

But Eugène Sue has not yet consummated the “repentance and atonement linked with a terrible revenge”. The *maître d'école* recovers his reason, but fearing to be delivered to justice he remains in *Bicêtre* and *pretends* to be mad. Monsieur Sue forgets that “every word he said was to be a *prayer*”, whereas finally it is much more like the inarticulate howling

and raving of a madman. Or does Monsieur Sue perhaps ironically put these manifestations of life on the same level as praying?

The idea underlying the punishment that Rudolph carried out in blinding the *maître d'école* — the isolation of the man and his soul from the outer world, the combination of legal punishment with theological torture — finds its ultimate expression in *solitary confinement*. That is why Monsieur Sue glorifies this system.

“How many centuries had to pass before it was realised that there is only one means of overcoming the rapidly spreading leprosy” (i.e., the corruption of morals in prisons) “which is threatening the body of society: isolation.”

Monsieur Sue shares the opinion of the worthy people who explain the spread of crime by the organisation of prisons. To remove the criminal from bad society he is left to his own society.

Eugène Sue says:

“I should consider myself lucky if my weak voice could be heard among all those which so rightly and so insistently demand the *complete* and *absolute* application of solitary confinement.”

Monsieur Sue's wish has been only *partially* fulfilled. In the debates on solitary confinement in the Chamber of Deputies this year, even the official supporters of that system had to acknowledge that it leads sooner or later to insanity in the criminal. All sentences of imprisonment for more than ten years had therefore to be converted into deportation.

Had Messieurs Tocqueville and Beaumont studied Eugène Sue's novel thoroughly they would certainly have secured complete and absolute application of solitary confinement.

If Eugène Sue deprives criminals with a sane mind of society in order to make them insane, he gives insane persons society to make them sane.

“Experience proves that isolation is as fatal for the insane as it is salutary for imprisoned criminals.”

If Monsieur Sue and his Critical hero Rudolph have not made law poorer by any mystery, whether through the *Catholic penal theory* or the *Methodist solitary confinement*, they have, on the other hand, enriched medicine with new mysteries, and after all, it is just as much of a service to *discover new* mysteries as to *disclose old* ones. In its report on the blinding of the *maître d'école*, Critical Criticism fully agrees with Monsieur Sue:

“When he is told he is deprived of the light of his eyes he does not even believe it.”

The *maître d'école* could not believe in the loss of his sight because in reality he could still see. Monsieur Sue is describing a new kind of cataract and is reporting a real mystery for mass-type, un-Critical *ophthalmology*.

The *pupil* is *white* after the operation, so it is a case of *cataract of the crystalline lens*. So far, this could, of course, be caused by injury to the envelope of the lens without causing much pain, though not entirely without pain. But as doctors achieve this result only by natural, not by *Critical* means, the only resort was to wait until inflammation set in after the injury and the exudation dimmed the lens.

A still greater *miracle* and greater *mystery* befall the *maître d'école* in the third chapter of the third book.

The man who has been blinded *sees* again,

“Chouette, the *maître d'école* and Tortillard saw the priest and Fleur de Marie.”

If we do not interpret this restoration of the *maître d'école's* ability to see as an author's miracle after the method of the *Kritik der Synoptiker*, the *maître d'école* must have had his cataract operated on again. Later he is blind again. So he used his eyes too soon and the irritation of the light caused inflammation which ended in paralysis of the *retina* and incurable *amaurosis*. It is another *mystery* for un-Critical ophthalmology that this process takes place here in a single second.

## b) Reward and Punishment. Double Justice

(with a Table)

The hero Rudolph reveals a new theory to keep society upright by *rewarding the good* and *punishing the wicked*. Un-Critically considered, this theory is nothing but the theory of society as it is today. How little lacking it is in rewards for the good and punishments for the wicked! Compared with this revealed mystery, how un-Critical is the mass-type Communist *Owen*, who sees in punishment and reward the consecration of differences in social rank and the complete expression of a servile abasement.

It could be considered as a new revelation that Eugène Sue makes rewards derive from the judiciary — from a new appendix to the Penal Code — and not satisfied with *one* jurisdiction he invents a *second*. Unfortunately this revealed mystery, too, is the repetition of an old theory expounded in detail by *Bentham* in his work already mentioned . On the other hand, we cannot deny Monsieur Eugène Sue the honour of having motivated and developed Bentham’s suggestion in an incomparably more Critical way than the latter. Whereas the mass-type Englishman keeps his feet on the ground, Sue’s deduction rises to the Critical region of the heavens. His argument is as follows:

“The supposed effects of heavenly wrath are materialised to deter the wicked. Why should not the effect of the divine reward of the good be similarly materialised and anticipated on earth?”

In the *un-Critical* view it is the other way round: the heavenly criminal theory has only idealised the earthly theory, just as divine reward is only an idealisation of human wage service. It is absolutely necessary that society should not reward all good people so that divine justice will have some advantage over human justice.

In depicting his Critical rewarding justice, Monsieur Sue gives an example of the *feminine dogmatism* that must have a formula and forms it according to the categories of *what exists*”, dogmatism which was censured with all the “tranquillity of knowledge” by Herr Edgar in Flora Tristan. For each point of the present *penal code*, which he retains, Monsieur Sue projects the addition of a counterpart in a *reward code* copied from it to the last detail. For easier survey we shall give his description of the complementary pairs in tabular form:

Table of Critically Complete Justice

<p>Existing Justice  Name: Criminal Justice  Description: holds in its hand a <i>sword</i> to shorten the wicked by a head.</p>	<p>Critically  Supplementing Justice  Name: Virtuous Justice  Description: holds in its hand a crown to raise the good by a head.</p>
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Purpose: Punishment of the wicked — imprisonment, infamy, deprivation of life. The people is notified of the terrible chastisements for the wicked.

Means of discovering the wicked: Police spying, *mouchards*, to keep watch over the wicked.

Method of ascertaining whether someone is wicked: *Les assises du crime*, criminal assizes. The public ministry points out and indicts the crimes of the accused for public vengeance.

Condition of the criminal after sentence: Under *surveillance de la haute police*. Is fed in prison. The state defrays expenses.

Execution: The criminal stands on the *scaffold*.

Purpose: Reward of the good, free board, honour, maintenance of life. The people is notified of the brilliant triumphs for the good.

Means of discovering the Good: *Espionnage de vertu*, *mouchards* to keep watch over the virtuous.

Method of ascertaining whether someone is good: *Assises de la vertu*, virtue assizes. The public ministry points out and proclaims the noble deeds of the accused for public recognition.

Condition of the virtuous after sentence: Under *surveillance de la haute charité morale*. Is fed at home. The state defrays expenses.

Execution: Immediately opposite the scaffold of the criminal a *pedestal* is

erected on which the *grand homme de bien* stands. — *A pillory of virtue.*

Moved by the sight of this picture, Monsieur Sue exclaims:

“ Alas! It is a utopia! But suppose a society were organised in this way!”

That would be the *Critical organisation of society*. We must defend this organisation against Eugène Sue’s reproach that up to now it has remained a utopia. Sue has again forgotten the “*Virtue Prize*” which is awarded every year in Paris and which he himself mentions. This prize is even organised in duplicate: the material *prix Montyon* for noble acts of men and women, and the *prix rosière* for girls of highest morality. There is even the *wreath* of roses demanded by Eugène Sue.

As far as spying on virtue and the supervision of supreme moral charity are concerned, they were organised long ago by the Jesuits. Moreover, the *Journal des Débats*, *Siècle*, *Petites affiches de Paris*, etc., point out and proclaim the virtues, noble acts and merits of all the Paris stockjobbers daily and at cost price not counting the pointing out and proclamation of political noble acts, for which each party has its own organ.

Old Voss remarked long ago that Homer is better than his gods. The “revealed mystery of all mysteries”, Rudolph, can therefore be made responsible for Eugène Sue’s ideas.

In addition, Herr *Szeliga* reports:

“Besides, the passages in which Eugène Sue interrupts the narration and introduces or concludes episodes are very numerous, and all are *Critical*.”

### c) Abolition of Degeneracy Within Civilisation and of Rightlessness in the State

The juridical *preventive means* for the abolition of crime and hence of degeneracy within civilisation consists in the

“protective guardianship assumed by the state over the children of executed criminals or of those condemned to a life sentence”.

Sue wants to organise the subdivision of crime in a more liberal way. No family should any longer have a hereditary privilege to crime; free competition in crime should triumph over monopoly.

Monsieur Sue abolishes “rightlessness in the state” by reforming the section of the *Code pénal* on *confidence tricks*, and especially by the institution of *paid lawyers for the poor*. He finds that in Piedmont, Holland, etc., where there are lawyers for the poor, rightlessness in the state has been abolished. The only failing of French legislation is that it does not provide for payment of lawyers for the poor, has no lawyers restricted to serving the poor, and makes the legal limits of poverty too narrow. As if rightlessness did not begin in the very lawsuit itself, and as if it had not already been known for a long time in France that the law gives nothing, but only sanctions what exists. The already trivial differentiation between *droit* and *fait* seems still to be a *mystère de Paris* for the Critical novelist.

If we add to the Critical revelation of the mysteries of law the great reforms which Eugène Sue wants to institute in respect of *huissiers*, we shall understand the Paris Journal *Satan*. There we see the residents of a district in the city write to the “*grand réformateur à tant la ligne*”, that there is no gaslight yet in their streets. Monsieur Sue replies that he will deal with this shortcoming in the sixth volume of his *Wandering Jew*. Another part of the city complains of the shortcomings of preliminary education. He promises a preliminary education reform for that district of the city in the tenth volume of the *Wandering Jew*.

#### 4) The Revealed Mystery of The “Standpoint”

“Rudolph does not remain at his lofty” (!) ..*standpoint* ... he does not shirk the trouble of adopting by free choice the *standpoints* on the right and on the left, above and below” (*Szeliga*).

One of the principal mysteries of Critical Criticism is the “*standpoint*” and *judgment from the standpoint of the standpoint*. For Criticism every man, like every product of the spirit, is turned into a standpoint.

Nothing is easier than to see through the mystery of the standpoint when one has seen through the general mystery of Critical Criticism, that of warming up old speculative trash.

First of all, let Criticism itself expound its theory of the “standpoint” in the words of its patriarch, Herr *Bruno Bauer*.

“Science ... *never* deals with a *given single individual* or a *given definite standpoint* ... it will not fail, of course, *to do away with the limitations of a*

*standpoint* if it is worth the trouble and if these limitations have really general human significance; but it conceives them as *pure category and determinations of self-consciousness* and accordingly speaks only for those who have the courage to rise to the *generality of self-consciousness*, i.e., who do not wish with all their strength to remain within those limitations” (*Anekdoten*, t. II, ).

The *mystery* of this courage of Bauer’s is *Hegel’s Phänomenologie*. Because Hegel here substitutes *self-consciousness* for *man*, the *most varied* manifestations of human reality appear only as *definite* forms, as *determinateness of self-consciousness*. But mere determinateness of self-consciousness is a “*pure category*”, a mere “*thought*”, which I can consequently also transcend in “*pure*” thought and overcome through pure thought. In Hegel’s *Phänomenologie* the *material, sensuously perceptible, objective* foundations of the various estranged forms of human self-consciousness are allowed to remain. The whole destructive work results in the *most conservative philosophy* because it thinks it has overcome the *objective world*, the sensuously perceptible real world, by transforming it into a “*Thing of Thought*”, a mere *determinateness of self-consciousness*, and can therefore also dissolve its opponent, which has become *ethereal*, in the “*ether of pure thought*”. The *Phänomenologie* is therefore quite consistent in that it ends by replacing human reality by “*absolute knowledge*” — *knowledge*, because this is the only mode of existence of self-consciousness, and because self-consciousness is considered the only mode of existence of man — *absolute knowledge* for the very reason that self-consciousness knows *only itself* and is no longer disturbed by any objective world. Hegel makes man the *man of self-consciousness* instead of making self-consciousness the *self-consciousness of man*, of real man, i.e., of man living also in a real, objective world and determined by that world. He stands the world *on its head* and can therefore *in his head* also dissolve all limitations, which nevertheless remain in existence *for bad sensuousness*, for *real* man. Moreover, everything that betrays the *limitations of general self-consciousness* — all sensuousness, reality, individuality of men and of their world — is necessarily held by him to be a limit. The whole of the *Phänomenologie* is intended to prove that *self-consciousness* is the *only reality and all reality*.

Herr Bauer has recently re-christened absolute knowledge *Criticism*, and given the more profane sounding name *standpoint* to the determinateness of self-consciousness. In the *Anekdoten* both names are still to be found side by side, and standpoint is still explained as the determinateness of self-consciousness.

Since the “*religious world as such*” exists only as the world of *self-consciousness*, the Critical Critic — the theologian *ex professo* — cannot by any means entertain the thought that there is a world in which *consciousness* and *being* are distinct; a world which continues to exist when I merely abolish its existence in thought, its existence as a category or as a standpoint; i.e., when I modify my own subjective consciousness without altering the objective reality in a really objective way, that is to say, without altering my own *objective* reality and that of other men. Hence the speculative *mystical identity* of *being* and *thinking* is repeated in Criticism as the equally mystical identity of *practice* and *theory*. That is why Criticism is so vexed with practice which wants to be something distinct from theory, and with theory which wants to be something other than the dissolution of a definite *category* in the “*boundless generality of self-consciousness*”. Its own theory is confined to stating that everything determinate is an opposite of the boundless generality of self-consciousness and is, therefore, of no significance; for example, the state, private property, etc. It must be shown, on the contrary, how the state, private property, etc., turn human beings into abstractions, or are products of abstract man, instead of being the reality of individual, concrete human beings.

Finally, it goes without saying that whereas Hegel’s *Phänomenologie*, in spite of its speculative original sin, gives in many instances the elements of a true description of human relations, Herr Bruno and Co., on the other hand, provide only an empty caricature, a caricature which is satisfied with deriving any determinateness out of a product of the spirit or even out of real relations and movements, changing this determinateness into a determinateness of thought, into a *category*, and making out that this category is the *standpoint* of the product, of the relation and the movement, in order then to be able to look down on this determinateness triumphantly with old-man’s wisdom from the standpoint of abstraction, of the general category and of general self-consciousness.

Just as in Rudolph’s opinion all human beings maintain the standpoint of good or bad and are judged by these two immutable conceptions, so for

Herr Bauer and Co. all human beings adopt the standpoint of Criticism or that of the *Mass*. But both turn *real human beings* into *abstract standpoints*.

#### 5) Revelation of The Mystery of the Utilisation of Human Impulses, Or Clémence D'Harville

So far Rudolph has been unable to do more than reward the good and punish the wicked in his own way. We shall now see an example of how he makes the passions useful and “gives the good natural disposition of Clémence d'Harville an appropriate development”.

“Rudolph,” says Herr Szeliga, “draws her attention to the entertaining aspect of charity, a thought which testifies to a knowledge of human beings that can only arise in the soul of Rudolph after it has been through trial.”

The expressions which Rudolph uses in his conversation with Clémence:

“To make attractive”, “to utilise natural *taste*”, “to regulate intrigue”, “to utilise *the* propensity to dissimulation and craft”, “to change imperious, inexorable instincts into noble qualities” *etc.*,

these expressions just as ‘ much as the *impulses* themselves, which are mostly attributed here to woman's nature, betray the secret source of Rudolph's wisdom — *Fourier*. He has come across some popular presentation of Fourier's theory.

The *application* is again just as much Rudolph's Critical own as is the exposition of Bentham's theory given above.

It is not in charity *as such* that the young marquise is to find the satisfaction of her essential human nature, a human content and purpose of her activity, and hence entertainment. Charity offers rather only the external occasion, only the *pretext*, only the *material*, for a kind of entertainment that could just as well use any other material as its content. Misery is exploited consciously to procure the charitable person “the piquancy of a novel, the satisfaction of curiosity, adventure, disguise, enjoyment of his or her own excellence, violent nervous excitement”, and the like.

Rudolph has thereby unconsciously expressed the mystery which was revealed long ago, that human misery itself, the infinite abjectness which is obliged to receive alms, must serve the aristocracy of money and education as a *plaything* to satisfy its self-love, tickle its arrogance and amuse it.

The numerous charitable associations in Germany, the numerous charitable societies in France and the great number of charitable quixotic

societies in England, the concerts, balls, plays, meals for the poor, and even the public subscriptions for victims of accidents, have no other object. It seems then that along these lines charity, too, has long been *organised* as entertainment.

The sudden, unmotivated transformation of the marquise at the mere word “*amusant*” makes us doubt the durability of her cure; or rather this transformation is sudden and unmotivated only in appearance and is caused only in appearance by the description of *charité* as an amusement. The marquise *loves* Rudolph and Rudolph wants to disguise himself *along with her*, to intrigue and to indulge in charitable adventures. Later, when the marquise pays a charity visit to the prison of Saint-Lazare, her jealousy of Fleur de Marie becomes apparent and out of charity towards her jealousy she conceals from Rudolph the fact of Marie’s detention. At the best, Rudolph has succeeded in teaching an unhappy woman to play a silly comedy with unhappy beings. The mystery of the *philanthropy* he has hatched is betrayed by the Paris fop who invites his partner to supper after the dance in the following words:

“Ah, Madame, it is not enough to have danced for the benefit of these poor Poles.... Let us be philanthropy to the end.... Let us have supper now for the benefit *of the poor!*”

#### 6) Revelation of the Mystery of the Emancipation of Women, Or Louise Morel

On the occasion of the arrest of *Louise Morel*, Rudolph indulges in reflections which he sums up as follows:

“The master often ruins the maid, either by fear, surprise or other use of the opportunities provided by the nature of *the servants’ condition*. He reduces her to misery, shame and crime. The *law is not concerned* with this.... The criminal who has in fact driven a girl to infanticide is not *punished.*”

Rudolph’s reflections do not go so far as to make the *servants’ condition* the object of his most gracious Criticism. Being a *petty* ruler he is a *great* patroniser of servants’ conditions. Still less does he go so far as to understand that the general position of women in modern society is inhuman. Faithful in all respects to his previous theory, he deplores only

that there is no *law which punishes* a seducer and links repentance and atonement with terrible chastisement.

Rudolph has only to take a look at the existing legislation in other countries. *English* laws fulfil all his wishes. In their delicacy, which *Blackstone* so highly praises, they go so far as to declare it a *felony* to seduce even a prostitute.

Herr Szeliga exclaims with a *flourish*:

“So” (!)— “thinks” (!)— “Rudolph” (!)— “and now compare *these thoughts* with your *fantasies* about the *emancipation of woman*. The act of this emancipation can be almost physically grasped from them, but you are much too practical to start with, and that is why your attempts have failed so often.”

In any case we must thank Herr Szeliga for revealing the mystery that an act can be almost physically grasped from thoughts. As for his ridiculous comparison of Rudolph with men who taught the emancipation of woman, compare Rudolph’s thoughts with the following “fantasies” of *Fourier*.

“Adultery, seduction, are a credit to the seducer, are good tone.... But, poor girl! Infanticide! What a crime! If she prizes her honour she must efface all traces of dishonour. But if she sacrifices her child to the prejudices of the world her ignominy is all the greater and she is a victim of the prejudices of the law.... That is the vicious circle which every civilised mechanism describes.”

“Is not the young daughter a ware held up for sale to the first bidder who wishes to obtain exclusive ownership of her?... just as in grammar two negations are the equivalent of an affirmation, we can say that in the marriage trade two prostitutions are the equivalent of virtue.”

“The change in a historical epoch can always be determined by women’s progress towards freedom, because here, in the relation of woman to man, of the weak to the strong, the victory of human nature over brutality is most evident. The degree of emancipation of woman is the natural measure of general emancipation.”

“The humiliation of the female sex is an essential feature of civilisation as well as of barbarism. The only difference is that the civilised system raises every vice that barbarism practises in a simple form to a compound, equivocal, ambiguous, hypocritical mode of existence.... No one is punished more severely for keeping woman in slavery than man himself” (*Fourier*).

It is superfluous to contrast Rudolph's thoughts with Fourier's masterly characterisation of *marriage*, or with the works of the materialist section of French communism.

The most pitiful off-scourings of socialist literature, a sample of which is to be found in this novelist, reveal "mysteries" still unknown to Critical Criticism.

## 7) Revelation of Political Economic Mysteries

### a) Theoretical Revelation of Political Economic Mysteries

*First revelation:* Wealth often leads to waste, waste to ruin.

*Second revelation:* The above-mentioned effects of wealth arise from a lack of instruction in rich youth.

*Third revelation:* *Inheritance* and *private property* are and *must* be inviolable and sacred.

*Fourth revelation:* The rich man is *morally* responsible to the workers for the way he uses his fortune. A large fortune is a hereditary deposit — a *feudal tenement* — entrusted to clever, firm, skilful and magnanimous hands, which are at the same time charged with making it fruitful and using it in such a way that everything which has the *good luck* to be within the range of the dazzling and wholesome radiation of that large fortune is fructified, vitalised and improved.

*Fifth revelation:* The state must give inexperienced rich youth the rudiments of *individual economy*. It must give a moral character to riches.

*Sixth revelation:* Finally, the state must tackle the vast question of *organisation of labour*. It must give the wholesome example of the *association of capitals and labour*, of an association which is honest, intelligent and fair, which ensures the well-being of the *worker without* prejudice to the *fortune of the rich*, which establishes links of sympathy and gratitude *between* these *two classes* and thus ensures tranquillity in the state *for ever*.

Since the state at present does not yet accept this theory *Rudolph* himself gives some practical examples. They reveal the mystery that the most generally known *economic relations* are still "mysteries" for Monsieur Sue, Monsieur Rudolph and Critical Criticism.

### b) "The Bank for the Poor"

Rudolph institutes a *Bank for the Poor*. The statute of this *Critical Bank* for the Poor is as follows:

It must give support during periods of unemployment to honest workers with families. It must replace alms and pawnshops. It has at its disposal an annual income of 12,000 francs and distributes interest-free assistance loans of 20 to 40 francs. At first it extends its activity only to the *seventh arrondissement* of Paris, where most of the workers live. Working men and women applying for relief must have a certificate from their last employer vouching for their good behaviour and giving the cause and date of the interruption of work. These loans are to be paid off in monthly instalments of one-sixth or one-twelfth of the sum at the choice of the borrower, counting from the day on which he finds employment again. The loan is guaranteed by a the borrower's word of honour. Moreover, the latter's *parole jurée* must be guaranteed by two other workers.

As the *Critical* purpose of the Bank for the Poor is to remedy one of the most grievous misfortunes in the life of the worker — *interruption in employment* — assistance would be given only to unemployed manual workers. Monsieur Germain, the manager of this institution, draws a yearly salary of 10,000 francs.

Let us now cast a mass-type glance at the practice of *Critical* political economy. The annual income is 12,000 francs. The amount loaned per person is from 20 to 40 francs, hence an average of 30 francs. The number of workers in the seventh *arrondissement* who are officially recognised as “needy” is at least 4,000. Hence, in a year only 400, or one-tenth, of the neediest workers in the seventh *arrondissement* can receive relief. If we estimate the *average length* of unemployment in Paris at 4 months, i.e., 16 weeks, we shall be considerably below the actual figure. Thirty francs divided over 16 weeks gives somewhat less than 37 sous and 3 centimes a week, not even 27 centimes a day. The daily expense on *one prisoner* in France is on the average a little over 47 centimes, somewhat over 30 centimes being spent on food alone. But the worker to whom Monsieur Rudolph pays relief has a family. Let us take the average family as consisting of man, wife and only two children; that means that 27 centimes must be divided among four persons. From this we must deduct rent — a minimum of 15 centimes a day — so that 12 centimes remain. The average amount of *bread* eaten by a *single* prisoner costs about 14 centimes. Therefore, even disregarding all other needs, the worker and his family will

not be able to buy even a quarter of the bread they need with the help obtained from the Critical Bank for the Poor. They will certainly starve if they do not resort to the means that the bank is intended to obviate — the pawnshop, begging, thieving and prostitution.

The manager of the Bank for the Poor, on the other hand, is all the more brilliantly provided for by the man of ruthless Criticism. The income he administers is 12,000 francs, his salary is 10,000. The management therefore costs 85 per cent of the total, nearly three times as much as the mass-type administration of poor relief in Paris, which costs about 17 per cent of the total.

Let us suppose for a moment that the assistance that the Bank for the Poor provides is real, not just illusory. In that case the institution of the revealed mystery of all mysteries rests on the illusion that only a different *distribution* of wages is required to enable the workers to live through the year.

Speaking in the prosaic sense, the income of 7,500,000 French workers averages no more than 91 francs per head, that of another 7,500,000 is only 120 francs per head; hence for at least 15,000,000 it is less than is absolutely necessary for life.

The idea of the Critical Bank for the Poor, if it is rationally conceived, amounts to this: during the time the worker is employed as much will be deducted from his wages as he needs for his living during unemployment. It comes to the same thing whether I advance him a certain sum during his unemployment and he gives it back when he has employment, or he gives up a certain sum when he has employment and I give it back to him when he is unemployed. In either case he gives me when he is working what he gets from me when he is unemployed.

Thus, the “Pure” *Bank for the Poor* differs from the mass-type *savings-banks* only in two very original, very Critical qualities. The first is that the Bank for the Poor lends money “à fonds perdus” , on the senseless assumption that the worker could pay back if he wanted to and that he would always want to pay back if he could. The second is that it pays no *interest* on the sum put aside by the worker. As this sum is given the form of an advance, the Bank for the Poor thinks it is doing the worker a favour by not charging him any interest.

The difference between the Critical Bank for the Poor and the mass-type savings-banks is therefore that the worker loses his interest and the Bank its

capital.

### c) Model Farm at Bouqueval

Rudolph founds a *model farm* at *Bouqueval*. The choice of the place is all the more fortunate as it preserves memories of feudal times, namely of a *château seigneurial*.

Each of the six men employed on this farm is paid 150 écus, or 450 francs a year, while the women get 60 écus, or 180 francs. Moreover they get board and lodging free. The ordinary daily fare of the people at Bouqueval consists of a “formidable” plate of ham, an equally formidable plate of mutton and, finally, a no less massive piece of veal supplemented by two kinds of winter salad, two large cheeses, potatoes, cider, etc. Each of the six men does twice the work of the ordinary French agricultural labourer.

As the total annual income produced by France, if divided equally, would come to no more than 93 francs per person, and as the total number of inhabitants employed directly in agriculture is two-thirds of the population of France, it will be seen what a revolution the general imitation of the German caliph’s model farm would cause not only in the distribution, but also in the production of the national wealth.

According to what has been said, Rudolph achieved this enormous increase in production solely by making each labourer work twice as much and eat six times as much as before.

Since the French peasant is very industrious, labourers who work twice as much must be *superhuman athletes*, as the “formidable” meat dishes also seem to indicate. Hence we may assume that each of the six men eats at least a pound of meat a day.

If all the meat produced in France were distributed equally there would not be even a quarter of a pound per person per day. It is therefore obvious what a revolution Rudolph’s example would cause in this respect too. The agricultural population *alone* would consume more meat than is produced in France, so that as a result of this Critical reform France would be left without any livestock.

The fifth part of the gross product which Rudolph, according to the report of the manager of Bouqueval, Father Chatelain, allows the labourers, in addition to the high wage and sumptuous board, is nothing else than his

*rent*. It is assumed that, on the average, after deduction of all production costs and profit on the working capital, one-fifth of the gross product remains for the French landowner, that is to say, the ratio of the rent to the gross product is one to five. Although it is beyond doubt that Rudolph decreases the profit on his working capital beyond all proportion by increasing the expenditure for the labourers beyond all proportion — according to Chaptal (*De l'industrie française*, t. 1, 39) the average yearly income of the French agricultural labourer is 120 francs — although Rudolph gives his whole rent away to the labourers, Father Chatelain nevertheless reports that the prince thereby increases his revenue and thus inspires un-Critical landowners to farm in the same way.

The Bouqueval model farm is nothing but a fantastic illusion; its *hidden fund* is not the natural land of the Bouqueval estate, it is a magic purse of Fortunatus that Rudolph has!

In this connection Critical Criticism exultantly declares:

“You can see from the *whole* plan at a *first glance* that it is *not a utopia*.”

Only Critical Criticism can see at a first glance at a *Fortunatus*' purse that it is not a utopia. The first glance of Criticism is — the glance of “the evil eye”!

#### 8) Rudolph, “The Revealed Mystery of All Mysteries”

The miraculous means by which Rudolph accomplishes all his redemptions and miracle cures is not his fine words but his *ready money*. That is what the moralists are like, says Fourier. You must be a millionaire to be able to imitate their heroes.

*Moral* is “*impotence in action*”. Every time it fights a vice it is defeated. And Rudolph does not even rise to the standpoint of independent morality, which is based at least on the consciousness of *human dignity*. His morality, on the contrary, is based on the consciousness of human weakness. His is the *theological* morality. We have investigated in detail the heroic feats that he accomplished with his fixed, Christian ideas, by which he measures the world, with his “*charité*”, “*dévouement*”, “*abnégation*”, “*repentir*”, “*bons*” and “*méchants*”, “*récompense*” and “*punition*”, “*châtiments terribles*”, “*isolement*”, “*salut de l'âme*” etc. We have proved that they are mere *Eulenspiegel* tricks. All that we still have to deal with here is the personal

character of Rudolph, the “revealed mystery of all mysteries” or the revealed mystery of “*pure Criticism*”.

The antithesis of “good” and “evil” confronts the Critical Hercules when he is still a youth in two personifications, *Murph* and *Polidori*, both of them Rudolph’s teachers. The former educates him in good and is “the *Good One*”. The latter educates him in evil and is “the *Evil One*”. So that this conception should by no means be inferior in triviality to similar conceptions in other novels, Murph, the personification of “*the good*”, cannot be “*savant*” or “particularly endowed intellectually”. But he is *honest, simple, and laconic*; he feels himself great when he applies to evil such monosyllabic words as “*foul*” or “*vile*”, and he has a *horreur* of anything which is *base*. To use Hegel’s expression, he honestly sets the melody of the good and the true in an equality of tones, i.e., on *one note*.

*Polidori*, on the contrary, is a prodigy of cleverness, knowledge and education, and at the same time of the “most dangerous immorality”, having, in particular, what Eugène Sue, as a member of the young pious French bourgeoisie, could not forget— “*Le plus effrayant scepticisme*” . We can judge the spiritual energy and education of Eugène Sue and his hero by their panic fear of scepticism.

Murph,” says Herr Szeliga, “is at the same time the perpetuated guilt of January 13 and the perpetual redemption of that guilt by his incomparable love and self-sacrifice for the person of Rudolph.”

Just as Rudolph is the *deus ex machina* and the mediator of the world, so Murph, for his part, is the personal *deus ex machina* and mediator of Rudolph.

“Rudolph and the salvation of mankind, Rudolph and the realisation of man’s essential perfections, are for Murph an inseparable unity, a unity to which he dedicates himself not with the stupid dog-like devotion of the slave, but knowingly and independently.”

So Murph is an enlightened, knowing and independent slave. Like every prince’s valet, he sees in his master the salvation of mankind personified. Graun flatters Murph with the words: “*intrépide garde du corps*” . Rudolph himself calls him *modèle d’un valet* and truly he is a *model servant*. Eugène Sue tells us that Murph scrupulously addresses Rudolph as “Monseigneur” when alone with him. In the presence of others he calls him *Monsieur* with his lips to keep his incognito, but “Monseigneur” with his heart.

“Murph helps to raise the veil from the mysteries, but only for Rudolph’s sake. He helps in the work of destroying the power of mystery.”

The denseness of the veil which conceals the simplest conditions of the world from Murph can be seen from his conversation with the envoy Graun. From the legal right of self-defence in case of emergency he concludes that Rudolph, as *judge of the secret court*, was entitled to blind the *maître d’école*, although the latter was in chains and “defenceless”. His description of how Rudolph will tell of his “noble” actions before the assizes, will make a display of eloquent phrases, and will let his great heart pour forth, is worthy of a grammar-school boy who has just read Schiller’s *Raüber*. The only mystery which Murph lets the world solve is whether he blacked his face with coal-dust or black paint when he played the *charbonnier* .

“The angels shall come forth and sever the wicked from among the just” (Mat. 13:49). “Tribulation and anguish, upon every soul of man that doeth evil ... ; But glory, honour, and peace, to every man that worketh good” (Rom. 2:9-10).

Rudolph makes himself one of those *angels*. He goes forth into the world to sever the wicked from among the just, to punish the wicked and reward the good. The conception of good and evil has sunk so deep into his weak brain that he really believes in a corporeal Satan and wants to catch the devil alive, as at one time Professor *Sack* wanted to in Bonn. On the other hand, he tries to copy on a small scale the opposite of the devil, *God*. He likes “*de jouer un peu le rôle de la providence*” . Just as in *reality* all differences become merged more and more in the difference between *poor* and *rich*, so *all* aristocratic differences become dissolved in *idea* in the opposition between *good* and *evil*. This distinction is the last form that the aristocrat gives to his prejudices. Rudolph regards himself as a good man and thinks that the wicked exist to afford him the self-satisfaction of his own ‘excellence. Let us consider this personification of “the good” a little more closely.

Herr Rudolph indulges in charity and extravagance like the Caliph of Baghdad in the Arabian Nights. He cannot possibly lead that kind of life without sucking the blood out of his little principality in Germany to the last drop like a vampire. As Monsieur Sue tells us, he would have been among the German princes who were victims of mediation had he not been saved from involuntary abdication by the protection of a French *marquis*. This gives us an idea of the size of his territory. We can form a further idea of

how *Critically* Rudolph appraises his *own situation* by the fact that he, a minor German *Serenissimus*, thinks it necessary to live semi-incognito in Paris in order not to attract attention. He specially takes with him one of his *chancellors* for the Critical purpose of the latter representing for him “*le côté théâtral et puéril du pouvoir souverain*” , as though a minor German *Serenissimus* needed another representative of the theatrical and childish side of sovereign power besides himself and his mirror. Rudolph has succeeded in imposing on his suite the same *Critical self-delusion*. Thus his servant *Murph* and his envoy *Graun* do not notice that the Parisian *homme d'affaires* , Monsieur *Badinot*, makes fun of them when he pretends to take their private instructions as matters of state and sarcastically chatters about

“*occult relations that can exist between the most varying interests and the destinies of empires*” “Yes,” says Rudolph’s envoy, “he has the impudence to say to me sometimes: ‘How many complications unknown to the people there are in the government of a state! Who would think, Herr Baron, that the notes which I deliver to you doubtless have their influence on the course of *European affairs*?’”

The envoy and *Murph* do not find it impudent that influence on European affairs is ascribed to them, but that *Badinot* idealises his lowly occupation in such a way.

Let us first recall a scene from *Rudolph’s* domestic life. Rudolph tells *Murph* “he was having moments of pride and bliss”. Immediately afterwards he becomes furious because *Murph* will not answer a question of his. “*Je vous ordonne de parier.*” *Murph* will not let himself be ordered. Rudolph says: “*Je n’aime pas les réticences*” He forgets himself so far as to be base enough to remind *Murph* that he *pays* him for all his services. He will not be calmed until *Murph* reminds him of January 13. *Murph’s* servile nature reasserts itself after its momentary abeyance. He tears out his “hair”, which he luckily has’ not got, and is desperate at having been somewhat rude to his exalted master who calls him “a model servant”, “his good old faithful *Murph*”.

After these samples of evil in him, Rudolph repeats his fixed ideas on “good” and “evil” and reports the progress he is making in regard to the good. He calls alms and compassion the chaste and pious consolers of his wounded soul. It would be horrible, impious, a sacrilege, to prostitute them to abject, unworthy beings. Of course alms and compassion are the consolers of *his* soul. That is why it would be a sacrilege to desecrate them.

It would be “to inspire doubt in God, and he who gives must make people believe in Him”. To give alms to one abject is unthinkable!

Rudolph considers every motion of his soul as infinitely important. That is why he constantly observes and appraises them. Thus the simpleton consoles himself as far as his outburst against Murph is concerned by the fact that he was moved by Fleur de Marie. “I was moved to tears, and I am accused of being *blasé*, hard and inflexible!” After thus proving *his own goodness*, he waxes furious over “*evil*”, over the wickedness of Marie’s unknown mother, and says with the greatest possible solemnity to Murph:

“*You know — some vengeance are very dear to me, some sufferings very precious*”.

In speaking, he makes such diabolical grimaces that his faithful servant cries out in fear: “*Hélas, Monseigneur!*” This great lord is like the members of *Young England*, who also wish to reform the world, perform noble deeds, and are subject to similar hysterical fits.

The explanation of the adventures and situations in which Rudolph finds himself involved is to be found above all in Rudolph’s *adventurous disposition*. He loves “the piquancy of novels, distractions, adventures, disguise”, his “curiosity” is “insatiable”, he feels a “need for vigorous, stimulating sensations”, he is “eager for *violent nervous excitement*”.

This disposition of Rudolph is reinforced by his craze for *playing the role of Providence* and arranging the world according to his fixed ideas.

His attitude to other persons is determined either by an abstract fixed idea or by quite personal, fortuitous motives.

He frees the Negro doctor David and his beloved, for example, not because of the direct human sympathy which they inspire, not to free *them*, but to play *Providence* to the slave-owner Willis and to punish him for *not believing in God*. In the same way the *maître d’école* seems to him a god-sent opportunity for *applying* the penal theory that he invented so long ago. Murph’s conversation with the envoy Graun enables us from another aspect to see deeply into the purely personal motives that determine Rudolph’s noble acts.

The prince’s interest in Fleur de Marie is based, as Murph says, “apart from” the pity which the poor girl inspires, on the fact that the daughter whose loss caused him such bitter grief would now be of the same age. Rudolph’s sympathy for the Marquise d’Harville has, “apart from” his philanthropic idiosyncrasies, the personal ground that without the old

Marquise d'Harville and his friendship with the Emperor Alexander, Rudolph's father would have been deleted from the line of German sovereigns.

His kindness towards Madame George and his interest in Germain, her son, have the same motive. Madame George belongs to the d'Harville family.

*"It is no less to her misfortunes and her virtues than to this relationship that Poor Madame George owes the ceaseless kindness of His Highness."*

The apologist Murph tries to gloss over the ambiguity of Rudolph's motives by such expressions as: *"surtout, à part, non moins que"* .

The whole of Rudolph's character is finally summed up in the *"pure"* hypocrisy by which he manages to see and make others see the *outbursts of his evil passions* as *outbursts against the passions of the wicked*, in a way similar to that in which Critical Criticism represents *its own stupidities* as the *stupidities of the Mass*, its spiteful rancour at the progress of the world outside itself as the rancour of the world outside itself at progress, and finally its egoism, which thinks it has absorbed all Spirit in itself, as the egoistic opposition of the Mass to the Spirit.

We shall prove *Rudolph's* "pure" hypocrisy in his attitude to the *maître d'école*, to Countess *Sarah MacGregor* and to the notary *Jacques Ferrand*.

In order to lure the *maître d'école* into a trap and seize him, Rudolph persuades him to break into his apartment. The interest he has in this is a purely personal one, not a general human one. The fact is that the *maître d'école* has a *portfolio* belonging to *Countess MacGregor*, and Rudolph is greatly interested in gaining possession of *it*. Speaking of Rudolph's *tête-à-tête* with the *maître d'école*, the author says explicitly:

*"Rudolph was cruelly anxious; if he let slip this opportunity of seizing the maître d'école, he would probably never have another; the brigand would carry away the secrets that Rudolph was so keen to find out."*

With the *maître d'école*, Rudolph obtains possession of Countess *MacGregor's portfolio*; he *seizes* the *maître d'école* out of purely personal interest; he has him *blinded* out of personal passion.

When Chourineur tells Rudolph of the struggle of the *maître d'école* with Murph and gives as the reason for his resistance the fact that he knew what was in store for him, Rudolph replies: "He did not know", and he says *"with a sombre mien, his features contracted by the almost ferocious expression of which we have spoken."* The thought of vengeance flashes

across his mind, he anticipates the savage pleasure that the barbarous punishment of the *maître d'école* will afford him.

On the entrance of the Negro doctor David, whom he intends to make the instrument of his *revenge*, Rudolph cries out:

“‘Vengeance!... Vengeance!’ s’écria Rodolphe avec une furtur froide et concentrée”

A cold and concentrated fury is seething in him. Then he whispers his plan in the doctor’s ear, and when the latter recoils at it, he immediately finds a “pure” theoretical motive to substitute for *personal vengeance*. It is only a case, he says, of “*applying an idea*” that has often flashed across his noble mind, and he does not forget to add unctuously: “He will still have before him the boundless horizon of atonement.” He follows the example of the Spanish Inquisition which, when handing over to civil justice the victim condemned to be burnt at the stake, added a hypocritical request for mercy for the repentant sinner.

Of course, when the interrogation and sentencing of the *maître d'école* is to take place, His Highness is seated in a most comfortable study in a long, deep black dressing-gown, his features impressively pale, and in order to copy the court of justice more faithfully, he is sitting at a long table on which are the exhibits of the case. He must now discard the expression of rage and revenge with which he told Chourineur and the doctor of his plan for blinding the *maître d'école*. He must show himself “calm, sad and composed”, and display the extremely comic, solemn attitude of a self-styled world judge.

In order to leave no doubt as to the “pure” motive of the blinding, the silly Murph admits to the envoy Graun:

“The cruel punishment of the *maître d'école* was intended *chiefly* to give me my revenge against the assassin.”

In a *tête-à-tête* with Murph, Rudolph says:

“My hatred of the wicked ... has become stronger, my aversion for Sarah Bags, doubtless because of the grief caused by the death of my daughter.”

Rudolph tells us how much stronger his hatred of the wicked has become. Needless to say, his hatred is a Critical, pure, moral hatred — hatred of the wicked *because* they are wicked. That is why he regards this hatred as his own progress in the good.

At the same time, however, he betrays that this growth of moral hatred is nothing but a *hypocritical justification* to excuse the growth of his *personal*

*aversion* for Sarah. The vague moral idea of his increasing hatred of the wicked is only a mask for the definite immoral fact of his increased aversion for Sarah. This aversion has a very natural and a very personal basis, his personal grief, which is also the measure of his aversion. *Sans doute!*

Still more repugnant is the hypocrisy to be seen in Rudolph's meeting with the dying Countess MacGregor.

After the revelation of the mystery that Fleur de Marie is the daughter of Rudolph and the Countess, Rudolph goes up to her "*l'air menaçant, impitoyable*" She begs for mercy.

"Pas de grace," he replies, ..*malédiction sur vous ... vous ... mon mauvais génie et celui de ma race.*"

So it is his "race" that he wishes to avenge. He goes on to inform the Countess how, to atone for his attempted murder of his father, he has taken upon himself a world crusade for the reward of the good and the punishment of the wicked. He tortures the Countess, he abandons himself to his *rage*, but in his *own* eyes he is only carrying out the task which he took upon himself after January 13, of "*poursuivre le mal*".

As he is leaving, Sarah cries out:

"Pitié! Je meurs!' 'Mourez donc, maudite!' dit Rodolphe effrayant de fureur".

The last words "effrayant de fureur" betray the pure, Critical and moral motives of his actions. It was the same rage that made him draw his sword against his father, his *blessed* father, as Herr Szeliga calls him. Instead of fighting this evil in himself he fights it, like a pure Critic, in others.

In the end, Rudolph himself discards his Catholic penal theory. He wanted to abolish capital punishment, to change punishment into penance, but only as long as the murderer murdered strangers and spared members of Rudolph's family. He adopts the death penalty as soon as one of his kin is murdered; he needs a double set of laws, one for his own person and one for ordinary persons.

He learns from Sarah that Jacques Ferrand was the cause of the death of Fleur de Marie. He says to himself:

“No, it is not enough!... What a burning desire for revenge!... What a thirst for blood!... What calm, deliberate rage!... Until I knew that one of the monster’s victims was my child I said to myself: this man’s death would be fruitless.... Life without money, life without satisfaction of his frenzied sensuality will be a long and double torture.... But it is my daughter!... I shall kill this man!”

And he rushes out to kill him, but finds him in a state which makes murder superfluous.

The “good” Rudolph! Burning with desire for revenge, thirsting for blood, with calm, deliberate rage, with a hypocrisy which excuses every evil impulse with its casuistry, he has all the evil passions for which he gouges out the eyes of others. Only accidental strokes of luck, money and rank in society save this “good” man from the penitentiary.

“The *power of Criticism*”, to compensate for the otherwise complete nullity of this Don Quixote, makes him “*bon locataire*”, “*bon voisin*”, “*bon ami*”, “*bon père*”, “*bon bourgeois*”, “*bon citoyen*”, “*bon prince*”, and so on, according to Herr Szeliga’s gamut of eulogy. *That is more than all the results* — that “*mankind in its entire history*” has achieved. That is enough for *Rudolph* to save “the world” twice from “*downfall*”!

## Chapter IX. The Critical Last Judgment

Through *Rudolph*, Critical Criticism has twice saved the world from downfall. but only that it may now *itself* decree the *end of the world*.

And I saw and heard a mighty angel, Herr *Hirzel*, flying from Zurich across the heavens. And he had in his hand a little book open like the fifth number of the *Allgemeine Literatur-Zeitung.*, and he set his right foot upon the Mass and his left foot upon Charlottenburg; and he cried with a loud voice as when a lion roareth, and his words rose like a dove — chirp! chirp! — to the regions of pathos and thunder-like aspects of the *Critical Last judgment*.

“When, finally, all is united against Criticism and — *verily, verily I say unto you* — this time is no longer far off — when the whole world in dissolution — to it it was given to fight against the Holy — groups around Criticism for the last onslaught; then the courage of Criticism and its significance will have found the greatest recognition. We can have no fear of the outcome. It will all end by our settling accounts with the various groups — *and we shall separate them from one another as the shepherd separateth the sheep from the goats; and we shall set the sheep on our right hand and the goats on our left* — and we shall give a general certificate of poverty to the hostile knights — *they are spirits of the devil, they go out into the breadth of the world and they gather to fight on the great day of God the Almighty — and all who dwell on earth will wonder.*”

And when the angel had cried, seven thunders uttered their voices:

That day of wrath  
Will reduce the world to ashes.  
When the judge takes his seat  
All that is hidden will come to light,  
Nothing will remain unpunished.  
What shall I, wretch, say then? etc.

Ye shall hear of wars and rumours of wars. All this must first of all come to pass. For there shall rise false Christs and false prophets, Messieurs *Buchez* and *Roux* from Paris, Herr *Friedrich Rohmer* and *Theodor Rohmer* from Zurich, and they will say: Here is Christ! But then the sign of the

*Bauer* brothers will appear in Criticism and the words of the Scripture on *Bauer's work* will be accomplished:

*With the oxen paired together.  
Ploughing goes much better!*

### ***Historical Epilogue***

As we learned later, it was not the world, but the Critical *Literatur-Zeitung* that came to an end.

# THESES ON FEUERBACH, 1845



*Translated by Carl Manchester*

## I

The main deficiency, up to now, in all materialism – including that of Feuerbach – is that the external object, reality and sensibility are conceived only in the form of the object and of our contemplation of it, rather than as sensuous human activity and as practice – as something non-subjective. For this reason, the active aspect has been developed by idealism, in opposition to materialism, though only abstractly, since idealism naturally does not know real, sensuous activity as such. Feuerbach wants sensuous objects, clearly distinguished from mental objects, but he does not conceive human activity in terms of subject and object. That is why, in *The Essence of Christianity*, he regards only theoretical activity as authentically human, whilst practice is conceived and defined only in its dirty Jewish manifestation. He therefore does not understand the meaning of “revolutionary”, of practical-critical activity.

## II

The question whether objective truth can be attributed to human thinking is not a question of theory but a practical question. Man must prove in practice the truth - i.e. the reality and power, the worldliness - of his thinking. Isolated from practice, the controversy over the reality or unreality of thinking is a purely scholastic question.

## III

The materialist doctrine that humans are products of circumstances and upbringing and that, therefore, men who change are products of new circumstances and a different upbringing, forgets that circumstances are changed by men themselves, and that it is essential to educate the educator.

Necessarily, then, this doctrine divides society into two parts, one of which is placed above society (for example, in the work of Robert Owen).

The coincidence of changing circumstance on the one hand, and of human activity or self-changing on the other, can be conceived only as revolutionary practice, and rationally understood.

#### IV

Feuerbach starts out from the fact of religious self-alienation and the duplication of the world into an imagined religious world and a real world. His work consists in resolving the religious world into its secular basis. He overlooks that, once this work is completed, the central task remains to be done. But the fact that the secular basis detaches from itself and fixes in the clouds as an independent realm can be explained only by the self-negation and self-contradiction within it. This must be first of all understood in the context of its contradictions, and then be revolutionised by the removal of those contradictions. Thus, for instance, once the earthly family is discovered to be the secret of the holy family, the former must then be theoretically critiqued and practically overthrown.

#### V

Feuerbach, not satisfied with abstract thinking, appeals to sensory intuition; but he does not conceive the realm of the senses in terms of practical, human sensuous activity.

#### VI

Feuerbach resolves the religious essence into the human essence. But the human essence is not an abstraction inherent in each single individual. In its reality, it is the ensemble of social conditions.

Feuerbach, who does not undertake a criticism of this real essence, is therefore compelled:

1. To abstract from the historical process and to fix the religious sentiment as something by itself and to presuppose an abstract – isolated – human individual;

2. For this reason, he can consider the human essence only as a “genus”, as an internal, mute generality which naturally unites the multiplicity of

individuals.

## VII

Feuerbach therefore does not see that “religious sentiment” is itself a social product, and that the abstract individual that he analyses belongs in reality to a particular social form.

## VIII

Social life is essentially practical. All the mysteries which turn theory towards mysticism find their rational solution in human practice and in the understanding of this practice.

## IX

The highest point reached by intuitive materialism - that is, materialism which does not comprehend the activity of the senses as practical activity - is the point-of-view of single individuals in “bourgeois society”.

## X

The standpoint of the old materialism is “bourgeois” society; the standpoint of the new is human society, or socialised mankind.

## XI

Philosophers have only interpreted the world in different ways. What is crucial, however, is to change it.

# THE POVERTY OF PHILOSOPHY, 1847



*Anonymous translation, 1900*

This 1847 book was published in Paris and Brussels, where Marx was living as an exile from 1843 until 1849. It was originally written in French as an answer to the economic and philosophical arguments of French anarchist Pierre-Joseph Proudhon (1809-1865) set forth in his 1846 book *The System of Economic Contradictions, or The Philosophy of Poverty*. Proudhon was a theoretician that wrote extensively on the relationship between the individual and the state. He believed in an orderly society, but argued that the state represented an illegitimate concentration of official violence that effectively undercut any effort to build a just society. Rejecting all political action as a form of class collaboration, Proudhon argued instead that the working class could achieve its salvation through economic action alone; abstention from politics was advocated with a view to the ultimate eradication of the existing state and its political apparatus.

Marx had left Germany following the repression of the newspaper he edited, the *Rheinische Zeitung*, by the government of Prussia early in 1843. He went to Paris, where he lived from October 1843 until December 1845. It was there that he first met Proudhon, who was already a well known radical writer. Despite an appeal being made as a prospective French collaborator, Proudhon declined to participate in the ill-fated Deutsch-französische Jahrbücher project with which Marx was closely associated. Although contact between the two was limited, Marx read Proudhon's writings at this time, discussions of which may be found in his work of the period, including the book written against Bruno Bauer, *The Holy Family* (1845), in which Marx lent critical support to some of the ideas of Proudhon against competing ideas of Bauer.

Marx was particularly attracted to the comprehensive nature of Proudhon's writings up until 1845 and the latter's willingness to make larger connections from smaller observations. Marx's praise of Proudhon was not limitless, however, as he felt Proudhon did not fully grasp the way in which wages and money, for example, were themselves forms of private property. He read Proudhon's book late in 1846 and responded strongly and

negatively, authoring a lengthy letter to his Russian correspondent P.V. Annenkov on December 28, 1846 with a detailed exposition of his views that became the core of his 1847 book. He began working on a book-length formal reply the following January, completing the work in the spring and going to press in April 1847. *The Poverty of Philosophy* was regarded by the political circle around Marx, organised as the Communist League, as a key part of their contemporary program, delineating the views of the League from those espoused by Proudhon and his followers.



*Proudhon addressing the French Assembly in July 1848*

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## FOREWORD

M. Proudhon has the misfortune of being peculiarly misunderstood in Europe. In France, he has the right to be a bad economist, because he is reputed to be a good German philosopher. In Germany, he has the right to be a bad philosopher, because he is reputed to be one of the ablest French economists. Being both German and economist at the same time, we desire to protest against this double error.

The reader will understand that in this thankless task we have often had to abandon our criticism of M. Proudhon in order to criticize German philosophy, and at the same time to give some observations on political economy.

Karl Marx

Brussels, June 15, 1847

M. Proudhon's work is not just a treatise on political economy, an ordinary book; it is a bible. "Mysteries", "Secrets Wrested from the Bosom of God", "Revelations" – it lacks nothing. But as prophets are discussed nowadays more conscientiously than profane writers, the reader must resign himself to going with us through the arid and gloomy eruditions of "Genesis", in order to ascend later, with M. Proudhon, into the ethereal and fertile realm of *super-socialism*. (See Proudhon, *Philosophy of Poverty*, Prologue, p.III, line 20.)

## PREFACE TO THE FIRST GERMAN EDITION

The present work was produced in the winter of 1846-47, at a time when Marx had cleared up for himself the basic features of his new historical and economic outlook. Proudhon's *Système des contradictions économiques, ou Philosophie de la misère*, which had just appeared, gave him the opportunity to develop these basic features, setting them against the views of a man who, from then on, was to occupy the most important place among living French socialists. Since the time in Paris when the two of them had often spent whole nights discussing economic questions, their paths had increasingly diverged: Proudhon's book proved that there was already an unbridgeable gulf between them. To ignore it was at that time impossible, and so Marx put on record the irreparable rupture in this reply of his.

Marx's general opinion of Proudhon is to be found in the article which appeared in the Berlin *Social-Demokrat* Nos 16, 17 and 18 for 1865. It was the only article Marx wrote for that paper; Herr von Schweitzer's attempts to guide it along feudal and government lines, which became evident soon afterwards, compelled us to publicly terminate our collaboration after only a few weeks.

For Germany, the present work has at this precise moment a significance which Marx himself never imagined. How could he have known that, in trouncing Proudhon, he was hitting Rodbertus, the idol of the careerists of today, who was unknown to him even by name at that time?

This is not the place to deal with relations between Marx and Rodbertus; an opportunity for that is sure to present itself to me very soon. Suffice it to note here that when Rodbertus accuses Marx of having "plundered" him and of having "freely used in his *Capital* without quoting him" his work *Zur Erkenntnis*, he allows himself to indulge in an act of slander which is only explicable by the irksomeness of unrecognised genius and by his remarkable ignorance of things taking place outside Prussia, and especially of socialist and economic literature. Neither these charges, nor the above-mentioned work by Rodbertus ever came to Marx's sight; all he knew of Rodbertus was the three *Sociale Briefe* and even these certainly not before 1858 or 1859.

With greater reason Rodbertus asserts in these letters that he had already discovered "Proudhon's constituted value" *before* Proudhon; but here again

it is true he erroneously flatters himself with being the *first* discoverer. In any case, he is thus one of the targets of criticism in the present work, and this compels me to deal briefly with his “fundamental” piece: *Zur Erkenntnis unsrer staatswirthschaftlichen Zustände*, 1842, insofar as this brings forth anticipations of Proudhon as well as the communism of Weitling likewise (again unconsciously) contained in it.

Insofar as modern socialism, no matter of what tendency, starts out from bourgeois political economy, it almost without exception takes up the Ricardian theory of value. The two propositions which Ricardo proclaimed in 1817 right at the beginning of his *Principles*,

1) that the value of any commodity is purely and solely determined by the quantity of labour required for its production, and

2) that the product of the entire social labour is divided among the three classes: landowners (rent), capitalists (profit) and workers (wages)

These two propositions had ever since 1821 been utilised in England for socialist conclusions, and in part with such pointedness and resolution that this literature, which had then almost been forgotten and was to a large extent only rediscovered by Marx, remained unsurpassed until the appearance of *Capital*. About this another time. If, therefore, in 1842 Rodbertus for his part drew socialist conclusions from the above propositions, that was certainly a very considerable step forward for a German at that time, but it could rank as a new discovery only for Germany at best. That such an application of the Ricardian theory was far from new was proved by Marx against Proudhon, who suffered from a similar conceit.

“Anyone who is in any way familiar with the trend of political economy in England cannot fail to know that almost all the socialists in that country have, at different periods, proposed the *equalitarian* (i.e. socialist) application of Ricardian theory. We could quote for M. Proudhon: Hodgskin, *Political Economy*, 1827; William Thompson, *An Inquiry into the Principles of the Distribution of Wealth Most Conducive to Human Happiness*, 1824; T. R. Edmonds, *Practical Moral and Political Economy*, 1828, etc., etc., and four pages more of etc. We shall content ourselves with listening to an English Communist, Mr. Bray ... in his remarkable work, *Labour’s Wrongs and Labour’s Remedy*, Leeds, 1839.”

And the quotations given here from Bray on their own put an end to a good part of the priority claimed by Rodbertus.

At that time Marx had never yet entered the reading room of the British Museum. Apart from the libraries of Paris and Brussels, apart from my books and extracts, he had only examined such books as were obtainable in Manchester during a six-week journey to England we made together in the summer of 1845. The literature in question was, therefore, by no means so inaccessible in the forties as it may be now. If, all the same, it always remained unknown to Rodbertus, that is to be ascribed solely to his Prussian local bigotry. He is the actual founder of specifically Prussian socialism and is now at last recognised as such.

However, even in his beloved Prussia, Rodbertus was not to remain undisturbed. In 1859, Marx's *A Contribution to the Critique of Political Economy*, Part I, was published in Berlin. Therein, among the economists' objections to Ricardo, the following was put forward as the second objection :

“If the exchange value of a product equals the labour time contained in the product, then the exchange value of a working day is equal to the product it yields, in other words, wages must be equal to the product of labour. But in fact the opposite is true.”

On this there was the following note:

“This objection, which was advanced against Ricardo by economists, was later taken up by socialists. Assuming that the formula was theoretically sound, they alleged that practice stood in conflict with the theory and demanded that bourgeois society should draw the practical conclusions supposedly arising from its theoretical principles. In this way at least English socialists turned Ricardo's formula of exchange value against political economy.”

In the same note there was a reference to Marx's *Misère de la philosophie*, which was then obtainable in all the bookshops.

Rodbertus, therefore, had sufficient opportunity of convincing himself whether his discoveries of 1842 were really new. Instead he proclaims them again and again and regards them as so incomparable that it never occurs to him that Marx might have drawn his conclusions from Ricardo independently, just as well as Rodbertus himself. Absolutely impossible! Marx had “plundered” him – the man whom the same Marx had offered every opportunity to convince himself how long before both of them these conclusions, at least in the crude form which they still have in the case of Rodbertus, had previously been enunciated in England!

The simplest socialist application of the Ricardian theory is indeed that given above. It has led in many cases to insights into the origin and nature of surplus value which go far beyond Ricardo, as in the case of Rodbertus among others. Quite apart from the fact that on this matter he nowhere presents anything which has not already been said at least as well, before him, his presentation suffers like those of his predecessors from the fact that he adopts, uncritically and without examining their content, economic categories – labour, capital, value, etc. – in the crude form, clinging to their external appearance, in which they were handed down to him by the economists. He thereby not only cuts himself off from all further development – in contrast to Marx who was the first to make something of these propositions so often repeated for the last sixty-four years – but, as will be shown, he opens for himself the road leading straight to utopia.

The above application of the Ricardian theory that the entire social product belongs to the workers as *their* product, because they are the sole real producers, leads directly to communism. But, as Marx indeed indicates in the above-quoted passage, it is incorrect in formal economic terms, for it is simply an application of morality to economics. According to the laws of bourgeois economics, the greatest part of the product does *not* belong to the workers who have produced it. If we now say: that is unjust, that ought not to be so, then that has nothing immediately to do with economics. We are merely saying that this economic fact is in contradiction to our sense of morality. Marx, therefore, never based his communist demands upon this, but upon the inevitable collapse of the capitalist mode of production which is daily taking place before our eyes to an ever growing degree; he says only that surplus value consists of unpaid labour, which is a simple fact. But what in economic terms may be formally incorrect, may all the same be correct from the point of view of world history. If mass moral consciousness declares an economic fact to be unjust, as it did at one time in the case of slavery and statute labour, that is proof that the fact itself has outlived its day, that other economic facts have made their appearance due to which the former has become unbearable and untenable. Therefore, a very true economic content may be concealed behind the formal economic incorrectness. This is not the place to deal more closely with the significance and history of the theory of surplus value.

At the same time other conclusions can be drawn, and have been drawn, from the Ricardian theory of value. The value of commodities is determined

by the labour required for their production. But now it turns out that in this imperfect world commodities are sold sometimes above, sometimes below their value, and indeed not only as a result of ups and downs in competition. The rate of profit tends just as much to balance out at the same level for all capitalists as the price of commodities does to become reduced to the labour value by agency of supply and demand. But the rate of profit is calculated on the total capital invested in an industrial business. Since now the annual products in two different branches of industry may incorporate equal quantities of labour, and, consequently, may represent equal values and also wages may be at an equal level in both, while the capital advanced in one branch may be, and often is, twice or three times as great as in the other, consequently the Ricardian law of value, as Ricardo himself discovered, comes into contradiction here with the law of the equal rate of profit. If the products of both branches of industry are sold at their values, the rates of profit cannot be equal; if, however, the rates of profit are equal, then the products of the two branches of industry cannot always be sold at their values. Thus, we have here a contradiction, the antinomy of two economic laws, the practical resolution of which takes place according to Ricardo (Chapter I, Section 4 and 5 ) as a rule in favour of the rate of profit at the cost of value.

But the Ricardian definition of value, in spite of its ominous characteristics, has a feature which makes it dear to the heart of the honest bourgeois. It appeals with irresistible force to his sense of justice. Justice and equality of rights are the cornerstones on which the bourgeois of the eighteenth and nineteenth centuries would like to erect his social edifice over the ruins of feudal injustice, inequality and privilege. And the determination of value of commodities by labour and the free exchange of the products of labour, taking place according to this measure of value between commodity owners with equal rights, these are, as Marx has already proved, the real foundations on which the whole political, juridical and philosophical ideology of the modern bourgeoisie has been built. Once it is recognised that labour is the measure of value of a commodity, the better feelings of the honest bourgeois cannot but be deeply wounded by the wickedness of a world which, while recognising the basic law of justice in name, still in fact appears at every moment to set it aside without compunction. And the petty bourgeois especially, whose honest labour – even if it is only that of his workmen and apprentices – is daily more and

more depreciated in value by the competition of large-scale production and machinery, this small-scale producer especially must long for a society in which the exchange of products according to their labour value is at last a complete and invariable truth. In other words, he must long for a society in which a single law of commodity production prevails exclusively and in full, but in which the conditions are abolished in which it can prevail at all, viz., the other laws of commodity production and, later, of capitalist production.

How deeply this utopia has struck roots in the way of thinking of the modern petty bourgeois – real or ideal – is proved by the fact that it was systematically developed by John Gray back in 1831, that it was tried in practice and theoretically propagated in England in the thirties, that it was proclaimed as the latest truth by Rodbertus in Germany in 1842 and by Proudhon in France in 1846, that it was again proclaimed by Rodbertus as late as 1871 as the solution to the social question and, as, so to say, his social testament, and that in 1884 it again finds adherents among the horde of careerists who in the name of Rodbertus set out to exploit Prussian state socialism.

The critique of this utopia has been so exhaustively furnished by Marx both against Proudhon and against Gray (see the appendix to this work) that I can confine myself here to a few remarks on the form of substantiating and depicting it peculiar to Rodbertus.

As already noted, Rodbertus adopts the traditional definitions of economic concepts entirely in the form in which they have come down to him from the economists. He does not make the slightest attempt to investigate them. Value is for him

“the valuation of one thing against others according to quantity, this valuation being conceived as measure”

This, to put it mildly, extremely slovenly definition gives us at the best an idea of what value approximately looks like, but says absolutely nothing of what it is. Since this, however, is all that Rodbertus is able to tell us about value, it is understandable that he looks for a measure of value located outside value. After thirty pages in which he mixes up use value and exchange value in higgledy-piggledy fashion with that power of abstract thought so infinitely admired by Herr Adolf Wagner, he arrives at the conclusion that there is no real measure of value and that one has to make do with a substitute measure. Labour could serve as such but only if

products of an equal quantity of labour were always exchanged against products of an equal quantity of labour whether this “is already the case of itself, or whether precautionary measures are adopted” to ensure that it is. Consequently value and labour remain without any sort of material connection in spite of the fact that the whole first chapter is taken up to expound to us that commodities “cost labour” and nothing but labour, and why this is so.

Labour, again, is taken uncritically in the form in which it occurs among the economists. And not even that. For, although there is a reference in a couple of words to differences in intensity of labour, labour is still put forward quite generally as something which “costs”, hence as something which measures value, quite irrespective of whether it is expended under normal average social conditions or not. Whether the producers take ten days, or only one, to make products which could be made in one day; whether they employ the best or the worst tools; whether they expend their labour time in the production of socially necessary articles and in the socially required quantity, or whether they make quite undesired articles or desired articles in quantities above or below demand – about all this there is not a word: labour is labour, the product of equal labour must be exchanged against the product of equal labour. Rodbertus, who is otherwise always ready, whether rightly or not, to adopt the national standpoint and to survey the relations of individual producers from the high watchtower of general social considerations, is anxious to avoid doing so here. And this, indeed, solely because from the very first line of his book he makes directly for the utopia of labour money, and because any investigation of labour seen from its property of creating value would be bound to put insuperable obstacles in his way. His instinct was here considerably stronger than his power of abstract thought which, by the by, is revealed in Rodbertus only by the most concrete absence of ideas.

The transition to utopia is now made in the turn of a hand. The “measures”, which ensure exchange of commodities according to labour value as the invariable rule, cause no difficulty. The other utopians of this tendency, from Gray to Proudhon, rack their brains to invent social institutions which would achieve this aim. They attempt at least to solve the economic question in an economic way through the action of the owners themselves who exchange the commodities. For Rodbertus it is much easier.

As a good Prussian he appeals to the state: a decree of the state authority orders the reform.

In this way then, value is happily “constituted”, but by no means the priority in this constitution as claimed by Rodbertus. On the contrary, Gray as well as Bray – among many others – before Rodbertus, at length and frequently *ad nauseam*, repeated this idea, viz. the pious desire for measures by means of which products would always and under all circumstances be exchanged only at their labour value.

After the state has thus constituted value – at least for a part of the products, for Rodbertus is also modest – it issues its labour paper money, and gives advances therefrom to the industrial capitalists, with which the latter pay the workers, whereupon the workers buy the products with the labour paper money they have received, and so cause the paper money to flow back to its starting point. How very beautifully this is effected, one must hear from Rodbertus himself:

“In regard to the second condition, the necessary measure that the value certified in the note should be actually present in circulation is realised in that only the person who actually delivers a product receives a note, on which is accurately recorded the quantity of labour by which the product was produced, Whoever delivers a product of two days’ labour receives a note marked ‘two days’. By the strict observance of this rule in the issue of notes, the second condition too would necessarily be fulfilled. For according to our supposition the real value of the goods always coincides with the quantity of labour which their production has cost and this quantity of labour is measured by the usual units of time, and therefore someone who hands in a product on which two days’ labour has been expended and receives a certificate for two days, has received, certified or assigned to him neither more nor less value than that which he has in fact supplied. Further, since *only* the person who has actually put a product into circulation receives such a certificate, it is also certain that the value marked on the note is available for the satisfaction of society. However extensive we imagine the circle of division of labour to be, if this rule is strictly followed *the sum total of available value must be exactly equal to the sum total of certified value*. Since, however, the sum total of certified value is exactly equal to the sum total of value assigned, the latter must *necessarily coincide with the available value, all claims will be satisfied and the liquidation correctly brought about*”

(p-67).

If Rodbertus has hitherto always had the misfortune to arrive too late with his new discoveries, this time at least he has the merit of *one* sort of originality: none of his rivals has dared to express the stupidity of the labour money utopia in this childishly naive, transparent, I might say truly Pomeranian, form. Since for every paper certificate a corresponding object of value has been delivered, and no object of value is supplied except in return for a corresponding paper certificate, the sum total of paper certificates must always be covered by the sum total of objects of value. The calculation works out without the smallest remainder, it is correct down to a second of labour time, and no governmental chief revenue office accountant, however many years of faithful service he may have behind him, could prove the slightest error in calculation. What more could one want?

In present-day capitalist society each industrial capitalist produces off his own bat what, how and as much as he likes. The social demand, however, remains an unknown magnitude to him, both in regard to quality, the kind of objects required, and in regard to quantity. That which today cannot be supplied quickly enough, may tomorrow be offered far in excess of the demand. Nevertheless, demand is finally satisfied in one way or another, good or bad, and, taken as a whole, production is ultimately geared towards the objects required. How is this evening-out of the contradiction effected? By competition. And how does competition bring about this solution? Simply by depreciating below their labour value those commodities which by their kind or amount are useless for immediate social requirements, and by making the producers feel, through this roundabout means, that they have produced either absolutely useless articles or ostensibly useful articles in unusable, superfluous quantity. Two things follow from this:

First, continual deviations of the prices of commodities from their values are the necessary condition in and through which the value of the commodities as such can come into existence. Only through the fluctuations of competition, and consequently of commodity prices, does the law of value of commodity production assert itself and the determination of the value of the commodity by the socially necessary labour time become a reality. That thereby the form of manifestation of value, the price, as a rule looks somewhat different from the value which it manifests, is a fate which value shares with most social relations. A king usually looks quite different

from the monarchy which he represents. To desire, in a society of producers who exchange their commodities, to establish the determination of value by labour time, by forbidding competition to establish this determination of value through pressure on prices in the only way it can be established, is therefore merely to prove that, at least in this sphere, one has adopted the usual utopian disdain of economic laws.

Secondly, competition, by bringing into operation the law of value of commodity production in a society of producers who exchange their commodities, precisely thereby brings about the only organisation and arrangement of social production which is possible in the circumstances. Only through the undervaluation or overvaluation of products is it forcibly brought home to the individual commodity producers what society requires or does not require and in what amounts. But it is precisely this sole regulator that the utopia advocated by Rodbertus among others wishes to abolish. And if we then ask what guarantee we have that necessary quantity and not more of each product will be produced, that we shall not go hungry in regard to corn and meat while we are choked in beet sugar and drowned in potato spirit, that we shall not lack trousers to cover our nakedness while trouser buttons flood us by the million – Rodbertus triumphantly shows us his splendid calculation, according to which the correct certificate has been handed out for every superfluous pound of sugar, for every unsold barrel of spirit, for every unusable trouser button, a calculation which “works out” exactly, and according to which “all claims will be satisfied and the liquidation correctly brought about.” And anyone who does not believe this can apply to governmental chief revenue office accountant X in Pomerania who has checked the calculation and found it correct, and who, as one who has never yet been caught lacking with the accounts, is thoroughly trustworthy.

And now consider the naiveté with which Rodbertus would abolish industrial and commercial crises by means of his utopia. As soon as the production of commodities has assumed world market dimensions, the evening-out between the individual producers who produce for private account and the market for which they produce, which in respect of quantity and quality of demand is more or less unknown to them, is established by means of a storm on the world market, by a commercial crisis. If now competition is to be forbidden to make the individual producers aware, by a rise or fall in prices, how the world market stands, then they are completely

blindfolded. To institute the production of commodities in such a fashion that the producers can no longer learn anything about the state of the market for which they are producing – that indeed is a cure for the crisis disease which could make Dr. Eisenbart envious of Rodbertus.

It is now comprehensible why Rodbertus determines the value of commodities simply by “labour” and at most allows for different degrees of intensity of labour. If he had investigated by what means and how labour creates value and therefore also determines and measures it, he would have arrived at socially necessary labour, necessary for the individual product, both in relation to other products of the same kind and also in relation to society’s total demand. He would thereby have been confronted with the question as to how the adjustment of the production of separate commodity producers to the total social demand takes place, and his whole utopia would thereby have been made impossible. This time he preferred in fact to “make an abstraction”, namely of precisely that which mattered.

Now at last we come to the point where Rodbertus really offers us something new; something which distinguishes him from all his numerous fellow supporters of the labour money exchange economy. They all demand this exchange organisation for the purpose of abolishing the exploitation of wage labour by capital. Every producer is to receive the full labour value of his product. On this they all agree, from Gray to Proudhon. Not at all, says Rodbertus. Wage labour and its exploitation remain.

In the first place, in no conceivable condition of society can the worker receive the full value of his product for consumption. A series of economically unproductive but necessary functions have to be met from the fund produced, and consequently also the persons connected with them maintained. This is only correct so long as the present-day division of labour applies. In a society in which general productive labour is obligatory, which is also “conceivable” after all, this ceases to apply. But the need for a social reserve and accumulation fund would remain and consequently even in that case, the workers, i.e., *all*, would remain in possession and enjoyment of their total product, but each separate worker would not enjoy the “full returns of his labour”. Nor has the maintenance of economically unproductive functions at the expense of the labour product been overlooked by the other labour money utopians. But they leave the workers to tax themselves for this purpose in the usual democratic way, while Rodbertus, whose whole social reform of 1842 is geared to the Prussian

state of that time, refers the whole matter to the decision of the bureaucracy, which determines from above the share of the worker in his own product and graciously permits him to have it.

In the second place, however, rent and profit are also to continue undiminished. For the landowners and industrial capitalists also exercise certain socially useful or even necessary functions, even if economically unproductive ones, and they receive in the shape of rent and profit a sort of pay on that account – a conception which was, it will be recalled, not new even in 1842. Actually they get at present far too much for the little that they do, and badly at that, but Rodbertus has need, at least for the next five hundred years, of a privileged class, and so the present rate of surplus value, to express myself correctly, is to remain in existence but is not to be allowed to be increased. This present rate of surplus value Rodbertus takes to be 200 per cent, that is to say, for twelve hours of labour daily the worker is to receive a certificate not for twelve hours but only for four, and the value produced in the remaining eight hours is to be divided between landowner and capitalist. Rodbertus' labour certificates, therefore, are a direct lie. Again, one must be a Pomeranian manor owner in order to imagine that a working class would put up with working twelve hours in order to receive a certificate for four hours of labour. If the hocus-pocus of capitalist production is translated into this naïve language, in which it appears as naked robbery, it is made impossible. Every certificate given to a worker would be a direct instigation to rebellion and would come under § 110 of the German Imperial Criminal Code. One need never have seen any other proletariat than the day-labourer proletariat, still actually in semi-serfdom, of a Pomeranian manor where the rod and the whip reign supreme, and where all the beautiful women in the village belong to his lordship's harem, in order to imagine one can treat the workers in such a shamefaced manner. But, after all, our conservatives are our greatest revolutionaries.

If, however, our workers are sufficiently docile to be taken in that they have in reality only worked four hours during a whole twelve hours of hard work, they are, as a reward, to be guaranteed that for all eternity their share in their own product will never fall below a third. That is indeed pie in the sky of the most infantile kind and not worth wasting a word over. Insofar, therefore, as there is anything novel in the labour money exchange utopia of Rodbertus, this novelty is simply childish and far below the achievements of his numerous comrades both before and after him.

For the time when Rodbertus' *Zur Erkenntnis*, etc., appeared, it was certainly an important book. His development of Ricardo's theory of value in that one direction was a very promising beginning. Even if it was new only for him and for Germany, still as a whole, it stands on a par with the achievements of the better ones among his English predecessors. But it was only a beginning, from which a real gain for theory could be achieved only by further thorough and critical work. But he cut himself off from further development by also tackling the development of Ricardo's theory from the very beginning in the second direction, in the direction of utopia. Thereby he surrendered the first condition of all criticism – freedom from bias. He worked on towards a goal fixed in advance, he became a *Tendenzökonom*. Once imprisoned by his utopia, he cut himself off from all possibility of scientific advance. From 1842 up to his death, he went round in circles, always repeating the same ideas which he had already expressed or suggested in his first work, feeling himself unappreciated, finding himself plundered, where there was nothing to plunder, and finally refusing, not without intention, to recognise that in essence he had only rediscovered what had already been discovered long before.

In a few places the translation departs from the printed French original. This is due to handwritten alterations by Marx, which will also be inserted in the new French edition that is now being prepared.

It is hardly necessary to point out that the terminology used in this work does not entirely coincide with that in *Capital*. Thus this work still speaks of *labour* as a commodity, of the purchase and sale of labour, instead of labour *power*.

Also added as a supplement to this edition are:

1) a passage from Marx's work *A Contribution to the Critique of Political Economy*, Berlin, 1859, dealing with the *first* labour money exchange utopia of John Gray, and

2) a translation of Marx's speech on free trade in Brussels (1848), which belongs to the same period of the author's development as the *Misère*.

London, October 23, 1884  
Frederick Engels

## **ENGELS' 1892 INTRODUCTION**

For the second edition I have only to remark that the name wrongly written Hopkins in the French text (on page 45) has been replaced by the correct name Hodgskin and that in the same place the date of the work of William Thompson has been corrected to 1824. It is to be hoped that this will appease the bibliographical conscience of Professor Anton Menger.

Frederick Engels  
London, March 29, 1892

# CHAPTER ONE: A SCIENTIFIC DISCOVERY

## 1. The Antithesis of Use Value and Exchange Value

“The capacity for all products, whether natural or industrial, to contribute to man’s subsistence is specifically termed use value; their capacity to be given in exchange for one another, exchange value.... How does use value become exchange value?... The genesis of the idea of (exchange) value has not been noted by economists with sufficient care. It is necessary, therefore, for us to dwell upon it. Since a very large number of the things I need occur in nature only in moderate quantities, or even not at all, I am forced to assist in the production of what I lack. And as I cannot set my hand to so many things, I shall propose to other men, my collaborators in various functions, to cede to me a part of their products in exchange for mine.”

(Proudhon, Vol. I, Chap.II)

M. Proudhon undertakes to explain to us first of all the double nature of value, the “distinction in value,” the process by which use value is transformed into exchange value. It is necessary for us to dwell with M. Proudhon upon this act of transubstantiation. The following is how this act is accomplished, according to our author.

A very large number of products are not to be found in nature, they are products of industry. If man’s needs go beyond nature’s spontaneous production, he is forced to have recourse to industrial production. What is this industry in M. Proudhon’s view? What is its origin? A single individual, feeling the need for a very great number of things, “cannot set his hand to so many things.” So many things to produce presuppose at once more than one man’s hand helping to produce them. Now, the moment you postulate more than one hand helping in production, you at once presuppose a whole production based on the division of labour. Thus need, as M. Proudhon presupposes it, itself presupposes the whole division of labour. In presupposing the division of labour, you get exchange, and, consequently, exchange value. One might as well have presupposed exchange value from the very beginning.

But M. Proudhon prefers to go the roundabout way. Let us follow him in all his detours, which always bring him back to his starting point.

In order to emerge from the condition in which everyone produces in isolation and to arrive at exchange, “I turn to my collaborators in various

functions,” says M. Proudhon. I, myself, then, have collaborators, all with different function. And yet, for all that, I and all the others, always according to M. Proudhon’s supposition, have got no farther than the solitary and hardly social position of the Robinsons. The collaborators and the various functions, the division of labour and the exchange it implies, are already at hand.

To sum up: I have certain needs which are founded on the division of labour and on exchange. In presupposing these needs, M. Proudhon has thus presupposed exchange, exchange value, the very thing of which he purposes to “note the genesis with more care than other economists.”

M. Proudhon might just as well have inverted the order of things, without in any way affecting the accuracy of his conclusions. To explain exchange value, we must have exchange. To explain exchange, we must have the division of labour. To explain the division of labour, we must have needs which render necessary the division of labour. To explain these needs, we must “presuppose” them, which is not to deny them – contrary to the first axiom in M. Proudhon’s prologue: “To presuppose God is to deny him.” (Prologue, p.1)

How does M. Proudhon, who assumes the division of labour as the known, manage to explain exchange value, which for him is always the unknown?

“A man” sets out to “*propose* to other men, his collaborators in various functions,” that they establish exchange, and make a distinction between ordinary value and exchange value. In accepting this proposed distinction, the collaborators have left M. Proudhon no other “care” than that of recording the fact, or marking, of “noting” in his treatise on political economy “the genesis of the idea of value.” But he has still to explain to us the “genesis” of this proposal, to tell us finally how this single individual, this Robinson [Crusoe], suddenly had the idea of making “to his collaborators” a proposal of the type *known* and how these collaborators accepted it without the slightest protest.

M. Proudhon does not enter into these genealogical details. He merely places a sort of historical stamp upon the fact of exchange, by presenting it in the form of a motion, made by a third party, that exchange be established.

That is a sample of the “historical and descriptive method” of M. Proudhon, who professes a superb disdain for the “historical and descriptive methods” of the Adam Smiths and Ricardos.

Exchange has a history of its own. It has passed through different phases. There was a time, as in the Middle Ages, when only the superfluous, the excess of production over consumption, was exchanged.

There was again a time, when not only the superfluous, but all products, all industrial existence, had passed into commerce, when the whole of production depended on exchange. How are we to explain this second phase of exchange – marketable value at its second power?

M. Proudhon would have a reply ready-made: Assume that a man has “*proposed* to other men, his collaborators in various functions,” to raise marketable value to its second power.

Finally, there came a time when everything that men had considered as inalienable became an object of exchange, of traffic and could be alienated. This is the time when the very things which till then had been communicated, but never exchanged; given, but never sold; acquired, but never bought – virtue, love, conviction, knowledge, conscience, etc. – when everything, in short, passed into commerce. It is the time of general corruption, of universal venality, or, to speak in terms of political economy, the time when everything, moral or physical, having become a marketable value, is brought to the market to be assessed at its truest value.

How, again, can we explain this new and last phase of exchange – marketable value at its third power?

M. Proudhon would have a reply ready-made: Assume that a person has “*proposed* to other persons, his collaborators in various functions,” to make a marketable value out of virtue, love, etc., to raise exchange value to its third and last power.

We see that M. Proudhon’s “historical and descriptive method” is applicable to everything, it answers everything, explains everything. If it is a question above all of explaining historically “the genesis of an economic idea,” it postulates a man who proposes to other men, “his collaborators in various functions,” that they perform this act of genesis and that is the end of it.

We shall hereafter accept the “genesis” of exchange value as an accomplished act; it now remains only to expound the relation between exchange value and use value. Let us hear what M. Proudhon has to say:

“Economists have very well brought out the double character of value, but what they have not pointed out with the same precision is its contradictory nature; this is where our criticism begins. ...

“It is a small thing to have drawn attention to this surprising contrast between use value and exchange value, in which economists have been wont to see only something very simple: we must show that this alleged simplicity conceals a profound mystery into which it is our duty to penetrate....

“In technical terms, use value and exchange value stand in inverse ratio to each other.”

If we have thoroughly grasped M. Proudhon’s thought the following are the four points which he sets out to establish:

1. Use value and exchange value form a “surprising contrast,” they are in opposition to each other.

2. Use value and exchange value are in inverse ratio, in contradiction, to each other.

3. Economists have neither observed nor recognized either the opposition or the contradiction.

4. M. Proudhon’s criticism begins at the end.

We, too, shall begin at the end, and, in order to clear the economists from M. Proudhon’s accusations, we shall let two sufficiently well-known economists speak for themselves.

SISMONDI:

“It is the opposition between use value and exchange value to which commerce has reduced everything, etc.”

(*Etudes*, Volume II, p.162, Brussels edition)

LAUDERDALE:

“In proportion as the riches of individuals are increased by an augmentation of the value of any commodity, the wealth of the society is generally diminished; and in proportion as the mass of individual riches is diminished, by the diminution of the value of any commodity, its opulence is generally increased.”

(*Recherches sur la nature et l’origine de la richesse publique*; translated by Langentie de Lavaisse, Paris 1808 [p.33])

Sismondi founded on the opposition between use value and exchange value his principal doctrine, according to which diminution in revenue is proportional to the increase in production.

Lauderdale founded his system on the inverse ratio of the two kinds of value, and his doctrine was indeed so popular in Ricardo's time that the latter could speak of it as of something generally known.

“It is through confounding the ideas of value and wealth, or riches that it has been asserted, that by diminishing the quantity of commodities, that is to say, of the necessaries, conveniences, and enjoyments of human life, riches may be increased.”

(Ricardo, *Principles de l'économie politique*

translated by Constancio, annotations by J. B. Say.

Paris 1835; Volume II, chapter *Sur la valeur et les richesses*)

We have just seen that the economists before M. Proudhon had “drawn attention” to the profound mystery of opposition and contradiction. Let us now see how M. Proudhon explains this mystery after the economists.

The exchange value of a product falls as the supply increases, the demand remaining the same; in other words, the more abundant a product is relatively to the demand, the lower is its exchange value, or price. Vice versa: The weaker the supply relatively to the demand, the higher rises the exchange value or the price of the product supplied: in other words, the greater the scarcity in the products supplied, relatively to the demand, the higher the prices. The exchange value of a product depends upon its abundance or its scarcity; but always in relation to the demand. Take a product that is more than scarce, unique of its kind if you will: this unique product will be more than abundant, it will be superfluous, if there is no demand for it. On the other hand, take a product multiplied into millions, it will always be scarce if it does not satisfy the demand, that is, if there is too great a demand for it.

These are what we should almost call truisms, yet we have had to repeat them here in order to render M. Proudhon's mysteries comprehensible.

“So that, following up the principle to its ultimate consequences, one would come to the conclusion, the most logical in the world, that the things whose use is indispensable and whose quantity is unlimited should be had for nothing, and those whose utility is nil and whose scarcity is extreme should be of incalculable worth. To cap the difficulty, these extremes are impossible in practice: on the one hand, no human product could ever be unlimited in magnitude; on the other, even the scarcest things must perforce be useful to a certain degree, otherwise they would be quite valueless. Use

value and exchange value are thus inexorably bound up with each other, although by their nature they continually tend to be mutually exclusive.”

(Volume I, )

What caps M. Proudhon’s difficulty? That he has simply forgotten about demand, and that a thing can be scarce or abundant only in so far as it is in demand. The moment he leaves out demand, he identifies exchange value with scarcity and use value with abundance. In reality, in saying that things “whose utility is nil and scarcity extreme are of incalculable worth,” he is simply declaring that exchange value is merely scarcity. “Scarcity extreme and utility nil” means pure scarcity. “Incalculable worth” is the maximum of exchange value, it is pure exchange value. He equates these two terms. Therefore exchange value and scarcity are equivalent terms. In arriving at these alleged “extreme consequences,” M. Proudhon has in fact carried to the extreme, not the things, but the terms which express them, and, in so doing, he shows proficiency in rhetoric rather than in logic. He merely rediscovers his first hypotheses in all their nakedness, when he thinks he has discovered new consequences. Thanks to the same procedure he succeeds in identifying use value with pure abundance.

After having equated exchange value and scarcity, use value and abundance, M. Proudhon is quite astonished not to find use value in scarcity and exchange value, nor exchange value in abundance and use value; and seeing that these extremes are impossible in practice, he can do nothing but believe in mystery. Incalculable worth exists for him, because buyers do not exist, and he will never find any buyers, so long as he leaves out demand.

On the other hand, M. Proudhon’s abundance seems to be something spontaneous. He completely forgets that there are people who produce it, and that it is to their interest never to lose sight of demand. Otherwise, how could M. Proudhon have said that things which are very useful must have a very low price, or even cost nothing? On the contrary, he should have concluded that abundance, the production of very useful things, should be restricted if their price, their exchange value is to be raised.

The old vine-growers of France in petitioning for a law to forbid the planting of new vines; the Dutch in burning Asiatic spices, in uprooting clove trees in the Moluccas, were simply trying to reduce abundance in order to raise exchange value. During the whole of the Middle Ages this same principle was acted upon, in limiting by laws the number of journeymen a single master could employ and the number of implements he

could use. (See Anderson, *History of Commerce*.) [A. Anderson, *An Historical and Chronological Deduction of the Origin of Commerce from the Earliest Accounts to the Present Time*. First edition appeared in London in 1764. ]

After having represented abundance as use value and scarcity as exchange value – nothing indeed is easier than to prove that abundance and scarcity are in inverse ratio – M. Proudhon identifies use value with *supply* and exchange value with *demand*. To make the antithesis even more clear-cut, he substitutes a new term, putting “estimation value” instead of exchange value. The battle has now shifted its ground, and we have on one side *utility* (use value, supply), on the other side, *estimation* (exchange value, demand).

Who is to reconcile these two contradictory forces? What is to be done to bring them into harmony with each other? Is it possible to find in them even a single point of comparison?

“Certainly,” cries M. Proudhon, “there is one – free will. The price resulting from this battle between supply and demand, between utility and estimation will not be the expression of eternal justice.”

M. Proudhon goes on to develop this antithesis.

“In my capacity as a free buyer, I am judge of my needs, judge of the desirability of an object, judge of the price I am willing to pay for it. On the other hand, in your capacity as a free producer, you are master of the means of execution, and in consequence, you have the power to reduce your expenses.”

(Volume I, )

And as demand, or exchange value, is identical with estimation, M. Proudhon is led to say:

“It is proved that it is man’s free will that gives rise to the opposition between use value and exchange value. How can this opposition be removed, so long as free will exists? And how can the latter be sacrificed without sacrificing mankind?”

(Volume I, )

Thus there is no possible way out. There is a struggle between two as it were incommensurable powers, between utility and estimation, between the free buyer and the free producer.

Let us look at things a little more closely.

Supply does not represent exclusively utility, demand does not represent exclusively estimation. Does not the demander also supply a certain product or the token representing all products – viz., money; and as supplier, does he not represent, according to M. Proudhon, utility or use value?

Again, does not the supplier also demand a certain product or the token representing all product – viz., money? And does he not thus become the representative of estimation, of estimation value or of exchange value?

Demand is at the same time a supply, supply is at the same time a demand. Thus M. Proudhon's antithesis, in simply identifying supply and demand, the one with utility, the other with estimation, is based only on a futile abstraction.

What M. Proudhon calls use value is called estimation value by other economists, and with just as much right. We shall quote only Storch (*Cours d'économie politique*, Paris 1823, pp.48 and 49).

According to him, *needs* are the things for which we feel the need; *values* are things to which we attribute value. Most things have value only because they satisfy needs engendered by estimation. The estimation of our needs may change; therefore the utility of things, which expresses only the relation of these things to our needs, may also change. Natural needs themselves are continually changing. Indeed, what could be more varied than the objects which form the staple food of different peoples!

The conflict does not take place between utility and estimation; it takes place between the marketable value demanded by the supplier and the marketable value supplied by the demander. The exchange value of the product is each time the resultant of these contradictory appreciations.

In final analysis, supply and demand bring together production and consumption, but production and consumption based on individual exchanges.

The product supplied is not useful in itself. It is the consumer who determines its utility. And even when its quality of being useful is admitted, it does not exclusively represent utility. In the course of production, it has been exchanged for all the costs of production, such as raw materials, wages of workers, etc., all of which are marketable values. The product, therefore, represents, in the eyes of the producer, a sum total of marketable values. What he supplies is not only a useful object, but also and above all a marketable value.

As to demand, it will only be effective on condition that it has means of exchange at its disposal. These means are themselves products, marketable value.

In supply and demand, then, we find on the one hand a product which has cost marketable values, and the need to sell; on the other, means which have cost marketable values, and the desire to buy.

M. Proudhon opposes the free buyer to the free producer. To the one and to the other he attributes purely metaphysical qualities. It is this that makes him say:

“It is proved that it is man’s free will that gives rise to the opposition between use value and exchange value.”

[Volume I, ]

The producer, the moment he produces in a society founded on the division of labour and on exchange (and that is M. Proudhon’s hypothesis), is forced to sell. M. Proudhon makes the producer master of the means of production; but he will agree with us that his means of production do not depend on free will. Moreover, many of these means of production are products which he gets from the outside, and in modern production he is not even free to produce the amount he wants. The actual degree of development of the productive forces compels him to produce on such or such a scale.

The consumer is no freer than the producer. His judgment depends on his means and his needs. Both of these are determined by his social position, which itself depends on the whole social organisation. True, the worker who buys potatoes and the kept woman who buys lace both follow their respective judgments. But the difference in their judgements is explained by the difference in the positions which they occupy in the world, and which themselves are the product of social organisation.

Is the entire system of needs on estimation or on the whole organisation of production? Most often, needs arise directly from production or from a state of affairs based on production. Thus, to choose another example, does not the need for lawyers suppose a given civil law which is but the expression of a certain development of property, that is to say, of production?

It is not enough for M. Proudhon to have eliminated the elements just mentioned from the relation of supply and demand. He carries abstraction to the furthest limits when he fuses all producers into one single producer, all

consumers into one single consumer, and sets up a struggle between these two chimerical personages. But in the real world, things happen otherwise. The competition among the suppliers and the competition among the demanders form a necessary part of the struggle between buyers and sellers, of which marketable value is the result.

After having eliminated competition and the cost of production, M. Proudhon can at his ease reduce the formula of supply and demand to an absurdity.

“Supply and demand,” he says, “are merely two ceremonial forms that serve to bring use value and exchange value face to face, and to lead to their reconciliation. They are the two electric poles which, when connected, must produce the phenomenon of affinity called exchange.”

(Volume I, pp.49 and 50)

One might as well say that exchange is merely a “ceremonial form” for introducing the consumer to the object of consumption. One might as well say that all economic relations are “ceremonial forms” serving immediate consumption as go-betweens. Supply and demand are neither more nor less relations of a given production than are individual exchanges.

What, then, does all M. Proudhon’s dialectic consist in? In the substitution for use value and exchange value, for supply and demand, of abstract and contradictory notions like scarcity and abundance, utility and estimation, *one* producer and *one* consumer, both of them knights of free will.

And what was he aiming at?

At arranging for himself a means of introducing later on one of the elements he had set aside, the cost of production, as the synthesis of use value and exchange value. And it is thus that in his eyes the cost of production constitutes synthetic value or constituted value.

## 2. Constituted Value or Synthetic Value

Value (marketable value) is the corner-stone of the economic structure. “Constituted” value is the corner-stone of the system of economic contradictions.

What then is this “constituted value” which is all M. Proudhon has discovered in political economy?

Once utility is admitted, labor is the source of all value. The measure of labor is time. The relative value of products is determined by the labor time required for their production. Price is the monetary expression of the relative value of a product. Finally, the constituted value of a product is purely and simply the value which is constituted by the labor time incorporated in it.

Just as Adam Smith discovered the division of labor, so he, M. Proudhon, claims to have discovered “constituted value.” This is not exactly “something unheard of,” but then it must be admitted that there is nothing unheard of in any discovery of economic science. M. Proudhon, who fully appreciates the importance of his own invention, seeks nevertheless to tone down the merit therefore “in order to reassure the reader to as his claims to originality, and to win over minds whose timidity renders them little favorable to new ideas.” But in apportioning the contribution made by each of his predecessors to the understanding of value, he is forced to confess openly that the largest portion, the lion’s share, of the merit falls to himself.

“The synthetic idea of value had been vaguely perceived by Adam Smith.... But with Adam Smith the idea of value was entirely intuitive. Now, society does not change its habits merely on the strength of intuitions: its decisions are made only on the authority of facts. The antinomy had to be stated more palpably and more clearly: J.B. Say was its chief interpreter.”

[I 66]

Here, in a nutshell, is the history of the discovery of synthetic value: Adam Smith – vague intuition; J. B. Say – antinomy; M. Proudhon – constituting and “constituted” truth. And let there be no mistake about it: all the other economists, from Say to Proudhon, have merely been trudging along in the rut of antimony.

“It is incredible that for the last 40 years so many men of sense should have fumed and fretted at such a simple idea. But no, values are compared without there being any point of comparison between them and with no unit of measurements; this, rather than embrace the revolutionary theory of equality, is what the economists of the 19th century are resolved to uphold against all comers. What will posterity say about it?”

(Vol.I, p.68)

Posterity, so abruptly invoked, will begin by getting muddled over the chronology. It is bound to ask itself: are not Ricardo and his school

economists of the 19th century? Ricardo's system, putting as a principle that "the relative value of commodities corresponds exclusively to their production", dates from 1817. Ricardo is the head of a whole school dominant in England since the Restoration. [The Restoration began after the termination of the Napoleonic wars and the restoration of the Bourbon dynasty in France in 1815.] The Ricardian doctrine summarizes severely, remorselessly, the whole of the English bourgeoisie. "What will posterity say about it?" It will not say that M. Proudhon did not know Ricardo, for he talks about him, he talks at length about him, he keeps coming back to him, and concludes by calling his system "trash". If ever posterity does interfere, it will say perhaps that M. Proudhon, afraid of offending his readers' Anglophobia, preferred to make himself the responsible editor of Ricardo's ideas. In any case, it will think it very naive that M. Proudhon should give as a "revolutionary theory of the future" what Ricardo expounded scientifically as the theory of present-day society, of bourgeois society, and that he should thus take for the solution of the antinomy between utility and exchange value what Ricardo and his school presented long before him as the scientific formula of one single side of this antinomy, that of exchange value. But let us leave posterity alone once and for all, and confront M. Proudhon with his predecessor Ricardo. Here are some extracts from this author which summarize his doctrine on value:

"Utility then is not the measure of exchangeable value, although it is absolutely essential to it."

(Vol.I, p.3, *Principles de l'economie politique, etc.*, translated from the English by F.S. Constancio, Paris 1835)

"Possessing utility, commodities derive their exchangeable value from two sources: from their scarcity, and from the quantity of labor required to obtain them. There are some commodities, the value of which is determined by their scarcity alone. No labor can increase the quantity of such goods, and therefore their value cannot be lowered by an increased supply. Some rare statues and pictures, scarce books... are all of this description. Their value... varies with the varying wealth and inclinations of those who are desirous to possess them."

(Vol.I, pp.4 and 5, l. c.)

“These commodities, however, form a very small part of the mass of commodities daily exchanged in the market. By far the greatest part of these goods which are the objects of desire, are procured by labor; and they may be multiplied, not in one country alone, but in many, almost without any assignable limit, if we are disposed to bestow the labor necessary to obtain them.”

(Vol.I, pp.5, l. c.)

“In speaking then of commodities, of their exchangeable value, and of the laws which regulate their relative prices, we mean always such commodities only as can be increased in quantity by the exertion of human industry, and on the production of which competition operates without restraint.”

(Vol.I, pp.5)

Ricardo quotes Adam Smith, who, according to him, “so accurately defined the original source of exchangeable value” (Adam Smith, *Wealth of Nations*, Book I, Chap 5 [*An Inquiry into the Nature and Causes of the Wealth of Nations*, first edition appearing in London, 1776]), and he adds:

“That this (i.e., labor time) is really the foundation of the exchangeable value of all things, excepting those which cannot be increased by human industry, is a doctrine of the utmost importance in political economy; for from no source do so many errors, and so much difference of opinion in that science proceed, as from the vague ideas which are attached to the word value.”

(Vol.I, p.8)

“If the quantity of labor realized in commodities regulate their exchangeable value, every increase of the quantity of labor must augment the value of that commodity on which it is exercised, as every diminution must lower it.”

(Vol.I, p.8)

Ricardo goes on to reproach Smith:

1. With having “himself erected another standard measure of value” than labor. “Sometimes he speaks of corn, at other times of labor, as a standard measure; not the quantity of labor bestowed on the production of any object, but the quantity it can command in the market.” (Vol.I, pp.9 and 10)

2. With having “admitted the principle without qualification and at the same time restricted its application to that early and rude state of society,

which precedes both the accumulation of stock and the appropriation of land.” (Vol.I, p.21)

Ricardo sets out to prove that the ownership of land, that is, ground rent, cannot change the relative value of commodities and that the accumulation of capital has only a passing and fluctuation effect on the relative values determined by the comparative quantity of labor expended on their production. In support of this thesis, he gives his famous theory of ground rent, analyses capital, and ultimately finds nothing in it but accumulated labor. Then he develops a whole theory of wages and profits, and proves that wages and profits rise and fall in inverse ratio to each other, without affecting the relative value of the product. He does not neglect the influence that the accumulation of capital and its different aspects (fixed capital and circulating capital), as also the rate of wages, can have on the proportional value of products. In fact, they are the chief problems with which Ricardo is concerned.

“Economy in the use of labor never fails to reduce the relative value of a commodity, whether the saving be in the labor necessary to the manufacture of the commodity itself, or in that necessary to the formation of the capital, by the aid of which it is produced.”

(Vol.I, p.28)

“Under such circumstance the value of the deer, the produce of the hunter’s day’s labor, would be exactly equal to the value of the fish, the produce of the fisherman’s day’s labor. The comparative value of the fish and the game would be entirely regulated by the quantity of labor realized in each, whatever might be the quantity of production, or however high or low general wages or profits might be.”

(Vol.I, p.28)

“In making labor the foundation of the value of commodities and the comparative quantity of labor which is necessary to their production, the rule which determines the respective quantities of goods which shall be given in exchange for each other, we must not be supposed to deny the accidental and temporary deviations of the actual or market price of commodities from this, their primary and natural price.”

(Vol.I, p.105, l. c.)

“It is the cost of production which must ultimately regulate the price of commodities, and not, as has been often said, the proportion between supply and demand.”

(Vol.II, p.253)

Lord Lauderdale had developed the variations of exchange value according to the law of supply and demand, or of scarcity and abundance relatively to demand. In his opinion the value of a thing can increase when its quantity decreases or when the demand for it increases; it can decrease owing to an increase of its quantity or owing to the decrease in demand. Thus the value of a thing can change through eight different causes, namely, four causes that apply to money or to any other commodity which serves as a measure of its value. Here is Ricardo's refutation:

“Commodities which are monopolized, either by an individual, or by a company, vary according to the law which Lord Lauderdale has laid down: they fall in proportion as the sellers augment their quantity, and rise in proportion to the eagerness of the buyers to purchase them; their price has no necessary connexion with their natural value; but the prices of commodities, which are subject to competition, and whose quantity may be increased in any moderate degree, will ultimately depend, not on the state of demand and supply, but on the increased or diminished cost of their production.”

(Vol.II, p.259)

We shall leave it to the reader to make the comparison between this simple, clear, precise language of Ricardo's and M. Proudhon's rhetorical attempts to arrive at the determination of relative value by labor time.

Ricardo shows us the real movement of bourgeois production, which constitutes value. M. Proudhon, leaving the real movement out of account, “fumes and frets” in order to invent new processes and to achieve the reorganization of the world on a would-be new formula, which formula is no more than the theoretical expression of the real movement which exists and which is so well described by Ricardo. Ricardo takes his starting point from present-day society to demonstrate to us how it constitutes value – M. Proudhon takes constituted value as his starting point to construct a new social world with the aid of this value. For him, M. Proudhon, constituted value must move around and become once more the constituting factor in a world already completely constituted according to this mode of evaluation. The determination of value by labor time, is, for Ricardo, the law of exchange value; for M. Proudhon. it is the synthesis of use value and exchange value. Ricardo's theory of values is the scientific interpretation of actual economic life; M. Proudhon's theory of values is the utopian

interpretation of Ricardo's theory. Ricardo establishes the truth of his formula by deriving it from all economic relations, and by explaining in this way all phenomena, even those like ground rent, accumulation of capital and the relation of wages to profits, which at first sight seems to contradict it; it is precisely that which makes his doctrine a scientific system: M. Proudhon, who has rediscovered this formula of Ricardo's by means of quite arbitrary hypotheses, is forced thereafter to seek out isolated economic facts which he twists and falsifies to pass them off as examples, already existing applications, beginning of realization of his regenerating idea. (See our S.3. Application of Constituted Value)

Now let us pass on to the conclusions M. Proudhon draws from value constituted (by labor time).

- A certain quantity of labor is equivalent to the product created by this same quantity of labor.

- Each day's labor is worth as much as another day's labor; that is to say, if the quantities are equal, one man's labor is worth as much as another man's labor: there is no qualitative difference. With the same quantity of work, one man's product can be given in exchange for another man's product. All men are wage workers getting equal pay for an equal time of work. Perfect equality rules the exchanges.

Are these conclusions the strict, natural consequences of value "constituted" or determined by labor time?

If the relative value of a commodity is determined by the quantity of labor required to produce it, it follows naturally that the relative value of labor, or wages, is likewise determined by the quantity of labor needed to produce the wages. Wages, that is, the relative value or the price of labor, are thus determined by the labor time needed to produce all that is necessary for the maintenance of the worker.

"Diminish the cost of production of hats, and their price will ultimately fall to their own new natural price, although the demand should be doubled, trebled, or quadrupled. Diminish the cost of subsistence of men, by diminishing the natural price of food and clothing, by which life is sustained, and wages will ultimately fall, notwithstanding the demand for laborers may very greatly increase."

(Ricardo, Vol.II, p.253)

Doubtless, Ricardo's language is as cynical as can be. To put the cost of manufacture of hats and the cost of maintenance of men on the same plane

is to turn men into hats. But do not make an outcry at the cynicism of it. The cynicism is in the facts and not in the words which express the facts. French writers like M.M. Droz, Blanqui, Rossi and others take an innocent satisfaction in proving their superiority over the English economists, by seeking to observe the etiquette of a “humanitarian” phraseology; if they reproach Ricardo and his school for their cynical language, it is because it annoys them to see economic relations exposed in all their crudity, to see the mysteries of the bourgeoisie unmasked.

To sum up: Labor, being itself a commodity, is measured as such by the labor time needed to produce the labor-commodity. And what is needed to produce this labor-commodity? Just enough labor time to produce the objects indispensable to the constant maintenance of labor, that is, to keep the worker alive and in a condition to propagate his race. The natural price of labor is no other than the wage minimum. If the current rate of wages rises above this natural price, it is precisely because the law of value put as a principle by M. Proudhon happens to be counterbalanced by the consequences of the varying relations of supply and demand. But the minimum wage is nonetheless the centre towards which the current rates of wages gravitate.

Thus relative value, measured by labor time, is inevitably the formula of the present enslavement of the worker, instead of being, as M. Proudhon would have it, the “revolutionary theory” of the emancipation of the proletariat.

Let us now see to what extent the application of labor time as a measure of value is incompatible with the existing class antagonism and the unequal distribution of the product between the immediate worker and the owner of accumulated labor.

Let us take a particular product: broadcloth, which has required the same quantity of labor as the linen.

If there is an exchange of these two products, there is an exchange of equal quantities of labor. In exchanging these equal quantities of labor time, one does not change the reciprocal position of the producers, any more than one changes anything in the situation of the workers and manufacturers among themselves. To say that this exchange of products measured by labor time results in an equality of payment for all the producers is to suppose that equality of participation in the product existed before the exchange. When the exchange of broadcloth for linen has been accomplished, the

producers of broadcloth will share in the linen in a proportion equal to that in which they previously shared in the broadcloth.

M. Proudhon's illusion is brought about by his taking for a consequence what could be at most but a gratuitous supposition.

Let us go further.

Does labor time, as the measure of value, suppose at least that the days are equivalent, and that one man's day is worth as much as another's? No.

Let us suppose for a moment that a jeweller's day is equivalent to three days of a weaver; the fact remains that any change in the value of jewels relative to that of woven materials, unless it be the transitory result of the fluctuations of supply and demand, must have as its cause a reduction or an increase in the labor time expended in the production of one or the other. If three working days of different workers be related to one another in the ratio of 1:2:3, then every change in the relative value of their products will be a change in this same proportion of 1:2:3. Thus values can be measured by labor time, in spite of the inequality of value of different working days; but to apply such a measure we must have a comparative scale of the different working days: it is competition that sets up this scale.

Is your hour's labor worth mine? That is a question which is decided by competition.

Competition, according to an American economist, determines how many days of simple labor are contained in one day's compound labor. Does not this reduction of days of compound labor to days of simple labor suppose that simple labor is itself taken as a measure of value? If the mere quantity of labor functions as a measure of value regardless of quality, it presupposes that simple labor has become the pivot of industry. It presupposes that labor has been equalized by the subordination of man to the machine or by the extreme division of labor; that men are effaced by their labor; that the pendulum of the clock has become as accurate a measure of the relative activity of two workers as it is of the speed of two locomotives. Therefore, we should not say that one man's hour is worth another man's hour, but rather that one man during an hour is worth just as much as another man during an hour. Time is everything, man is nothing; he is, at the most, time's carcass. Quality no longer matters. Quantity alone decides everything; hour for hour, day for day; but this equalizing of labor is not by any means the work of M. Proudhon's eternal justice; it is purely and simply a fact of modern industry.

In the automatic workshop, one worker's labor is scarcely distinguishable in any way from another worker's labor: workers can only be distinguished one from another by the length of time they take for their work. Nevertheless, this quantitative difference becomes, from a certain point of view, qualitative, in that the time they take for their work depends partly on purely material causes, such as physical constitution, age and sex; partly on purely negative moral causes, such as patience, imperturbability, diligence. In short, if there is a difference of quality in the labor of different workers, it is at most a quality of the last kind, which is far from being a distinctive speciality. This is what the state of affairs in modern industry amounts to in the last analysis. It is upon this equality, already realized in automatic labor, that M. Proudhon wields his smoothing-plane of "equalization," which he means to establish universally in "time to come!"

All the "equalitarian" consequences which M. Proudhon deduces from Ricardo's doctrine are based on a fundamental error. He confounds the value of commodities measured by the quantity of labor embodied in them with the value of commodities measured by "the value of labor." If these two ways of measuring the value of commodities were equivalent, it could be said indifferently that the relative value of any commodity is measured by the quantity of labor embodied in it; or that it is measured by the quantity of labor it can buy; or again that it is measured by the quantity of labor which can acquire it. But this is far from being so. The value of labor can no more serve as a measure of value than the value of any other commodity. A few examples will suffice to explain still better what we have just stated.

If a quarter of corn cost two days' labor instead of one, it would have twice its original value; but it would not set in operation double the quantity of labor, because it would contain no more nutritive matter than before. Thus the value of the corn, measured by the quantity of labor used to produce it, would have doubled; but measured either by the quantity of labor it can buy or the quantity of labor with which it can be bought, it would be far from having doubled. On the other hand, if the same labor produced twice as many clothes as before, their relative value would fall by half; but, nevertheless, this double quantity of clothing would not thereby be reduced to disposing over only half the quantity of labor, nor could the same labor command the double quantity of clothing; for half the clothes would still go on rendering the worker the same service as before.

Thus it is going against economic facts to determine the relative value of commodities by the value of labor. It is moving in a vicious circle, it is to determine relative value by a relative value which itself needs to be determined.

It is beyond doubt that M. Proudhon confuses the two measures, measure by the labor time needed for the production of a commodity and measure by the value of the labor. "Any man's labor," he says, "can buy the value it represents." Thus, according to him, a certain quantity of labor embodied in a product is equivalent to the worker's payment, that is, to the value of labor. It is the same reasoning that makes him confuse cost of production with wages.

"What are wages? They are the cost price of corn, etc., the integral price of all things."

Let us go still further.

"Wages are the proportionality of the elements which compose wealth." What are wages? They are the value of labor.

Adam Smith takes as the measure of value, now the time of labor needed for the production of a commodity, now the value of labor. Ricardo exposes this error by showing clearly the disparity of these two ways of measuring. M. Proudhon goes one better than Adam Smith in error by identifying the two things which the latter had merely put in juxtaposition.

It is in order to find the proper proportion in which workers should share in the products, or, in other words, to determine the relative value of labor, that M. Proudhon seeks a measure for the relative value of commodities. To find out the measure for the relative value of commodities he can think of nothing better than to give as the equivalent of a certain quantity of labor the sum total of the products it has created, which is as good as supposing that the whole of society consists merely of workers who receive their own produce as wages. In the second place, he takes for granted the equivalence of the working days of different workers. In short, he seeks the measure of the relative value of commodities in order to arrive at equal payment for the workers, and he takes the equality of wages as an already established fact, in order to go off on the search for the relative value of commodities. What admirable dialectics!

"Say and the economists after him have observed that labor being itself subject to valuation, being a commodity like any other commodity, it is moving in a vicious circle to treat it as the principle and the determining

cause of value. In so doing, these economists, if they will allow me to say so, show a prodigious carelessness. Labor is said to have value not as a commodity itself, but in view of the values which it is supposed potentially to contain. The value of labor is a figurative expression, an anticipation of the cause for the effect. It is a fiction of the same stamp as the productivity of capital. Labor produces, capital has value....

“By a sort of ellipsis one speaks of the value of labor....

“Labor like liberty... is a thing vague and indeterminate by nature, but defined qualitatively by its object, that is to say, it becomes a reality by the product.”

[I 61]

“But is there any need to dwell on this? The moment the economist (read M. Proudhon) changes the name of things, *vera rerum vocabula* [the true name of things], he is implicitly confessing his impotence and proclaiming himself not privy to the cause.”

(Proudhon, I, 188)

We have seen that M. Proudhon makes the value of labor the “determining cause” of the value of products to such an extent that for him wages, the official name for the “value of labor,” form the integral price of all things: that is why Say’s objection troubles him. In labor as a commodity, which is a grim reality, he sees nothing but a grammatical ellipsis. Thus the whole of existing society, founded on labor as a commodity, is henceforth founded on a poetic licence, a figurative expression. If society wants to “eliminate all the drawbacks” that assail it, well, let it eliminate all the ill-sounding terms, change the language; and to this end it has only to apply to the Academy for a new edition of its dictionary. After all that we have just seen, it is easy for us to understand why M. Proudhon, in a work on political economy, has to enter upon long dissertations on etymology and other parts of grammar. Thus he is still learnedly discussing the antiquated derivation of *servus* [a slave, servant] from *servare* [To preserve]. These philological dissertations have a deep meaning, an esoteric meaning – they form an essential part of M. Proudhon’s argument.

Labor, inasmuch as it is bought and sold, is a commodity like any other commodity, and has, in consequence, an exchange value. But the value of labor, or labor as a commodity, produces as little as the value of wheat, or wheat as a commodity, serves as food.

Labor “is worth” more or less, according to whether food commodities are more or less dear, whether the supply and demand of hands exist to such or such a degree, etc., etc.

Labor is not a “vague thing”; it is always some definite labor, it is never labor in general that is bought and sold. It is not only labor that is qualitatively defined by the object; but also the object which is determined by the specific quality of labor.

Labor, in so far as it is bought and sold, is itself a commodity. Why is it bought? “Because of the values it is supposed potentially to contain.” But if a certain thing is said to be a commodity, there is no longer any question as to the reason why it is bought, that is, as to the utility to be derived from it, the application to be made of it. It is a commodity as an object of traffic. All M. Proudhon’s arguments are limited to this: labor is not bought as an immediate object of consumption. No, it is bought as an instrument of production, as a machine would be bought. As a commodity, labor has no value and does not produce. M. Proudhon might just as well have said that there is no such thing as a commodity, since every commodity is obtained merely for some utilitarian purpose, and never as a commodity in itself.

In measuring the value of commodities by labor, M. Proudhon vaguely glimpses the impossibility of excluding labor from this same measure, in so far as labor has a value, as labor is a commodity. He has a misgiving that it is turning the wage minimum into the natural and normal price of immediate labor, that it is accepting the existing state of society. So, to get away from this fatal consequence, he faces about and asserts that labor is not a commodity, that it cannot have value. He forgets that he himself has taken the value of labor as a measure, he forgets that his whole system rests on labor as a commodity, on labor which is bartered, bought, sold, exchanged for produce, etc., on labor, in fact, which is an immediate source of income for the worker. He forgets everything.

To save his system, he consents to sacrifice its basis.

*Et propter vitam vivendi perdere causas!*

We now come to a new definition of “constituted value.”

“Value is the proportional relation of the products which constitute wealth.”

Let us note in the first place that the single phrase “relative or exchange value” implies the idea of some relation in which products are exchanged reciprocally. By giving the name “proportional relation” to this relation, no

change is made in the relative value, except in the expression. Neither the depreciation nor the enhancement of the value of a product destroys its quality of being in some “proportional relation” with the other products which constitute wealth.

Why then this new term, which introduces no new idea?

“Proportional relation” suggests many other economic relations, such as proportionality in production, the true proportion between supply and demand, etc., and M. Proudhon is thinking of all that when he formulates this didactic paraphrase of marketable value.

In the first place, the relative value of products being determined by the comparative amount of labor used in the production of each of them, proportional relations, applied to this special case, stand for the respective quota of products which can be manufactured in a given time, and which in consequence are given in exchange for one another.

Let us see what advantage M. Proudhon draws from this proportional relation.

Everyone knows that when supply and demand are evenly balanced, the relative value of any product is accurately determined by the quantity of labor embodied in it, that is to say, that this relative value expresses the proportional relation precisely in the sense we have just attached to it. M. Proudhon inverts the order of things. Begin, he says, by measuring the relative value of a product by the quantity of labor embodied in it, and supply and demand will infallibly balance one another. Production will correspond to consumption, the product will always be exchangeable. Its current price will express exactly its true value. Instead of saying like everyone else: when the weather is fine, a lot of people are to be seen going out for a walk. M. Proudhon makes his people go out for a walk in order to be able to ensure them fine weather.

What M. Proudhon gives as the consequence of marketable value determined a priori by labor time could be justified only by a law couched more or less in the following terms:

Products will in future be exchanged in the exact ratio of the labor time they have cost. Whatever may be the proportion of supply to demand, the exchange of commodities will always be made as if they had been produced proportionately to the demand. Let M. Proudhon take it upon himself to formulate and lay down such a law, and we shall relieve him of the necessity of giving proofs. If, on the other hand, he insists on justifying his

theory, not as a legislator, but as an economist, he will have to prove that the time needed to create a commodity indicates exactly the degree of its utility and marks its proportional relation to the demand, and in consequence, to the total amount of wealth. In this case, if a product is sold at a price equal to its cost of production, supply and demand will always be evenly balanced; for the cost of production is supposed to express the true relation between supply and demand.

Actually, M. Proudhon sets out to prove that labor time needed to create a product indicates its true proportional relation to needs, so that the things whose production costs the least time are the most immediately useful, and so on, step by step. The mere production of a luxury object proves at once, according to this doctrine, that society has spare time which allows it to satisfy a need for luxury.

M. Proudhon finds the very proof of his thesis in the observation that the most useful things cost the least time to produce, that society always begins with the easiest industries and successively “starts on the production of objects which cost more labor time and which correspond to a higher order of needs.”

M. Proudhon borrows from M. Dunoyer the example of extractive industry – fruit-gathering, pasturage, hunting, fishing, etc. – which is the simplest, the least costly of industries, and the one by which man began “the first day of his second creation.” The first day of his first creation is recorded in Genesis, which shows God as the world’s first manufacturer.

Things happen in quite a different way from what M. Proudhon imagines. The very moment civilization begins, production begins to be founded on the antagonism of orders, estates, classes, and finally on the antagonism of accumulated labor and actual labor. No antagonism, no progress. This is the law that civilization has followed up to our days. Till now the productive forces have been developed by virtue of this system of class antagonisms. To say now that, because all the needs of all the workers were satisfied, men could devote themselves to the creation of products of a higher order – to more complicated industries – would be to leave class antagonism out of account and turn all historical development upside down. It is like saying that because, under the Roman emperors, muraena were fattened in artificial fishponds, therefore there was enough to feed abundantly the whole Roman population. Actually, on the contrary, the

Roman people had not enough to buy bread with, while the Roman aristocrats had slaves enough to throw as fodder to the muraena.

The price of food has almost continuously risen, while the price of manufactured and luxury goods has almost continuously fallen. Take the agricultural industry itself; the most indispensable objects, like corn, meat, etc., rise in price, while cotton, sugar, coffee, etc., fall in a surprising proportion. And even among comestibles proper, the luxury articles, like artichokes, asparagus, etc., are today relatively cheaper than foodstuffs of prime necessity. In our age, the superfluous is easier to produce than the necessary. Finally, at different historical epochs, the reciprocal price relations are not only different, but opposed to one another. In the whole of the Middle Ages, agricultural products were relatively cheaper than manufactured products; in modern times they are in inverse ratio. Does this mean that the utility of agricultural products has diminished since the Middle Ages?

The use of products is determined by the social conditions in which the consumers find themselves placed, and these conditions themselves are based on class antagonism.

Cotton, potatoes and spirits are objects of the most common use. Potatoes have engendered scrofula; cotton has to a great extent driven out flax and wool, although wool and flax are, in many cases, of greater utility, if only from the point of view of hygiene; finally, spirits have got the upper hand of beer and wine, although spirits used as an alimentary substance are everywhere recognized to be poison. For a whole century, governments struggled in vain against the European opium; economics prevailed, and dictated its orders to consumption.

Why are cotton, potatoes and spirits the pivots of bourgeois society? Because the least amount of labor is needed to produce them, and, consequently, they have the lowest price. Why does the minimum price determine the maximum consumption? Is it by any chance because of the absolute utility of these objects, their intrinsic utility, their utility inasmuch as they correspond, in the most useful manner, in the needs of the worker as a man, and not to the man as a worker? No, it is because in a society founded on poverty the poorest products have the fatal prerogative of being used by the greatest number.

To say now that because the least costly things are in greater use, they must be of greater utility, is saying that the wide use of spirits, because of

their low cost of production, is the most conclusive proof of their utility; it is telling the proletarian that potatoes are more wholesome for him than meat; it is accepting the present state of affairs; it is, in short, making an apology, with M. Proudhon, for a society without understanding it.

In a future society, in which class antagonism will have ceased, in which there will no longer be any classes, use will no longer be determined by the minimum time of production; but the time of production devoted to different articles will be determined by the degree of their social utility.

To return to M. Proudhon's thesis: the moment the labor time necessary for the production of an article ceases to be the expression of its degree of utility, the exchange value of this same article, determined beforehand by the labor time embodied in it, becomes quite usable to regulate the true relation of supply to demand, that is, the proportional relation in the sense M. Proudhon at the moment attributes to it.

It is not the sale of a given product at the price of its cost of production that constitutes the "proportional relation" of supply to demand, or the proportional quota of this product relatively to the sum total of production; it is the variations in supply and demand that show the producer what amount of a given commodity he must produce in order to receive in exchange at least the cost of production. And as these variations are continually occurring, there is also a continual movement of withdrawal and application of capital in the different branches of industry.

"It is only in consequence of such variations that capital is apportioned precisely, in the requisite abundance and no more, to the production of the different commodities which happen to be in demand. With the rise or fall of price, profits are elevated above, or depressed below their general level, and capital is either encouraged to enter into, or is warned to depart from, the particular employment in which the variation has taken place."

"When we look at the markets of a large town, and observe how regularly they are supplied both with home and foreign commodities, in the quantity in which they are required, under all the circumstances of varying demand, arising from the caprice of taste, or a change in the amount of population, without often producing either the effects of a glut from a too abundant supply, or an enormously high price from the supply being unequal to the demand, we must confess that the principle which apportions capital to each trade in the precise amount that is required, is more active than is generally supposed."

(Ricardo, Vol.I, pp.105 and 108)

If M. Proudhon admits that the value of products is determined by labor time, he should equally admit that it is the fluctuating movement alone that in society founded on individual exchanges make labor the measure of value. There is no ready-made constituted “proportional relation,” but only a constituting movement.

We have just seen in what sense it is correct to speak of “proportion” as of a consequence of value determined by labor time. We shall see now how this measure by time, called by M. Proudhon the “law of proportion,” becomes transformed into a law of *disproportion*.

Every new invention that enables the production in one hour of that which has hitherto been produced in two hours depreciates all similar products on the market. Competition forces the producer to sell the product of two hours as cheaply as the product of one hour. Competition carries into effect the law according to which the relative value of a product is determined by the labor time needed to produce it. Labor time serving as the measure of marketable value becomes in this way the law of the continual depreciation of labor. We will say more. There will be depreciation not only of the commodities brought into the market, but also of the instruments of production and of whole plants. This fact was already pointed out by Ricardo when he said:

“By constantly increasing the facility of production, we constantly diminish the value of some of the commodities before produced.”

(Vol.II, p.59)

Sismondi goes further. He sees in this “value constituted” by labor time, the source of all the contradictions of modern industry and commerce.

“Mercantile value,” he says, “is always determined in the long run by the quantity of labor needed to obtain the thing evaluated: it is not what it has actually cost, but what it would cost in the future with, perhaps, perfected means; and this quantity, although difficult to evaluate, is always faithfully established by competition....

“It is on this basis that the demand of the seller as well as the supply of the buyer is reckoned. The former will perhaps declare that the thing has cost him 10 days’ labor; but if the latter realizes that it can henceforth be produced with eight days’ labor, in the event of competition proving this to the two contracting parties, the value will be reduced, and the market price fixed at eight days only. Of course, each of the parties believes that the

thing is useful, that it is desired, that without desire there would be no sale; but the fixing of the price has nothing to do with utility.”

*(Etudes, etc., Vol.II, p.267)*

It is important to emphasize the point that what determines value is not the time taken to produce a thing, but the minimum time it could possibly be produced in, and the minimum is ascertained by competition. Suppose for a moment that there is no more competition and consequently no longer any means to ascertain the minimum of labor necessary for the production of a commodity; what will happen? It will suffice to spend six hours' work on the production of an object, in order to have the right, according to M. Proudhon, to demand in exchange six times as much as the one who has taken only one hour to produce the same object.

Instead of a “proportional relation,” we have a disproportional relation, at any rate if we insist on sticking to relations, good or bad.

The continual depreciation of labor is only one side, one consequence of the evaluation of commodities by labor time. The excessive raising of prices, overproduction and many other features of industrial anarchy have their explanation in this mode of evaluation.

But does labor time used as a measure of value give rise at least to the proportional variety of products that so delights M. Proudhon?

On the contrary, monopoly in all its monotony follows in its wake and invades the world of products, just as to everybody's knowledge monopoly invades the world of the instruments of production. It is only in a few branches of industry, like the cotton industry, that very rapid progress can be made. The natural consequence of this progress is that the products of cotton manufacture, for instance, fall rapidly in price: but as the price of cotton goes down, the price of flax will be replaced by cotton. In this way, flax has been driven out of almost the whole of North America. And we have obtained, instead of the proportional variety of products, the dominance of cotton.

What is left of this “proportional relation”? Nothing but the pious wish of an honest man who would like commodities to be produced in proportions which would permit of their being sold at an honest price. In all ages good-natured bourgeois and philanthropic economists have taken pleasure in expressing this innocent wish.

Let us hear what old Boisguillebert says:

“The price of commodities,” he says, “must always be proportionate; for it is such mutual understanding alone that can enable them to exist together so as to give themselves to one another at any moment (here is M. Proudhon’s continual exchangeability) and reciprocally give birth to one another. ...

“As wealth, then, is nothing but this continual intercourse between man and man, craft and craft, etc., it is a frightful blindness to go looking for the cause of misery elsewhere than in the cessation of such traffic brought about by a disturbance of proportion in prices.”

*(Dissertation sur la nature des richesses,*  
Daire’s ed. [pp.405 and 408])

[Boisguillebert’s work is quoted from the symposium *Economistes-financiers du XVIII siecle*. Prefaced by a historical sketch on each author and accompanied by commentaries and explanatory notes by Eugene Daire; Paris 1843.]

Let us listen also to a modern economist:

“The great law as necessary to be affixed to production, that is, the law of proportion, which alone can preserve the continuity of value....

“The equivalent must be guaranteed....

“All nations have attempted, at various periods of their history, by instituting numerous commercial regulations and restrictions, to effect, in some degree, the object here explained....

“But the natural and inherent selfishness of man... has urged him to break down all such regulations. Proportionate Production is the realization of the entire truth of the Science of Social Economy.”

*(W. Atkinson, Principles of Political Economy,*  
London 1840, pp.170-95)

*Fuit Troja.* [Troy is no more.] This true proportion between supply and demand, which is beginning once more to be the object of so many wishes, ceased long ago to exist. It has passed into the stage of senility. It was possible only at a time when the means of production were limited, when the movement of exchange took place within very restricted bounds. With

the birth of large-scale industry this true proportion had to come to an end, and production is inevitably compelled to pass in continuous succession through vicissitudes of prosperity, depression, crisis, stagnation, renewed prosperity, and so on.

Those who, like Sismondi, wish to return to the true proportion of production, while preserving the present basis of society, are reactionary, since, to be consistent, they must also wish to bring back all the other conditions of industry of former times.

What kept production in true, or more or less true, proportions? It was demand that dominated supply, that preceded it. Production followed close on the heels of consumption. Large-scale industry, forced by the very instruments at its disposal to produce on an ever-increasing scale, can no longer wait for demand. Production precedes consumption, supply compels demands.

In existing society, in industry based on individual exchange, anarchy of production, which is the source of so much misery, is at the same time the source of all progress.

Thus, one or the other:

Either you want the true proportions of past centuries with present-day means of production, in which case you are both reactionary and utopian.

Or you want progress without anarchy: in which case, in order to preserve the productive forces, you must abandon individual exchange.

Individual exchange is suited only to the small-scale industry of past centuries with its corollary of “true proportion,” or else to large-scale industry with all its train of misery and anarchy.

After all, the determination of value by labor time – the formula M. Proudhon gives us as the regenerating formula of the future – is therefore merely the scientific expression of the economic relations of present-day society, as was clearly and precisely demonstrated by Ricardo long before M. Proudhon.

But does the “equalitarian” application of this formula at least belong to M. Proudhon? Was he the first to think of reforming society by transforming all men into actual workers exchanging equal amounts of labor? Is it really for him to reproach the Communists – these people devoid of all knowledge of political economy, these “obstinately foolish men,” these “paradise dreamers” – with not having found, before him, this “solution of the problem of the proletariat”?

Anyone who is in any way familiar with the trend of political economy in England cannot fail to know that almost all the Socialists in that country have, at different periods, proposed the equalitarian application of the Ricardian theory. We quote for M. Proudhon: Hodgskin, *Political Economy*, 1827; William Thompson, *An Inquiry into the Principles of the Distribution of Wealth Most Conducive to Human Happiness*, 1824; T. R. Edmonds, *Practical Moral and Political Economy*, 1828 , etc., etc., and four pages more of etc. We shall content ourselves with listening to an English Communist, Mr. Bray. We shall give the decisive passages in his remarkable work, *Labor's Wrongs and Labor's Remedy*, Leeds, 1839, and we shall dwell some time upon it, firstly, because Mr. Bray is still little known in France, and secondly, because we think that we have discovered in him the key to the past, present and future works of M. Proudhon.

“The only way to arrive at truth is to go at once to First Principles.... Let us... go at once to the source from whence governments themselves have arisen.... By thus going to the origin of the thing, we shall find that every form of government, and every social and governmental wrong, owes its rise to the existing social system – to the institution of property as it at present exists – and that, therefore, if we would end our wrongs and our miseries at once and for ever, the present arrangements of society must be totally subverted.... By thus fighting them upon their own ground, and with their own weapons, we shall avoid that senseless clatter respecting ‘visionaries’ and ‘theorists’, with which they are so ready to assail all who dare move one step from that beaten track which ‘by authority’, has been pronounced to be the right one. Before the conclusions arrived at by such a course of proceeding can be overthrown, the economists must unsay or disprove those established truths and principles on which their own arguments are founded.”

(Bray, pp.17 and 41)

“It is labor alone which bestows value....

“Every man has an undoubted right to all that his honest labor can procure him. When he thus appropriates the fruits of his labor, he commits no injustice upon any other human being; for he interferes with no other man’s right of doing the same with the produce of his labor....

“All these ideas of superior and inferior – of master and man – may be traced to the neglect of First Principles, and to the consequent rise of inequality of possessions; and such ideas will never be subverted, so long as

this inequality is maintained. Men have hitherto blindly hoped to remedy the present unnatural state of things... by destroying existing inequality; but it will be shortly seen... that misgovernment is not a cause, but a consequence – that it is not the creator, but the created – that is is the offspring of inequality of possessions; and that the inequality of possessions is inseparably connected with our present social system.”

(Bray, pp.33, 36 and 37)

“Not only are the greatest advantages, but strict justice also, on the side of a system of equality.... Every man is a link, in the chain of effects – the beginning of which is but an idea, and the end, perhaps, the production of a piece of cloth. Thus, although we may entertain different feelings towards the several parties, it does not follow that one should be better paid for his labor than another. The inventor will ever receive, in addition to his just pecuniary reward, that which genius only can obtain from us – the tribute of our admiration....

“From the very nature of labor and exchange, strict justice not only requires that all exchangers should be mutually, but that they should likewise be equally, benefited. Men have only two things which they can exchange with each other, namely, labor, and the produce of labor....

“If a just system of exchanges were acted upon, the value of articles would be determined by the entire cost of production; and equal values should always exchange for equal values. If, for instance, it takes a hatter one day to make a hat, and a shoemaker the same time to make a pair of shoes – supposing the material used by each to be of the same value – and they exchange these articles with each other, they are not only mutually but equally benefited: the advantage derived by either party cannot be a disadvantage to the other, as each has given the same amount of labor, and the materials made use of by each were of equal value. But if the hatter should obtain two pair of shoes for one hat – time and value of material being as before – the exchange would clearly be an unjust one. The hatter would defraud the shoemaker of one day’s labor; and were the former to act thus in all his exchanges, he would receive, for the labor of half a year, the product of some other person’s whole year. We have heretofore acted upon no other than this most unjust system of exchanges – the workmen have given the capitalist the labor of a whole year, in exchange for the value of only half a year – and from this, and not from the assumed inequality of bodily and mental powers in individuals, has arisen the inequality of wealth

and power which at present exists around us. It is an inevitable condition inequality of exchanges – of buying at one price and selling at another – that capitalists shall continue to be capitalists, and working men to be working men – the one a class of tyrants and the other a class of slaves – to eternity....

“The whole transaction, therefore, plainly shews that the capitalists and proprietors do no more than give the working man, for his labor of one week, a part of the wealth which they obtained from him the week before! – which amounts to giving him nothing for something....

“The whole transaction, therefore, between the producer and the capitalist is a palpable deception, a mere farce: it is, in fact, in thousands of instances, no other than a barefaced though legalized robbery.”

(Bray, pp.45, 48, 49 and 50)

“... the gain of the employer will never cease to be the loss of the employed – until the exchanges between the parties are equal; and exchanges never can be equal while society is divided into capitalists and producers – the last living upon their labor and the first bloating upon the profit of that labor.

“It is plain that, establish whatever form of government we will... we may talk of morality and brotherly love... no reciprocity can exist where there are unequal exchanges. Inequality of exchanges, as being the cause of inequality of possessions, is the secret enemy that devours us.”

(Bray, pp.51 and 52)

“It has been deduced, also, from a consideration of the intention and end of society, not only that all men should labor, and thereby become exchangers, but that equal values should always exchange for equal values – and that, as the gain of one man ought never to be the loss of another, value should be determined by cost of production. But we have seen, that, under the present arrangements of society... the gain of the capitalist and the rich man is always the loss of the workman – that this result will invariably take place, and the poor man be left entirely at the mercy of the rich man, under any and every form of government, so long as there is inequality of exchanges – and that equality of exchanges can be ensured only under social arrangements in which labor is universal....

“If exchanges were equal, would the wealth of the present capitalists gradually go from them to the working classes.”

(Bray, pp.53-55)

“So long as this system of unequal exchanges is tolerated, the producers will be almost as poor and as ignorant and as hardworked as they are at present, even if every governmental burthen be swept away and all taxes be abolished... nothing but a total change of this system – an equality of labor and exchanges – can alter this state of rights....

“The producers have but to make an effort – and by them must every effort for their own redemption be made – and their chains will be snapped asunder forever....

“As an end, the political equality is there a failure, as a means, also, it is there a failure.

“Where equal exchanges are maintained, the gain of one man cannot be the loss of another; for every exchange is then simply a transfer, and not a sacrifice of labor and wealth. Thus, although under a social system based on equal exchanges, a parsimonious man may become rich, his wealth will be no more than the accumulated produce of his own labor. He may exchange his wealth, or he may give it to others... but a rich man cannot continue wealthy for any length of time after he has ceased to labor. Under equality of exchanges, wealth cannot have, as it now has, a procreative and apparently self-generating power, such as replenishes all waste from consumption; for, unless it be renewed by labor, wealth, when once consumed, is given up for ever. That which is now called profit and interest cannot exist as such in connection with equality of exchanges; for producer and distributor would be alike remunerated, and the sum total of their labor would determine the value of the article created and brought to the hands of the consumer....

“The principle of equal exchanges, therefore, must from its very nature ensure universal labor.”

(Bray, pp.67, 88, 89, 94, 109-10)

After having refuted the objections of the economists to communism, Mr. Bray goes on to say:

“If, then a changed character be essential to the success of the social system of community in its most perfect form – and if, likewise, the present system affords no circumstances and no facilities for effecting the requisite change of character and preparing man for the higher and better state desired – it is evident that these things must necessarily remain as they are.... or else some preparatory step must be discovered and made use of – some movement partaking partly of the present and partly of the desired

system – some intermediate resting place, to which society may go with all its faults and its follies, and from which it may move forward, imbued with those qualities and attributes without which the system of community and equality cannot as such have existence.”

(Bray, p.134)

“The whole movement would require only co-operation in its simplest form.... Cost of production would in every instance determine value; and equal values would always exchange for equal values. If one person worked a whole week, and another worked only half a week, the first would receive double the remuneration of the last; but this extra pay of the one would not be at the expense of the other, nor would the loss incurred by the last man fall in any way upon the first. Each person would exchange the wages he individually received for commodities of the same value as his respective wages; and in no case could the gain of one man or one trade be a loss to another man or another trade. The labor of every individual would alone determine his gains of his losses....

“... By means of general and local boards of trade... the quantities of the various commodities required for consumption – the relative value of each in regard to each other – the number of hands required in various trades and descriptions of labor – and all other matters connected with production and distribution, could in a short time be as easily determined for a nation as for an individual company under the present arrangements....

“As individuals compose families, and families towns, under the existing system, so likewise would they after the joint-stock change had been effected. The present distribution of people in towns and villages, bad as it is, would not be directly interfered with....

“Under this joint-stock system, the same as under that now existing, every individual would be at liberty to accumulate as much as he pleased, and to enjoy such accumulations when and where he might think proper....

“The great productive section of the community... is divided into an indefinite number of smaller sections, all working, producing and exchanging their products on a footing of the most perfect equality....

“And the joint-stock modification (which is nothing but a concession to present-day society in order to obtain communism), by being so constituted as to admit of individual property in productions in connection with a common property in productive powers – making every individual dependent on his own exertions, and at the same time allowing him an equal

participation in every advantage afforded by nature and art – is fitted to take society as it is, and to prepare the way for other and better changes.”

(Bray, pp.158, 160, 162, 168 and 194)

We now only need to reply in a few words to Mr. Bray who without us and in spite of us had managed to supplant M. Proudhon, except that Mr. Bray, far from claiming the last word on behalf of humanity, proposes merely measures which he thinks good for a period of transition between existing society and a community regime.

One hour of Peter’s labor exchanges for one hour of Paul’s labor. That is Mr. Bray’s fundamental axiom.

Let us suppose Peter has 12 hours’ labor before him, and Paul only six. Peter will consequently have six hours’ labor left over. What will he do with these six hours’ labor?

Either he will do nothing with them – in which case he will have worked six hours for nothing; or else he will remain idle for another six hours to get even; or else, as a last resource, he will give these six hours’ labor, which he has no use for, to Paul into the bargain.

What in the end will Peter have earned more than Paul? Some hours of labor? No! He will have gained only hours of leisure; he will be forced to play the loafer for six hours. And in order that this new right to loaf might be not only relished but sought after in the new society, this society would have to find in idleness its highest bliss, and to look upon labor as a heavy shackle from which it must break free at all costs.

And indeed, to return to our example, if only these hours of leisure that Peter had gained in excess of Paul were really a gain! Not in the least. Paul, beginning by working only six hours, attains by steady and regular work a result that Peter secures only by beginning with an excess of work. Everyone will want to be Paul, there will be a competition to occupy Paul’s position, a competition in idleness.

Well, then! What has the exchange of equal quantities of labor brought us? Overproduction, depreciation, excess of labor followed by unemployment; in short, economic relations such as we see in present-day society, minus the competition of labor.

No! We are wrong! There is still an expedient which may save this new society of Peters and Pauls. Peter will consume by himself the product of the six hours’ labor which he has left. But from the moment he has no longer to exchange because he has produced, he has no need to produce for

exchange; and the whole hypothesis of a society founded on the exchange and division of labor will fall to the ground. Equality of exchange will have been saved by the simple fact that exchange will have ceased to be: Paul and Peter would arrive at the position of Robinson.

Thus, if all the members of society are supposed to be actual workers, the exchange of equal quantities of hours of labor is possible only on condition that the number of hours to be spent on material production is agreed on before hand. But such an agreement negates individual exchange.

We still come to the same result, if we take as our starting point not the distribution of the products created but the act of production. In large-scale industry, Peter is not free to fix for himself the time of his labor, for Peter's labor is nothing without the co-operation of all the Peters and all the Pauls who make up the workshop. This explains very well the dogged resistance which the English factory owners put up to the Ten Hours' Bill. They knew only too well that a two-hours' reduction of labor granted to women and children would carry with it an equal reduction of working hours for adult men. It is in the nature of large-scale industry that working hours should be equal for all. What is today the result of capital and the competition of workers among themselves will be tomorrow, if you sever the relation between labor and capital, an actual agreement based upon the relation between the sum of productive forces and the sum of existing needs.

But such an agreement is a condemnation of individual exchange, and we are back again at our first conclusion!

In principle, there is no exchange of products – but there is the exchange of the labor which co-operated in production. The mode of exchange of products depends upon the mode of exchange of the productive forces. In general, the form of exchange of products corresponds to the form of production. Change the latter, and the former will change in consequence. Thus in the history of society we see that the mode of exchanging products is regulated by the mode of producing them. Individual exchange corresponds also to a definite mode of production which itself corresponds to class antagonism. There is thus no individual exchange without the antagonism of classes.

But the respectable conscience refuses to see this obvious fact. So long as one is a bourgeois, one cannot but see in this relation of antagonism a relation of harmony and eternal justice, which allows no one to gain at the expense of another. For the bourgeois, individual exchange can exist

without any antagonism of classes. For him, these are two quite unconnected things. Individual exchange, as the bourgeois conceives it, is far from resembling individual exchange as it actually exists in practice.

Mr. Bray turns the illusion of the respectable bourgeois into an ideal he would like to attain. In a purified individual exchange, freed from all the elements of antagonism he finds in it, he sees an “equalitarian” relation which he would like society to adopt generally.

Mr. Bray does not see that this equalitarian relation, this corrective ideal that he would like to apply to the world, is itself nothing but the reflection of the actual world; and that therefore it is totally impossible to reconstitute society on the basis of what is merely an embellished shadow of it. In proportion as this shadow takes on substance again, we perceive that this substance, far from being the transfiguration dreamt of, is the actual body of existing society.

### 3. Application of the Law of the Proportionality of Value

#### A) Money

“Gold and silver were the first commodities to have their value constituted.”

[Vol, I ]

Thus, gold and silver are the first applications of “value constituted” ... by M. Proudhon. And as M. Proudhon constitutes the value of products determining it by the comparative amount of labour embodied in them, the only thing he had to do was to prove that variations in the value of gold and silver are always explained by variations in the labour time taken to produce them. M. Proudhon has no intention of doing so. He speaks of gold and silver not as commodities, but as money.

His only logic, if logic it be, consists in juggling with the capacity of gold and silver to be used as money for the benefit of all the commodities which have the property of being evaluated by labour time. Decidedly there is more naïveté than malice in this jugglery.

A useful product, once it has been evaluated by the labour time needed to produce it, is always acceptable in exchange; witness, cries M. Proudhon, gold and silver, which exist in my desired conditions of “exchangeability”! Gold and silver, then, are value which has reached a state of constitution:

they are the incorporation of M. Proudhon's idea. He could not have been happier in his choice of an example. Gold and silver, apart from their capacity of being commodities, evaluated like other commodities, in labour time, have also the capacity of being the universal agents of exchange, of being money. By now considering gold and silver as an application of "value constituted" by labour time, nothing is easier than to prove that all commodities whose value is constituted by labour time will always be exchangeable, will be money.

A very simple question occurs to M. Proudhon. Why have gold and silver the privilege of typifying "constituted value"?

"The special function which usage has devolved upon the precious metal, that of serving as a medium for trade, is purely conventional, and any other commodity could, less conveniently perhaps, but just as reliably, fulfil this function. Economists recognize this, and cite more than one example. What then is the reason for this universal preference for metals as money? And what is the explanation of this specialization of the function of money – which has no analogy in political economy?... Is it possible to reconstruct the series from which money seems to have broken away, and hence to trace it back to its true principle?"

[Vol. I, p-69]

Straight away, by formulating the question in these terms, M. Proudhon has presupposed the existence of *money*. The first question he should have asked himself was, why, in exchanges as they are actually constituted, it has been necessary to individualize exchangeable value, so to speak, by the creation of a special agent of exchange. Money is not a thing, it is a social relation. Why is the money relation a production relation like any other economic relation, such as the division of labour, etc.? If M. Proudhon had properly taken account of this relation, he would not have seen in money an exception, an element detached from a series unknown or needing reconstruction.

He would have realised, on the contrary, that this relation is a link, and, as such, closely connected with a whole chain of other economic relations; that this relation corresponds to a definite mode of production neither more nor less than does individual exchange. What does he do? He starts off by detaching money from the actual mode of production as a whole, and then makes it the first member of an imaginary series, of a series to be reconstructed.

Once the necessity for a specific agency of exchange, that is, for money, has been recognized, all that remains to be explained is why this particular function has developed upon gold and silver rather than upon any commodity. This is a secondary question, which is explained not by the chain of production relations, but by the specific qualities inherent in gold and silver as substances. If all this has made economists for once “go outside the domains of their own science, to dabble in physics, mechanics, history and so on,” as M. Proudhon reproaches them with doing, they have merely done what they were compelled to do. The question was no longer within the domain of political economy.

“What no economist,” says M. Proudhon, “has either seen or understood is the economic reason which has determined, in favour of the precious metals, the favor they enjoy.”

[Vol. I, ]

This economic reason which nobody – with good ground indeed – has seen or understood, M. Proudhon has seen, understood and bequeathed to posterity.

“What nobody else has noticed is that, of all commodities, gold and silver were the first to have their value attain constitution. In the patriarchal period, gold and silver were still bartered and exchanged in ingots but even then they showed a visible tendency to become dominant and received a marked degree of preference. Little by little the sovereigns took possession of them and affixed their seal to them: and of this sovereign consecration was born money, that is, the commodity par excellence. which, notwithstanding all the shocks of commerce, retains a definite proportional value and makes itself accepted for all payments....

“The distinguishing character of gold and silver is due, I repeat, to the fact that, thanks to their metallic properties, to the difficulties of their production, and above all to the intervention of state authority, they early won stability and authenticity as commodities.”

To say that, of all commodities, gold and silver were the first to have their value constituted, is to say, after all that has gone before, that gold and silver were the first to attain the status of money. This is M. Proudhon’s great revelation, this is the truth that none had discovered before him.

If, by these words, M. Proudhon means that of all commodities, gold and silver are the ones whose time of production was known the earliest, this would be yet another of the suppositions with which he is so ready to regale

his readers. If we wished to harp on this patriarchal erudition, we would inform M. Proudhon that it was the time needed to produce objects of prime necessity, such as iron, etc., which was the first to be known. We shall spare him Adam Smith's classic bow.

But, after all that, how can M. Proudhon go on talking about the constitution of a value, since a value is never constituted by itself? It is constituted, not by the time needed to produce it by itself, but in relation to the quota of each and every other product which can be created in the same time. Thus the constitution of the value of gold and silver presupposes an already completed constitution of a number of other products.

It is then not the commodity that has attained, in gold and silver, the status of "constituted value," it is M. Proudhon's "constituted value" that has attained, in gold and silver, the status of money.

Let us now make a closer examination of these "economic reasons" which, according to M. Proudhon, have bestowed upon gold and silver the advantage of being raised to the status of money sooner than other products, thanks to their having passed through the constitutive phase of value.

These economic reasons are: the "visible tendency to become dominant," the "marked preferences" even in the "patriarchal period," and other circumlocutions about the actual fact – which increase the difficulty, since they multiply the fact by multiplying the incidents which M. Proudhon brings in to explain the fact. M. Proudhon has not yet exhausted all the so-called economic reasons. Here is one of sovereign, irresistible force:

"Money is born of sovereign consecration: the sovereigns take possession of gold and silver and affix their seal to them."

[Vol. I, ]

Thus, the whim of sovereigns is for M. Proudhon the highest reason in political economy.

Truly, one must be destitute of all historical knowledge not to know that it is the sovereigns who in all ages have been subject to economic conditions, but they have never dictated laws to them. Legislation, whether political or civil, never does more than proclaim, express in words, the will of economic relations.

Was it the sovereign who took possession of gold and silver to make them the universal agents of exchange by affixing his seal to them? Or was it not, rather, these universal agents of exchange which took possession of

the sovereign and forced him to affix his seal to them and thus give them a political consecration?

The impress which was and is still given to money is not that of its value but of its weight. The stability and authenticity M. Proudhon speaks of apply only to the standard of the money ; and this standard indicates how much metallic matter there is in a coined piece of money.

“The sole intrinsic value of a silver mark,” says Voltaire, with his habitual good sense, “is a mark of silver, half a pound weighing eight ounces. The weight and the standard alone form this intrinsic value.”

(Voltaire, *Systeme de Law*)

[Marx quotes a chapter from Voltaire’s *Historie de parlement*. It is entitled “France in the Period of the Regency and Law’s System.” ]

But the question: how much is an ounce of gold or silver worth, remains nonetheless. If a cashmere from the *Grand Colbert* stores bore the trademark pure wool, this trademark would not tell you the value of the cashmere. There would still remain the question: how much is wool worth?

“Philip I, King of France,” says M. Proudhon, “mixes with Charlemagne’s gold pound a third of alloy, imagining that, having the monopoly of the manufacture of money, he could do what is done by every tradesman who has the monopoly of a product. What was actually this debasement of the currency from which Philip and his successors have been so much blamed? It was perfectly sound reasoning from the point of view of commercial practice, but very unsound economic science, viz., to suppose that, as supply and demand regulate value, it is possible, either by producing an artificial scarcity or by monopolizing manufacture, to increase the estimation and consequently the value of things; and that this is true of gold and silver as of corn, wine, oil or tobacco. But Philip’s fraud was no sooner suspected than his money was reduced to its true value, and he himself lost what he had thought to gain from his subjects. The same thing has happened as a result of every similar attempt.”

[Vol. I, p-71]

It has been proved times without number that, if a prince takes into his head to debase the currency, it is he who loses. What he gains once at the first issue he loses every time the falsified coinage returns to him in the

form of taxes, etc. But Philip and his successors were able to protect themselves more or less against this loss, for, once the debased coinage was put into circulation, they hastened to order a general re-minting of money on the old footing.

And besides, if Philip I had really reasoned like M. Proudhon, he would not have reasoned well “from the commercial point of view.” Neither Philip I nor M. Proudhon displays any mercantile genius in imagining that it is possible to alter the value of gold as well as that of every other commodity merely because their value is determined by the relation between supply and demand.

If King Philip had decreed that one quarter of corn was in future to be called two quarters of wheat, he would have been a swindler. He would have deceived all the rentiers, all the people who were entitled to receive 100 quarters of corn. He would have been the cause of all these people receiving only 50 quarters of corn; he would have had to pay only 50. But in commerce 100 such quarters would never have been worth more than 50. By changing the name we do not change the thing. The quantity of corn, whither supplied or demanded, will be neither decreased nor increased by this mere change of name. Thus, the relation between supply and demand being just the same in spite of this change of name, the price of corn will undergo no real change. When we speak of the supply and demand of things, we do not speak of the supply and demand of the name of things. Philip I was not a maker of gold and silver, as M. Proudhon says; he was a maker of names for coins. Pass off your French cashmeres as Asiatic cashmeres, and you may deceive a buyer or two; but once the fraud becomes known, your so-called Asiatic cashmeres will drop to the price of French cashmeres. When he put a false label on gold and silver, King Philip could deceive only so long as the fraud was not known. Like any other shopkeeper, he deceived his customers by a false description of his wares, which could not last for long. He was bound sooner or later to suffer the rigour of commercial laws. Is this what M. Proudhon wanted to prove? No. According to him, it is from the sovereign and not from commerce that money gets its value. And what has he really proved? That commerce is more sovereign than the sovereign. Let the sovereign decree that one mark shall in future be two marks, commerce will keep on saying that these two marks are worth no more than one mark was formerly.

But, for all that, the question of value determined by the quantity of labour has not been advanced a step. It still remains to be decided whether the value of these two marks (which have become what one mark was once) is determined by the cost of production or by the law of supply and demand.

M. Proudhon continues: “It should even be borne in mind that if, instead of debasing the currency, it had been in the king’s power to double its bulk, the exchange value of gold and silver would immediately have dropped by half, always from reasons of proportion and equilibrium.”

[(Vol. I, ]

If this opinion, which M. Proudhon shares with the other economists, is valid, it argues in favor of the latter’s doctrine of supply and demand, and in no way in favor of M. Proudhon’s proportionality. For, whatever the quantity of labour embodied in the doubled bulk of gold and silver, its value would have dropped by half, the demand having remained the same and the supply having doubled. Or can it be, by any chance, that the “law of proportionality” would have become confused this time with the so much disdained law of supply and demand? This true proportion of M. Proudhon’s is indeed so elastic, is capable of so many variations, combinations and permutations, that it might well coincide for once with the relation between supply and demand.

To make “every commodity acceptable in exchange, if not in practice then at least by right,” on the basis of the role of gold and silver is, then, to misunderstand this role. Gold and silver are acceptable by law only because they are acceptable in practice; and they are acceptable in practice because the present organization of production needs a universal medium of exchange. Law is only the official recognition of fact.

We have seen that the example of money as an application of value which has attained constitution was chosen by M. Proudhon only to smuggle through his whole doctrine of exchangeability, that is to say, to prove that every commodity assessed by its cost of production must attain the status of money. All this would be very fine, were it not for the awkward fact that precisely gold and silver, as money, are of all commodities the only ones not determined by their cost of production; and this is so true that in circulation they can be replaced by paper. So long as there is a certain proportion observed between the requirements of circulation and the amount of money issued, be it paper, gold, platinum, or copper money, there can be no question of a proportion to be observed

between the intrinsic value (cost of production) and the nominal value of money. Doubtless, in international trade, money is determined, like any other commodity, by labour time. But it is also true that gold and silver in international trade are means of exchange as products and not as money. In other words, they lose this characteristic of “stability and authenticity,” of “sovereign consecration,” which, for M. Proudhon, forms their specific characteristic. Ricardo understood the truth so well that, after basing his whole system on value determined by labour time, and after saying:

“Gold and silver, like all other commodities, are valuable only in proportion to the quantity of labour necessary to produce them, and bring them to market,”

He adds, nevertheless, that the value of *money* is not determined by the labour time its substance embodies, but by the law of supply and demand only.

“Though it [paper money] has no intrinsic value, yet, by limiting its quantity, its value in exchange is as great as an equal denomination of coin, or of bullion in that coin. On the same principle, too, namely, by limitation of its quantity, a debased coin would circulate at the value it should bear, if it were of the legal weight and fineness, and not at the value of the quantity of metal which it actually contained. In the history of the British coinage, we find, accordingly, that the currency was never depreciated in the same proportion that it was debased; the reason of which was, that it never was increased in quantity, in proportion to its diminished intrinsic value.”

(Ricardo, loc. cit. [pp.206-07])

This is what J. B. Say observes on this passage of Ricardo’s:

“This example should suffice, I think, to convince the author that the basis of all value is not the amount of labour needed to make a commodity, but the need felt for that commodity, balanced by its scarcity.”

[ The reference is to Say’s note on the French edition of Ricardo’s book, Vol.II, pp.206-07]

Thus money, which for Ricardo is no longer a value determined by labour time, and which J. B. Say therefore takes as an example to convince Ricardo that the other values could not be determined by labour time either, this money, I say, taken by J. B. Say as an example of a value determined

exclusively by supply and demand, becomes for M. Proudhon the example par excellence of the application of value constituted... by labour time.

To conclude, if money is not a value “constituted” by labour time, it is all the less likely that it could have anything in common with M. Proudhon’s true “proportion.” Gold and silver are always exchangeable, because they have the special function of serving as the universal agent of exchange, and in no wise because they exist in a quantity proportional to the sum total of wealth; or, to put it still better, they are always proportional because, alone of all commodities, they serve as money, the universal agent of exchange, whatever their quantity in relation to the sum total of wealth.

“A circulation can never be so abundant as to overflow; for by diminishing its value, in the same proportion you will increase its quantity, and by increasing its value, diminish its quantity.”

(Ricardo [Vol. II, ])

“What an imbroglio this political economy is!” cries M. Proudhon. [Vol. I, ]

“Cursed gold!” cries a Communist flippantly [through the mouth of M. Proudhon]. You might as well say: “Cursed wheat, cursed vines, cursed sheep! – for just like gold and silver, *every commercial value* must attain its strictly exact determination.” [Vol. I, ]

The idea of making sheep and vines attain the status of money is not new. In France, it belongs to the age of Louis XIV. At that period, money having begun to establish its omnipotence, the depreciation of all other commodities was being complained of, and the time when “every commercial value” might attain its strictly exact determination, the status of money, was being eagerly invoked. Even in the writings of Boisguillebert, one of the oldest of French economists, we find:

“Money, then, by the arrival of innumerable competitors in the form of commodities themselves, re-established in their true values, will be thrust back again within its natural limits.”

(Economistes financiers du dix-huitieme siecle, Daire edition, p.422)

One sees that the first illusions of the bourgeoisie are also their last.

## B) Surplus labour

“In works on political economy we read this absurd hypothesis: If the price of everything were doubled.... As if the price of everything were not the proportion of things – and one could double a proportion, a relation, a law!”  
(Proudhon, Vol.I, p.81)

Economists have fallen into this error through not knowing how to apply the “law of proportionality” and of “constituted value.”

Unfortunately in the very same work by M. Proudhon, Volume I, p.110, we read the absurd hypothesis that, “if wages rose generally, the price of every thing else would rise.” Furthermore, if we find the phrase in question in works on political economy, we also find an explanation of it.

“When one speaks of the price of all commodities going up or down, one always excludes some one commodity going up or down. The excluded commodity is, in general, money or labour.”

*(Encyclopedia Metropolitana or Universal Dictionary of Knowledge, Vol.IV, Article “Political Economy”, by [N. W.] Senior, London, 1836. Regarding the phrase under discussion, see also J. St. Mill: Essays on Some Unsettled Questions of Political Economy, London 1844, and Tooke: A History of Prices, etc., London 1838.) [Full reference is Th. Tooke, A History of Prices, and of the State of the Circulation, from 1793 to 1837, Vols.I-II, London, 1838]*

Let us pass now to the second application of “constituted value,” and of other proportions – whose only defect is their lack of proportion. And let us see whether M. Proudhon is happier here than in the monetarization of sheep.

“An axiom generally admitted by economists is that all labour must leave a surplus. In my opinion this proposition is universally and absolutely true: it is the corollary of the law of proportion, which may be regarded as the summary of the whole of economic science. But, if the economists will permit me to say so, the principle that all labour must leave a surplus is meaningless according to their theory, and is not susceptible of any demonstration.”

(Proudhon [3Vol. I, 1])

To prove that all labour must leave a surplus, M. Proudhon personifies society; he turns it into a person, Society – a society which is not by any means a society of persons, since it has its law apart, which have nothing in common with the persons of which society is composed, and its “own intelligence,” which is not the intelligence of common men, but an intelligence devoid of common sense. M. Proudhon reproaches the economists with not having understood the personality of this collective being. We have pleasure in confronting him with the following passage from an American economist, who accuses the economists of just the opposite:

“The moral entity – the grammatical being called a nation, has been clothed in attributes that have no real existence except in the imagination of those who metamorphose a word into a thing.... This has given rise to many difficulties and to some deplorable misunderstanding in political economy.”

(Th. Cooper, *Lectures on the Elements of Political Economy*, Columbia, 1826)

[The first edition of the book was published in Colombia in 1826. A second, enlarged edition appeared in London in 1831.]

“This principle of surplus labour,” continues M. Proudhon, “is true of individuals only because it emanates from society, which thus confers on them the benefit of its own laws.”

[Vol. I, ]

Does M. Proudhon mean thereby merely that the production of the social individual exceeds that of the isolated individual? Is M. Proudhon referring to this excess of the production of associated individuals over that of non-associated individuals? If so, we could quote for him a hundred economists who have expressed this simple truth without any of the mysticism with which M. Proudhon surrounds himself. This, for example, is what Mr. Sadler says:

“Combined labour produces results which individual exertion could never accomplish. As mankind, therefore, multiply in number, the products of their united industry would greatly exceed the amount of any mere arithmetical addition calculated on such an increase.... In the mechanical

arts, as well as in pursuits of science, a man may achieve more in a day... than a solitary... individual could perform in his whole life.... Geometry says... that the whole is only equal to the sum of all its parts; as applied to the subject before us, this axiom would be false. Regarding labour, the great pillar of human existence, it may be said that the entire product of combined exertion almost infinitely exceeds all which individual and disconnected efforts could possibly accomplish.”

(T.Sadler, *The Law of Population*, London 1830)  
[Vol. I, p and 84]

To return to M. Proudhon. Surplus labour, he says, is explained by the person, Society. The life of this person is guided by laws, the opposite of those which govern the activities of man as an individual. He desires to prove this by “facts.”

“The discovery of an economic process can never provide the inventor with a profit equal to that which he procures for society.... It has been remarked that railway enterprises are much less a source of wealth for the contractors than for the state.... The average cost of transporting commodities by road is 18 centimes per ton per kilometre, from the collection of the goods to their delivery. It has been calculated that at this rate an ordinary railway enterprise would not obtain 10 per cent net profit, a result approximately equal to that of a road-transport enterprise. But let us suppose that the speed of rail transport compared with that of road transport is as 4 is to 1. Since in society time is value itself, the railway would, prices being equal, present an advantage of 400 per cent over road-transport. Yet this enormous advantage, very real for society, is far from being realised in the same proportion for the carrier, who, while bestowing upon society an extra value of 400 per cent, does not for his own part draw 10 per cent. To bring the matter home still more pointedly, let us suppose, in fact, that the railway puts up its rate to 25 centimes, the cost of road transport remaining at 18: it would instantly lose all its consignments. Senders, receivers, everybody would return to the van, to the primitive waggon if necessary. The locomotive would be abandoned. A social advantage of 400 per cent would be sacrificed to a private loss of 35 per cent. The reason for this is easily grasped: the advantage resulting from the speed of the railway is entirely social, and each individual participates in it only in a minute

proportion (it must be remembered that at the moment we are dealing only with the transport of goods), while the loss strikes the consumer directly and personally. A social profit equal to 400 represents for the individual, if society is composed only of a million men, four ten-thousandths; while a loss of 33 per cent for the consumer would suppose a social deficit of 33 million.

(Proudhon [Vol. I, , 76])

Now, we may even overlook the fact that M. Proudhon expresses a quadrupled speed as 400 per cent of the original speed; but that he should bring into relation the percentage of speed and the percentage of profit and establish a proportion between two relations which, although measured separately by percentages, are nevertheless incommensurate with each other, is to establish a proportion between the percentages without reference to denominations.

Percentages are always percentages, 10 per cent and 400 per cent are commensurable; they are to each other as 10 is to 400. Therefore, concludes M. Proudhon, a profit of 10 per cent is worth 40 times less than a quadrupled speed. To save appearances, he says that, for society, time is money. This error arises from his recollecting vaguely that there is a connection between labour value and labour time, and he hastens to identify labour time with transport time; that is, he identifies the few firemen, drivers and others, whose labour time is actually transport time, with the whole of society. Thus at one blow, speed has become capital, and in this case he is fully right in saying: "A profit of 400 per cent will be sacrificed to a loss of 35 per cent." After establishing this strange proposition as a mathematician, he gives us the explanation of it as an economist.

"A social profit equal to 400 represents for the individual, in a society of only a million men, four ten-thousandths."

Agreed; but we are dealing not with 400, but with 400 per cent, and a profit of 400 per cent represents for the individual 400 per cent, neither more nor less. Whatever be the capital, the dividends will always be in the ratio of 400 per cent. What does M. Proudhon do? He takes percentages for capital, and, as if he were afraid of his confusion not being manifest enough, "pointed" enough, he continues:

"A loss of 33 per cent for the consumer would suppose a social deficit of 33 million."

A loss of 33 per cent for the consumer remains a loss of 33 per cent for a million consumers. How then can M. Proudhon say pertinently that the social deficit in the case of a 33 per cent loss amounts to 33 million, when he knows neither the social capital nor even the capital of a single one of the persons concerned? Thus it was not enough for M. Proudhon to have confused capital with percentage; he surpasses himself by identifying the capital sunk in an enterprise with the number of interested parties.

“To bring the matter home still more pointedly let us suppose in fact” a given capital. A social profit of 400 per cent divided among a million participants, each of them interested to the extent of 1 franc, would give 4 francs profit per head – and not 0.0004, as M. Proudhon alleges. Likewise a loss of 33 per cent for each of the participants represents a social deficit of 330,000 francs and not of 33 million ( $100:33 = 1,000,000:330,000$ ).

M. Proudhon, preoccupied with his theory of the person, Society, forgets to divide by 100, which entails a loss of 330,000 francs; but 4 francs profit per head make 4 million francs profit for society. There remains for society a net profit of 3,670,000 francs. This accurate calculation proves precisely the contrary of what M. Proudhon wanted to prove: namely, that the profits and losses of society are not in inverse ratio to the profits and losses of individuals.

Having rectified these simple errors of pure calculation, let us take a look at the consequences which we would arrive at, if we admitted this relation between speed and capital in the case of railways, as M. Proudhon gives it – minus the mistakes in calculation. Let us suppose that a transport four times as rapid costs four times as much; this transport would not yield less profit than cartage, which is four times slower and costs a quarter the amount. Thus, if cartage takes 18 centimes, rail transport could take 72 centimes. This would be, according to “the rigor of mathematics,” the consequence of M. Proudhon’s suppositions – always minus his mistakes in calculation. But here he is all of a sudden telling us that if, instead of 72 centimes, rail transport takes only 25, it would instantly lose all its consignments. Decidedly we should have to go back to the van, to the primitive waggon even. Only, if we have any advice to give M. Proudhon, it is not to forget, in his *Programme of the Progressive Association*, to divide by 100. But, alas! it is scarcely to be hoped that our advice will be listened to, for M. Proudhon is so delighted with his “progressive association,” that he cries most emphatically:

“I have already shown in Chapter II, by the solution of the antinomy of value, that the advantage of every useful discovery is incomparably less for the inventor, whatever he may do, than for society. I have carried the demonstration in regard to this point in the rigor of mathematics!”

Let us return to the fiction of the person, Society, a fiction which has no other aim than that of proving this simple truth – that a new invention which enables a given amount of labour to produce a greater number of commodities, lowers the marketable value of the product. Society, then, makes a profit, not by obtaining more exchange values, but by obtaining more commodities for the same value. As for the inventor, competition makes his profit fall successively to the general level of profits. Has M. Proudhon proved this proposition as he wanted to? No. This does not prevent him from reproaching the economists with failure to prove it. To prove to him on the contrary that they *have* proved it, we shall cite only Ricardo and Lauderdale – Ricardo, the head of the school which determines value by labour time, and Lauderdale, one of the most uncompromising defenders of the determination of value by supply and demand. Both have expounded the same proposition:

“By constantly increasing the facility of production, we constantly diminish the value of some of the commodities before produced, though by the same means we not only add to the national riches, but also to the power of future production.... As soon as by the aid of machinery, or by the knowledge of natural philosophy, you oblige natural agents to do the work which was before done by man, the exchangeable value of such work falls accordingly. If 10 men turned a corn mill, and it be discovered that by the assistance of wind, or of water, the labour of these 10 men may be spared, the flour which is the produce partly of the work performed by the mill, would immediately fall in value, in proportion to the quantity of labour saved; and the society would be richer by the commodities which the labour of the 10 men could produce, the funds destined for their maintenance being in no degree impaired.”

(Ricardo [Ricardo, Vol. II, ])

Lauderdale, in his turn, says:

In every instance where capital is so employed as to produce a profit, it uniformly arises, either – from its supplanting a portion of labour, which would otherwise be performed by the hand of man; or – from its performing a portion of labour, which is beyond the reach of the personal exertion of

man to accomplish. The small profit which the proprietors of machinery generally acquire, when compared with the wages of labour, which the machine supplants, may perhaps create a suspicion of the rectitude of this opinion. Some fire-engines, for instance, draw more water from a coalpit in one day than could be conveyed on the shoulder of 300 men, even assisted by the machinery of buckets; and a fire-engine undoubtedly performs its labour at a much smaller expense than the amount of the wages of those whose labour it thus supplants. This is, in truth, the case with all machinery. All machines must execute the labour that was antecedently performed at a cheaper rate than it could be done by the hand of man....

If such a privilege is given for the invention of a machine, which performs, by the labour of one man, a quantity of work that used to take the labour of four; as the possession of the exclusive privilege prevents any competition in doing the work, but what proceeds from the labour of the workmen, their wages, as long as the patent continues, must obviously form the measure of the patentee's charge; that is to secure employment, he has only to charge a little less than the wages of the labour which the machine supplants. But when the patent expires, other machines of the same nature are brought into competition; and then his charge must be regulated on the same principle as every other, according to the abundance of machines....

The profit of capital employed..., though it arises from supplanting labour, comes to be regulated, not by the value of the labour it supplants but, as in all other cases, by the competition among the proprietors of capital that presents itself for performing the duty, and the demand for it.

[P, 123, 124, 125, 134]

Finally, then, so long as the profit is greater than in other industries, capital will be thrown into the new industry until the rate of profit falls to the general level.

We have just seen that the example of the railway was scarcely suited to throw any light on his fiction of the person, Society. Nevertheless, M. Proudhon boldly resumes his discourse:

“With these points cleared up, nothing is easier than to explain how labour must leave a surplus for each producer.”

[Vol. I, ]

What now follows belongs to classical antiquity. It is a poetical narrative intended to refresh the reader after the fatigue which the rigor of the preceding mathematical demonstrations must have caused him. M.

Proudhon gives the person, Society, the name of Prometheus, whose high deeds he glorifies in these terms:

First of all, Prometheus emerging from the bosom of nature awakens to life, in a delightful inertia, etc., etc. Prometheus sets to work, and on this first day, the first day of the second creation, Prometheus' product, that is, his wealth, his well-being, is equal to 10. On the second day, Prometheus divides his labour, and his product becomes equal to 100. On the third day and on each of the following days, Prometheus invents machines, discovers new utilities in bodies, new forces in nature.... With every step of his industrial activity, there is an increase in the number of his products, which marks an enhancement of happiness for him. And since, after all, to consume is for him to produce, it is clear that every day's consumption, using up only the product of the day before, leaves a surplus product for the next day."

[Vol. I, p-78]

This Prometheus of M. Proudhon's is a queer character, as weak in logic as in political economy. So long as Prometheus merely teaches us the division of labour, the application of machinery, the exploitation of natural forces and scientific power, multiplying the productive forces of men and giving a surplus compared with the produce of labour in isolation, this new Prometheus has the misfortune only of coming too late. But the moment Prometheus starts talking about production and consumption he becomes really ludicrous. To consume, for him, is to produce; he consumes the next day what he produced the day before, so that he is always one day in advance; this day in advance is his "surplus labour." But, if he consumes the next day what he has produced the day before, he must, on the first day, which had no day before, have done two days' work in order to be one day in advance later on. How did Prometheus earn this surplus on the first day, when there was neither division of labour, nor machinery, nor even any knowledge of physical forces other than fire? Thus the question, for all its being carried back "to the first day of the second creation," has not advanced a single step forward. This way of explaining things savours both of Greek and of Hebrew, it is at once mystical and allegorical. It gives M. Proudhon a perfect right to say:

"I have proved by theory and by facts the principle that all labour must have a surplus."

The “facts” are the famous progressive calculation; the theory is the myth of Prometheus.

“But,” continues M. Proudhon, “this principle, while being as certain as an arithmetical proposition, is as yet far from being realised by everyone. Whereas, with the progress of collective industry, every day’s individual labour produces a greater and greater product, and whereas therefore, by a necessary consequence, the worker with the same wage ought to become richer every day, there actually exist estates in society which profit and others which decay.”

[Vol. I, p-80]

In 1770 the population of the United Kingdom of Great Britain was 15 million, and the productive population was 3 million. The scientific power of production equalled a population of about 12 million individuals more. Therefore there were, altogether, 15 million of productive forces. Thus the productive power was to the population as 1 is to 1; and the scientific power was to the manual power as 4 is to 1.

In 1840 the population did not exceed 30 million: the productive population was 6 million. But the scientific power amounted to 650 million; that is, it was to the whole population as 21 is to 1, and to manual power as 108 is to 1.

In English society the working day thus acquired in 70 years a surplus of 2,700 per cent productivity; that is, in 1840 it produced 27 times as much as in 1770. According to M. Proudhon, the following question should be raised: why was not the English worker of 1840 27 times as rich as the one of 1770? In raising such a question one would naturally be supposing that the English could have produced this wealth without the historical conditions in which it was produced, such as: private accumulation of capital, modern division of labour, automatic workshops, anarchical competition, the wage system – in short, everything that is based upon class antagonism. Now, these were precisely the necessary conditions of existence for the development of productive forces and of surplus labour. Therefore, to obtain this development of productive forces and this surplus labour, there had to be classes which profited and classes which decayed.

What then, ultimately, is this Prometheus resuscitated by M. Proudhon? It is society, social relations based on class antagonism. These relations are not relations between individual and individual, but between worker and capitalist, between farmer and landlord, etc. Wipe out these relations and

you annihilate all society, and your Prometheus is nothing but a ghost without arms or legs; that is, without automatic workshops, without division of labour – in a word, without everything that you gave him to start with in order to make him obtain this surplus labour.

If then, in theory, it sufficed to interpret, as M. Proudhon does, the formula of surplus labour in the equalitarian sense, without taking into account the actual conditions of production, it should suffice, in practice, to share out equally among the workers all the wealth at present acquired, without changing in any way the present conditions of production. Such a distribution would certainly not assure a high degree of comfort to the individual participants.

But M. Proudhon is not so pessimistic as one might think. As proportion is everything for him, he has to see in his fully equipped Prometheus, that is, in present-day society, the beginnings of a realisation of his favorite idea.

“But everywhere, too, the progress of wealth, that is, the proportion of values, is the dominant law; and when economists hold up against the complaints of the social party the progressive growth of the public wealth, and the improved conditions of even the most unfortunate classes, they unwittingly proclaim a truth which is the condemnation of their theories.”

[Vol. I, ]

What is, exactly, collective wealth, public fortune? It is the wealth of the bourgeoisie – not that of each bourgeois in particular. Well, the economists have done nothing but show how, in the existing relations of production, the wealth of the bourgeoisie has grown and must grow still further. As for the working classes, it still remains a very debatable question whether their condition has improved as a result of the increase in so-called public wealth. If economists, in support of their optimism, cite the example of the English workers employed in the cotton industry, they see the condition of the latter only in the rare moments of trade prosperity. These moments of prosperity are to the periods of crisis and stagnation in the “true proportion” of 3 to 10. But perhaps also, in speaking of improvement, the economists were thinking of the millions of workers who had to perish in the East Indies so as to procure for the million and a half workers employed in England in the same industry three years’ prosperity out of ten.

As for the temporary participation in the increase of public wealth, that is a different matter. The fact of temporary participation is explained by the theory of the economists. It is the confirmation of this theory and not its

“condemnation,” as M. Proudhon calls it. If there were anything to be condemned, it would surely be the system of M. Proudhon, who would reduce the worker, as we have shown, to the minimum wage, in spite of the increase of wealth. It is only by reducing the worker to the minimum wage that he would be able to apply the true proportion of values, of “value constituted” by labour time. It is because wages, as a result of competition, oscillate now above, now below, the price of food necessary for the sustenance of the worker, that he can participate to a certain extent in the development of collective wealth, and can also perish from want. This is the whole theory of the economists who have no illusions on the subject.

After his lengthy digressions on railways, on Prometheus, and on the new society to be reconstituted on “constituted value,” M. Proudhon collects himself; emotion overpowers him and he cries in fatherly tones:

“I beseech the economists to ask themselves for one moment, in the silence of their hearts – far from the prejudices that trouble them and regardless of the employment they are engaged in or hope to obtain, of the interests they subserve, or the approbation to which they aspire, of the honors which nurse their vanity – let them say whether before this day the principle that all labour must leave a surplus appeared to them with this chain of premises and consequences that we have revealed.”

# CHAPTER TWO: THE METAPHYSICS OF POLITICAL ECONOMY

## The Method

Here we are, right in Germany! We shall now have to talk metaphysics while talking political economy. And in this again we shall but follow M. Proudhon's "contradictions." Just now he forced us to speak English, to become pretty well English ourselves. Now the scene is changing. M. Proudhon is transporting us to our dear fatherland and is forcing us, whether we like it or not, to become German again.

If the Englishman transforms men into hats, the German transforms hats into ideas. The Englishman is Ricardo, rich banker and distinguished economist; the German is Hegel, simple professor at the University of Berlin.

Louis XV, the last absolute monarch and representative of the decadence of French royalty, had attached to his person a physician who was himself France's first economist. This doctor, this economist, represented the imminent and certain triumph of the French bourgeoisie. Doctor Quesnay made a science out of political economy; he summarized it in his famous *Tableau économique*. Besides the thousand and one commentaries on this table which have appeared, we possess one by the doctor himself. It is the "Analysis of the Economic Table," followed by "seven important observations."

M. Proudhon is another Dr. Quesnay. He is the Quesnay of the metaphysics of political economy.

Now metaphysics – indeed all philosophy – can be summed up, according to Hegel, in method. We must, therefore, try to elucidate the method of M. Proudhon, which is at least as foggy as the Economic Table. It is for this reason that we are making seven more or less important observations. If Dr. Proudhon is not pleased with our observations, well, then, he will have to become an Abbe Baydeau and give the "explanation of the economico-metaphysical method" himself.

### *First Observation*

“We are not giving a history according to the order in time, but according to the sequence of ideas. Economic phases or categories are in their manifestation sometimes contemporary, sometimes inverted.... Economic theories have nonetheless their logical sequence and their serial relation in the understanding: it is this order that we flatter our- selves to have discovered.”

(Proudhon, Vol. I, )

M. Proudhon most certainly wanted to frighten the French by flinging quasi-Hegelian phrases at them. So we have to deal with two men: firstly with M. Proudhon, and then with Hegel. How does M. Proudhon distinguish himself from other economists? And what part does Hegel play in M. Proudhon’s political economy?

Economists express the relations of bourgeois production, the division of labour, credit, money, etc., as fixed, immutable, eternal categories. M. Proudhon, who has these ready-made categories before him, wants to explain to us the act of formation, the genesis of these categories, principles, laws, ideas, thoughts.

Economists explain how production takes place in the above-mentioned relations, but what they do not explain is how these relations themselves are produced, that is, the historical movement which gave them birth. M. Proudhon, taking these relations for principles, categories, abstract thoughts, has merely to put into *order* these thoughts, which are to be found alphabetically arranged at the end of every treatise on political economy. The economists’ material is the active, energetic life of man; M. Proudhon’s material is the dogmas of the economists. But the moment we cease to pursue the historical movement of production relations, of which the categories are but the theoretical expression, the moment we want to see in these categories no more than ideas, spontaneous thoughts, independent of real relations, we are forced to attribute the origin of these thoughts to the movement of pure reason. How does pure, eternal, impersonal reason give rise to these thoughts? How does it proceed in order to produce them?

If we had M. Proudhon’s intrepidity in the matter of Hegelianism we should say: it is distinguished in itself from itself. What does this mean? Impersonal reason, having outside itself neither a base on which it can pose itself, nor an object to which it can oppose itself, nor a subject with which it

can compose itself, is forced to turn head over heels, in posing itself, opposing itself and composing itself – position, opposition, composition. Or, to speak Greek – we have thesis, antithesis and synthesis. For those who do not know the Hegelian language, we shall give the ritual formula: affirmation, negation and negation of the negation. That is what language means. It is certainly not Hebrew (with due apologies to M. Proudhon); but it is the language of this pure reason, separate from the individual. Instead of the ordinary individual with his ordinary manner of speaking and thinking we have nothing but this ordinary manner purely and simply – without the individual.

Is it surprising that everything, in the final abstraction – for we have here an abstraction, and not an analysis – presents itself as a logical category? Is it surprising that, if you let drop little by little all that constitutes the individuality of a house, leaving out first of all the materials of which it is composed, then the form that distinguishes it, you end up with nothing but a body; that, if you leave out of account the limits of this body; you soon have nothing but a space – that if, finally, you leave out of the account the dimensions of this space, there is absolutely nothing left but pure quantity, the logical category? If we abstract thus from every subject all the alleged accidents, animate or inanimate, men or things, we are right in saying that in the final abstraction, the only substance left is the logical category. Thus the metaphysicians who, in making these abstractions, think they are making analyses, and who, the more they detach themselves from things, imagine themselves to be getting all the nearer to the point of penetrating to their core – these metaphysicians in turn are right in saying that things here below are embroideries of which the logical categories constitute the canvas. This is what distinguishes the philosopher from the Christian. The Christian, in spite of logic, has only one incarnation of the *Logos*; the philosopher has never finished with incarnations. If all that exists, all that lives on land, and under water, can be reduced by abstraction to a logical category – if the whole real world can be drowned thus in a world of abstractions, in the world of logical categories – who need be astonished at it?

All that exists, all that lives on land and under water, exists and lives only by some kind of movement. Thus, the movement of history produces social relations; industrial movement gives us industrial products, etc.

Just as by means of abstraction we have transformed everything into a logical category, so one has only to make an abstraction of every characteristic distinctive of different movements to attain movement in its abstract condition – purely formal movement, the purely logical formula of movement. If one finds in logical categories the substance of all things, one imagines one has found in the logical formula of movement the *absolute method*, which not only explains all things, but also implies the movement of things.

It is of this absolute method that Hegel speaks in these terms:

“Method is the absolute, unique, supreme, infinite force, which no object can resist; it is the tendency of reason to find itself again, to recognize itself in every object.”

(*Logic*, Vol. III )

All things being reduced to a logical category, and every movement, every act of production, to method, it follows naturally that every aggregate of products and production, of objects and of movement, can be reduced to a form of applied metaphysics. What Hegel has done for religion, law, etc., M. Proudhon seeks to do for political economy.

So what is this absolute method? The abstraction of movement. What is the abstraction of movement? Movement in abstract condition. What is movement in abstract condition? The purely logical formula of movement or the movement of pure reason. Wherein does the movement of pure reason consist? In posing itself, opposing itself, composing itself; in formulating itself as thesis, antithesis, synthesis; or, yet, in affirming itself, negating itself, and negating its negation.

How does reason manage to affirm itself, to pose itself in a definite category? That is the business of reason itself and of its apologists.

But once it has managed to pose itself as a thesis, this thesis, this thought, opposed to itself, splits up into two contradictory thoughts – the positive and the negative, the yes and no. The struggle between these two antagonistic elements comprised in the antithesis constitutes the dialectical movement. The yes becoming no, the no becoming yes, the yes becoming both yes and no, the no becoming both no and yes, the contraries balance, neutralize, paralyze each other. The fusion of these two contradictory thoughts constitutes a new thought, which is the synthesis of them. This thought splits up once again into two contradictory thoughts, which in turn fuse into a new synthesis. Of this travail is born a group of thoughts. This

group of thoughts follows the same dialectic movement as the simple category, and has a contradictory group as antithesis. Of these two groups of thoughts is born a new group of thoughts, which is the antithesis of them.

Just as from the dialectic movement of the simple categories is born the group, so from the dialectic movement of the groups is born the series, and from the dialectic movement of the series is born the entire system.

Apply this method to the categories of political economy and you have the logic and metaphysics of political economy, or, in other words, you have the economic categories that everybody knows, translated into a little-known language which makes them look as if they had never blossomed forth in an intellect of pure reason; so much do these categories seem to engender one another, to be linked up and intertwined with one another by the very working of the dialectic movement. The reader must not get alarmed at these metaphysics with all their scaffolding of categories, groups, series, and systems. M. Proudhon, in spite of all the trouble he has taken to scale the heights of the system of contradictions, has never been able to raise himself above the first two rungs of simple thesis and antithesis; and even these he has mounted only twice, and on one of these two occasions he fell over backwards.

Up to now we have expounded only the dialectics of Hegel. We shall see later how M. Proudhon has succeeded in reducing it to the meanest proportions. Thus, for Hegel, all that has happened and is still happening is only just what is happening in his own mind. Thus the philosophy of history is nothing but the history of philosophy, of his own philosophy. There is no longer a “history according to the order in time,” there is only “the sequence of ideas in the understanding.” He thinks he is constructing the world by the movement of thought, whereas he is merely reconstructing systematically and classifying by the absolute method of thoughts which are in the minds of all.

### *Second Observation*

Economic categories are only the theoretical expressions, the abstractions of the social relations of production, M. Proudhon, holding this upside down like a true philosopher, sees in actual relations nothing but the incarnation of the principles, of these categories, which were slumbering –

so M. Proudhon the philosopher tells us – in the bosom of the “impersonal reason of humanity.”

M. Proudhon the economist understands very well that men make cloth, linen, or silk materials in definite relations of production. But what he has not understood is that these definite social relations are just as much produced by men as linen, flax, etc. Social relations are closely bound up with productive forces. In acquiring new productive forces men change their mode of production; and in changing their mode of production, in changing the way of earning their living, they change all their social relations. The hand-mill gives you society with the feudal lord; the steam-mill, society with the industrial capitalist.

The same men who establish their social relations in conformity with the material productivity, produce also principles, ideas, and categories, in conformity with their social relations.

Thus the ideas, these categories, are as little eternal as the relations they express. They are *historical and transitory products*.

There is a continual movement of growth in productive forces, of destruction in social relations, of formation in ideas; the only immutable thing is the abstraction of movement – *mors immortalis*.

[Marx quotes these words from the following passage of Lucretius’s poem *On The Nature of Things* (Book III, line 869): “mortalem vitam mors cum immortalis ademit” (“when mortal life has been taken away by immortal death”).]

### *Third Observation*

The production relations of every society form a whole. M. Proudhon considers economic relations as so many social phases, engendering one another, resulting one from the other like the antithesis from the thesis, and realizing in their logical sequence the impersonal reason of humanity.

The only drawback to this method is that when he comes to examine a single one of these phases, M. Proudhon cannot explain it without having recourse to all the other relations of society; which relations, however, he has not yet made his dialectic movement engender. When, after that, M. Proudhon, by means of pure reason, proceeds to give birth to these other

phases, he treats them as if they were new-born babes. He forgets that they are of the same age as the first.

Thus, to arrive at the constitution of value, which for him is the basis of all economic evolutions, he could not do without division of labour, competition, etc. Yet in the *series*, in the *understanding* of M. Proudhon, in the *logical sequence*, these relations did not yet exist.

In constructing the edifice of an ideological system by means of the categories of political economy, the limbs of the social system are dislocated. The different limbs of society are converted into so many separate societies, following one upon the other. How, indeed, could the single logical formula of movement, of sequence, of time, explain the structure of society, in which all relations coexist simultaneously and support one another?

#### *Fourth Observation*

Let us see now to what modifications M. Proudhon subjects Hegel's dialectics when he applies it to political economy.

For him, M. Proudhon, every economic category has two sides – one good, the other bad. He looks upon these categories as the petty bourgeois looks upon the great men of history: *Napoleon* was a great man; he did a lot of good; he also did a lot of harm.

The *good side* and the *bad side*, the *advantages* and *drawbacks*, taken together form for M. Proudhon the *contradiction* in every economic category.

The problem to be solved: to keep the good side, while eliminating the bad.

*Slavery* is an economic category like any other. Thus it also has its two sides. Let us leave alone the bad side and talk about the good side of slavery. Needless to say, we are dealing only with direct slavery, with Negro slavery in Surinam, in Brazil, in the Southern States of North America.

Direct slavery is just as much the pivot of bourgeois industry as machinery, credits, etc. Without slavery you have no cotton; without cotton you have no modern industry. It is slavery that gave the colonies their value; it is the colonies that created world trade, and it is world trade that is the

precondition of large-scale industry. Thus slavery is an economic category of the greatest importance.

Without slavery North America, the most progressive of countries, would be transformed into a patriarchal country. Wipe North America off the map of the world, and you will have anarchy – the complete decay of modern commerce and civilization. Cause slavery to disappear and you will have wiped America off the map of nations.

Thus slavery, because it is an economic category, has always existed among the institutions of the peoples. Modern nations have been able only to disguise slavery in their own countries, but they have imposed it without disguise upon the New World.

What would M. Proudhon do to save slavery? He would formulate the *problem* thus: preserve the good side of this economic category, eliminate the bad.

Hegel has no problems to formulate. He has only dialectics. M. Proudhon has nothing of Hegel's dialectics but the language. For him the dialectic movement is the dogmatic distinction between good and bad.

Let us for a moment consider M. Proudhon himself as a category. Let us examine his good and bad side, his advantages and his drawbacks.

If he has the advantage over Hegel of setting problems which he reserves the right of solving for the greater good of humanity, he has the drawback of being stricken with sterility when it is a question of engendering a new category by dialectical birth-throes. What constitutes dialectical movement is the coexistence of two contradictory sides, their conflict and their fusion into a new category. The very setting of the problem of eliminating the bad side cuts short the dialectic movement. It is not the category which is posed and opposed to itself, by its contradictory nature, it is M. Proudhon who gets excited, perplexed and frets and fumes between the two sides of the category.

Caught thus in a blind alley, from which it is difficult to escape by legal means, M. Proudhon takes a real flying leap which transports him at one bound into a new category. Then it is that, to his astonished gaze, is revealed the *serial relation in the understanding*.

He takes the first category that comes handy and attributes to it arbitrarily the quality of supplying a remedy for the drawbacks of the category to be purified. Thus, if we are to believe M. Proudhon, taxes

remedy the drawbacks of monopoly; the balance of trade, the drawbacks of taxes; landed property, the drawbacks of credit.

By taking the economic categories thus successively, one by one, and making one the *antidote* to the other, M. Proudhon manages to make with this mixture of contradictions and antidotes to contradictions, two volumes of contradictions, which he rightly entitles: *Le Système des contradictions économiques*. [The System of Economic Contradictions]

### *Fifth Observation*

“In the absolute reason all these ideas... are equally simple, and general.... In fact, we attain knowledge only by a *sort of scaffolding* of our ideas. But truth in itself is independent of these dialectical symbols and freed from the combinations of our minds.”

(Proudhon, Vol. II, )

Here all of a sudden, by a kind of switch-over of which we now know the secret, the metaphysics of political economy has become an illusion! Never has M. Proudhon spoken more truly. Indeed, from the moment the process of the dialectic movement is reduced to the simple process of opposing good to bad, and of administering one category as an antidote to another, the categories are deprived of all spontaneity; the idea “ceases to *function*”; there is no life left in it. It is no longer posed or decomposed into categories. The sequence of categories has become a sort of *scaffolding*. Dialectics has ceased to be the movement of absolute reason. There is no longer any dialectics but only, at the most, absolutely pure morality.

When M. Proudhon spoke of the *serial relation in understanding*, of the *logical sequence of categories*, he declared positively that he did not want to give *history according to the order in time*, that is, in M. Proudhon’s view, the historical sequence in which the categories have *manifested* themselves. Thus for him everything happened in the *pure ether of reason*. Everything was to be derived from this ether by means of dialectics. Now that he has to put this dialectics into practice, his reason is in default. M. Proudhon’s dialectics runs counter to Hegel’s dialectics, and now we have M. Proudhon reduced to saying that the order in which he gives the economic categories is no longer the order in which they engender one another. Economic evolutions are no longer the evolutions of reason itself.

What then does M. Proudhon give us? Real history, which is, according to M. Proudhon's understanding, the sequence in which the categories have *manifested* themselves in order of time? No! History as it takes place in the idea itself? Still less! That is, neither the profane history of categories, nor their sacred history! What history does he give us then? The history of his own contradictions. Let us see how they go, and how they drag M. Proudhon in their train.

Before entering upon this examination, which gives rise to the sixth important observation, we have yet another, less important observation to make.

Let us admit with M. Proudhon that real history, history according to the order in time, is the historical sequence in which ideas, categories and principles have manifested themselves.

Each principle has had its own century in which to manifest itself. The principle of authority, for example, had the 11th century, just as the principle of individualism had the 18th century. In logical sequence, it was the century that belonged to the principle, and not the principle which belonged to the century. When, consequently, in order to save principles as much as to save history, we ask ourselves why a particular principle was manifested in the 11th century or in the 18th century rather than in any other, we are necessarily forced to examine minutely what men were like in the 11th century, what they were like in the 18th, what were their respective needs, their productive forces, their mode of production, the raw materials of their production – in short, what were the relations between man and man which resulted from all these conditions of existence. To get to the bottom of all these questions – what is this but to draw up the real, profane history of men in every century and to present these men as both the authors and the actors of their own drama? But the moment you present men as the actors and authors of their own history, you arrive – by detour – at the real starting point, because you have abandoned those eternal principles of which you spoke at the outset.

M. Proudhon has not even gone far enough along the crossroad which an ideologist takes to reach the main road of history.

### *Sixth Observation*

Let us take the crossroad with M. Proudhon.

We shall concede that economic relations, viewed as immutable *laws*, *eternal principles*, *ideal categories*, existed before active and energetic men did; we shall concede further that these laws, principles and categories had, since the beginning of time, slumbered “in the impersonal reason of humanity.” We have already seen that, with all these changeless and motionless eternities, there is no history left; there is at most history in the idea, that is, history reflected in the dialectic movement of pure reason. M. Proudhon, by saying that, in the dialectic movement ideas are no longer “*differentiated*,” has done away with both the *shadow of movement* and the *movement of shadows*, by means of which one could still have created at least a semblance of history. Instead of that, he imputes to history his own impotence. He lays the blame on everything, even the French language.

“It is not correct then,” says M. Proudhon, the philosopher, “to say that something *appears*, that something *is produced*: in civilization as in the universe, everything has existed, has acted, from eternity. *This applies to the whole of social economy.*”

(Vol. II, )

So great is the productive force of the contradictions which *function* and which made M. Proudhon function, that, in trying to explain history, he is forced to deny it; in trying to explain the successive appearance of social relations, he denies that *anything* can *appear*: in trying to explain production, with all its phases, he questions whether *anything can be produced!*

Thus, for M. Proudhon, there is no longer any history: no longer any sequence of ideas. And yet his book still exists; and it is precisely that book which is, to use his own expression, “*history according to the sequence of ideas.*” How shall we find a formula, for M. Proudhon is a man of formulas, to help him to clear all these contradictions *in one leap?*

To this end he has invented a new reason, which is neither the pure and virgin absolute reason, nor the common reason of men living and acting in different periods, but a reason quite apart – the reason of the person, Society – of the subject, *Humanity* – which under the pen of M. Proudhon figures at times also as “*social genius*,” “*general reason*,” or finally as “*human reason.*” This reason, decked out under so many names, betrays itself nevertheless, at every moment, as the individual reason of M. Proudhon, with its good and its bad side, its antidotes and its problems.

“Human reason does not create truth,” hidden in the depths of absolute, eternal reason. It can only unveil it. But such truths as it has unveiled up to now are incomplete, insufficient, and consequently contradictory. Hence, economic categories, being themselves truths discovered, revealed by human reason, by social genius, are equally incomplete and contain within themselves the germ of contradictions. Before M. Proudhon, social genius saw only the *antagonistic elements*, and not the *synthetic formula*, both hidden simultaneously in *absolute reason*. Economic relations, which merely realize on earth these insufficient truths, these incomplete ideas, are consequently contradictory in themselves, and present two sides, one good, the other bad.

To find complete truth, the idea, in all its fullness, the synthetic formula that is to annihilate the contradiction, this is the problem of social genius. This again is why, in M. Proudhon’s illusion, this same social genius has been harried from one category to another without ever having been able, despite all its battery of categories, to snatch from God or from absolute reason, a synthetic formula.

“At first, society (social genius) states a primary fact, puts forward a hypothesis... a veritable antinomy, whose antagonistic results develop in the social economy in the same way as its consequences could have been deduced in the mind; so that industrial movement, following in all things the deduction of ideas, splits up into two currents, one of useful effects, the other of subversive results. To bring harmony into the constitution of this two-side principle, and to solve this antinomy, society gives rise to a second, which will soon be followed by a third; and progress of social genius will take place in this manner, until, having exhausted all its contradictions – I suppose, but it is not proved that there is a limit to human contradictions – it returns in one leap to all its former positions and with a single formula solves all its problems.”

(Vol. I)

Just as the *antithesis* was before turned into an *antidote*, so now the *thesis* becomes a *hypothesis*. This change of terms, coming from M. Proudhon, has no longer anything surprising for us! Human reason, which is anything but pure, having only incomplete vision, encounters at every step new problems to be solved. Every new thesis which it discovers in absolute reason and which is the negation of the first thesis, becomes for it a synthesis, which it accepts rather naively as the solution of the problem in

question. It is thus that this reason frets and fumes in ever renewing contradictions until, coming to the end of the contradictions, it perceives that all its theses and syntheses are merely contradictory hypotheses. In its perplexity, “human reason, social genius, returns in one leap to all its former positions, and in a single formula, solves all its problems.” This unique formula, by the way, constitutes M. Proudhon’s true discovery. It is *constituted value*.

Hypotheses are made only in view of a certain aim. The aim that social genius, speaking through the mouth of M. Proudhon, set itself in the first place, was to eliminate the bad in every economic category, in order to have nothing left but the good. For it, the good, the supreme well-being, the real practical aim, is *equality*. And why did the social genius aim at equality rather than inequality, fraternity, Catholicism, or any other principle? Because “humanity has successively realized so many separate hypotheses only in view of a superior hypothesis,” which precisely is equality. In other words: because equality is M. Proudhon’s ideal. He imagines that the division of labour, credit, the workshop – all economic relations – were invented merely for the benefit of equality, and yet they always ended up by turning against it. Since history and the fiction of M. Proudhon contradict each other at every step, the latter concludes that there is a contradiction. If there is a contradiction, it exists only between his fixed idea and real movement.

Henceforth, the good side of an economic relation is that which affirms equality; the bad side, that which negates it and affirms inequality. Every new category is a hypothesis of the social genius to eliminate the inequality engendered by the preceding hypothesis. In short, equality is the *primordial intention*, the *mystical tendency*, the *providential aim* that the social genius has constantly before its eyes as it whirls in the circle of economic contradictions. Thus, *Providence* is the locomotive which makes the whole of M. Proudhon’s economic baggage move better than his pure and volatized reason. He has devoted to Providence a whole chapter, which follows the one on taxes.

Providence, providential aim, this is the great word used today to explain the movement of history. In fact, this word explains nothing. It is at most a rhetorical form, one of the various ways of paraphrasing facts.

It is a fact that in Scotland landed property acquired a new value by the development of English industry. This industry opened up new outlets for

wool. In order to produce wool on a large scale, arable land had to be transformed into pasturage. To effect this transformation, the estates had to be concentrated. To concentrate the estates, small holdings had first to be abolished, thousands of tenants had to be driven from their native soil and a few shepherds in charge of millions of sheep to be installed in their place. Thus, by successive transformations, landed property in Scotland has resulted in the driving out of men by sheep. Now say that the providential aim of the institution of landed property in Scotland was to have men driven out by sheep, and you will have made providential history.

Of course, the tendency towards equality belongs to our century. To say now that all former centuries, with entirely different needs, means of production, etc., worked providentially for the realization of equality is, firstly, to substitute the means and the men of our century for the men and the means of earlier centuries and to misunderstand the historical movement by which the successive generations transformed the results acquired by the generations that preceded them. Economists know very well that the very thing that was for the one a finished product was for the other but the raw material for new production.

Suppose, as M. Proudhon does, that social genius produced, or rather improvised, the feudal lords with the providential aim of transforming the *settlers* into *responsible* and *equally-placed workers*: and you will have effected a substitution of aims and of persons worthy of the Providence that instituted landed property in Scotland, in order to give itself the malicious pleasure of driving out men by sheep.

But since M. Proudhon takes such a tender interest in Providence, we refer him to the *Histoire de l'économie politique* of M. de Villeneuve-Bargemont, who likewise goes in pursuit of a providential aim. This aim, however, is not equality, but Catholicism.

### *Seventh and Last Observation*

Economists have a singular method of procedure. There are only two kinds of institutions for them, artificial and natural. The institutions of feudalism are artificial institutions, those of the bourgeoisie are natural institutions. In this, they resemble the theologians, who likewise establish two kinds of religion. Every religion which is not theirs is an invention of men, while

their own is an emanation from God. When the economists say that present-day relations – the relations of bourgeois production – are natural, they imply that these are the relations in which wealth is created and productive forces developed in conformity with the laws of nature. These relations therefore are themselves natural laws independent of the influence of time. They are eternal laws which must always govern society. Thus, there has been history, but there is no longer any. There has been history, since there were the institutions of feudalism, and in these institutions of feudalism we find quite different relations of production from those of bourgeois society, which the economists try to pass off as natural and as such, eternal.

Feudalism also had its proletariat – serfdom, which contained all the germs of the bourgeoisie. Feudal production also had two antagonistic elements which are likewise designated by the name of the *good side* and the *bad side* of feudalism, irrespective of the fact that it is always the bad side that in the end triumphs over the good side. It is the bad side that produces the movement which makes history, by providing a struggle. If, during the epoch of the domination of feudalism, the economists, enthusiastic over the knightly virtues, the beautiful harmony between rights and duties, the patriarchal life of the towns, the prosperous condition of domestic industry in the countryside, the development of industry organized into corporations, guilds and fraternities, in short, everything that constitutes the good side of feudalism, had set themselves the problem of eliminating everything that cast a shadow on the picture – serfdom, privileges, anarchy – what would have happened? All the elements which called forth the struggle would have been destroyed, and the development of the bourgeoisie nipped in the bud. One would have set oneself the absurd problem of eliminating history.

After the triumph of the bourgeoisie, there was no longer any question of the good or the bad side of feudalism. The bourgeoisie took possession of the productive forces it had developed under feudalism. All the old economic forms, the corresponding civil relations, the political state which was the official expression of the old civil society, were smashed.

Thus, feudal production, to be judged properly, must be considered as a mode of production founded on antagonism. It must be shown how wealth was produced within this antagonism, how the productive forces were developed at the same time as class antagonisms, how one of the classes, the bad side, the drawback of society, went on growing until the material

conditions for its emancipation had attained full maturity. Is not this as good as saying that the mode of production, the relations in which productive forces are developed, are anything but eternal laws, but that they correspond to a definite development of men and of their productive forces, and that a change in men's productive forces necessarily brings about a change in their relations of production? As the main thing is not to be deprived of the fruits of civilization, of the acquired productive forces, the traditional forms in which they were produced must be smashed. From this moment, the revolutionary class becomes conservative.

The bourgeoisie begins with a proletariat which is itself a relic of the proletariat of feudal times. In the course of its historical development, the bourgeoisie necessarily develops its antagonistic character, which at first is more or less disguised, existing only in a latent state. As the bourgeoisie develops, there develops in its bosom a new proletariat, a modern proletariat; there develops a struggle between the proletarian class and the bourgeoisie class, a struggle which, before being felt, perceived, appreciated, understood, avowed, and proclaimed aloud by both sides, expresses itself, to start with, merely in partial and momentary conflicts, in subversive acts. On the other hand, if all the members of the modern bourgeoisie have the same interests inasmuch as they form a class as against another class, they have opposite, antagonistic interests inasmuch as they stand face-to-face with one another. This opposition of interests results from the economic conditions of their bourgeois life. From day to day it thus becomes clearer that the production relations in which the bourgeoisie moves have not a simple, uniform character, but a dual character; that in the selfsame relations in which wealth is produced, poverty is also produced; that in the selfsame relations in which there is a development of the productive forces, there is also a force producing repression; that these relations produce *bourgeois wealth* – i.e., the wealth of the bourgeois class – only by continually annihilating the wealth of the individual members of this class and by producing an ever-growing proletariat.

The more the antagonistic character comes to light, the more the economists, the scientific representatives of bourgeois production, find themselves in conflict with their own theory; and different schools arise.

We have the *fatalist* economists, who in their theory are as indifferent to what they call the drawbacks of bourgeois production as the bourgeois themselves are in practice to the sufferings of the proletarians who help

them to acquire wealth. In this fatalist school, there are Classics and Romantics. The Classics, like Adam Smith and Ricardo, represent a bourgeoisie which, while still struggling with the relics of feudal society, works only to purge economic relations of feudal taints, to increase the productive forces and to give a new upsurge to industry and commerce. The proletariat that takes part in this struggle and is absorbed in this feverish labour experiences only passing, accidental sufferings, and itself regards them as such. Economists like Adam Smith and Ricardo, who are the historians of this epoch, have no other mission than that of showing how wealth is acquired in bourgeois production relations, of formulating these relations into categories, into laws, and of showing how superior these laws, these categories, are for the production of wealth to the laws and categories of feudal society. Poverty is in their eyes merely the pang which accompanies every childbirth, in nature as in industry.

The *romantics* belong to our own age, in which the bourgeoisie is in direct opposition to the proletariat; in which poverty is engendered in as great abundance as wealth. The economists now pose as blasé fatalists, who, from their elevated position, cast a proudly disdainful glance at the human machines who manufacture wealth. They copy all the developments given by their predecessors, and the indifference which in the latter was merely naïveté becomes in them coquetry.

Next comes the *humanitarian* school, which sympathizes with the bad side of present-day production relations. It seeks, by way of easing its conscience, to palliate even if slightly the real contrasts; it sincerely deplores the distress of the proletariat, the unbridled competition of the bourgeois among themselves; it counsels the workers to be sober, to work hard and to have few children; it advises the bourgeois to put a reasoned ardor into production. The whole theory of this school rests on interminable distinctions between theory and practice, between principles and results, between ideas and application, between form and content, between essence and reality, between right and fact, between the good side and the bad side.

The *philanthropic* school is the humanitarian school carried to perfection. It denies the necessity of antagonism; it wants to turn all men into bourgeois; it wants to realize theory in so far as it is distinguished from practice and contains no antagonism. It goes without saying that, in theory, it is easy to make an abstraction of the contradictions that are met with at every moment in actual reality. This theory would therefore become

idealized reality. The philanthropists, then, want to retain the categories which express bourgeois relations, without the antagonism which constitutes them and is inseparable from them. They think they are seriously fighting bourgeois practice, and they are more bourgeois than the others.

Just as the *economists* are the scientific representatives of the bourgeois class, so the *Socialists* and *Communists* are the theoreticians of the proletarian class. So long as the proletariat is not yet sufficiently developed to constitute itself as a class, and consequently so long as the struggle itself of the proletariat with the bourgeoisie has not yet assumed a political character, and the productive forces are not yet sufficiently developed in the bosom of the bourgeoisie itself to enable us to catch a glimpse of the material conditions necessary for the emancipation of the proletariat and for the formation of a new society, these theoreticians are merely utopians who, to meet the wants of the oppressed classes, improvise systems and go in search of a regenerating science. But in the measure that history moves forward, and with it the struggle of the proletariat assumes clearer outlines, they no longer need to seek science in their minds; they have only to take note of what is happening before their eyes and to become its mouthpiece. So long as they look for science and merely make systems, so long as they are at the beginning of the struggle, they see in poverty nothing but poverty, without seeing in it the revolutionary, subversive side, which will overthrow the old society. From this moment, science, which is a product of the historical movement, has associated itself consciously with it, has ceased to be doctrinaire and has become revolutionary.

Let us return to M. Proudhon.

Every economic relation has a good and a bad side; it is the one point on which M. Proudhon does not give himself the lie. He sees the good side expounded by the economists; the bad side he sees denounced by the Socialists. He borrows from the economists the necessity of eternal relations; he borrows from the Socialists the illusion of seeing in poverty nothing but poverty. He is in agreement with both in wanting to fall back upon the authority of science. Science for him reduces itself to the slender proportions of a scientific formula; he is the man in search of formulas. Thus it is that M. Proudhon flatters himself on having given a criticism of both political economy and communism: he is beneath them both. Beneath the economists, since, as a philosopher who has at his elbow a magic formula, he thought he could dispense with going into purely economic

details; beneath the socialists, because he has neither courage enough nor insight enough to rise, be it even speculatively, above the bourgeois horizon.

He wants to be the synthesis – he is a composite error.

He wants to soar as the man of science above the bourgeois and proletarians; he is merely the petty bourgeois, continually tossed back and forth between capital and labour, political economy and communism.

### Division of labour and Machinery

The division of labour, according to M. Proudhon, opens the series of economic evolutions.

*Good  
side of the  
division of  
labour* “Considered in its essence, the division of labour is the manner in which *equality* of conditions and intelligence is realized.”  
(Tome I, .)

*Bad  
side of the  
division of  
labour* “The division of labour has become for us an instrument of poverty.”  
(Tome I, .)

“labour, by *dividing itself according to the law* which is peculiar to it, and which is the primary condition of its fruitfulness, ends in the negation of its aims and destroys

itself.”  
(Tome I, .)

*Problem*  
*to be* To find the “recomposition which wipes  
*solved* out the drawbacks of the division, while  
retaining its useful effects.”  
(Tome I, .)

The division of labour is, according to M. Proudhon, an eternal law, a simple, abstract category. Therefore the abstraction, the idea, the word must suffice for him to explain the division of labour at different historical epochs. Castes, corporations, manufacture, large-scale industry, must be explained by the single word *divide*. First study carefully the meaning of “divide”, and you will have no need to study the numerous influences which give the division of labour a definitive character in every epoch.

Certainly, things would be made much too easy if they were reduced to M. Proudhon’s categories. History does not proceed so categorically. It took three whole centuries in Germany to establish the first big division of labour, the separation of the towns from the country. In proportion, as this one relation of town and country was modified, the whole of society was modified. To take only this one aspect of the division of labour, you have the old republics, and you have Christian feudalism; you have old England with its barons and you have modern England with its cotton lords. In the 14th and 15th centuries, when there were as yet no colonies, when America did not yet exist for Europe, when Asia existed only through the intermediary of Constantinople, when the Mediterranean was the centre of commercial activity, the division of labour had a very different form, a very different aspect from that of the 17th century, when the Spanish, the

Portuguese, the Dutch, the English, and the French had colonies established in all parts of the world. The extent of the market, its physiognomy, give to the division of labour at different periods a physiognomy, a character, which it would be difficult to deduce from the single word *divide*, from the idea, from the category.

“All economists since Adam Smith,” says M. Proudhon, “have pointed out the advantages and drawbacks of the law of division, but insist much more on the first than on the second, because that was more serviceable for their optimism, and none of them has ever wondered what could be the drawbacks to a law.... How does the same principle, pursued vigorously to its consequences, lead to diametrically opposite results? Not one economist before or since A. Smith has even perceived that here was a problem to elucidate. Say goes to the length of recognizing that in the division of labour the same cause that produces the good engenders the bad.”

[Vol. I, p-96]

Adam Smith goes further than M. Proudhon thinks. He saw clearly that “the difference of natural talents in different men is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not so much the *cause* as the *effect* of the division of labour.”

[Vol. I, ]

In principle, a porter differs less from a philosopher than a mastiff from a greyhound. It is the division of labour which has set a gulf between them. All this does not prevent M. Proudhon from saying elsewhere that Adam Smith has not the slightest idea of the drawbacks produced by the division of labour. It is this again that makes him say that J. B. Say was the first to recognize “that in the division of labour the same cause that produces the good engenders the bad.” [Vol. I, ]

But let us listen to Lemontey; *Suum cuique*.

“M. J. B. Say has done me the honour of adopting in his excellent treatise on political economy the principle that I brought to light in this fragment on the moral influence of the division of labour. The somewhat frivolous title of my book doubtless prevented him from citing me. It is only to this motive that I can attribute the silence of a writer too rich in his own stock to disavow so modest a load.”

(Lemontey, *Oeuvres completes*,  
Vol. I, , Paris 1840)

Let us do him this justice: Lemontey wittily exposed the unpleasant consequences of the division of labour as it is constituted today, and M. Proudhon found nothing to add to it. But now that, through the fault of M. Proudhon, we have been drawn into this question of priority, let us say again, in passing, that long before M. Lemontey, and 17 years before Adam Smith, who was a pupil of A. Ferguson, the last-named gave a clear exposition of the subject in a chapter which deals specifically with the division of labour.

“It may even be doubted, whether the measure of national capacity increases with the advancement of arts. Many mechanical arts... succeed best under a total suppression of sentiment and reason; and ignorance is the mother of industry as well as superstition. Reflection and fancy are subject to err; but a habit of moving the hand, or the foot, is independent of either. Manufactures, accordingly, prosper most, where the mind is least consulted, and where the workshop may, without any great effort of imagination, be considered as an engine, the parts of which are men....

“The general officer may be a great proficient in the knowledge of war, while the skill of the soldier is confined to a few motions of the hand and the foot. The former may have gained what the latter has lost....

“And thinking itself, in this age of separations, may become a peculiar craft.”

(A. Ferguson, *An Essay on the History of of Civil Society* , *Edinburgh 1783 [Vol. II, p, 109, 110]*)

To bring this literary survey to a close, we expressly deny that “all economists have insisted far more on the advantages than on the drawbacks of the division of labour.” It suffices to mention Sismondi.

Thus, as far as the advantages of the division of labour are concerned, M. Proudhon had nothing further to do than to paraphrase the general phrases known to everybody.

Let us now see how he derives from the division of labour, taken as a general law, as a category, as a thought, the drawbacks which are attached

to it. How is it that this category, this law implies an unequal distribution of labour to the detriment of M. Proudhon's equalitarian system?

“At this solemn hour of the division of labour, the storm winds begin to blow over humanity. Progress does not take place for all in an equal and uniform manner.... It begins by taking possession of a small number of the privileged.... It is this preference for person on the part of progress that has for so long kept up the belief in the natural and providential inequality of conditions, has given rise to castes, and hierarchically constituted all societies.”

(Proudhon, Vol.I, p.94)

The division of labour created castes. Now, castes are the drawbacks of the division of labour; thus, it is the division of labour that has engendered the drawbacks. *Quod erat demonstrandum*. [Which was to be proved.] Will you go further and ask what made the division of labour create castes, hierarchical constitutions and privileged persons? M. Proudhon will tell you: Progress. And what made progress? Limitation. Limitation, for M. Proudhon, is acceptance of persons on the part of progress.

After philosophy comes history. It is no longer either descriptive history or dialectical history, it is comparative history. M. Proudhon establishes a parallel between the present-day printing worker and the printing worker of the Middle Ages; between the man of letters of today and the man of letters of the Middle Ages, and he weighs down the balance on the side of those who belong more or less to the division of labour as the Middle Ages constituted or transmitted it. He opposes the division of labour of one historical epoch. Was that what M. Proudhon had to prove? No. He should have shown us the drawbacks of the division of labour in general, of the division of labour as a category. Besides, why stress this part of M. Proudhon's work, since a little later we shall see him formally retract all these alleged developments?

“The first effect of fractional labour,” continues M. Proudhon, “after the depravation of the soul, is the prolongation of the shifts, which grow in inverse ratio to the sum total of intelligence expended.... But as the length of the shifts cannot exceed 16 to 18 hours per day, the moment the compensation cannot be taken out of the time, it will be taken out of the price, and the wages will diminish.... What is certain, and the only thing for us to note, is that the universal conscience does not assess at the same rate the work of a foreman and the labour of a mechanic's assistant. It is

therefore necessary to reduce the price of the day's work; so that the worker, after having been afflicted in his soul by a degrading function, cannot escape being struck in his body by the meagreness of his remuneration."

[Vol. I, p-98]

We pass over the logical value of these syllogisms, which Kant would call paralogisms which lead astray.

This is the substance of it:

The division of labour reduces the worker to a degrading function; to this degrading function corresponds a depraved soul; to the depravation of the soul is befitting an ever-increasing wage reduction. And to prove that this reduction is befitting to a depraved soul, M. Proudhon says, to relieve his conscience, that the universal conscience wills it thus. Is M. Proudhon's soul to be reckoned as a part of the universal conscience?

*Machinery* is, for M. Proudhon, "the logical antithesis of the division of labour," and with the help of his dialectics, he begins by transforming machinery into the workshop.

After presupposing the modern workshop, in order to make poverty the outcome of the division of labour, M. Proudhon presupposes poverty engendered by the division of labour, in order to come to the workshop and be able to represent it as the dialectical negation of that poverty. After striking the worker morally by a degrading function, physically by the meagreness of the wage; after putting the worker under the dependence of the foreman, and debasing his work to the labour of a mechanic's assistant, he lays the blame again on the workshop and the machinery for degrading the worker "by giving him a master," and he completes his abasement by making him "sink from the rank of artisan to that of common labourer." Excellent dialectics! And if he only stopped there! But no, he has to have a new history of the division of labour, not any longer to derive the contradictions from it, but to reconstruct the workshop after his own fashion. To attain this end he finds himself compelled to forget all he has just said about division.

labour is organized, is divided differently according to the instruments it disposes over. The hand-mill presupposes a different division of labour from the steam-mill. Thus, it is slapping history in the face to want to begin by the division of labour in general, in order to get subsequently to a specific instrument of production, machinery.

Machinery is no more an economic category than the bullock that drags the plough. Machinery is merely a productive force. The modern workshop, which depends on the application of machinery, is a social production relation, an economic category.

Let us see now how things happen in M. Proudhon's brilliant imagination.

“In society, the incessant appearance of machinery is the antithesis, the inverse formula of the division of labour: it is the protest of the industrial genius against fractional and homicidal labour. What, actually, is a machine? A way of uniting different portions of labour which had been separated by the division of labour. Every machine can be defined as a summary of several operations.... Thus, through the machine there will be a restoration of the worker.... Machinery, which in political economy places itself in contradiction to the division of labour, represents synthesis, which in the human mind is opposed to analysis.... Division merely separated the different parts of labour, letting each one devote himself to the speciality which most suited him; the workshop groups the workers according to the relation of each part to the whole.... It introduces the principle of authority in labour.... But this is not all; the machine or the workshop, after degrading the worker by giving him a master, completes his abasement by making him sink from the rank of artisan to that of common labourer.... The period we are going through at the moment, that of machinery, is distinguished by a special characteristic, the wage worker. The wage worker is subsequent to the division of labour and to exchange.”

[Vol. I, p, 136, and 161]

Just a simple remark to M. Proudhon. The separation of the different parts of labour, leaving to each one the opportunity of devoting himself to the speciality best suited to him – a separation which M. Proudhon dates from the beginning of the world – exists only in modern industry under the rule of competition.

M. Proudhon goes on to give us a most “interesting genealogy,” to show how the workshop arose from the division of labour and the wage worker from the workshop.

1) He supposes a man who “noticed that by dividing up production into its different parts and having each one performed by a separate worker,” the forces of production would be multiplied.

2) This man, “grasping the thread of this idea, tells himself that, by forming a permanent group of workers selected for the special purpose he sets himself, he will obtain a more sustained production, etc.” [Vol. I, ]

3) This man makes a proposal to other men, to make them grasp his idea and the thread of his idea.

4) This man, at the beginning of industry, deals on terms of equality with his companions who later become his workmen.

5) “One realizes, in fact, that this original equality had rapidly to disappear in view of the advantageous position of the master and the dependence of the wage-earner.” [Vol. I, ]

That is another example of M. Proudhon’s historical and descriptive method.

Let us now examine, from the historical and economic point of view, whether the workshop of the machine really introduced the principle of authority in society subsequently to the division of labour; whether it rehabilitated the worker on the one hand, while submitting him to authority on the other; whether the machine is the recomposition of divided labour, the synthesis of labour as opposed to its analysis.

Society as a whole has this in common with the interior of a workshop, that it too has its division of labour. If one took as a model the division of labour in a modern workshop, in order to apply it to a whole society, the society best organized for the production of wealth would undoubtedly be that which had a single chief employer, distributing tasks to different members of the community according to a previously fixed rule. But this is by no means the case. While inside the modern workshop the division of labour is meticulously regulated by the authority of the employer, modern society has no other rule, no other authority for the distribution of labour than free competition.

Under the patriarchal system, under the caste system, under the feudal and corporative system, there was division of labour in the whole of society according to fixed rules. Were these rules established by a legislator? No. Originally born of the conditions of material production, they were raised to the status of laws only much later. In this way, these different forms of the division of labour became so many bases of social organization. As for the division in the workshop, it was very little developed in all these forms of society.

It can even be laid down as a general rule that the less authority presides over the division of labour inside society, the more the division of labour develops inside the workshop, and the more it is subjected there to the authority of a single person. Thus authority in the workshop and authority in society, in relation to the division of labour, are in *inverse ratio* to each other.

The question now is what kind of workshop it is in which the occupations are very much separated, where each worker's task is reduced to a very simple operation, and where the authority, capital, groups and directs the work. How was this workshop brought into existence? In order to answer this question, we shall have to examine how manufacturing industry, properly so-called, has developed. I am speaking here of that industry which is not yet industry, with its machinery, but which is already no longer the industry of the artisans of the Middle Ages, nor domestic industry. We shall not go into great detail: we shall merely give a few main points to show that history is not to be made with formulas.

One of the most indispensable conditions for the formation of manufacturing industry was the accumulation of capital, facilitated by the discovery of America and the import of its precious metals.

It is sufficiently proved that the increase in the means of exchange resulted in the depreciation of wages and land rents, on the one hand, and the growth of industrial profits on the other. In other words: to the extent that the propertied class and the working class, the feudal lords and the people, sank, to that extent the capitalist class, the bourgeoisie, rose.

There were yet other circumstances which contributed simultaneously to the development of manufacturing industry: the increase of commodities put into circulation from the moment that trade had penetrated to the East Indies by way of the Cape of Good Hope; the colonial system; the development of maritime trade.

Another point which has not yet been sufficiently appreciated in the history of manufacturing industry is the disbanding of the numerous retinues of feudal lords, whose subordinate ranks became vagrants before entering the workshop. The creation of the workshop was preceded by an almost universal vagrancy in the 15th and 16th centuries. The workshop found, besides, a powerful support in the many peasants who, continually driven from the country owing to the transformation of the fields into pastures and to the progress in agriculture which necessitated fewer hands

for the tillage of the soil, went on congregating in the towns during whole centuries.

The growth of the market, the accumulation of capital, the modification in the social position of the classes, a large number of persons being deprived of their sources of income, all these are historical preconditions for the formation of manufacture. It was not, as M. Proudhon says, friendly agreements between equals that brought men into the workshop. It was not even in the bosom of the old guilds that manufacture was born. It was the merchant that became head of the modern workshop, and not the old guildmaster. Almost everywhere there was a desperate struggle between manufacture and crafts.

The accumulation and concentration of instruments and workers preceded the development of the division of labour inside the workshop. Manufacture consisted much more in the bringing together of many workers and many crafts in one place, in one room under the command of one capital, than in the analysis of labour and the adaptation of a special worker to a very simple task.

The utility of a workshop consisted much less in the division of labour as such than in the circumstances that work was done on a much larger scale, that many unnecessary expenses were saved, etc. At the end of the 16th and at the beginning of the 17th century, Dutch manufacture scarcely knew any division of labour.

The development of the division of labour supposes the assemblage of workers in a workshop. There is not one single example, whether in the 16th or in the 17th century, of the different branches of one and the same craft being exploited separately to such an extent that it would have sufficed to assemble them all in one place so as to obtain a complete, ready-made workshop. But once the men and the instruments had been brought together, the division of labour, such as it had existed in the form of the guilds, was reproduced, necessarily reflected inside the workshop.

For M. Proudhon, who sees things upside down, if he sees them at all, the division of labour, in Adam Smith's sense, precedes the workshop, which is a condition of its existence.

Machinery, properly so-called, dates from the end of the 18th century. Nothing is more absurd than to see in machinery the *antithesis* of the division of labour, the *synthesis* restoring unity to divided labour.

The machine is a unification of the instruments of labour, and by no means a combination of different operations for the worker himself.

“When, by the division of labour, each particular operation has been simplified to the use of a single instrument, the linking up of all these instruments, set in motion by a single engine, constitutes – a machine.”

(Babbage, *Traite sur l'économie des machines [et des manufactures]*, Paris 1833 [p.230])

Simple tools; accumulation tools; composite tools; setting in motion of a composite tool by a single hand engine, by man; setting in motion of these instruments by natural forces, machines; system of machines having one motor; system of machines having one automatic motor – this is the progress of machinery.

The concentration of the instruments of production and the division of labour are as inseparable one from the other as are, in the political sphere, the concentration of public authority and the division of private interests. England, with the concentration of the land, this instrument of agricultural labour, has at the same time division of agricultural labour and the application of machinery to the exploitation of the soil. France, which has the division of the instruments, the small holdings system, has, in general, neither division of agricultural labour nor application of machinery to the soil.

For M. Proudhon the concentration of the instruments of labour is the negation of the division of labour. In reality, we find again the reverse. As the concentration of instruments develops, the division develops also, and vice versa. This is why every big mechanical invention is followed by a greater division of labour, and each increase in the division of labour gives rise in turn to new mechanical inventions.

We need not recall the fact that the great progress of the division of labour began in England after the invention of machinery. Thus, the weavers and spinners were for the most part peasants like those one still meets in backward countries. The invention of machinery brought about the separation of manufacturing industry from agricultural industry. The weaver and the spinner, united but lately in a single family, were separated by the machine. Thanks to the machine, the spinner can live in England while the weaver resides in the East Indies. Before the invention of machinery, the industry of a country was carried on chiefly with raw materials that were the products of its own soil; in England – wool, in Germany – flax, in

France – silks and flax, in the East Indies and the Levant – cottons, etc. Thanks to the application of machinery and of steam, the division of labour was about to assume such dimensions that large-scale industry, detached from the national soil, depends entirely on the world market, on international exchange, on an international division of labour. In short – the machine has so great an influence on the division of labour, that when, in the manufacture of some object, a means has been found to produce parts of it mechanically, the manufacture splits up immediately into two works independent of each other.

Need we speak of the philanthropic and providential aim that M. Proudhon discovers in the invention and first application of machinery?

When in England the market had become so far developed that manual labour was no longer adequate, the need for machinery was felt. Then came the idea of the application of mechanical science, already quite developed in the 18th century.

The automatic workshop opened its career with acts which were anything but philanthropic. Children were kept at work at the whip's end; they were made an object of traffic and contracts were undertaken with the orphanages. All the laws on the apprenticeship of workers were repealed, because, to use M. Proudhon's phraseology, there was no further need for *synthetic* workers. Finally, from 1825 onwards, almost all the new inventions were the result of collisions between the worker and the employer who sought at all costs to depreciate the worker's specialized ability. After each new strike of any importance, there appeared a new machine. So little indeed did the worker see in the application of machinery a sort of rehabilitation, *restoration* – as M. Proudhon would say – that in the 18th century he stood out for a very long time against the incipient domination of the automaton.

“Wyatt,” says Doctor Ure, “invented the series of fluted rollers... (the spinning fingers usually ascribed to Arkwright)....

“The main difficulty did not, to my apprehension, lie so much in the invention of a proper self-acting mechanism... as in training human beings to renounce their desultory habits of work, and to identify themselves with the unvarying regularity of the complex automaton. But to devise and administer a successful code of factory discipline, suited to the necessities of factory diligence, was the Herculean enterprise, the noble achievement of Arkwright.”

[Vol. I, p-22, 23]

In short, by the introduction of machinery, the division of labour inside society has grown up, the task of the worker inside the workshop has been simplified, capital has been concentrated, human beings have been further dismembered.

When M. Proudhon wants to be an economist, and to abandon for a moment the “evolution of ideas in serial relation in the understanding,” then he goes and draws erudition from Adam Smith, from a time when the automatic workshop was only just coming into existence. Indeed, what a difference between the division of labour as it existed in Adam Smith’s day and as we see it in the automatic workshop! In order to make this properly understood, we need only quote a few passages from Dr. Ure’s *The Philosophy of Manufactures*.

“When Adam Smith wrote his immortal elements of economics, automatic machinery being hardly known, he was properly led to regard the division of labour as the grand principle of manufacturing improvement; and he showed, in the example of pin-making, how each handicraftsman, being thereby enabled to perfect himself by practice in one point, became a quicker and cheaper workman. In each branch of manufacture he saw that some parts were, on that principle, of easy execution, like the cutting of pin wires into uniform lengths, and some were comparatively difficult, like the formation and fixation of their heads; and therefore he concluded that to each a workman of appropriate value and cost was naturally assigned. This appropriation forms the very essence of the division of labour....

“But what was in Dr. Smith’s time a topic of useful illustration, cannot now be used without risk of misleading the public mind as to the right principle of manufacturing industry. In fact, the division, or rather adaptation of labour to the different talents of men, is little thought of in factory employment. On the contrary, wherever a process requires a peculiar dexterity and steadiness of hand, it is withdrawn as soon as possible from the cunning workman, who is prone to irregularities of many kinds, and it is placed in charge of a peculiar mechanism, so self-regulating, that a child may superintend it.

“The principle of the factory system then is, to substitute mechanical science for hand skill, and the partition of a process into its essential constituents, for the division or gradation of labour among artisans. On the handicraft plan, labour more or less skilled, was usually the most expensive

element of production... but on the automatic plan, skilled labour gets progressively superseded, and will, eventually, be replaced by mere overlookers of machines.

“By the infirmity of human nature it happens, that the more skilful the workman, the more self-willed and intractable he is apt to become, and, of course, the less fit a component of a mechanical system, in which, by occasional irregularities, he may do great damage to the whole. The grand object therefore of the modern manufacturer is, through the union of capital and science, to reduce the task of his workpeople to the exercise of vigilance and dexterity – faculties, when concentrated to one process, speedily brought to perfection in the young.

“On the gradation system, a man must serve an apprenticeship of many years before his hand and eye become skilled enough for certain mechanical feats; but on the system of decomposing a process into its constituents, and embodying each part in an automatic machine, a person of common care and capacity may be entrusted with any of the said elementary parts after a short probation, and may be transferred from one to another, on any emergency, at the discretion of the master. Such translations are utterly at variance with the old practice of the division of labour, which fixed one man to shaping the head of a pin, another to shaping the head of a pin, and another to sharpening its point, with the most irksome and spirit-wasting uniformity, for a whole life....

“But on the equalization plan of self-acting machines, the operative needs to call his faculties only into agreeable exercise.... As his business consists in ending the work of a well-regulated mechanism, he can learn it in a short period; and when he transfers his services, from one machine to another, he varies his task, and enlarges his views, by thinking on those general combinations which result from his and his companions’ labours. Thus, that cramping of the faculties, that narrowing of the mind, that stunting of the frame, which were ascribed, and not unjustly, by moral writers, to the division of labour, cannot, in common circumstances, occur under the equable distribution of industry....

“It is, in fact, the constant aim and tendency of every improvement in machinery to supersede human labour altogether, or to diminish its cost, by substituting the industry of women and children for that of men; of that of ordinary labourers for trained artisans.... This tendency to employ merely children with watchful eyes and nimble fingers, instead of journeymen of

long experience, shows how the scholastic dogma of the division of labour into degrees of skill has been exploded by our enlightened manufacturers.”

(Andre Ure, *Philosophie des manufactures ou economie industrielle*, Vol.I, Cha [p-35])

What characterizes the division of labour inside modern society is that it engenders specialized functions, specialists, and with them craft-idiocy.

“We are struck with admiration,” says Lemontey, “when we see among the Ancients the same person distinguishing himself to a high degree as philosopher, poet, orator, historian, priest, administrator, general of an army. Our souls are appalled at the sight of so vast a domain. Each one of us plants his hedge and shuts himself up in his enclosure. I do not know whether by this parcellation the field is enlarged, but I do know that man is belittled.”

What characterizes the division of labour in the automatic workshop is that labour has there completely lost its specialized character. But the moment every special development stops, the need for universality, the tendency towards an integral development of the individual begins to be felt. The automatic workshop wipes out specialists and craft-idiocy.

M. Proudhon, not having understood even this one revolutionary side of the automatic workshop, takes a step backward and proposes to the worker that he make not only the 12th part of a pin, but successively all 12 parts of it. The worker would thus arrive at the knowledge and the consciousness of the pin. This is M. Proudhon’s synthetic labour. Nobody will contest that to make a movement forward and another movement backward is to make a synthetic movement.

To sum up, M. Proudhon has not gone further than the petty-bourgeois ideal. And to realize this ideal, he can think of nothing better than to take us back to the journeyman or, at most, to the master craftsman of the Middle Ages. It is enough, he says somewhere in his book, to have created a masterpiece once in one’s life, to have felt oneself just once to be a man. Is not this, in form as in content, the masterpiece demanded by the trade guild of the Middle Ages?

### 3. Competition and Monopoly

*Good*            “Competition is as essential to labour as

*side of* division.... It is necessary ... for the *advent*  
*competition of equality.*” [I 186, 188]

*Bad side* “The principle is the negation of itself. Its  
*of* most certain result is to ruin those whom it  
*competition* drags in its train.” [I 185]

“The *drawbacks* which follow in its  
*General* wake, just as the good it provides... both  
*reflection* flow logically from the principle.” [I 185-  
86]

“To seek the principle of *accommodation*,  
which must be derived from a law superior  
to liberty itself.” [I 185]

*Problem*  
*to be* “There can, therefore, be no question here of  
*solved* destroying competition, a thing as  
impossible to destroy as liberty; we have  
only to find its equilibrium, I would be  
ready to say its *police.*” [I 223]

M. Proudhon begins by defending the eternal necessity of competition against those who wish to replace it by *emulation* [Engels: The Fourierists].

There is no “purposeless emulation,” and as “the object of every passion is necessarily analogous to the passion itself – a woman for the lover, power for the ambitious, gold for the miser, a garland for the poet – the object of

industrial emulation is necessarily profit. Emulation is nothing but competition itself.”

[I 187]

Competition is emulation with a view to profit. Is industrial emulation necessarily emulation with a view to profit, that is, competition?? M. Proudhon proves it by affirming it. We have seen that, for him, to affirm is to prove, just as to suppose is to deny.

If the immediate *object* of the lover is the woman, the immediate object of industrial emulation is the product and not the profit.

Competition is not industrial emulation, it is commercial emulation. In our time industrial emulation exists only in view of commerce. There are even phases in the economic life of modern nations when everybody is seized with a sort of craze for making profit without producing. This speculation craze, which recurs periodically, lays bare the true character of competition, which seeks to escape the need for industrial emulation.

If you had told an artisan of the 14th century that the privileges and the whole feudal organization of industry were going to be abrogated in favor of industrial emulation, called competition, he would have replied that the privileges of the various corporations, guilds and fraternities were organized competition. M. Proudhon does not impose upon this when he affirms that “emulation is nothing but competition itself.”

“Decree that from the first of January 1847, labor and wages shall be guaranteed to everybody: immediately an immense relaxation will succeed the high tension of industry.”

[I 189]

Instead of a supposition, an affirmation and a negation, we have now a decree that M. Proudhon issues purposely to prove the necessity of competition, its eternity as a category, etc.

If we imagine that decrees are all that is needed to get away from competition, we shall never get away from it. And if we go so far as to propose to abolish competition while retaining wages, we shall be proposing nonsense by royal decree. But nations do not proceed by royal decree. Before framing such ordinances, they must at least have changed from top to bottom the conditions of their industrial and political existence, and consequently their whole manner of being.

M. Proudhon will reply, with his imperturbable assurance, that it is the hypothesis of “a transformation of our nature without historical

antecedents,” and that he would be right in “excluding is from the discussion,” we know not in virtue of which ordinance.

M. Proudhon does not know that all history is nothing but a continuous transformation of human nature.

“Let us stick to the facts. The French Revolution was made for industrial liberty as much as for political liberty; and although France, in 1789, had not perceived – let us say it openly – all the consequences of the principle whose realization it demanded, it was mistaken neither in its wishes nor in its expectations. Whoever attempts to deny this loses, in my view, the right to criticism. I will never dispute with an adversary who puts as principle the spontaneous error of 25 million men....

“Why then, if competition had not been a principle of social economy, a decree of fate, a necessity of the human soul, why, instead of abolishing corporations, guilds and brotherhoods, did nobody think rather of repairing the whole??”

[I 191, 192]

So, since the French of the 18th century abolished corporations, guilds, and fraternities instead of modifying them, the French of the 19th century must modify competition instead of abolishing it. Since competition was established in France in the 18th century as a result of historical needs, this competition must not be destroyed in the 19th century because of other historical needs. M. Proudhon, not understanding that the establishment of competition was bound up with the actual development of the men of the 18th century, makes of competition a necessity of the *human soul*, in *partibus infidelium* [literally, “territory of the infidels”; here, meaning, “beyond the realm of reality.”] What would he have made of the great Colbert for the 17th century??

After the revolution comes the present state of affairs. M. Proudhon equally draws facts from it to show the eternity of competition, by proving that all industries in which this category is not yet sufficiently developed, as in agriculture, are in a state of inferiority and decrepitude.

To say that there are industries which have not yet reached the stage of competition, that others gains are below the level of bourgeois production, is drivel which gives not the slightest proof of the eternity of competition.

All M. Proudhon’s logic amounts to is this: competition is a social relation in which we are now developing our productive forces. To this truth, he gives no logical development, but only forms, often very well

developed, when he says that competition is industrial emulation, the present-day mode of freedom, responsibility in labor, constitution of value, a condition for the advent of equality, a principle of social economy, a decree of fate, a necessity of the human soul, an inspiration of eternal justice, liberty in division, division on liberty, an economic category.

“Competition and association support each other. Far from excluding each other they are not even divergent. Whoever says competition already supposes a common aim. Competition is therefore not egoism, and the most deplorable error committed by socialism is to have regarded it as the overthrow of society.”

[I 223]

Whoever says competition says common aim, and that proves, on the one hand, that competition is association; on the other, that competition is not egoism. And whoever says *egoism*, does he not say common aim?? Every egoism operates in society and by the fact of society. Hence it presupposes society, that is to say, common aims, common needs, common means of production, etc., etc. Is it, then, be mere chance that the competition and association which the Socialists talk about are not even divergent??

Socialists know well enough that present-day society is founded on competition. How could they accuse competition of overthrowing present-day society which they want to overthrow themselves?? And how could they accuse competition of overthrowing the society to come, in which they see, on the contrary, the overthrow of competition??

M. Proudhon says, later on, that competition is the *opposite of monopoly*, and consequently cannot be the *opposite of association*.

Feudalism was, from its origins, opposed to patriarchal monarchy; it was thus not opposed to competition, which was not yet in existence. Does it follow that competition is not opposed to feudalism??

In actual fact, *society*, *association* are denominations which can be given to every society, to feudal society as well as to bourgeois society which is association founded on competition. How then can there be Socialists, who, by the single word *association*, think they can refute competition?? And how can M. Proudhon himself wish to defend competition against socialism by describing competition by the single word *association*??

All we have just said makes up the beautiful side of competition as M. Proudhon sees it. Now let us pass on to the ugly side, that is the negative

side, of competition, its drawbacks, its destructive, subversive elements, its injurious qualities.

There is something dismal about the picture M. Proudhon draws of it.

Competition engenders misery, it foments civil war, it “changes natural zones,” mixes up nationalities, causes trouble in families, corrupts the public conscience, “subverts the notion of equity, of justice,” of morality, and what is worse, it destroys free, honest trade, and does not even give in exchange *synthetic value*, fixed, honest price. It disillusion everyone, even economists. It pushes things so far as to destroy its very self.

After all the ill M. Proudhon says of it, can there be for the relations of bourgeois society, for its principles and its illusions, a more disintegrating, more destructive element than competition??

It must be carefully noted that competition always becomes the more destructive for bourgeois *relations* in proportion as it urges on a feverish creation of new productive forces, that is, of the material conditions of a new society. In this respect at least, the bad side of competition would have its good points.

“Competition as an economic position or phase, considered in its origin, is the necessary result... of the theory of the reduction of general expenses.”

[I 235]

For M. Proudhon, the circulation of the blood must be a consequence of Harvey’s theory.

“Monopoly is the inevitable end of competition, which engenders it by a continual negation of itself. This generation of monopoly is in itself a justification of it...”

“Monopoly is the natural opposite of competition... but as soon as competition is necessary, it implies the idea of monopoly, since monopoly is, as it were, the seat of each competing individuality.”

[I 236, 237]

We rejoice with M. Proudhon that he can for once at least properly apply his formula to thesis and antithesis. Everyone knows that modern monopoly is engendered by competition itself.

As for the content, M. Proudhon clings to poetic images. Competition made “of every subdivision of labor a sort of sovereignty in which each individual stood with his power and his independence.” Monopoly is “the seat of every competing individuality.” The sovereignty is worth at least as much as the seat.

M. Proudhon talks of nothing but modern monopoly engendered by competition. But we all know that competition was engendered by feudal monopoly. Thus competition was originally the opposite of monopoly and not monopoly the opposite of competition. So that modern monopoly is not a simple antithesis, it is on the contrary the true synthesis.

*Thesis:* Feudal monopoly, before competition.

*Antithesis:* Competition.

*Synthesis:* Modern monopoly, which is the negation of feudal monopoly, in so far as it implies the system of competition, and the negation of competition in so far as it is monopoly.

Thus modern monopoly, bourgeois monopoly, is synthetic monopoly, the negation of the negation, the unity of opposites. It is monopoly in the pure, normal, rational state.

M. Proudhon is in contradiction with his own philosophy when he turns bourgeois monopoly into monopoly in the crude, primitive, contradictory, spasmodic state. M. Rossi, whom M. Proudhon quotes several times on the subject of monopoly, seems to have a better grasp of the synthetic character of bourgeois monopoly. In his *Cours d'économie politique*, he distinguishes between artificial monopolies and natural monopolies. Feudal monopolies, he says, are artificial, that is, arbitrary; bourgeois monopolies are natural, that is, rational.

Monopoly is a good thing, reasons M. Proudhon, since it is an economic category, an emanation "from the impersonal reason of humanity." Competition, again, is a good thing since it also is an economic category. But what is not good is the reality of monopoly and the reality of competition. What is still worse is that competition and monopoly devour each other. What is to be done?? Look for the synthesis of these two eternal thoughts, wrest it from the bosom of God, where it has been deposited from time immemorial.

In practical life we find not only competition, monopoly and the antagonism between them, but also the synthesis of the two, which is not a formula, but a movement. Monopoly produces competition, competition produces monopoly. Monopolists are made from competition; competitors become monopolists. If the monopolists restrict their mutual competition by means of partial associations, competition increases among the workers; and the more the mass of the proletarians grows as against the monopolists of one nation, the more desperate competition becomes between the

monopolists of different nations. The synthesis is of such a character that monopoly can only maintain itself by continually entering into the struggle of competition.

To make the dialectical transition to the *taxes* which come after *monopoly*, M. Proudhon talks to us about the *social genius* which, after *zigzagging intrepidly onward*,

“after striding with a jaunty step, *without repenting* and without halting, *reaches the corner of monopoly*, casts backward a *melancholy* glance, and, after profound reflection, assails all the objects of production with taxes, and creates a whole administrative organization, in order that *all employments be given to the proletariat* and paid by the men of monopoly.”

[I 284, 285]

What can we say of this genius, which, while fasting, walks about in a zigzag?? And what can we say of this walking which has no other object in view than that of destroying the bourgeois by taxes, whereas taxes are the very means of giving the bourgeois the wherewithal to preserve themselves as the ruling class??

Merely to give a glimpse of the manner in which M. Proudhon treats economic details, it suffices to say that, according to him, the tax on consumption was established with a view to equality, and to relieve the proletariat.

The tax on consumption has assumed its true development only since the rise of the bourgeoisie. In the hands of industrial capital, that is, of sober and economical wealth, which maintains, reproduces, and increases itself by the direct exploitation of labor, the tax on consumption was a means of exploiting the frivolous, gay, prodigal wealth of the fine lords who did nothing but consume, James Steuart clearly developed this original purpose of the tax on consumption in his *Recherches des principes de l'économie politique*, which he published 10 years before Adam Smith.

“Under the pure monarchy, the prince seems jealous, as it were, of growing wealth, and therefore imposes taxes upon people who are growing richer. Under the limited government they are calculated chiefly to affect those who from rich are growing poorer. Thus the monarch imposes a tax upon industry, where everyone is rated in proportion to the gain he is supposed to make by his profession. The poll-tax and *taille* are likewise proportioned to the supposed opulence of everyone libel to them.... In

limited governments, impositions are more generally laid upon consumption.”

[II 190-91]

As for the *logical sequence* of taxes, of the balance of trade, of credit – in the understanding of M. Proudhon – we could only remark that the English bourgeoisie, on attaining its political constitution under William of Orange, created all at once a new system of taxes, public credit, and the system of protective duties, as soon as it was in a position freely to develop its conditions of existence.

This brief summary will suffice to give the reader a true idea of M. Proudhon’s lubrications on the police or on taxes, the balance of trade, credit, communism, and population. We defy the most indulgent criticism to treat these chapters seriously.

#### 4. Property or Ground Rent

In each historical epoch, property has developed differently and under a set of entirely different social relations. Thus to define bourgeois property is nothing else than to give an exposition of all the social relations of bourgeois production.

To try to give a definition of property as of an independent relation, a category apart, an abstract and eternal idea, can be nothing but an illusion of metaphysics or jurisprudence.

M. Proudhon, while seeming to speak of property in general, deals only with *landed property*, with *ground rent*.

“The origin of rent, as property, is, so to speak, extra- economic: it rests in psychological and moral considerations which are only very distantly connected with the production of wealth.”

(Vol. II, )

So M. Proudhon declares himself incapable of understanding the economic origin of rent and of property. He admits that this incapacity obliges him to resort to psychological and moral considerations, which, indeed, while only distantly connected with the production of wealth, have yet a very close connection with the narrowness of his historical views. M. Proudhon affirms that there is something *mystical* and *mysterious* about the origin of property. Now, to see mystery in the origin of property – that is, to make a mystery of the relation between production itself and the

distribution of the instruments of production – is not this, to use M. Proudhon’s language, a renunciation of all claims to economic science?

M. Proudhon “confines himself to recalling that at the seventh epoch of economic evolution – credit – when fiction had caused reality to vanish, and human activity threatened to lose itself in empty space, it had become necessary to bind man more closely to nature. Now, rent was the price of this new contract.”

(Vol. II, )

*L’homme aux quarante écus* foresaw a M. Proudhon of the future:

“Mr. Creator, by your leave: everyone is master in his own world: but you will never make me believe that the one we live in is made of glass.”

In your world, where credit was a means of losing oneself in empty space, it is very possible that property became necessary in order to bind man to nature. In the world of real production, where landed property always precedes credit, M. Proudhon’s *horror vacui* [horror of a vacuum] could not exist.

The existence of rent once admitted, whatever its origin, it becomes a subject of mutually antagonistic negotiations between the farmer and the landed proprietor. What is the ultimate result of these negotiations, in other words, what is the average amount of rent? This is what M. Proudhon says:

“Ricardo’s theory answers this question. In the beginning of society, when man, new to earth, had before him nothing but huge forests, when the earth was vast and when industry was beginning to come to life, rent must have been nil. Land, as yet unformed by labour, was an object of utility; it was not an exchange value, it was common, not social. Little by little, the multiplication of families and the progress of agriculture caused the price of land to make itself felt. Labour came to give the soil its worth; from this, rent came into being. The more fruit a field yielded with the same amount of labour, the higher it was valued; hence the tendency of proprietors was always to arrogate to themselves the whole amount of the fruits of the soil, less the wages of the farm – that is, less the costs of production. Thus property followed on the heels of labour to take from it all the product that exceeded the actual expenses. As the proprietor fulfils a mystic duty and represents the community as against the *colonus*, that farmer is, by the dispensation of Providence, no more than a responsible labourer, who must account to society for all he reaps above his legitimate wage. ...

“In essence and by destination, then, rent is an instrument of distributive justice, one of the thousand means that the genius of economy employs to attain to equality. It is an immediate land valuation which is carried out contradictorily by landowners and farmers, without any possible collusion, in a higher interest, and whose ultimate result must be to equalize the possession of the land between the exploiters of the soil and the industrialists....

“It needed no less than this magic of property to snatch from the *colonus* the surplus of his product which he cannot help regarding as his own and of which he considers himself to be exclusively the author. Rent, or rather property, has broken down agricultural egoism and created a solidarity that no power, no partition of the land could have brought into being....

“The moral effect of property having been secured, at present what remains to be done is to distribute the rent.”

[Vol. II, p-272]

All this tumult of words may be reduced firstly to this: Ricardo says that the excess of the price of agricultural products over their cost of production, including the ordinary profit and interest on the capital, gives the measure of the rent. M. Proudhon does better. He makes the landowner intervene, like a *Deus ex machina*, and snatch from the *colonus* all the surplus of his production over the cost of production. He makes use of the intervention of the landowner to explain property, of the intervention of the rent-receiver to explain rent. He answers the problem by formulating the same problem and adding an extra syllable.

Let us note also that in determining rent by the difference in fertility of the soil, M. Proudhon assigns a new origin to it, since land, before being assessed according to different degrees of fertility, “was not,” in his view, “an exchange value, but was common.” What, then, has happened to the fiction about rent having come into being through the necessity of bringing back to the land man who was about to lose himself in the infinity of empty space?

Now let us free Ricardo’s doctrine from the providential, allegorical, and mystical phrases in which M. Proudhon has been careful to wrap it.

Rent, in the Ricardian sense, is property in land in its bourgeois state; that is, feudal property which has become subject to the conditions of bourgeois production.

We have seen that, according to the Ricardian doctrine, the price of all objects is determined ultimately by the cost of production, including the industrial profit; in other words, by the labour time employed. In manufacturing industry, the price of the product obtained by the minimum of labour regulates the price of all other commodities of the same kind, seeing that the cheapest and most productive instruments of production can be multiplied to infinity and that competition necessarily gives rise to a market price – that is, a common price for all products of the same kind.

In agricultural industry, on the contrary, it is the price of the product obtained by the greatest amount of labour which regulates the price of all products of the same kind. In the first place, one cannot, as in manufacturing industry, multiply at will the instruments of production possessing the same degree of productivity, that is, plots of land with the same degree of fertility. Then, as population increases, land of an inferior quality begins to be exploited, or new outlays of capital, proportionately less productive than before, are made upon the same plot of land. In both cases a greater amount of labour is expended to obtain a proportionately smaller product. The needs of the population having rendered necessary this increase of labour, the product of the land whose exploitation is the more costly has as certain a sale as that of a piece of land whose exploitation is cheaper. As competition levels the market price, the product of the better soil will be paid for as dearly as that of the inferior. It is the excess of the price of the products of the better soil over the cost of their production that constitutes rent. If one could always have at one's disposal plots of land of the same degree of fertility; if one could, as in manufacturing industry, have recourse continually to cheaper and more productive machines, or if the subsequent outlays of capital produced as much as the first, then the price of agricultural products would be determined by the price of commodities produced by the best instruments of production, as we have seen with the price of manufactured products. But, from this moment rent would have disappeared also.

For the Ricardian doctrine – “once the premises granted” – to be generally true, it is moreover essential that capital should be freely applicable to different branches of industry; that a strongly developed competition among the capitalists should have brought profits to an equal level; that the farmer should be no more than an industrial capitalist claiming for the use of his capital on the land, a profit equal to that which

he would draw from his capital if it were applied in any kind of manufacture; that agricultural exploitation should be subjected to the regime of large-scale industry; and finally, that the landowner himself should aim at nothing beyond the money return.

It may happen, as in Ireland, that rent does not yet exist, although the letting of land has reached an extreme development there. Rent being the excess not only over wages, but also over industrial profit, it cannot exist where the landowner's revenue is nothing but a mere levy on wages.

Thus, far from converting the exploiter of the land, the farmer, into a *simple labourer*, and "snatching from the cultivator the surplus of his product, which he cannot help regarding as his own," rent confronts the landowner, not with the slave, the serf, the payer of tribute, the wage labourer, but with the industrial capitalist.

Once constituted as ground rent, ground property has in its possession only the surplus over production costs, which are determined not only by wages but also by industrial profit. It is therefore from the landowner that ground rent snatched a part of his income. Thus, there was a big lapse of time before the feudal farmer was replaced by the industrial capitalist. In Germany, for example, this transformation began only in the last third of the 18th century. It is in England alone that this relation between the industrial capitalist and the landed proprietor has been fully developed.

So long as there was only M. Proudhon's *colonus*, there was no rent. The moment rent exists, the *colonus* is no longer the farmer, but the worker, the farmer's *colonus*. The abasement of the labourer, reduced to the role of a simple worker, day labourer, wage-earner, working for the industrial capitalist; the invention of the industrial capitalist, exploiting the land like any other factory; the transformation of the landed proprietor from a petty sovereign into a vulgar usurer; these are the different relations expressed by rent.

Rent, in the Ricardian sense, is patriarchal agriculture transformed into commercial industry, industrial capital applied to land, the town bourgeoisie transplanted into the country. Rent, instead of *binding man to nature*, has merely bound the exploitation of the land to competition. Once established as rent, landed property itself is the *result of competition*, since from that time onwards it depends on the market value of agricultural produce. As rent, landed property is mobilized and becomes an article of commerce. Rent is possible only from the moment when the development of urban

industry, and the social organization resulting therefrom, force the landowner to aim solely at cash profits, at the monetary relation of his agricultural products – in fact to look upon his landed property only as a machine for coining money. Rent has so completely divorced the landed proprietor from the soil, from nature, that he has no need even to know his estates, as is to be seen in England. As for the farmer, the industrial capitalist and the agricultural worker, they are no more bound to the land they exploit than are the employer and the worker in the factories to the cotton and wool they manufacture; they feel an attachment only for the price of their production, the monetary product. Hence the jeremiads of the reactionary parties, who offer up all their prayers for the return of feudalism, of the good old patriarchal life, of the simple manners and the fine virtues of our forefathers. The subjection of the soil to the laws which dominate all other industries is and always will be the subject of interested condolences. Thus it may be said that rent has become the motive power which has introduced idyll into the movement of history.

Ricardo, after postulating bourgeois production as necessary for determining rent, applies the conception of rent, nevertheless, to the landed property of all ages and all countries. This is an error common to all the economists, who represent the bourgeois relations of production as eternal categories.

From the providential aim of rent – which is, for M. Proudhon, the transformation of the *colonus* into a *responsible worker*, he passes to the equalized reward of rent.

Rent, as we have just seen, is constituted by the *equal price* of the products of lands of *unequal fertility*, so that a hectolitre of corn which has cost 10 francs is sold for 20 francs if the cost of production rises to 20 francs upon soil of inferior quality.

So long as necessity forces the purchase of all the agricultural products into the market, the market price is determined by the cost of the most expensive product. Thus it is this equalization of price, resulting from competition and not from the different fertilities of the lands, that secures to the owner of the better soil a rent of 10 francs for every hectolitre that his tenant sells.

Let us suppose for a moment that the price of corn is determined by the labour time needed to produce it, and at once the hectolitre of corn obtained from the better soil will sell at 10 francs, while the hectolitre of corn

obtained on the inferior soil will cost 20 francs. This being admitted, the average market price will be 15 francs, whereas, according to the law of competition, it is 20 francs. If the average price were 15 francs, there would be no occasion for any distribution, whether equalized or otherwise, for there would be no rent. Rent exists only when one can sell for 20 francs the hectolitre of corn which has cost the producer 10 francs. M. Proudhon supposes equality of the market price, with unequal costs of production, in order to arrive at an equalized sharing out of the product of inequality.

We understand such economists as Mill, Cherbuliez, Hilditch, and others demanding that rent should be handed over to the state to serve in place of taxes. That is a frank expression of the hatred the industrial capitalist bears towards the landed proprietor, who seems to him a useless thing, an excrescence upon the general body of bourgeois production.

But first to make the price of the hectolitre of corn 20 francs in order then to make a general distribution of the 10 francs overcharge levied on the consumer, is indeed enough to make the *social genius* pursue *its zigzag course mournfully* – and knock its head against some *corner*.

Rent becomes, under M. Proudhon's pen, "an immense land valuation, which is carried out contradictorily by land-owners and farmers... in a higher interest, and whose ultimate result must be to equalize the possession of land between exploiters of the soil and the industrialists."

[Vol. II, ]

For any land valuation based upon rent to be of practical value, the conditions of present society must not be departed from.

Now, we have shown that the farm rent paid by the farmer to the landlord expresses the rent with any exactitude only in the countries most advanced in industry and commerce. And even this rent often includes interest paid to the landlord on capital incorporated in the land. The location of the land, the vicinity of towns, and many other circumstances influence the farm rent and modify the ground rent. These peremptory reasons would be enough to prove the inaccuracy of a land valuation based on rent.

Thus history, far from supplying, in rent, a ready-made land valuation, does nothing but change and turn topsy-turvy the land valuations already made.

Finally, fertility is not so natural a quality as might be thought; it is closely bound up with the social relations of the time. A piece of land may

be very fertile for corn growing, and yet the market price may decide the cultivator to turn it into an artificial pastureland and thus render it infertile.

M. Proudhon has improvised his land valuation, which has not even the value of an ordinary land valuation, only to give substance to the *providentially equalitarian aim* of rent.

“Rent,” continues M. Proudhon, “is the interest paid on a capital which never perishes, namely – land. And as the capital is capable of no increase in matter, but only of an indefinite improvement in its use, it comes about that while the interest or profit on a loan (*mutuum*) tends to diminish continually through abundance of capital, rent tends always to increase through the perfecting of industry, from which results the improvement in the use of the land.... Such, in its essence, is rent.”

(Vol. II, )

This time, M. Proudhon sees in rent all the characteristics of interest, save that it is derived from capital of a specific nature. This capital is land, an eternal capital, “which is capable of no increase in matter, but only an indefinite improvement in its use.” In the progressive advance of civilization, interest has a continual tendency to fall, whilst rent continually tends to rise. Interest falls because of the abundance of capital; rent rises owing to the improvements brought about in industry, which results in an ever better utilization of land.

Such, in its essence, is the opinion of M. Proudhon.

Let us first examine how far it is true to say that rent is interest on capital.

For the landed proprietor himself, rent represents the interest on the capital that the land has cost him, or that he would draw from it if he sold it. But in buying or selling land he only buys or sells rent. The price he pays to make himself a receiver of rent is regulated by the rate of interest in general and has nothing to do with actual nature of rent. The interest on capital invested in land is in general lower than the interest on capital invested in manufacture or commerce. Thus, for those who make no distinction between the interest that the land represents to the owner and the rent itself, the interest on land capital diminishes still more than does the interest on other capital. But it is not a question of the purchase or sale price of rent, of the marketable value of rent, of capitalized rent, it is a question of rent itself.

Farm rent can imply again, apart from rent proper, the interest on the capital incorporated in the land. In this instance the landlord receives this part of the farm rent, not as a landlord but as a capitalist; but this is not the rent proper that we are to deal with.

Land, so long as it is not exploited as a means of production, is not capital. Land as capital can be increased just as much as all the other instruments of production. Nothing is added to its matter, to use M. Proudhon's language, but the lands which serve as instruments of production are multiplied. The very fact of applying further outlays of capital to land already transformed into means of production increases land as capital without adding anything to land as matter – that is, to the extent of the land. M. Proudhon's land as matter is the Earth in its limitation. As for the eternity he attributes to land, we grant readily it has this virtue as matter. Land as capital is no more eternal than any other capital.

Gold and silver, which yield interest, are just as lasting and eternal as land. If the price of gold and silver falls, while that of land keeps rising, this is certainly not because of its more or less eternal nature.

Land as capital is fixed capital; but fixed capital gets used up just as much as circulating capital. Improvements to the land need production and upkeep; they last only for a time; and this they have in common with all other improvements used to transform matter into means of production. If land as capital were eternal, some lands would present a very different appearance from what they do today, and we should see the Roman Campagna, Sicily, Palestine, in all the splendour of their former prosperity.

There are even instances when land as capital might disappear, even though the improvements remain incorporated in the land.

In the first place, this occurs every time rent proper is wiped out by the competition of new and more fertile soils; secondly, the improvements which might have been valuable at one time cease to be of value the moment they become universal owing to the development of agronomy.

The representative of land as capital is not the landlord, but the farmer. The proceeds yielded by land as capital are interest and industrial profit, not rent. There are lands which yield such interest and profit but still yield no rent.

Briefly, land in so far as it yields interest, is land capital, and as land capital it yields no rent, it is not landed property. Rent results from the social relations in which the exploitation of the land takes place. It cannot

be a result of the more or less solid, more or less durable nature of the soil. Rent is a product of society and not of the soil.

According to M. Proudhon, “improvement in the use of the land” – a consequence “of the perfecting of industry” – causes the continual rise in rent. On the contrary, this improvement causes its periodic fall.

Wherein consists, in general, any improvement, whether in agriculture or in manufacture? In producing more with the same labour; in producing as much, or even more, with less labour. Thanks to these improvements, the farmer is spared from using a greater amount of labour for a relatively smaller product. He has no need, therefore, to resort to inferior soils, and instalments of capital applied successively to the same soil remain equally productive.

Thus, these improvements, far from continually raising rent as M. Proudhon says, become on the contrary so many temporary obstacles preventing its rise.

The English landowners of the 17th century were so well aware of this truth, that they opposed the progress of agriculture for fear of seeing their incomes diminish. (See Petty, an English economist of the time of Charles II.)

### Strikes and Combinations of Workers

“Every upward movement in wages can have no other effect than a rise in the price of corn, wine, etc., that is, the effect of a dearth. For what are wages? They are the cost price of corn, etc.; they are the integrant price of everything. We may go even further: wages are the proportion of the elements composing wealth and consumed reproductively every day by the mass of the workers. Now, to double wages ... is to attribute to each one of the producers a greater share than his product, which is contradictory, and if the rise extends only to a small number of industries, it brings a general disturbance in exchange; in a word, a dearth....

“It is impossible, I declare, for strikes followed by an increase in wages not to culminate in a general rise in prices: this is as certain as that two and two make four.”

(Proudhon, Vol. I, p and 111)

We deny all these assertions, except that two and two make four.

In the first place, there is no *general rise in prices*. If the price of everything doubles at the same time as wages, there is no change in price, the only change is in terms.

Then again, a general rise in wages can never produce a more or less general rise in the price of goods. Actually, if every industry employed the same number of workers in relation to fixed capital or to the instruments used, a general rise in wages would produce a general fall in profits and the current price of goods would undergo no alteration.

But as the relation of manual labour to fixed capital is not the same in different industries, all the industries which employ a relatively greater mass of capital and fewer workers, will be forced sooner or later to lower the price of their goods. In the opposite case, in which the price of their goods is not lowered, their profit will rise above the common rate of profits. Machines are not wage-earners. Therefore, the general rise in wages will affect less those industries, which, compared with the others, employ more machines than workers. But as competition always tends to level the rate of profits, those profits which rise above the average rate cannot but be transitory. Thus, apart from a few fluctuations, a general rise in wages will lead, not as M. Proudhon says, to a general increase in prices, but to a partial fall – that is a fall in the current price of the goods that are made chiefly with the help of machines.

The rise and fall of profits and wages expresses merely the proportion in which capitalists and workers share in the product of a day's work, without influencing in most instances the price of the product. But that "strikes followed by an increase in wages culminate in a general rise in prices, in a dearth even" – those are notions which can blossom only in the brain of a poet who has not been understood.

In England, strikes have regularly given rise to the invention and application of new machines. Machines were, it may be said, the weapon employed by the capitalist to quell the revolt of specialized labour. The *self-acting mule*, the greatest invention of modern industry, put out of action the spinners who were in revolt. If combinations and strikes had no other effect than that of making the efforts of mechanical genius react against them, they would still exercise an immense influence on the development of industry.

"I find," continues M. Proudhon, "in an article published by M. Leon Faucher... September 1845, that for some time the British workers have got

out the habit of combination, which is assuredly a progress for which one cannot but congratulate them: but this improvement in the morale of the workers comes chiefly from their economic education. ‘It is not on the manufacturers,’ cries a spinning-mill worker at a Bolton meeting, ‘that wages depend. In periods of depression the masters are, so to speak, merely the whip with which necessity arms itself, and whether they want to or not, they have to deal blows. The regulative principle is the relation of supply and demand; and the masters have not this power’ ....

“Well done!” cries M. Proudhon. “These are well-trained workers, model workers, etc., etc., etc. Such poverty did not exist in Britain; it will not cross the Channel.”

(Proudhon, Vol. I, p and 262)

Of all the towns in England, Bolton is the one in which the radicalism is the most developed. The Bolton workers are known to be the most revolutionary of all. At the time of the great agitation in England for the abolition of the Corn Laws, the English manufacturers thought that they could cope with the landowners only by thrusting the workers to the fore. But as the interests of the workers were no less opposed to those of the manufacturers than the interests of the manufacturers were to those of the landowners, it was natural that the manufacturers should fare badly in the workers’ meetings. What did the manufacturers do? To save appearances they organized meetings composed, to a large extent, of foremen, of the small number of workers who were devoted to them, and of the real *friends of trade*. When later on the genuine workers tried, as in Bolton and Manchester, to take part in these sham demonstrations, in order to protest against them, they were forbidden admittance on the ground that it was a *ticket meeting* – a meeting to which only persons with entrance cards were admitted. Yet the posters placarded on the walls had announced public meetings. Every time one of these meetings was held, the manufacturers’ newspapers gave a pompous and detailed account of the speeches made. It goes without saying that it was the foremen who made these speeches. The London papers reproduced them word for word. M. Proudhon has the misfortune to take foremen for ordinary workers, and enjoins them not to cross the Channel.

If in 1844 and 1845 strikes drew less attention than before, it was because 1844 and 1845 were the first two years of prosperity that British

industry had had since 1837. Nevertheless none of the *trades unions* had been dissolved.

Now let us listen to the foremen of Bolton. According to them manufacturers have no command over wages because they have no command over the price of products, and they have no command over the price of products because they have no command over the world market. For this reason, they wish it to be understood that combinations should not be formed to extort an increase in wages from the masters. M. Proudhon, on the contrary, forbids combinations for fear they should be followed by a rise in wages which would bring with it a general dearth. We have no need to say that on one point there is an *entente cordiale* between the foremen and M. Proudhon: that a rise in wages is equivalent to a rise in the price of products.

But is the fear of a dearth the true cause of M. Proudhon's rancour? No. Quite simple, he is annoyed with the Bolton foremen because they determine value by *supply and demand* and hardly take any account of *constituted value*, of value which has passed into the state of constitution, of the constitution of value, including permanent exchangeability and all the other proportionalities of relations and relations of proportionality, with Providence at their side.

"A workers' strike is illegal, and it is not only the Penal Code that says so, it is the economic system, the necessity of the established order....

"That each worker individually should dispose freely over his person and his hands, this can be tolerated, but that workers should undertake by combination to do violence to monopoly, is something society cannot permit."

(Vol. I, p and 335)

M. Proudhon wants to pass off an article of the Penal Code as a necessary and general result of bourgeois relations of production.

In England, combination is authorized by an Act of Parliament, and it is the economic system which has forced Parliament to grant this legal authorization. In 1825, when, under the Minister Huskisson, Parliament had to modify the law in order to bring it more and more into line with the conditions resulting from free competition, it had of necessity to abolish all laws forbidding combinations of workers. The more modern industry and competition develop, the more elements there are which call forth and

strengthen combination, and as soon as combination becomes an economic fact, daily gaining in solidity, it is bound before long to become a legal fact.

Thus the article of the Penal Code proves at the most that modern industry and competition were not yet well developed under the Constituent Assembly and under the Empire.

Economists and socialists are in agreement on one point: the condemnation of *combination*. Only they have different motives for their act of condemnation.

The economists say to workers:

Do not combine. By combination you hinder the regular progress of industry, you prevent manufacturers from carrying out their orders, you disturb trade and you precipitate the invasion of machines which, by rendering your labour in part useless, force you to accept a still lower wage. Besides, whatever you do, your wages will always be determined by the relation of hands demanded to hands supplied, and it is an effort as ridiculous as it is dangerous for you to revolt against the eternal laws of political economy.

The socialists say to the workers:

Do not combine, because what will you gain by it anyway? A rise in wages? The economists will prove to you quite clearly that the few ha'pence you may gain by it for a few moments if you succeed will be followed by a permanent fall. Skilled calculators will prove to you that it would take you years merely to recover, through the increase in your wages, the expenses incurred for the organization and upkeep of the combinations.

And we, as socialists, tell you that, apart from the money question, you will continue nonetheless to be workers, and the masters will still continue to be the masters, just as before. So no combination! No politics! For is not entering into combination engaging in politics?

The economists want the workers to remain in society as it is constituted and as it has been signed and sealed by them in their manuals.

The socialists want the workers to leave the old society alone, the better to be able to enter the new society which they have prepared for them with so much foresight.

In spite of both of them, in spite of manuals and utopias, combination has not yet ceased for an instant to go forward and grow with the development and growth of modern industry. It has now reached such a stage, that the degree to which combination has developed in any country

clearly marks the rank it occupies in the hierarchy of the world market. England, whose industry has attained the highest degree of development, has the biggest and best organized combinations.

In England, they have not stopped at partial combinations which have no other objective than a passing strike, and which disappear with it. Permanent combinations have been formed, *trades unions*, which serve as ramparts for the workers in their struggles with the employers. And at the present time all these local *trades unions* find a rallying point in the *National Association of United Trades*, the central committee of which is in London, and which already numbers 80,000 members. The organization of these strikes, combinations, and *trades unions* went on simultaneously with the political struggles of the workers, who now constitute a large political party, under the name of *Chartists*.

The first attempt of workers to associate among themselves always takes place in the form of combinations.

Large-scale industry concentrates in one place a crowd of people unknown to one another. Competition divides their interests. But the maintenance of wages, this common interest which they have against their boss, unites them in a common thought of resistance – *combination*. Thus combination always has a double aim, that of stopping competition among the workers, so that they can carry on general competition with the capitalist. If the first aim of resistance was merely the maintenance of wages, combinations, at first isolated, constitute themselves into groups as the capitalists in their turn unite for the purpose of repression, and in the face of always united capital, the maintenance of the association becomes more necessary to them than that of wages. This is so true that English economists are amazed to see the workers sacrifice a good part of their wages in favor of associations, which, in the eyes of these economists, are established solely in favor of wages. In this struggle – a veritable civil war – all the elements necessary for a coming battle unite and develop. Once it has reached this point, association takes on a political character.

Economic conditions had first transformed the mass of the people of the country into workers. The combination of capital has created for this mass a common situation, common interests. This mass is thus already a class as against capital, but not yet for itself. In the struggle, of which we have noted only a few phases, this mass becomes united, and constitutes itself as a class

for itself. The interests it defends become class interests. But the struggle of class against class is a political struggle.

In the bourgeoisie we have two phases to distinguish: that in which it constituted itself as a class under the regime of feudalism and absolute monarchy, and that in which, already constituted as a class, it overthrew feudalism and monarchy to make society into a bourgeois society. The first of these phases was the longer and necessitated the greater efforts. This too began by partial combinations against the feudal lords.

Much research has been carried out to trace the different historical phases that the bourgeoisie has passed through, from the commune up to its constitution as a class.

But when it is a question of making a precise study of strikes, combinations and other forms in which the proletarians carry out before our eyes their organization as a class, some are seized with real fear and others display a *transcendental* disdain.

An oppressed class is the vital condition for every society founded on the antagonism of classes. The emancipation of the oppressed class thus implies necessarily the creation of a new society. For the oppressed class to be able to emancipate itself, it is necessary that the productive powers already acquired and the existing social relations should no longer be capable of existing side by side. Of all the instruments of production, the greatest productive power is the revolutionary class itself. The organization of revolutionary elements as a class supposes the existence of all the productive forces which could be engendered in the bosom of the old society.

Does this mean that after the fall of the old society there will be a new class domination culminating in a new political power? No.

The condition for the emancipation of the working class is the abolition of every class, just as the condition for the liberation of the third estate, of the bourgeois order, was the abolition of all estates and all orders.

The working class, in the course of its development, will substitute for the old civil society an association which will exclude classes and their antagonism, and there will be no more political power properly so-called, since political power is precisely the official expression of antagonism in civil society.

Meanwhile the antagonism between the proletariat and the bourgeoisie is a struggle of class against class, a struggle which carried to its highest

expression is a total revolution. Indeed, is it at all surprising that a society founded on the *opposition* of classes should culminate in brutal *contradiction*, the shock of body against body, as its final denouement?

Do not say that social movement excludes political movement. There is never a political movement which is not at the same time social.

It is only in an order of things in which there are no more classes and class antagonisms that *social evolutions* will cease to be *political revolutions*. Till then, on the eve of every general reshuffling of society, the last word of social science will always be:

“Le combat ou la mort; la lutte sanguinaire ou le neant. C’est ainsi que la question est invinciblement posée.”

# WAGE LABOUR AND CAPITAL, 1847



*Translated by Harriet E. Lothrop*

This essay on economics was written in 1847 and first published in articles in the *Neue Rheinische Zeitung* (New Rhenish Newspaper: Organ of Democracy) in April 1849. The German daily newspaper was printed by Marx in Cologne between 1 June 1848 and 19 May 1849. *Wage Labour And Capital* has been widely acclaimed as the precursor to Marx's important treatise *Das Kapital*. It concerns ideas of economic contemplation, putting aside some of Marx's materialist conceptions of history. It demonstrates an increased scientific rationale on ideas of "alienated labour," which in Marx's perspective would eventually lead to the proletarian revolution.

Some of the main topics examined concern labour power and labour, and how labour power becomes a commodity. It also presents the Labour Theory of Value that further develops the distinct differences between labour and labour power. The essay also examines the commodity and how the economic principles of supply and demand affect the pricing of certain commodities. Beyond that the essay explores how capital and capitalism do not service any purpose other than to gain more of it, which Marx presents as an illogical method of living one's life.



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# Introduction to Karl Marx's Wage Labour and Capital by Frederick Engels

This pamphlet first appeared in the form of a series of leading articles in the *Neue Rheinische Zeitung*, beginning on April 4th, 1849. The text is made up of from lectures delivered by Marx before the German Workingmen's Club of Brussels in 1847. The series was never completed. The promise "to be continued," at the end of the editorial in Number 269 of the newspaper, remained unfulfilled in consequence of the precipitous events of that time: the invasion of Hungary by the Russians, and the uprisings in Dresden, Iserlohn, Elberfeld, the Palatinate, and in Baden, which led to the suppression of the paper on May 19th, 1849. And among the papers left by Marx no manuscript of any continuation of these articles has been found.

"Wage-labour and Capital" has appeared as an independent publication in several editions, the last of which was issued by the Swiss Co-operative Printing Association, in Hottingen-Zurich, in 1884. Hitherto, the several editions have contained the exact wording of the original articles. But since at least 10,000 copies of the present edition are to be circulated as a propaganda tract, the question necessarily forced itself upon me, would Marx himself, under these circumstance, have approved of an unaltered literal reproduction of the original?

Marx, in the '40s, had not yet completed his criticism of political economy. This was not done until toward the end of the fifties. Consequently, such of his writings as were published before the first installment of his *Critique of Political Economy* was finished, deviate in some points from those written after 1859, and contain expressions and whole sentences which, viewed from the standpoint of his later writings, appear inexact, and even incorrect. Now, it goes without saying that in ordinary editions, intended for the public in general, this earlier standpoint, as a part of the intellectual development of the author, has its place; that the author as well as the public, has an indisputable right to an unaltered reprint of these older writings. In such a case, I would not have dreamed of changing a single word in it. But it is otherwise when the edition is destined almost exclusively for the purpose of propaganda. In such a case, Marx himself would unquestionably have brought the old work, dating from

1849, into harmony with his new point of view, and I feel sure that I am acting in his spirit when I insert in this edition the few changes and additions which are necessary in order to attain this object in all essential point.

Therefore, I say to the reader at once: this pamphlet is not as Marx wrote it in 1849, but approximately as Marx would have written it in 1891. Moreover, so many copies of the original text are in circulation, that these will suffice until I can publish it again unaltered in a complete edition of Marx's works, to appear at some future time.

My alterations centre about one point. According to the original reading, the worker sells his *labour* for wages, which he receives from the capitalist; according to the present text, he sells his *labour-power*. And for this change, I must render an explanation: to the workers, in order that they may understand that we are not quibbling or word-juggling, but are dealing here with one of the most important points in the whole range of political economy; to the bourgeois, in order that they may convince themselves how greatly the uneducated workers, who can be easily made to grasp the most difficult economic analyses, excel our supercilious "cultured" folk, for whom such ticklish problems remain insoluble their whole life long.

Classical political economy borrowed from the industrial practice the current notion of the manufacturer, that he buys and pays for the labour of his employees. This conception had been quite serviceable for the business purposes of the manufacturer, his bookkeeping and price calculation. But naively carried over into political economy, it there produced truly wonderful errors and confusions.

Political economy finds it an established fact that the prices of all commodities, among them the price of the commodity which it calls "labour," continually change; that they rise and fall in consequence of the most diverse circumstances, which often have no connection whatsoever with the production of the commodities themselves, so that prices appear to be determined, as a rule, by pure chance. As soon, therefore, as political economy stepped forth as a science, it was one of its first tasks to search for the law that hid itself behind this chance, which apparently determined the prices of commodities, and which in reality controlled this very chance. Among the prices of commodities, fluctuating and oscillating, now upward, now downward, the fixed central point was searched for around which these fluctuations and oscillations were taking place. In short, starting from the

price of commodities, political economy sought for the value of commodities as the regulating law, by means of which all price fluctuations could be explained, and to which they could all be reduced in the last resort.

And so, classical political economy found that the value of a commodity was determined by the labour incorporated in it and requisite to its production. With this explanation, it was satisfied. And we, too, may, for the present, stop at this point. But, to avoid misconceptions, I will remind the reader that today this explanation has become wholly inadequate. Marx was the first to investigate thoroughly into the value-forming quality of labour and to discover that not all labour which is apparently, or even really, necessary to the production of a commodity, imparts under all circumstances to this commodity a magnitude of value corresponding to the quantity of labour used up. If, therefore, we say today in short, with economists like Ricardo, that the value of a commodity is determined by the labour necessary to its production, we always imply the reservations and restrictions made by Marx. Thus much for our present purpose; further information can be found in Marx's *Critique of Political Economy*, which appeared in 1859, and in the first volume of *Capital*.

But, as soon as the economists applied this determination of value by labour to the commodity "labour", they fell from one contradiction into another. How is the value of "labour" determined? By the necessary labour embodied in it. But how much labour is embodied in the labour of a labourer of a day a week, a month, a year. If labour is the measure of all values, we can express the "value of labour" only in labour. But we know absolutely nothing about the value of an hour's labour, if all that we know about it is that it is equal to one hour's labour. So, thereby, we have not advanced one hair's breadth nearer our goal; we are constantly turning about in a circle.

Classical economics, therefore, essayed another turn. It said: the value of a commodity is equal to its cost of production. But, what is the cost of production of "labour"? In order to answer this question, the economists are forced to strain logic just a little. Instead of investigating the cost of production of labour itself, which, unfortunately, cannot be ascertained, they now investigate the cost of production of *the labourer*. And this latter can be ascertained. It changes according to time and circumstances, but for a given condition of society, in a given locality, and in a given branch of production, it, too, is given, at least within quite narrow limits. We live

today under the regime of capitalist production, under which a large and steadily growing class of the population can live only on the condition that it works for the owners of the means of production – tools, machines, raw materials, and means of subsistence – in return for wages. On the basis of this mode of production, the labourer's cost of production consists of the sum of the means of subsistence (or their price in money) which on the average are requisite to enable him to work, to maintain in him this capacity for work, and to replace him at his departure, by reason of age, sickness, or death, with another labourer – that is to say, to propagate the working class in required numbers.

Let us assume that the money price of these means of subsistence averages 3 shillings a day. Our labourer gets, therefore, a daily wage of 3 shillings from his employer. For this, the capitalist lets him work, say, 12 hours a day. Our capitalist, moreover, calculates somewhat in the following fashion: Let us assume that our labourer (a machinist) has to make a part of a machine which he finishes in one day. The raw material (iron and brass in the necessary prepared form) costs 20 shillings. The consumption of coal by the steam-engine, the wear-and-tear of this engine itself, of the turning-lathe, and of the other tools with which our labourer works, represent, for one day and one labourer, a value of 1 shilling. The wages for one day are, according to our assumption, 3 shillings. This makes a total of 24 shillings for our piece of a machine.

But, the capitalist calculates that, on an average, he will receive for it a price of 27 shillings from his customers, or 3 shillings over and above his outlay.

Whence do they 3 shillings pocketed by the capitalist come? According to the assertion of classical political economy, commodities are in the long run sold at their values, that is, they are sold at prices which correspond to the necessary quantities of labour contained in them. The average price of our part of a machine – 27 shillings – would therefore equal its value, i.e., equal the amount of labour embodied in it. But, of these 27 shillings, 21 shillings were values already existing before the machinist began to work; 20 shillings were contained in the raw material, 1 shilling in the fuel consumed during the work and in the machines and tools used in the process and reduced in their efficiency to the value of this amount. There remains 6 shillings, which have been added to the value of the raw material. But, according to the supposition of our economists, themselves,

these 6 shillings can arise only from the labour added to the raw material by the labourer. His 12 hours' labour has created, according to this, a new value of 6 shillings. Therefore, the value of his 12 hours' labour would be equivalent to 6 shillings. So we have at last discovered what the "value of labour" is.

"Hold on there!" cries our machinist. "Six shillings? But I have received only 3 shillings! My capitalist swears high and day that the value of my 12 hours' labour is no more than 3 shillings, and if I were to demand 6, he'd laugh at me. What kind of a story is that?"

If before this we got with our value of labour into a vicious circle, we now surely have driven straight into an insoluble contradiction. We searched for the value of labour, and we found more than we can use. For the labourer, the value of the 12 hours' labour is 3 shillings; for the capitalist, it is 6 shillings, of which he pays the workingman 3 shillings as wages, and pockets the remaining 3 shilling himself. According to this, labour has not one but two values, and, moreover, two very different values!

As soon as we reduce the values, now expressed in money, to labour-time, the contradiction becomes even more absurd. By the 12 hours' labour, a new value of 6 shillings is created. Therefore, in 6 hours, the new value created equals 3 shillings – the amount which the labourer receives for 12 hours' labour. For 12 hours' labour, the workingman receives, as an equivalent, the product of 6 hours' labour. We are, thus, forced to one of two conclusions: either labour has two values, one of which is twice as large as the other, or 12 equals 6! In both cases, we get pure absurdities. Turn and twist as we may, we will not get out of this contradiction as long as we speak of the buying and selling of "labour" and of the "value of labour." And just so it happened to the political economists. The last offshoot of classical political economy – the Ricardian school – was largely wrecked on the insolubility of this contradiction. Classical political economy had run itself into a blind alley. The man who discovered the way out of this blind alley was Karl Marx.

What the economists had considered as the cost of production of "labour" was really the cost of production, not of "labour," but of the living labourer himself. And what this labourer sold to the capitalist was not his labour.

"So soon as his labour really begins," says Marx, "it ceases to belong to him, and therefore can no longer be sold by him."

At the most, he could sell his *future* labour – i.e., assume the obligation of executing a certain piece of work in a certain time. But, in this way, he does not sell labour (which would first have to be performed), but not for a stipulated payment he places his labour-power at the disposal of the capitalist for a certain time (in case of time-wages), or for the performance of a certain task (in case of piece-wages). He hires out or sells his *labour-power*. But this labour-power has grown up with his person and is inseparable from it. Its cost of production, therefore, coincides with his own cost of production; what the economist called the cost of production of labour is really the cost of production of the labourer, and therewith of his labour-power. And, thus, we can also go back from the cost of production of labour-power to the value of labour-power, and determine the quantity of social labour that is required for the production of a labour-power of a given quantity, as Marx has done in the chapter on “The Buying and Selling of labour Power.”

Now what takes place after the worker has sold his labour-power, i.e., after he has placed his labour-power at the disposal of the capitalist for stipulated-wages – whether time-wages or piece-wages? The capitalist takes the labourer into his workshop or factory, where all the articles required for the work can be found – raw materials, auxiliary materials (coal, dyestuffs, etc.), tools, and machines. Here, the worker begins to work. His daily wages are, as above, 3 shillings, and it makes no difference whether he earns them as day-wages or piece-wages. We again assume that in 12 hours the worker adds by his labour a new value of 6 shillings to the value of the raw materials consumed, which new value the capitalist realizes by the sale of the finished piece of work. Out of this new value, he pays the worker his 3 shillings, and the remaining 3 shillings he keeps for himself. If, now, the labourer creates in 12 hours a value of 6 shillings, in 6 hours he creates a value of 3 shillings. Consequently, after working 6 hours for the capitalist, the labourer has returned to him the equivalent of the 3 shillings received as wages. After 6 hours’ work, both are quits, neither one owing a penny to the other.

“Hold on there!” now cries out the capitalist. “I have hired the labourer for a whole day, for 12 hours. But 6 hours are only half-a-day. So work along lively there until the other 6 hours are at an end – only then will we be even.” And, in fact, the labourer has to submit to the conditions of the contract upon which he entered of “his own free will”, and according to

which he bound himself to work 12 whole hours for a product of labour which cost only 6 hours' labour.

Similarly with piece-wages. Let us suppose that in 12 hours our worker makes 12 commodities. Each of these costs a shilling in raw materials and wear-and-tear, and is sold for 2.5 shillings. On our former assumption, the capitalist gives the labourer .25 of a shilling for each piece, which makes a total of 3 shillings for 12 pieces. To earn this, the worker requires 12 hours. The capitalist receives 30 shillings for the 12 pieces; deducting 24 shillings for raw materials and wear-and-tear, there remains 6 shillings, of which he pays 3 shillings in wages and pockets the remaining 3. Just as before! Here, also, the worker labours 6 hours for himself – i.e., to replace his wages (half-an-hour in each of the 12 hours), and 6 hours for the capitalist.

The rock upon which the best economists were stranded, as long as they started out from the value of labour, vanishes as soon as we make our starting-point the value of *labour-power*. labour-power is, in our present-day capitalist society, a commodity like every other commodity, but yet a very peculiar commodity. It has, namely, the peculiarity of being a value-creating force, the source of value, and, moreover, when properly treated, the source of more value than it possesses itself. In the present state of production, human labour-power not only produces in a day a greater value than it itself possesses and costs; but with each new scientific discovery, with each new technical invention, there also rises the surplus of its daily production over its daily cost, while as a consequence there diminishes that part of the working-day in which the labourer produces the equivalent of his day's wages, and, on the other hand, lengthens that part of the working-day in which he must present labour gratis to the capitalist.

And this is the economic constitution of our entire modern society: the working class alone produces all values. For value is only another expression for labour, that expression, namely, by which is designated, in our capitalist society of today, the amount of socially necessary labour embodied in a particular commodity. But, these values produced by the workers do not belong to the workers. They belong to the owners of the raw materials, machines, tools, and money, which enable them to buy the labour-power of the working class. Hence, the working class gets back only a part of the entire mass of products produced by it. And, as we have just seen, the other portion, which the capitalist class retains, and which it has to share, at most, only with the landlord class, is increasing with every new

discovery and invention, while the share which falls to the working class (per capita) rises but little and very slowly, or not at all, and under certain conditions it may even fall.

But, these discoveries and inventions which supplant one another with ever-increasing speed, this productiveness of human labour which increases from day to day to unheard-of proportions, at last gives rise to a conflict, in which present capitalistic economy must go to ruin. On the one hand, immeasurable wealth and a superfluidity of products with which the buyers cannot cope. On the other hand, the great mass of society proletarianized, transformed into wage-labourers, and thereby disabled from appropriating to themselves that superfluidity of products. The splitting up of society into a small class, immoderately rich, and a large class of wage-labourers devoid of all property, brings it about that this society smothered in its own superfluidity, while the great majority of its members are scarcely, or not at all, protected from extreme want.

This condition becomes every day more absurd and more unnecessary. It *must* be gotten rid of; it can be gotten rid of. A new social order is possible, in which the class differences of today will have disappeared, and in which – perhaps after a short transition period, which, though somewhat deficient in other respects, will in any case be very useful morally – there will be the means of life, of the enjoyment of life, and of the development and activity of all bodily and mental faculties, through the systematic use and further development of the enormous productive powers of society, which exists with us even now, with equal obligation upon all to work. And that the workers are growing ever more determined to achieve this new social order will be proven on both sides of the ocean on this dawning May Day, and on Sunday, May 3rd.

FREDERICK ENGELS

London, April 30, 1891.

# Preliminary

From various quarters we have been reproached for neglecting to portray the economic conditions which form the material basis of the present struggles between classes and nations. With set purpose we have hitherto touched upon these conditions only when they forced themselves upon the surface of the political conflicts.

It was necessary, beyond everything else, to follow the development of the class struggle in the history of our own day, and to prove empirically, by the actual and daily newly created historical material, that with the subjugation of the working class, accomplished in the days of February and March, 1848, the opponents of that class – the bourgeois republicans in France, and the bourgeois and peasant classes who were fighting feudal absolutism throughout the whole continent of Europe – were simultaneously conquered; that the victory of the “moderate republic” in France sounded at the same time the fall of the nations which had responded to the February revolution with heroic wars of independence; and finally that, by the victory over the revolutionary workingmen, Europe fell back into its old double slavery, into the English-Russian slavery. The June conflict in Paris, the fall of Vienna, the tragi-comedy in Berlin in November 1848, the desperate efforts of Poland, Italy, and Hungary, the starvation of Ireland into submission – these were the chief events in which the European class struggle between the bourgeoisie and the working class was summed up, and from which we proved that every revolutionary uprising, however remote from the class struggle its object might appear, must of necessity fail until the revolutionary working class shall have conquered; – that every social reform must remain a Utopia until the proletarian revolution and the feudalistic counter-revolution have been pitted against each other in a world-wide war. In our presentation, as in reality, Belgium and Switzerland were tragicomic caricaturish genre pictures in the great historic tableau; the one the model State of the bourgeois monarchy, the other the model State of the bourgeois republic; both of them, States that flatter themselves to be just as free from the class struggle as from the European revolution.

But now, after our readers have seen the class struggle of the year 1848 develop into colossal political proportions, it is time to examine more closely the economic conditions themselves upon which is founded the

existence of the capitalist class and its class rule, as well as the slavery of the workers.

We shall present the subject in three great divisions:

The Relation of Wage-labour to Capital, the Slavery of the Worker, the Rule of the Capitalist.

The Inevitable Ruin of the Middle Classes and the so-called Commons under the present system.

The Commercial Subjugation and Exploitation of the Bourgeois classes of the various European nations by the Despot of the World Market – England.

We shall seek to portray this as simply and popularly as possible, and shall not presuppose a knowledge of even the most elementary notions of political economy. We wish to be understood by the workers. And, moreover, there prevails in Germany the most remarkable ignorance and confusion of ideas in regard to the simplest economic relations, from the patented defenders of existing conditions, down to the socialist wonder-workers and the unrecognized political geniuses, in which divided Germany is even richer than in duodecimo princelings. We therefore proceed to the consideration of the first problem.

## **What are Wages? How are they Determined?**

If several workmen were to be asked: “How much wages do you get?”, one would reply, “I get two shillings a day”, and so on. According to the different branches of industry in which they are employed, they would mention different sums of money that they receive from their respective employers for the completion of a certain task; for example, for weaving a yard of linen, or for setting a page of type. Despite the variety of their statements, they would all agree upon one point: that wages are the amount of money which the capitalist pays for a certain period of work or for a certain amount of work.

Consequently, it appears that the capitalist buys their labour with money, and that for money they sell him their labour. But this is merely an illusion. What they actually sell to the capitalist for money is their labour-power. This labour-power the capitalist buys for a day, a week, a month, etc. And after he has bought it, he uses it up by letting the worker labour during the stipulated time. With the same amount of money with which the capitalist has bought their labour-power (for example, with two shillings) he could have bought a certain amount of sugar or of any other commodity. The two shillings with which he bought 20 pounds of sugar is the price of the 20 pounds of sugar. The two shillings with which he bought 12 hours’ use of labour-power, is the price of 12 hours’ labour. Labour-power, then, is a commodity, no more, no less so than is the sugar. The first is measured by the clock, the other by the scales.

Their commodity, labour-power, the workers exchange for the commodity of the capitalist, for money, and, moreover, this exchange takes place at a certain ratio. So much money for so long a use of labour-power. For 12 hours’ weaving, two shillings. And these two shillings, do they not represent all the other commodities which I can buy for two shillings? Therefore, actually, the worker has exchanged his commodity, labour-power, for commodities of all kinds, and, moreover, at a certain ratio. By giving him two shillings, the capitalist has given him so much meat, so much clothing, so much wood, light, etc., in exchange for his day’s work. The two shillings therefore express the relation in which labour-power is exchanged for other commodities, the exchange-value of labour-power.

The exchange value of a commodity estimated in money is called its price. Wages therefore are only a special name for the price of labour-power, and are usually called the price of labour; it is the special name for the price of this peculiar commodity, which has no other repository than human flesh and blood.

Let us take any worker; for example, a weaver. The capitalist supplies him with the loom and yarn. The weaver applies himself to work, and the yarn is turned into cloth. The capitalist takes possession of the cloth and sells it for 20 shillings, for example. Now are the wages of the weaver a share of the cloth, of the 20 shillings, of the product of the work? By no means. Long before the cloth is sold, perhaps long before it is fully woven, the weaver has received his wages. The capitalist, then, does not pay his wages out of the money which he will obtain from the cloth, but out of money already on hand. Just as little as loom and yarn are the product of the weaver to whom they are supplied by the employer, just so little are the commodities which he receives in exchange for his commodity – labour-power – his product. It is possible that the employer found no purchasers at all for the cloth. It is possible that he did not get even the amount of the wages by its sale. It is possible that he sells it very profitably in proportion to the weaver's wages. But all that does not concern the weaver. With a part of his existing wealth, of his capital, the capitalist buys the labour-power of the weaver in exactly the same manner as, with another part of his wealth, he has bought the raw material – the yarn – and the instrument of labour – the loom. After he has made these purchases, and among them belongs the labour-power necessary to the production of the cloth he produces only with raw materials and instruments of labour belonging to him. For our good weaver, too, is one of the instruments of labour, and being in this respect on a par with the loom, he has no more share in the product (the cloth), or in the price of the product, than the loom itself has.

Wages, therefore, are not a share of the worker in the commodities produced by himself. Wages are that part of already existing commodities with which the capitalist buys a certain amount of productive labour-power.

Consequently, labour-power is a commodity which its possessor, the wage-worker, sells to the capitalist. Why does he sell it? It is in order to live.

But the putting of labour-power into action – i.e., the work – is the active expression of the labourer's own life. And this life activity he sells to

another person in order to secure the necessary means of life. His life-activity, therefore, is but a means of securing his own existence. He works that he may keep alive. He does not count the labour itself as a part of his life; it is rather a sacrifice of his life. It is a commodity that he has auctioned off to another. The product of his activity, therefore, is not the aim of his activity. What he produces for himself is not the silk that he weaves, not the gold that he draws up the mining shaft, not the palace that he builds. What he produces for himself is wages; and the silk, the gold, and the palace are resolved for him into a certain quantity of necessaries of life, perhaps into a cotton jacket, into copper coins, and into a basement dwelling. And the labourer who for 12 hours long, weaves, spins, bores, turns, builds, shovels, breaks stone, carries hods, and so on – is this 12 hours' weaving, spinning, boring, turning, building, shovelling, stone-breaking, regarded by him as a manifestation of life, as life? Quite the contrary. Life for him begins where this activity ceases, at the table, at the tavern, in bed. The 12 hours' work, on the other hand, has no meaning for him as weaving, spinning, boring, and so on, but only as earnings, which enable him to sit down at a table, to take his seat in the tavern, and to lie down in a bed. If the silk-worm's object in spinning were to prolong its existence as caterpillar, it would be a perfect example of a wage-worker.

Labour-power was not always a commodity (merchandise). Labour was not always wage-labour, i.e., free labour. The slave did not sell his labour-power to the slave-owner, any more than the ox sells his labour to the farmer. The slave, together with his labour-power, was sold to his owner once for all. He is a commodity that can pass from the hand of one owner to that of another. He himself is a commodity, but his labour-power is not his commodity. The serf sells only a portion of his labour-power. It is not he who receives wages from the owner of the land; it is rather the owner of the land who receives a tribute from him. The serf belongs to the soil, and to the lord of the soil he brings its fruit. The free labourer, on the other hand, sells his very self, and that by fractions. He auctions off eight, 10, 12, 15 hours of his life, one day like the next, to the highest bidder, to the owner of raw materials, tools, and the means of life – i.e., to the capitalist. The labourer belongs neither to an owner nor to the soil, but eight, 10, 12, 15 hours of his daily life belong to whomsoever buys them. The worker leaves the capitalist, to whom he has sold himself, as often as he chooses, and the capitalist discharges him as often as he sees fit, as soon as he no longer gets

any use, or not the required use, out of him. But the worker, whose only source of income is the sale of his labour-power, cannot leave the whole class of buyers, i.e., the capitalist class, unless he gives up his own existence. He does not belong to this or that capitalist, but to the capitalist class; and it is for him to find his man – i.e., to find a buyer in this capitalist class.

Before entering more closely upon the relation of capital to wage-labour, we shall present briefly the most general conditions which come into consideration in the determination of wages.

Wages, as we have seen, are the price of a certain commodity, labour-power. Wages, therefore, are determined by the same laws that determine the price of every other commodity. The question then is, How is the price of a commodity determined?

## **By what is the price of a commodity determined?**

By the competition between buyers and sellers, by the relation of the demand to the supply, of the call to the offer. The competition by which the price of a commodity is determined is threefold.

The same commodity is offered for sale by various sellers. Whoever sells commodities of the same quality most cheaply, is sure to drive the other sellers from the field and to secure the greatest market for himself. The sellers therefore fight among themselves for the sales, for the market. Each one of them wishes to sell, and to sell as much as possible, and if possible to sell alone, to the exclusion of all other sellers. Each one sells cheaper than the other. Thus there takes place a competition among the sellers which forces down the price of the commodities offered by them.

But there is also a competition among the buyers; this upon its side causes the price of the proffered commodities to rise.

Finally, there is competition between the buyers and the sellers: these wish to purchase as cheaply as possible, those to sell as dearly as possible. The result of this competition between buyers and sellers will depend upon the relations between the two above-mentioned camps of competitors – i.e., upon whether the competition in the army of sellers is stronger. Industry leads two great armies into the field against each other, and each of these again is engaged in a battle among its own troops in its own ranks. The army among whose troops there is less fighting, carries off the victory over the opposing host.

Let us suppose that there are 100 bales of cotton in the market and at the same time purchasers for 1,000 bales of cotton. In this case, the demand is 10 times greater than the supply. Competition among the buyers, then, will be very strong; each of them tries to get hold of one bale, if possible, of the whole 100 bales. This example is no arbitrary supposition. In the history of commerce we have experienced periods of scarcity of cotton, when some capitalists united together and sought to buy up not 100 bales, but the whole cotton supply of the world. In the given case, then, one buyer seeks to drive the others from the field by offering a relatively higher price for the bales of cotton. The cotton sellers, who perceive the troops of the enemy in the most

violent contention among themselves, and who therefore are fully assured of the sale of their whole 100 bales, will beware of pulling one another's hair in order to force down the price of cotton at the very moment in which their opponents race with one another to screw it up high. So, all of a sudden, peace reigns in the army of sellers. They stand opposed to the buyers like one man, fold their arms in philosophic contentment and their claims would find no limit did not the offers of even the most importunate of buyers have a very definite limit.

If, then, the supply of a commodity is less than the demand for it, competition among the sellers is very slight, or there may be none at all among them. In the same proportion in which this competition decreases, the competition among the buyers increases. Result: a more or less considerable rise in the prices of commodities.

It is well known that the opposite case, with the opposite result, happens more frequently. Great excess of supply over demand; desperate competition among the sellers, and a lack of buyers; forced sales of commodities at ridiculously low prices.

But what is a rise, and what a fall of prices? What is a high and what a low price? A grain of sand is high when examined through a microscope, and a tower is low when compared with a mountain. And if the price is determined by the relation of supply and demand, by what is the relation of supply and demand determined?

Let us turn to the first worthy citizen we meet. He will not hesitate one moment, but, like Alexander the Great, will cut this metaphysical knot with his multiplication table. He will say to us: "If the production of the commodities which I sell has cost me 100 pounds, and out of the sale of these goods I make 110 pounds – within the year, you understand – that's an honest, sound, reasonable profit. But if in the exchange I receive 120 or 130 pounds, that's a higher profit; and if I should get as much as 200 pounds, that would be an extraordinary, and enormous profit." What is it, then, that serves this citizen as the standard of his profit? The cost of the production of his commodities. If in exchange for these goods he receives a quantity of other goods whose production has cost less, he has lost. If he receives in exchange for his goods a quantity of other goods whose production has cost more, he has gained. And he reckons the falling or rising of the profit according to the degree at which the exchange value of his goods stands, whether above or below his zero – the cost of production.

We have seen how the changing relation of supply and demand causes now a rise, now a fall of prices; now high, now low prices. If the price of a commodity rises considerably owing to a failing supply or a disproportionately growing demand, then the price of some other commodity must have fallen in proportion; for of course the price of a commodity only expresses in money the proportion in which other commodities will be given in exchange for it. If, for example, the price of a yard of silk rises from two to three shillings, the price of silver has fallen in relation to the silk, and in the same way the prices of all other commodities whose prices have remained stationary have fallen in relation to the price of silk. A large quantity of them must be given in exchange in order to obtain the same amount of silk. Now, what will be the consequence of a rise in the price of a particular commodity? A mass of capital will be thrown into the prosperous branch of industry, and this immigration of capital into the provinces of the favored industry will continue until it yields no more than the customary profits, or, rather until the price of its products, owing to overproduction, sinks below the cost of production.

Conversely: if the price of a commodity falls below its cost of production, then capital will be withdrawn from the production of this commodity. Except in the case of a branch of industry which has become obsolete and is therefore doomed to disappear, the production of such a commodity (that is, its supply), will, owing to this flight of capital, continue to decrease until it corresponds to the demand, and the price of the commodity rises again to the level of its cost of production; or, rather, until the supply has fallen below the demand and its price has risen above its cost of production, for the current price of a commodity is always either above or below its cost of production.

We see how capital continually emigrates out of the province of one industry and immigrates into that of another. The high price produces an excessive immigration, and the low price an excessive emigration.

We could show, from another point of view, how not only the supply, but also the demand, is determined by the cost of production. But this would lead us too far away from our subject.

We have just seen how the fluctuation of supply and demand always bring the price of a commodity back to its cost of production. The actual price of a commodity, indeed, stands always above or below the cost of production; but the rise and fall reciprocally balance each other, so that,

within a certain period of time, if the ebbs and flows of the industry are reckoned up together, the commodities will be exchanged for one another in accordance with their cost of production. Their price is thus determined by their cost of production.

The determination of price by the cost of production is not to be understood in the sense of the bourgeois economists. The economists say that the average price of commodities equals the cost of production: that is the law. The anarchic movement, in which the rise is compensated for by a fall and the fall by a rise, they regard as an accident. We might just as well consider the fluctuations as the law, and the determination of the price by cost of production as an accident – as is, in fact, done by certain other economists. But it is precisely these fluctuations which, viewed more closely, carry the most frightful devastation in their train, and, like an earthquake, cause bourgeois society to shake to its very foundations – it is precisely these fluctuations that force the price to conform to the cost of production. In the totality of this disorderly movement is to be found its order. In the total course of this industrial anarchy, in this circular movement, competition balances, as it were, the one extravagance by the other.

We thus see that the price of a commodity is indeed determined by its cost of production, but in such a manner that the periods in which the price of these commodities rises above the costs of production are balanced by the periods in which it sinks below the cost of production, and vice versa. Of course this does not hold good for a single given product of an industry, but only for that branch of industry. So also it does not hold good for an individual manufacturer, but only for the whole class of manufacturers.

The determination of price by cost of production is tantamount to the determination of price by the labor-time requisite to the production of a commodity, for the cost of production consists, first of raw materials and wear and tear of tools, etc., i.e., of industrial products whose production has cost a certain number of work-days, which therefore represent a certain amount of labor-time, and, secondly, of direct labor, which is also measured by its duration.

## By what are wages determined?

Now, the same general laws which regulate the price of commodities in general, naturally regulate wages, or the price of labour-power. Wages will now rise, now fall, according to the relation of supply and demand, according as competition shapes itself between the buyers of labour-power, the capitalists, and the sellers of labour-power, the workers. The fluctuations of wages correspond to the fluctuation in the price of commodities in general. But within the limits of these fluctuations the price of labour-power will be determined by the cost of production, by the labour-time necessary for production of this commodity: labour-power.

What, then, is the cost of production of labour-power?

It is the cost required for the maintenance of the labourer as a labourer, and for his education and training as a labourer.

Therefore, the shorter the time required for training up to a particular sort of work, the smaller is the cost of production of the worker, the lower is the price of his labour-power, his wages. In those branches of industry in which hardly any period of apprenticeship is necessary and the mere bodily existence of the worker is sufficient, the cost of his production is limited almost exclusively to the commodities necessary for keeping him in working condition. The price of his work will therefore be determined by the price of the necessary means of subsistence.

Here, however, there enters another consideration. The manufacturer who calculates his cost of production and, in accordance with it, the price of the product, takes into account the wear and tear of the instruments of labour. If a machine costs him, for example, 1,000 shillings, and this machine is used up in 10 years, he adds 100 shillings annually to the price of the commodities, in order to be able after 10 years to replace the worn-out machine with a new one. In the same manner, the cost of production of simple labour-power must include the cost of propagation, by means of which the race of workers is enabled to multiply itself, and to replace worn-out workers with new ones. The wear and tear of the worker, therefore, is calculated in the same manner as the wear and tear of the machine.

Thus, the cost of production of simple labour-power amounts to the cost of the existence and propagation of the worker. The price of this cost of existence and propagation constitutes wages. The wages thus determined

are called the minimum of wages. This minimum wage, like the determination of the price of commodities in general by cost of production, does not hold good for the single individual, but only for the race. Individual workers, indeed, millions of workers, do not receive enough to be able to exist and to propagate themselves; but the wages of the whole working class adjust themselves, within the limits of their fluctuations, to this minimum.

Now that we have come to an understanding in regard to the most general laws which govern wages, as well as the price of every other commodity, we can examine our subject more particularly.

# The Nature and Growth of Capital

Capital consists of raw materials, instruments of labour, and means of subsistence of all kinds, which are employed in producing new raw materials, new instruments, and new means of subsistence. All these components of capital are created by labour, products of labour, accumulated labour. Accumulated labour that serves as a means to new production is capital.

So say the economists.

What is a Negro slave? A man of the black race. The one explanation is worthy of the other.

A Negro is a Negro. Only under certain conditions does he become a slave. A cotton-spinning machine is a machine for spinning cotton. Only under certain conditions does it become capital. Torn away from these conditions, it is as little capital as gold is itself money, or sugar is the price of sugar.

In the process of production, human beings work not only upon nature, but also upon one another. They produce only by working together in a specified manner and reciprocally exchanging their activities. In order to produce, they enter into definite connections and relations to one another, and only within these social connections and relations does their influence upon nature operate – i.e., does production take place.

These social relations between the producers, and the conditions under which they exchange their activities and share in the total act of production, will naturally vary according to the character of the means of production. With the discover of a new instrument of warfare, the firearm, the whole internal organization of the army was necessarily altered, the relations within which individuals compose an army and can work as an army were transformed, and the relation of different armies to another was likewise changed.

We thus see that the social relations within which individuals produce, the social relations of production, are altered, transformed, with the change and development of the material means of production, of the forces of production. The relations of production in their totality constitute what is called the social relations, society, and, moreover, a society at a definite stage of historical development, a society with peculiar, distinctive

characteristics. Ancient society, feudal society, bourgeois (or capitalist) society, are such totalities of relations of production, each of which denotes a particular stage of development in the history of mankind.

Capital also is a social relation of production. It is a bourgeois relation of production, a relation of production of bourgeois society. The means of subsistence, the instruments of labour, the raw materials, of which capital consists – have they not been produced and accumulated under given social conditions, within definite special relations? Are they not employed for new production, under given special conditions, within definite social relations? And does not just the definite social character stamp the products which serve for new production as capital?

Capital consists not only of means of subsistence, instruments of labour, and raw materials, not only as material products; it consists just as much of exchange values. All products of which it consists are commodities. Capital, consequently, is not only a sum of material products, it is a sum of commodities, of exchange values, of social magnitudes. Capital remains the same whether we put cotton in the place of wool, rice in the place of wheat, steamships in the place of railroads, provided only that the cotton, the rice, the steamships – the body of capital – have the same exchange value, the same price, as the wool, the wheat, the railroads, in which it was previously embodied. The bodily form of capital may transform itself continually, while capital does not suffer the least alteration.

But though every capital is a sum of commodities – i.e., of exchange values – it does not follow that every sum of commodities, of exchange values, is capital.

Every sum of exchange values is an exchange value. Each particular exchange value is a sum of exchange values. For example: a house worth 1,000 pounds is an exchange value of 1,000 pounds: a piece of paper worth one penny is a sum of exchange values of 100 1/100ths of a penny. Products which are exchangeable for others are commodities. The definite proportion in which they are exchangeable forms their exchange value, or, expressed in money, their price. The quantity of these products can have no effect on their character as commodities, as representing an exchange value, as having a certain price. Whether a tree be large or small, it remains a tree. Whether we exchange iron in pennyweights or in hundredweights, for other products, does this alter its character: its being a commodity, or exchange

value? According to the quantity, it is a commodity of greater or of lesser value, of higher or of lower price.

How then does a sum of commodities, of exchange values, become capital?

Thereby, that as an independent social power – i.e., as the power of a part of society – it preserves itself and multiplies by exchange with direct, living labour-power.

The existence of a class which possesses nothing but the ability to work is a necessary presupposition of capital.

It is only the dominion of past, accumulated, materialized labour over immediate living labour that stamps the accumulated labour with the character of capital.

Capital does not consist in the fact that accumulated labour serves living labour as a means for new production. It consists in the fact that living labour serves accumulated labour as the means of preserving and multiplying its exchange value.

## Relation of Wage-Labour to Capital

What is it that takes place in the exchange between the capitalist and the wage-labourer?

The labourer receives means of subsistence in exchange for his labour-power; the capitalist receives, in exchange for his means of subsistence, labour, the productive activity of the labourer, the creative force by which the worker not only replaces what he consumes, but also gives to the accumulated labour a greater value than it previously possessed. The labourer gets from the capitalist a portion of the existing means of subsistence. For what purpose do these means of subsistence serve him? For immediate consumption. But as soon as I consume means of subsistence, they are irrevocably lost to me, unless I employ the time during which these means sustain my life in producing new means of subsistence, in creating by my labour new values in place of the values lost in consumption. But it is just this noble reproductive power that the labourer surrenders to the capitalist in exchange for means of subsistence received. Consequently, he has lost it for himself.

Let us take an example. For one shilling a labourer works all day long in the fields of a farmer, to whom he thus secures a return of two shillings. The farmer not only receives the replaced value which he has given to the day labourer, he has doubled it. Therefore, he has consumed the one shilling that he gave to the day labourer in a fruitful, productive manner. For the one shilling he has bought the labour-power of the day-labourer, which creates products of the soil of twice the value, and out of one shilling makes two. The day-labourer, on the contrary, receives in the place of his productive force, whose results he has just surrendered to the farmer, one shilling, which he exchanges for means of subsistence, which he consumes more or less quickly. The one shilling has therefore been consumed in a double manner – reproductively for the capitalist, for it has been exchanged for labour-power, which brought forth two shillings; unproductively for the worker, for it has been exchanged for means of subsistence which are lost for ever, and whose value he can obtain again only by repeating the same exchange with the farmer. Capital therefore presupposes wage-labour; wage-labour presupposes capital. They condition each other; each brings the other into existence.

Does a worker in a cotton factory produce only cotton? No. He produces capital. He produces values which serve anew to command his work and to create by means of it new values.

Capital can multiply itself only by exchanging itself for labour-power, by calling wage-labour into life. The labour-power of the wage-labourer can exchange itself for capital only by increasing capital, by strengthening that very power whose slave it is. Increase of capital, therefore, is increase of the proletariat, i.e., of the working class.

And so, the bourgeoisie and its economists maintain that the interest of the capitalist and of the labourer is the same. And in fact, so they are! The worker perishes if capital does not keep him busy. Capital perishes if it does not exploit labour-power, which, in order to exploit, it must buy. The more quickly the capital destined for production – the productive capital – increases, the more prosperous industry is, the more the bourgeoisie enriches itself, the better business gets, so many more workers does the capitalist need, so much the dearer does the worker sell himself. The fastest possible growth of productive capital is, therefore, the indispensable condition for a tolerable life to the labourer.

But what is growth of productive capital? Growth of the power of accumulated labour over living labour; growth of the rule of the bourgeoisie over the working class. When wage-labour produces the alien wealth dominating it, the power hostile to it, capital, there flow back to it its means of employment – i.e., its means of subsistence, under the condition that it again become a part of capital, that is become again the lever whereby capital is to be forced into an accelerated expansive movement.

To say that the interests of capital and the interests of the workers are identical, signifies only this: that capital and wage-labour are two sides of one and the same relation. The one conditions the other in the same way that the usurer and the borrower condition each other.

As long as the wage-labourer remains a wage-labourer, his lot is dependent upon capital. That is what the boasted community of interests between worker and capitalists amounts to.

If capital grows, the mass of wage-labour grows, the number of wage-workers increases; in a word, the sway of capital extends over a greater mass of individuals.

Let us suppose the most favorable case: if productive capital grows, the demand for labour grows. It therefore increases the price of labour-power,

wages.

A house may be large or small; as long as the neighboring houses are likewise small, it satisfies all social requirement for a residence. But let there arise next to the little house a palace, and the little house shrinks to a hut. The little house now makes it clear that its inmate has no social position at all to maintain, or but a very insignificant one; and however high it may shoot up in the course of civilization, if the neighboring palace rises in equal or even in greater measure, the occupant of the relatively little house will always find himself more uncomfortable, more dissatisfied, more cramped within his four walls.

An appreciable rise in wages presupposes a rapid growth of productive capital. Rapid growth of productive capital calls forth just as rapid a growth of wealth, of luxury, of social needs and social pleasures. Therefore, although the pleasures of the labourer have increased, the social gratification which they afford has fallen in comparison with the increased pleasures of the capitalist, which are inaccessible to the worker, in comparison with the stage of development of society in general. Our wants and pleasures have their origin in society; we therefore measure them in relation to society; we do not measure them in relation to the objects which serve for their gratification. Since they are of a social nature, they are of a relative nature.

But wages are not at all determined merely by the sum of commodities for which they may be exchanged. Other factors enter into the problem. What the workers directly receive for their labour-power is a certain sum of money. Are wages determined merely by this money price?

In the 16th century, the gold and silver circulation in Europe increased in consequence of the discovery of richer and more easily worked mines in America. The value of gold and silver, therefore, fell in relation to other commodities. The workers received the same amount of coined silver for their labour-power as before. The money price of their work remained the same, and yet their wages had fallen, for in exchange for the same amount of silver they obtained a smaller amount of other commodities. This was one of the circumstances which furthered the growth of capital, the rise of the bourgeoisie, in the 18th century.

Let us take another case. In the winter of 1847, in consequence of bad harvest, the most indispensable means of subsistence – grains, meat, butter, cheese, etc. – rose greatly in price. Let us suppose that the workers still

received the same sum of money for their labour-power as before. Did not their wages fall? To be sure. For the same money they received in exchange less bread, meat, etc. Their wages fell, not because the value of silver was less, but because the value of the means of subsistence had increased.

Finally, let us suppose that the money price of labour-power remained the same, while all agricultural and manufactured commodities had fallen in price because of the employment of new machines, of favorable seasons, etc. For the same money the workers could now buy more commodities of all kinds. Their wages have therefore risen, just because their money value has not changed.

The money price of labour-power, the nominal wages, do not therefore coincide with the actual or real wages – i.e., with the amount of commodities which are actually given in exchange for the wages. If then we speak of a rise or fall of wages, we have to keep in mind not only the money price of labour-power, the nominal wages, but also the real wages.

But neither the nominal wages – i.e., the amount of money for which the labourer sells himself to the capitalist – nor the real wages – i.e., the amount of commodities which he can buy for this money – exhausts the relations which are comprehended in the term wages.

Wages are determined above all by their relations to the gain, the profit, of the capitalist. In other words, wages are a proportionate, relative quantity.

Real wages express the price of labour-power in relation to the price of commodities; relative wages, on the other hand, express the share of immediate labour in the value newly created by it, in relation to the share of it which falls to accumulated labour, to capital.

# The General Law that Determines the Rise and Fall of Wages and Profits

We have said: “Wages are not a share of the worker in the commodities produced by him. Wages are that part of already existing commodities with which the capitalist buys a certain amount of productive labor-power.” But the capitalist must replace these wages out of the price for which he sells the product made by the worker; he must so replace it that, as a rule, there remains to him a surplus above the cost of production expended by him, that is, he must get a profit.

The selling price of the commodities produced by the worker is divided, from the point of view of the capitalist, into three parts:

First, the replacement of the price of the raw materials advanced by him, in addition to the replacement of the wear and tear of the tools, machines, and other instruments of labor likewise advanced by him;

Second, the replacement of the wages advanced; and

Third, the surplus leftover – i.e., the profit of the capitalist.

While the first part merely replaces previously existing values, it is evident that the replacement of the wages and the surplus (the profit of capital) are as a whole taken out of the new value, which is produced by the labor of the worker and added to the raw materials. And in this sense we can view wages as well as profit, for the purpose of comparing them with each other, as shares in the product of the worker.

Real wages may remain the same, they may even rise, nevertheless the relative wages may fall. Let us suppose, for instance, that all means of subsistence have fallen  $\frac{2}{3}$  in price, while the day's wages have fallen but  $\frac{1}{3}$  – for example, from three to two shillings. Although the worker can now get a greater amount of commodities with these two shillings than he formerly did with three shillings, yet his wages have decreased in proportion to the gain of the capitalist. The profit of the capitalist – the manufacturer's for instance – has increased one shilling, which means that for a smaller amount of exchange values, which he pays to the worker, the latter must produce a greater amount of exchange values than before. The share of capitals in proportion to the share of labour has risen. The distribution of social wealth between capital and labour has become still

more unequal. The capitalist commands a greater amount of labour with the same capital. The power of the capitalist class over the working class has grown, the social position of the worker has become worse, has been forced down still another degree below that of the capitalist.

What, then, is the general law that determines the rise and fall of wages and profit in their reciprocal relation?

They stand in inverse proportion to each other. The share of (profit) increases in the same proportion in which the share of labour (wages) falls, and vice versa. Profit rises in the same degree in which wages fall; it falls in the same degree in which wages rise.

It might perhaps be argued that the capitalist class can gain by an advantageous exchange of his products with other capitalists, by a rise in the demand for his commodities, whether in consequence of the opening up of new markets, or in consequence of temporarily increased demands in the old market, and so on; that the profit of the capitalist, therefore, may be multiplied by taking advantage of other capitalists, independently of the rise and fall of wages, of the exchange value of labour-power; or that the profit of the capitalist may also rise through improvements in the instruments of labour, new applications of the forces of nature, and so on.

But in the first place it must be admitted that the result remains the same, although brought about in an opposite manner. Profit, indeed, has not risen because wages have fallen, but wages have fallen because profit has risen. With the same amount of another man's labour the capitalist has bought a larger amount of exchange values without having paid more for the labour on that account – i.e., the work is paid for less in proportion to the net gain which it yields to the capitalist.

In the second place, it must be borne in mind that, despite the fluctuations in the prices of commodities, the average price of every commodity, the proportion in which it exchanges for other commodities, is determined by its cost of production. The acts of overreaching and taking advantage of one another within the capitalist ranks necessarily equalize themselves. The improvements of machinery, the new applications of the forces of nature in the service of production, make it possible to produce in a given period of time, with the same amount of labour and capital, a larger amount of products, but in no wise a larger amount of exchange values. If by the use of the spinning-machine I can furnish twice as much yarn in an hour as before its invention – for instance, 100 pounds instead of 50 pounds

– in the long run I receive back, in exchange for this 100 pounds no more commodities than I did before for 50; because the cost of production has fallen by 1/2, or because I can furnish double the product at the same cost.

Finally, in whatsoever proportion the capitalist class, whether of one country or of the entire world-market, distribute the net revenue of production among themselves, the total amount of this net revenue always consists exclusively of the amount by which accumulated labour has been increased from the proceeds of direct labour. This whole amount, therefore, grows in the same proportion in which labour augments capital – i.e., in the same proportion in which profit rises as compared with wages.

## **The Interests of Capital and Wage-Labour are diametrically opposed Effect of growth of productive Capital on Wages**

We thus see that, even if we keep ourselves within the relation of capital and wage-labour, the interests of capitals and the interests of wage-labour are diametrically opposed to each other.

A rapid growth of capital is synonymous with a rapid growth of profits. Profits can grow rapidly only when the price of labour – the relative wages – decrease just as rapidly. Relative wages may fall, although real wages rise simultaneously with nominal wages, with the money value of labour, provided only that the real wage does not rise in the same proportion as the profit. If, for instance, in good business years wages rise 5 per cent, while profits rise 30 per cent, the proportional, the relative wage has not increased, but decreased.

If, therefore, the income of the worker increased with the rapid growth of capital, there is at the same time a widening of the social chasm that divides the worker from the capitalist, and increase in the power of capital over labour, a greater dependence of labour upon capital.

To say that “the worker has an interest in the rapid growth of capital”, means only this: that the more speedily the worker augments the wealth of the capitalist, the larger will be the crumbs which fall to him, the greater will be the number of workers than can be called into existence, the more can the mass of slaves dependent upon capital be increased.

We have thus seen that even the most favorable situation for the working class, namely, the most rapid growth of capital, however much it may improve the material life of the worker, does not abolish the antagonism between his interests and the interests of the capitalist. Profit and wages remain as before, in inverse proportion.

If capital grows rapidly, wages may rise, but the profit of capital rises disproportionately faster. The material position of the worker has improved, but at the cost of his social position. The social chasm that separates him from the capitalist has widened.

Finally, to say that “the most favorable condition for wage-labour is the fastest possible growth of productive capital”, is the same as to say: the

quicker the working class multiplies and augments the power inimical to it – the wealth of another which lords over that class – the more favorable will be the conditions under which it will be permitted to toil anew at the multiplication of bourgeois wealth, at the enlargement of the power of capital, content thus to forge for itself the golden chains by which the bourgeoisie drags it in its train.

Growth of productive capital and rise of wages, are they really so indissolubly united as the bourgeois economists maintain? We must not believe their mere words. We dare not believe them even when they claim that the fatter capital is the more will its slave be pampered. The bourgeoisie is too much enlightened, it keeps its accounts much too carefully, to share the prejudices of the feudal lord, who makes an ostentatious display of the magnificence of his retinue. The conditions of existence of the bourgeoisie compel it to attend carefully to its bookkeeping. We must therefore examine more closely into the following question:

## **In what manner does the growth of productive capital affect wages?**

If as a whole, the productive capital of bourgeois society grows, there takes place a more many-sided accumulation of labour. The individual capitals increase in number and in magnitude. The multiplications of individual capitals increases the competition among capitalists. The increasing magnitude of increasing capitals provides the means of leading more powerful armies of workers with more gigantic instruments of war upon the industrial battlefield.

The one capitalist can drive the other from the field and carry off his capital only by selling more cheaply. In order to sell more cheaply without ruining himself, he must produce more cheaply – i.e., increase the productive forces of labour as much as possible.

But the productive forces of labour is increased above all by a greater division of labour and by a more general introduction and constant improvement of machinery. The larger the army of workers among whom the labour is subdivided, the more gigantic the scale upon which machinery is introduced, the more in proportion does the cost of production decrease, the more fruitful is the labour. And so there arises among the capitalists a universal rivalry for the increase of the division of labour and of machinery and for their exploitation upon the greatest possible scale.

If, now, by a greater division of labour, by the application and improvement of new machines, by a more advantageous exploitation of the forces of nature on a larger scale, a capitalist has found the means of producing with the same amount of labour (whether it be direct or accumulated labour) a larger amount of products of commodities than his competitors – if, for instance, he can produce a whole yard of linen in the same labour-time in which his competitors weave half-a-yard – how will this capitalist act?

He could keep on selling half-a-yard of linen at old market price; but this would not have the effect of driving his opponents from the field and enlarging his own market. But his need of a market has increased in the same measure in which his productive power has extended. The more powerful and costly means of production that he has called into existence

enable him, it is true, to sell his wares more cheaply, but they compel him at the same time to sell more wares, to get control of a very much greater market for his commodities; consequently, this capitalist will sell his half-yard of linen more cheaply than his competitors.

But the capitalist will not sell the whole yard so cheaply as his competitors sell the half-yard, although the production of the whole yard costs him no more than does that of the half-yard to the others. Otherwise, he would make no extra profit, and would get back in exchange only the cost of production. He might obtain a greater income from having set in motion a larger capital, but not from having made a greater profit on his capital than the others. Moreover, he attains the object he is aiming at if he prices his goods only a small percentage lower than his competitors. He drives them off the field, he wrests from them at least part of their market, by underselling them.

And finally, let us remember that the current price always stands either above or below the cost of production, according as the sale of a commodity takes place in the favorable or unfavorable period of the industry. According as the market price of the yard of linen stands above or below its former cost of production, will the percentage vary at which the capitalist who has made use of the new and more faithful means of production sell above his real cost of production.

But the privilege of our capitalist is not of long duration. Other competing capitalists introduce the same machines, the same division of labour, and introduce them upon the same or even upon a greater scale. And finally this introduction becomes so universal that the price of the linen is lowered not only below its old, but even below its new cost of production.

The capitalists therefore find themselves, in their mutual relations, in the same situation in which they were before the introduction of the new means of production; and if they are by these means enabled to offer double the product at the old price, they are now forced to furnish double the product for less than the old price. Having arrived at the new point, the new cost of production, the battle for supremacy in the market has to be fought out anew. Given more division of labour and more machinery, and there results a greater scale upon which division of labour and machinery are exploited. And competition again brings the same reaction against this result.

# **Effect of Capitalist Competition on the Capitalist Class the Middle Class and the Working Class**

We thus see how the method of production and the means of production are constantly enlarged, revolutionized, how division of labour necessarily draws after it greater division of labour, the employment of machinery greater employment of machinery, work upon a large scale work upon a still greater scale. This is the law that continually throws capitalist production out of its old ruts and compels capital to strain ever more the productive forces of labour for the very reason that it has already strained them – the law that grants it no respite, and constantly shouts in its ear: March! march! This is no other law than that which, within the periodical fluctuations of commerce, necessarily adjusts the price of a commodity to its cost of production.

No matter how powerful the means of production which a capitalist may bring into the field, competition will make their adoption general; and from the moment that they have been generally adopted, the sole result of the greater productiveness of his capital will be that he must furnish at the same price, 10, 20, 100 times as much as before. But since he must find a market for, perhaps, 1,000 times as much, in order to outweigh the lower selling price by the greater quantity of the sale; since now a more extensive sale is necessary not only to gain a greater profit, but also in order to replace the cost of production (the instrument of production itself grows always more costly, as we have seen), and since this more extensive sale has become a question of life and death not only for him, but also for his rivals, the old struggle must begin again, and it is all the more violent the more powerful the means of production already invented are. The division of labour and the application of machinery will therefore take a fresh start, and upon an even greater scale.

Whatever be the power of the means of production which are employed, competition seeks to rob capital of the golden fruits of this power by reducing the price of commodities to the cost of production; in the same measure in which production is cheapened - i.e., in the same measure in which more can be produced with the same amount of labour – it compels

by a law which is irresistible a still greater cheapening of production, the sale of ever greater masses of product for smaller prices. Thus the capitalist will have gained nothing more by his efforts than the obligation to furnish a greater product in the same labour-time; in a word, more difficult conditions for the profitable employment of his capital. While competition, therefore, constantly pursues him with its law of the cost of production and turns against himself every weapon that he forges against his rivals, the capitalist continually seeks to get the best of competition by restlessly introducing further subdivision of labour and new machines, which, though more expensive, enable him to produce more cheaply, instead of waiting until the new machines shall have been rendered obsolete by competition.

If we now conceive this feverish agitation as it operates in the market of the whole world, we shall be in a position to comprehend how the growth, accumulation, and concentration of capital bring in their train an ever more detailed subdivision of labour, an ever greater improvement of old machines, and a constant application of new machine – a process which goes on uninterruptedly, with feverish haste, and upon an ever more gigantic scale.

But what effect do these conditions, which are inseparable from the growth of productive capital, have upon the determination of wages?

The greater division of labour enables one labourer to accomplish the work of five, 10, or 20 labourers; it therefore increases competition among the labourers fivefold, tenfold, or twentyfold. The labourers compete not only by selling themselves one cheaper than the other, but also by one doing the work of five, 10, or 20; and they are forced to compete in this manner by the division of labour, which is introduced and steadily improved by capital.

Furthermore, to the same degree in which the division of labour increases, is the labour simplified. The special skill of the labourer becomes worthless. He becomes transformed into a simple monotonous force of production, with neither physical nor mental elasticity. His work becomes accessible to all; therefore competitors press upon him from all sides. Moreover, it must be remembered that the more simple, the more easily learned the work is, so much the less is its cost to production, the expense of its acquisition, and so much the lower must the wages sink – for, like the price of any other commodity, they are determined by the cost of

production. Therefore, in the same manner in which labour becomes more unsatisfactory, more repulsive, do competition increase and wages decrease.

The labourer seeks to maintain the total of his wages for a given time by performing more labour, either by working a great number of hours, or by accomplishing more in the same number of hours. Thus, urged on by want, he himself multiplies the disastrous effects of division of labour. The result is: the more he works, the less wages he receives. And for this simple reason: the more he works, the more he competes against his fellow workmen, the more he compels them to compete against him, and to offer themselves on the same wretched conditions as he does; so that, in the last analysis, he competes against himself as a member of the working class.

Machinery produces the same effects, but upon a much larger scale. It supplants skilled labourers by unskilled, men by women, adults by children; where newly introduced, it throws workers upon the streets in great masses; and as it becomes more highly developed and more productive it discards them in additional though smaller numbers.

We have hastily sketched in broad outlines the industrial war of capitalists among themselves. This war has the peculiarity that the battles in it are won less by recruiting than by discharging the army of workers. The generals (the capitalists) vie with one another as to who can discharge the greatest number of industrial soldiers.

The economists tell us, to be sure, that those labourers who have been rendered superfluous by machinery find new venues of employment. They dare not assert directly that the same labourers that have been discharged find situations in new branches of labour. Facts cry out too loudly against this lie. Strictly speaking, they only maintain that new means of employment will be found for other sections of the working class; for example, for that portion of the young generation of labourers who were about to enter upon that branch of industry which had just been abolished. Of course, this is a great satisfaction to the disabled labourers. There will be no lack of fresh exploitable blood and muscle for the Messrs. Capitalists – the dead may bury their dead. This consolation seems to be intended more for the comfort of the capitalists themselves than their labourers. If the whole class of the wage-labourer were to be annihilated by machinery, how terrible that would be for capital, which, without wage-labour, ceases to be capital!

But even if we assume that all who are directly forced out of employment by machinery, as well as all of the rising generation who were waiting for a chance of employment in the same branch of industry, do actually find some new employment – are we to believe that this new employment will pay as high wages as did the one they have lost? If it did, it would be in contradiction to the laws of political economy. We have seen how modern industry always tends to the substitution of the simpler and more subordinate employments for the higher and more complex ones. How, then, could a mass of workers thrown out of one branch of industry by machinery find refuge in another branch, unless they were to be paid more poorly?

An exception to the law has been adduced, namely, the workers who are employed in the manufacture of machinery itself. As soon as there is in industry a greater demand for and a greater consumption of machinery, it is said that the number of machines must necessarily increase; consequently, also, the manufacture of machines; consequently, also, the employment of workers in machine manufacture; and the workers employed in this branch of industry are skilled, even educated, workers.

Since the year 1840 this assertion, which even before that date was only half-true, has lost all semblance of truth; for the most diverse machines are now applied to the manufacture of the machines themselves on quite as extensive a scale as in the manufacture of cotton yarn, and the labourers employed in machine factories can but play the role of very stupid machines alongside of the highly ingenious machines.

But in place of the man who has been dismissed by the machine, the factory may employ, perhaps, three children and one woman! And must not the wages of the man have previously sufficed for the three children and one woman? Must not the minimum wages have sufficed for the preservation and propagation of the race? What, then, do these beloved bourgeois phrases prove? Nothing more than that now four times as many workers' lives are used up as there were previously, in order to obtain the livelihood of one working family.

To sum up: the more productive capital grows, the more it extends the division of labour and the application of machinery; the more the division of labour and the application of machinery extend, the more does competition extend among the workers, the more do their wages shrink together.

In addition, the working class is also recruited from the higher strata of society; a mass of small business men and of people living upon the interest of their capitals is precipitated into the ranks of the working class, and they will have nothing else to do than to stretch out their arms alongside of the arms of the workers. Thus the forest of outstretched arms, begging for work, grows ever thicker, while the arms themselves grow every leaner.

It is evident that the small manufacturer cannot survive in a struggle in which the first condition of success is production upon an ever greater scale. It is evident that the small manufacturers and thereby increasing the number of candidates for the proletariat – all this requires no further elucidation.

Finally, in the same measure in which the capitalists are compelled, by the movement described above, to exploit the already existing gigantic means of production on an ever-increasing scale, and for this purpose to set in motion all the mainsprings of credit, in the same measure do they increase the industrial earthquakes, in the midst of which the commercial world can preserve itself only by sacrificing a portion of its wealth, its products, and even its forces of production, to the gods of the lower world – in short, the crises increase. They become more frequent and more violent, if for no other reason, than for this alone, that in the same measure in which the mass of products grows, and therefore the needs for extensive markets, in the same measure does the world market shrink ever more, and ever fewer markets remain to be exploited, since every previous crisis has subjected to the commerce of the world a hitherto unconquered or but superficially exploited market.

But capital not only lives upon labour. Like a master, at once distinguished and barbarous, it drags with it into its grave the corpses of its slaves, whole hecatombs of workers, who perish in the crises.

We thus see that if capital grows rapidly, competition among the workers grows with even greater rapidity – i.e., the means of employment and subsistence for the working class decrease in proportion even more rapidly; but, this notwithstanding, the rapid growth of capital is the most favorable condition for wage-labour.

# MANIFESTO OF THE COMMUNIST PARTY, 1848



*Translated by Samuel Moore*

The *Manifesto of the Communist Party* first appeared in an 1848 political pamphlet, which was commissioned by the Communist League and published in London, just as the revolutions of 1848 began to erupt. The text is now recognised as one of the world's most influential political manuscripts, presenting an analytical approach to the class struggle and the problems of capitalism and the capitalist mode of production, rather than a prediction of communism's potential future forms. The pamphlet summarises Marx and Engels' theories about the nature of society and politics. It also briefly features their ideas for how the capitalist society of the time would eventually be replaced by socialism.

In spring 1847 Marx and Engels had joined the League of the Just, who were quickly convinced by the duo's ideas of "critical communism". At its First Congress in June, the League tasked Engels with drafting a "profession of faith", though such a document was later deemed inappropriate for an open, non-confrontational organisation. Engels wrote the "Draft of the Communist Confession of Faith", detailing the League's programme. A few months later, Engels arrived at the League's Paris branch to find that Moses Hess had written an inadequate manifesto for the group, now called the League of Communists. In Hess' absence, Engels sternly criticised the manifesto, convincing the rest of the League to entrust him with drafting a new one. This became the draft Principles of Communism, described as "less of a credo and more of an exam paper."

On 23 November, just before the Communist League's Second Congress, Engels wrote to Marx, expressing his desire to avoid the catechism format in favour of the manifesto, as he felt it "must contain some history." On the 28th, Marx and Engels met at Ostend in Belgium, and a few days later, gathered at the Soho, London headquarters of the German Workers' Education Association to attend the Congress. Over the next ten days, intense debate raged between League functionaries. Marx eventually

dominated the others and secured a majority for his programme. The League unanimously adopted a far more combative resolution than that at the First Congress in June. Marx and Engels were subsequently commissioned to draw up a manifesto for the League.

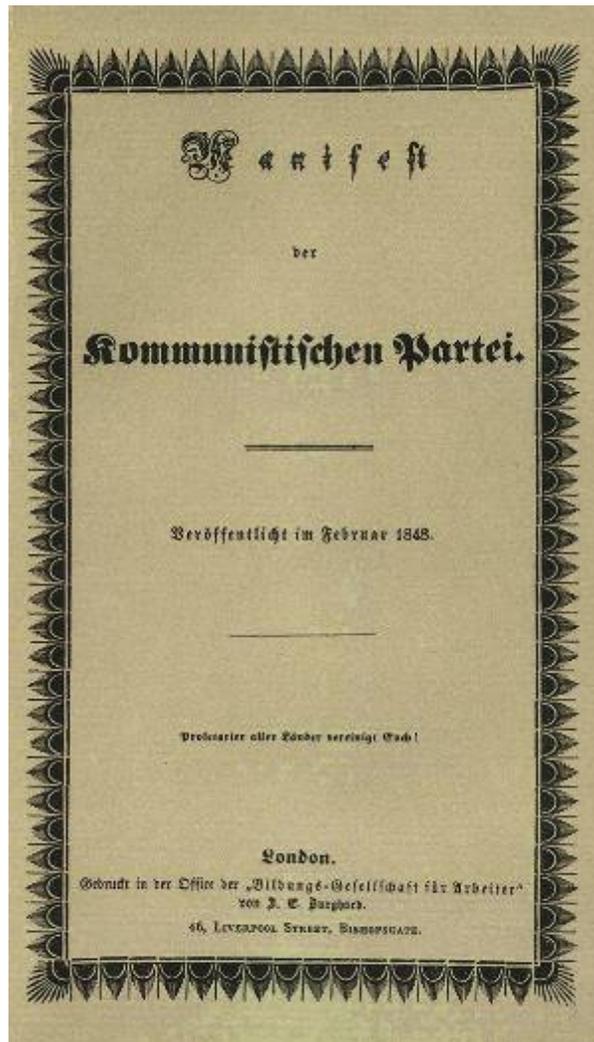
The text is divided into a preamble and four sections, the last forming a conclusion. The introduction begins by proclaiming “A spectre is haunting Europe — the spectre of communism. All the powers of old Europe have entered into a holy alliance to exorcise this spectre”. Pointing out that parties everywhere — including those in government and those in the opposition — have flung the “branding reproach of communism” at each other, the authors infer from this that the powers-that-be acknowledge communism to be a power in itself. Subsequently, the introduction exhorts Communists to openly publish their views and aims, to “meet this nursery tale of the spectre of communism with a manifesto of the party itself”.

The first section, “Bourgeois and Proletarians”, explores the materialist conception of history, that “the history of all hitherto existing society is the history of class struggles”. Societies have always taken the form of an oppressed majority living under the control of an oppressive minority. In capitalism, the industrial working class, or proletariat, engage in class struggle against the owners of the means of production, the bourgeoisie. As before, this struggle will end in a revolution that restructures society, or the “common ruin of the contending classes”. The bourgeoisie, through the “constant revolutionising of production and uninterrupted disturbance of all social conditions” have emerged as the supreme class in society, displacing all the old powers of feudalism. The bourgeoisie constantly exploits the proletariat for its labour power, creating profit for themselves and accumulating capital. However, in doing so, the bourgeoisie serves as “its own grave-diggers”; the proletariat inevitably will become conscious of their own potential and rise to power through revolution, overthrowing the bourgeoisie.

In late February 1848, the *Manifesto* was anonymously published by the Workers’ Educational Association at Bishopsgate in the City of London. Written in German, the 23-page pamphlet was titled *Manifest der kommunistischen Partei* and had a dark-green cover. It was reprinted three times and serialised in the *Deutsche Londoner Zeitung*, a newspaper for German émigrés. On 4 March, one day after the serialisation in the *Zeitung* began, Marx was expelled by Belgian police. Two weeks later, a thousand

copies of the *Manifesto* reached Paris and from there to Germany in early April. In May the text was corrected for printing and punctuation mistakes; Marx and Engels would use this 30-page version as the basis for future editions of the *Manifesto*.





*The first edition*

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*A scene from the German March Revolution in Berlin, 1848*

## PREFACE.

The “Manifesto” was published as the platform of the “Communist League” a workingmen’s association, first exclusively German, later an international, and under the political conditions of the Continent before 1848, unavoidably a secret society. At a Congress of the League, held in London in November, 1847, Marx and Engels were commissioned to prepare for publication a complete theoretical and practical party-program. Drawn up in German, in January, 1848, the manuscript was sent to the printer in London a few weeks before the French revolution of February 24th. A French translation was brought out in Paris, shortly before the insurrection of June, 1848. The first English translation, by Miss Helen Macfarlane, appeared in George Julian Harney’s “Red Republican,” London, 1850. A Danish and a Polish edition had also been published.

The defeat of the Parisian insurrection of June, 1848 — the first great battle between Proletariat and Bourgeoisie — drove again into the background, for a time, the social and political aspirations of the European working class. Thenceforth, the struggle for supremacy was again, as it had been before the revolution of February, solely between different sections of the propertied class; the working class was reduced to a fight for political elbow-room, and to the position of extreme wing of the Middle-class Radicals. Wherever independent proletarian movements continued to show signs of life, they were ruthlessly hunted down. Thus the Prussian police hunted out the Central Board of the Communist League, then located in Cologne. The members were arrested, and after eighteen months’ imprisonment, they were tried in October, 1852. This celebrated “Cologne Communist trial” lasted from October 4th till November 12th; seven of the prisoners were sentenced to terms of imprisonment in a fortress, varying from three to six years. Immediately after the sentence the League was formally dissolved by the remaining members. As to the “Manifesto,” it seemed thenceforth to be doomed to oblivion.

When the European working class had recovered sufficient strength for another attack on the ruling classes, the International Working Men’s Association sprang up. But this association, formed with the express aim of welding into one body the whole militant proletariat of Europe and America, could not at once proclaim the principles laid down in the

“Manifesto.” The International was bound to have a program broad enough to be acceptable to the English Trades’ Unions, to the followers of Proudhon in France, Belgium, Italy and Spain and to the Lassalleans in Germany. Marx, who drew up this program to the satisfaction of all parties, entirely trusted to the intellectual development of the working-class, which was sure to result from combined action and mutual discussion. The very events and vicissitudes of the struggle against Capital, the defeats even more than the victories, could not help bringing home to men’s minds the insufficiency of their various favorite nostrums, and preparing the way for a more complete insight into the true conditions of working-class emancipation. And Marx was right. The International, on its breaking up in 1874, left the workers quite different men from what it had found them in 1864. Proudhonism in France, Lasalleanism in Germany were dying out, and even the Conservative English Trades’ Unions, though most of them had long since severed their connection with the International, were gradually advancing towards that point at which, last year at Swansea, their president could say in their name, “Continental Socialism has lost its terrors for us.” In fact, the principles of the “Manifesto” had made considerable headway among the working men of all countries.

The Manifesto itself thus came to the front again. The German text had been, since 1850, reprinted several times in Switzerland, England and America. In 1872, it was translated into English in New York, where the translation was published in “Woodhull and Claflin’s Weekly.” From this English version, a French one was made in “Le Socialiste” of New York. Since then at least two more English translations, more or less mutilated, have been brought out in America, and one of them has been reprinted in England. The first Russian translation, made by Bakounine, was published at Herzen’s “Kolokol” office in Geneva, about 1863; a second one, by the heroic Vera Zasulitch, also in Geneva, 1882. A new Danish edition is to be found in “Socialdemokratisk Bibliothek,” Copenhagen, 1885; a fresh French translation in “Le Socialiste,” Paris, 1886. From this latter a Spanish version was prepared and published in Madrid, 1886. The German reprints are not to be counted, there have been twelve altogether at the least. An Armenian translation, which was to be published in Constantinople some months ago, did not see the light, I am told, because the publisher was afraid of bringing out a book with the name of Marx on it, while the translator declined to call it his own production. Of further translations into

other languages I have heard, but have not seen them. Thus the history of the Manifesto reflects, to a great extent, the history of the modern working-class movement; at present it is undoubtedly the most widespread, the most international production of all Socialist literature, the common platform acknowledged by millions of working men from Siberia to California.

Yet, when it was written, we could not have called it a Socialist Manifesto. By Socialists, in 1847, were understood, on the one hand, the adherents of the various Utopian systems: Owenites in England, Fourierists in France, both of them already reduced to the position of mere sects, and gradually dying out; on the other hand, the most multifarious social quacks, who, by all manners of tinkering, professed to redress, without any danger to capital and profit, all sorts of social grievances, in both cases men outside the working class movement, and looking rather to the “educated” classes for support. Whatever portion of the working class had become convinced of the insufficiency of mere political revolutions, and had proclaimed the necessity of a total social change, that portion, then, called itself Communist. It was a crude, rough-hewn, purely instinctive sort of Communism; still, it touched the cardinal point and was powerful enough amongst the working class to produce the Utopian Communism, in France, of Cabet, and in Germany, of Weitling. Thus, Socialism was, in 1847, a middle-class movement, Communism a working class movement. Socialism was, on the Continent at least, “respectable”; Communism was the very opposite. And as our notion, from the very beginning, was that “the emancipation of the working class must be the act of the working class itself,” there could be no doubt as to which of the two names we must take. Moreover, we have, ever since, been far from repudiating it.

The “Manifesto” being our joint production, I consider myself bound to state that the fundamental proposition which forms its nucleus, belongs to Marx. That proposition is: that in every historical epoch, the prevailing mode of economic production and exchange, and the social organization necessarily following from it, form the basis upon which is built up, and from which alone can be explained, the political and intellectual history of that epoch; that consequently the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been a history of class struggles, contests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolution in which, now-a-days, a stage has been

reached where the exploited and oppressed class — the proletariat — cannot attain its emancipation from the sway of the exploiting and ruling class — the bourgeoisie — without, at the same time, and once and for all, emancipating society at large from all exploitation, oppression, class-distinctions and class struggles.

This proposition which, in my opinion, is destined to do for history what Darwin's theory has done for biology, we, both of us, had been gradually approaching for some years before 1845. How far I had independently progressed towards it, is best shown by my "Condition of the Working Class in England." But when I again met Marx at Brussels, in spring, 1845, he had it ready worked out, and put it before me, in terms almost as clear as those in which I have stated it here.

From our joint preface to the German edition of 1872, I quote the following:

"However much the state of things may have altered during the last 25 years, the general principles laid down in this Manifesto, are, on the whole, as correct today as ever. Here and there some detail might be improved. The practical application of the principles will depend, as the manifesto itself states, everywhere and at all times, on the historical conditions for the time being existing, and, for that reason, no special stress is laid on the revolutionary measures proposed at the end of Section II. That passage would, in many respects, be very differently worded today. In view of the gigantic strides of Modern Industry since 1848, and of the accompanying improved and extended organization of the working-class, in view of the practical experience gained, first in the February revolution, and then, still more, in the Paris Commune, where the proletariat for the first time held political power for two whole months, this program has in some details become antiquated. One thing especially was proved by the Commune, viz., that "the working-class cannot simply lay hold of the ready-made State machinery, and wield it for its own purposes." (See "The Civil War in France; Address of the General Council of the International Working-men's Association," Chicago, Charles H. Kerr & Co., where this point is further developed). Further, it is self-evident, that the criticism of socialist literature is deficient in relation to the present time, because it comes down only to 1847; also, that the remarks on the relation of the Communists to the various opposition-parties (Section IV.), although in principle still correct, yet in practice are antiquated, because the political situation has been

entirely changed, and the progress of history has swept from off the earth the greater portion of the political parties there enumerated.

“But then, the Manifesto has become a historical document which we have no longer any right to alter.”

The present translation is by Mr. Samuel Moore, the translator of the greater portion of Marx’s “Capital.” We have revised it in common, and I have added a few notes explanatory of historical allusions.

Frederick Engels.

London, 30th January, 1888.

# MANIFESTO OF THE COMMUNIST PARTY BY KARL MARX AND FREDERICK ENGELS

A SPECTRE is haunting Europe — the spectre of Communism. All the powers of old Europe have entered into a holy alliance to exorcise this spectre; Pope and Czar, Metternich and Guizot, French Radicals and German police-spies.

Where is the party in opposition that has not been decried as communistic by its opponents in power? Where the Opposition that has not hurled back the branding reproach of Communism, against the more advanced opposition parties, as well as against its reactionary adversaries?

Two things result from this fact.

I. Communism is already acknowledged by all European Powers to be itself a Power.

II. It is high time that Communists should openly, in the face of the whole world, publish their views, their aims, their tendencies, and meet this nursery tale of the Spectre of Communism with a Manifesto of the party itself.

To this end, Communists of various nationalities have assembled in London, and sketched the following manifesto, to be published in the English, French, German, Italian, Flemish and Danish languages.

# I. BOURGEOIS AND PROLETARIANS.

The history of all hitherto existing society is the history of class struggles.

Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary re-constitution of society at large, or in the common ruin of the contending classes.

In the earlier epochs of history, we find almost everywhere a complicated arrangement of society into various orders, a manifold gradation of social rank. In ancient Rome we have patricians, knights, plebeians, slaves; in the middle ages, feudal lords, vassals, guild-masters, journeymen, apprentices, serfs; in almost all of these classes, again, subordinate gradations.

The modern bourgeois society that has sprouted from the ruins of feudal society, has not done away with class antagonisms. It has but established new classes, new conditions of oppression, new forms of struggle in place of the old ones.

Our epoch, the epoch of the bourgeoisie, possesses, however, this distinctive feature; it has simplified the class antagonisms. Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: Bourgeoisie and Proletariat.

From the serfs of the middle ages sprang the chartered burghers of the earliest towns. From these burgesses the first elements of the bourgeoisie were developed.

The discovery of America, the rounding of the Cape, opened up fresh ground for the rising bourgeoisie. The East-Indian and Chinese markets, the colonization of America, trade with the colonies, the increase in the means of exchange and in commodities generally, gave to commerce, to navigation, to industry, an impulse never before known, and thereby, to the revolutionary element in the tottering feudal society, a rapid development.

The feudal system of industry, under which industrial production was monopolized by close guilds, now no longer sufficed for the growing wants of the new markets. The manufacturing system took its place. The guild-masters were pushed on one side by the manufacturing middle-class;

division of labor between the different corporate guilds vanished in the face of division of labor in each single workshop.

Meantime the markets kept ever growing, the demand, ever rising. Even manufacture no longer sufficed. Thereupon, steam and machinery revolutionized industrial production. The place of manufacture was taken by the giant, Modern Industry, the place of the industrial middle-class, by industrial millionaires, the leaders of whole industrial armies, the modern bourgeois.

Modern industry has established the world-market, for which the discovery of America paved the way. This market has given an immense development to commerce, to navigation, to communication by land. This development has, in its turn, reacted on the extension of industry; and in proportion as industry, commerce, navigation, railways extended, in the same proportion the bourgeoisie developed, increased its capital, and pushed into the background every class handed down from the Middle Ages.

We see, therefore, how the modern bourgeoisie is itself the product of a long course of development, of a series of revolutions in the modes of production and of exchange.

Each step in the development of the bourgeoisie was accompanied by a corresponding political advance of that class. An oppressed class under the sway of the feudal nobility, an armed and self-governing association in the mediaeval commune, here independent urban republic (as in Italy and Germany), there taxable “third estate” of the monarchy (as in France), afterwards, in the period of manufacture proper, serving either the semi-feudal or the absolute monarchy as a counterpoise against the nobility, and, in fact, corner stone of the great monarchies in general, the bourgeoisie has at last, since the establishment of Modern Industry and of the world-market, conquered for itself, in the modern representative State, exclusive political sway. The executive of the modern State is but a committee for managing the common affairs of the whole bourgeoisie.

The bourgeoisie, historically, has played a most revolutionary part.

The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his “natural superiors,” and has left remaining no other nexus between man and man than naked self-interest, than callous “cash payment.” It has drowned the most heavenly ecstasies of religious

fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom — Free Trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation.

The bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage-laborers.

The bourgeoisie has torn away from the family its sentimental veil, and has reduced the family relation to a mere money relation.

The bourgeoisie has disclosed how it came to pass that the brutal display of vigor in the Middle Ages, which Reactionists so much admire, found its fitting complement in the most slothful indolence. It has been the first to show what man's activity can bring about. It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals; it has conducted expeditions that put in the shade all former Exoduses of nations and crusades.

The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form, was, on the contrary, the first condition of existence for all earlier industrial classes. Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses, his real conditions of life, and his relations with his kind.

The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.

The bourgeoisie has through its exploitation of the world-market given a cosmopolitan character to production and consumption in every country. To the great chagrin of Reactionists, it has drawn from under the feet of

industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations. And as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures there arises a world-literature.

The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i. e., to become bourgeois themselves. In a word, it creates a world after its own image.

The bourgeoisie has subjected the country to the rule of the towns. It has created enormous cities, has greatly increased the urban population as compared with the rural, and has thus rescued a considerable part of the population from the idiocy of rural life. Just as it has made the country dependent on the towns, so it has made barbarian and semi-barbarian countries dependent on the civilized ones, nations of peasants on nations of bourgeois, the East on the West.

The bourgeoisie keeps more and more doing away with the scattered state of the population, of the means of production, and of property. It has agglomerated population, centralized means of production, and has concentrated property in a few hands. The necessary consequence of this was political centralization. Independent, or but loosely connected provinces, with separate interests, laws, governments and systems of

taxation, became lumped together in one nation, with one government, one code of laws, one national class-interest, one frontier and one customs-tariff.

The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground — what earlier century had even a presentiment that such productive forces slumbered in the lap of social labor?

We see then: the means of production and of exchange on whose foundation the bourgeoisie built itself up, were generated in feudal society. At a certain stage in the development of these means of production and of exchange, the conditions under which feudal society produced and exchanged, the feudal organization of agriculture and manufacturing industry, in one word, the feudal relations of property became no longer compatible with the already developed productive forces; they became so many fetters. They had to burst asunder; they were burst asunder.

Into their places stepped free competition, accompanied by a social and political constitution adapted to it, and by the economical and political sway of the bourgeois class.

A similar movement is going on before our own eyes. Modern bourgeois society with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his spells. For many a decade past the history of industry and commerce is but the history of the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions for the existence of the bourgeoisie and of its rule. It is enough to mention the commercial crises that by their periodical return put on its trial, each time more threateningly, the existence of the entire bourgeois society. In these crises a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed. In these crises there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity — the epidemic of over-production. Society suddenly finds itself put back into a

state of momentary barbarism; it appears as if a famine, a universal war of devastation had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is too much civilization, too much means of subsistence, too much industry, too much commerce. The productive forces at the disposal of society no longer tend to further the development of the conditions of bourgeois property; on the contrary, they have become too powerful for these conditions, by which they are fettered, and so soon as they overcome these fetters, they bring disorder into the whole of bourgeois society, endanger the existence of bourgeois property. The conditions of bourgeois society are too narrow to comprise the wealth created by them. And how does the bourgeoisie get over these crises? On the one hand by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by the more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented.

The weapons with which the bourgeoisie felled feudalism to the ground are now turned against the bourgeoisie itself.

But not only has the bourgeoisie forged the weapons that bring death to itself; it has also called into existence the men who are to wield those weapons — the modern working-class — the proletarians.

In proportion as the bourgeoisie, i. e., capital, is developed, in the same proportion is the proletariat, the modern working-class, developed, a class of laborers, who live only so long as they find work, and who find work only so long as their labor increases capital. These laborers, who must sell themselves piecemeal, are a commodity, like every other article of commerce, and are consequently exposed to all the vicissitudes of competition, to all the fluctuations of the market.

Owing to the extensive use of machinery and to division of labor, the work of the proletarians has lost all individual character, and, consequently, all charm for the workman. He becomes an appendage of the machine, and it is only the most simple, most monotonous, and most easily acquired knack that is required of him. Hence, the cost of production of a workman is restricted, almost entirely, to the means of subsistence that he requires for his maintenance, and for the propagation of his race. But the price of a commodity, and also of labor, is equal to its cost of production. In proportion, therefore, as the repulsiveness of the work increases, the wage

decreases. Nay more, in proportion as the use of machinery and division of labor increases, in the same proportion the burden of toil also increases, whether by prolongation of the working hours, by increase of the work enacted in a given time, or by increased speed of the machinery, etc.

Modern industry has converted the little workshop of the patriarchal master into the great factory of the industrial capitalist. Masses of laborers, crowded into the factory, are organized like soldiers. As privates of the industrial army they are placed under the command of a perfect hierarchy of officers and sergeants. Not only are they the slaves of the bourgeois class, and of the bourgeois State, they are daily and hourly enslaved by the machine, by the over-looker, and, above all, by the individual bourgeois manufacturer himself. The more openly this despotism proclaims gain to be its end and aim, the more petty, the more hateful and the more embittering it is.

The less the skill and exertion or strength implied in manual labor, in other words, the more modern industry becomes developed, the more is the labor of men superseded by that of women. Differences of age and sex have no longer any distinctive social validity for the working class. All are instruments of labor, more or less expensive to use, according to their age and sex.

No sooner is the exploitation of the laborer by the manufacturer, so far at an end, that he receives his wages in cash, than he is set upon by the other portions of the bourgeoisie, the landlord, the shopkeeper, the pawnbroker, etc.

The lower strata of the Middle class — the small tradespeople, shopkeepers, and retired tradesmen generally, the handicraftsmen and peasants — all these sink gradually into the proletariat, partly because their diminutive capital does not suffice for the scale on which Modern Industry is carried on, and is swamped in the competition with the large capitalists, partly because their specialized skill is rendered worthless by new methods of production. Thus the proletariat is recruited from all classes of the population.

The proletariat goes through various stages of development. With its birth begins its struggle with the bourgeoisie. At first the contest is carried on by individual laborers, then by the workpeople of a factory, then by the operatives of one trade, in one locality, against the individual bourgeois who directly exploits them. They direct their attacks not against the bourgeois

conditions of production, but against the instruments of production themselves; they destroy imported wares that compete with their labor, they smash to pieces machinery, they set factories ablaze, they seek to restore by force the vanished status of the workman of the Middle Ages.

At this stage the laborers still form an incoherent mass scattered over the whole country, and broken up by their mutual competition. If anywhere they unite to form more compact bodies, this is not yet the consequence of their own active union, but of the union of the bourgeoisie, which class, in order to attain its own political ends, is compelled to set the whole proletariat in motion, and is moreover yet, for a time, able to do so. At this stage, therefore, the proletarians do not fight their enemies, but the enemies of their enemies, the remnants of absolute monarchy, the landowners, the non-industrial bourgeois, the petty bourgeoisie. Thus the whole historical movement is concentrated in the hands of the bourgeoisie; every victory so obtained is a victory for the bourgeoisie.

But with the development of industry the proletariat not only increases in number, it becomes concentrated in greater masses, its strength grows, and it feels that strength more. The various interests and conditions of life within the ranks of the proletariat are more and more equalized, in proportion as machinery obliterates all distinctions of labor, and nearly everywhere reduces wages to the same low level. The growing competition among the bourgeois, and the resulting commercial crises, make the wages of the workers ever more fluctuating. The unceasing improvement of machinery, ever more rapidly developing, makes their livelihood more and more precarious; the collisions between individual workmen and individual bourgeois take more and more the character of collisions between two classes. Thereupon the workers begin to form combinations (Trades' Unions) against the bourgeois; they club together in order to keep up the rate of wages; they found permanent associations in order to make provision beforehand for these occasional revolts. Here and there the contest breaks out into riots.

Now and then the workers are victorious, but only for a time. The real fruit of their battles lies, not in the immediate result, but in the ever expanding union of the workers. This union is helped on by the improved means of communication that are created by modern industry, and that place the workers of different localities in contact with one another. It was just this contact that was needed to centralize the numerous local struggles, all

of the same character, into one national struggle between classes. But every class struggle is a political struggle. And that union, to attain which the burghers of the Middle Ages, with their miserable highways, required centuries, the modern proletarians, thanks to railways, achieve in a few years.

This organization of the proletarians into a class, and consequently into a political party, is continually being upset again by the competition between the workers themselves. But it ever rises up again, stronger, firmer, mightier. It compels legislative recognition of particular interests of the workers, by taking advantage of the divisions among the bourgeoisie itself. Thus the ten-hour bill in England was carried.

Altogether collisions between the classes of the old society further, in many ways, the course of development of the proletariat. The bourgeoisie finds itself involved in a constant battle. At first with the aristocracy; later on, with those portions of the bourgeoisie itself, whose interests have become antagonistic to the progress of industry; at all times, with the bourgeoisie of foreign countries. In all these battles it sees itself compelled to appeal to the proletariat, to ask for its help, and thus, to drag it into the political arena. The bourgeoisie itself, therefore, supplies the proletariat with its own elements of political and general education, in other words, it furnishes the proletariat with weapons for fighting the bourgeoisie.

Further, as we have already seen, entire sections of the ruling classes are, by the advance of industry, precipitated into the proletariat, or are at least threatened in their conditions of existence. These also supply the proletariat with fresh elements of enlightenment and progress.

Finally, in times when the class-struggle nears the decisive hour, the process of dissolution going on within the ruling class, in fact, within the whole range of old society, assumes such a violent, glaring character, that a small section of the ruling class cuts itself adrift, and joins the revolutionary class, the class that holds the future in its hands. Just as, therefore, at an earlier period, a section of the nobility went over to the bourgeoisie, so now a portion of the bourgeoisie goes over to the proletariat, and in particular, a portion of the bourgeois ideologists, who have raised themselves to the level of comprehending theoretically the historical movements as a whole.

Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a really revolutionary class. The other classes decay and

finally disappear in the face of modern industry; the proletariat is its special and essential product.

The lower middle-class, the small manufacturer, the shopkeeper, the artisan, the peasant, all these fight against the bourgeoisie, to save from extinction their existence as fractions of the middle class. They are, therefore, not revolutionary, but conservative. Nay more, they are reactionary, for they try to roll back the wheel of history. If by chance they are revolutionary, they are so, only in view of their impending transfer into the proletariat, they thus defend not their present, but their future interests, they desert their own standpoint to place themselves at that of the proletariat.

The “dangerous class,” the social scum, that passively rotting mass thrown off by the lowest layers of old society, may, here and there, be swept into the movement by a proletarian revolution; its conditions of life, however, prepare it far more for the part of a bribed tool of reactionary intrigue.

In the conditions of the proletariat, those of old society at large are already virtually swamped. The proletarian is without property; his relation to his wife and children has no longer anything in common with the bourgeois family-relations; modern industrial labor, modern subjection to capital, the same in England as in France, in America as in Germany, has stripped him of every trace of national character. Law, morality, religion, are to him so many bourgeois prejudices, behind which lurk in ambush just as many bourgeois interests.

All the preceding classes that got the upper hand, sought to fortify their already acquired status by subjecting society at large to their conditions of appropriation. The proletarians cannot become masters of the productive forces of society, except by abolishing their own previous mode of appropriation, and thereby also every other previous mode of appropriation. They have nothing of their own to secure and to fortify; their mission is to destroy all previous securities for, and insurances of, individual property.

All previous historical movements were movements of minorities, or in the interest of minorities. The proletarian movement is the self-conscious, independent movement of the immense majority, in the interest of the immense majority. The proletariat, the lowest stratum of our present society, cannot stir, cannot raise itself up, without the whole superincumbent strata of official society being sprung into the air.

Though not in substance, yet in form, the struggle of the proletariat with the bourgeoisie is at first a national struggle. The proletariat of each country must, of course, first of all settle matters with its own bourgeoisie.

In depicting the most general phases of the development of the proletariat, we traced the more or less veiled civil war, raging within existing society, up to the point where that war breaks out into open revolution, and where the violent overthrow of the bourgeoisie, lays the foundation for the sway of the proletariat.

Hitherto, every form of society has been based, as we have already seen, on the antagonism of oppressing and oppressed classes. But in order to oppress a class, certain conditions must be assured to it under which it can, at least, continue its slavish existence. The serf, in the period of serfdom, raised himself to membership in the commune, just as the petty bourgeois, under the yoke of feudal absolutism, managed to develop into a bourgeois. The modern laborer, on the contrary, instead of rising with the progress of industry, sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth. And here it becomes evident, that the bourgeoisie is unfit any longer to be the ruling class in society, and to impose its conditions of existence upon society as an over-riding law. It is unfit to rule, because it is incompetent to assure an existence to its slave within his slavery, because it cannot help letting him sink into such a state that it has to feed him, instead of being fed by him. Society can no longer live under this bourgeoisie, in other words, its existence is no longer compatible with society.

The essential condition for the existence, and for the sway of the bourgeois class, is the formation and augmentation of capital; the condition for capital is wage-labor. Wage-labor rests exclusively on competition between the laborers. The advance of industry, whose involuntary promoter is the bourgeoisie, replaces the isolation of the laborers, due to competition, by their revolutionary combination, due to association. The development of Modern Industry, therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products. What the bourgeoisie therefore produces, above all, are its own grave-diggers. Its fall and the victory of the proletariat are equally inevitable.

## II. PROLETARIANS AND COMMUNISTS.

In what relation do the Communists stand to the proletarians as a whole?

The Communists do not form a separate party opposed to other working-class parties.

They have no interests separate and apart from those of the proletariat as a whole.

They do not set up any sectarian principles of their own, by which to shape and mould the proletarian movement.

The Communists are distinguished from the other working class parties by this only: 1. In the national struggles of the proletarians of the different countries, they point out and bring to the front the common interests of the entire proletariat independently of all nationality. 2. In the various stages of development which the struggle of the working class against the bourgeoisie has to pass through, they always and everywhere represent the interests of the movement as a whole.

The Communists, therefore, are on the one hand, practically, the most advanced and resolute section of the working class parties of every country, that section which pushes forward all others; on the other hand, theoretically, they have over the great mass of the proletariat the advantage of clearly understanding the line of march, the conditions, and the ultimate general results of the proletarian movement.

The immediate aim of the Communists is the same as that of all the other proletarian parties; formation of the proletariat into a class, overthrow of the bourgeois supremacy, conquest of political power by the proletariat.

The theoretical conclusions of the Communists are in no way based on ideas or principles that have been invented, or discovered, by this or that would-be universal reformer.

They merely express, in general terms, actual relations springing from an existing class struggle, from a historical movement going on under our very eyes. The abolition of existing property relations is not at all a distinctive feature of Communism.

All property relations in the past have continually been subject to historical change consequent upon the change in historical conditions.

The French Revolution, for example, abolished feudal property in favor of bourgeois property.

The distinguishing feature of Communism is not the abolition of property generally, but the abolition of bourgeois property. But modern bourgeois private property is the final and most complete expression of the system of producing and appropriating products, that is based on class antagonism, on the exploitation of the many by the few.

In this sense, the theory of the Communists may be summed up in the single sentence: Abolition of private property.

We Communists have been reproached with the desire of abolishing the right of personally acquiring property as the fruit of a man's own labor, which property is alleged to be the ground work of all personal freedom, activity and independence.

Hard-won, self-acquired, self-earned property! Do you mean the property of the petty artisan and of the small peasant, a form of property that preceded the bourgeois form? There is no need to abolish that; the development of industry has to a great extent already destroyed it, and is still destroying it daily.

Or do you mean modern bourgeois private property?

But does wage-labor create any property for the laborer? Not a bit. It creates capital, i. e., that kind of property which exploits wage-labor, and which cannot increase except upon condition of getting a new supply of wage-labor for fresh exploitation. Property, in its present form, is based on the antagonism of capital and wage-labor. Let us examine both sides of this antagonism.

To be a capitalist, is to have not only a purely personal, but a social status in production. Capital is a collective product, and only by the united action of many members, nay, in the last resort, only by the united action of all members of society, can it be set in motion.

Capital is therefore not a personal, it is a social power.

When, therefore, capital is converted into common property, into the property of all members of society, personal property is not thereby transformed into social property. It is only the social character of the property that is changed. It loses its class-character.

Let us now take wage-labor.

The average price of wage-labor is the minimum wage, i. e., that quantum of the means of subsistence, which is absolutely requisite to keep the laborer in bare existence as a laborer. What, therefore, the wage-laborer appropriates by means of his labor, merely suffices to prolong and

reproduce a bare existence. We by no means intend to abolish this personal appropriation of the products of labor, an appropriation that is made for the maintenance and reproduction of human life, and that leaves no surplus wherewith to command the labor of others. All that we want to do away with is the miserable character of this appropriation, under which the laborer lives merely to increase capital, and is allowed to live only in so far as the interest of the ruling class requires it.

In bourgeois society, living labor is but a mean to increase accumulated labor. In Communist society, accumulated labor is but a means to widen, to enrich, to promote the existence of the laborer. In bourgeois society, therefore, the past dominates the present; in communist society, the present dominates the past. In bourgeois society capital is independent and has individuality, while the living person is dependent and has no individuality.

And the abolition of this state of things is called by the bourgeois, abolition of individuality and freedom! And rightly so. The abolition of bourgeois individuality, bourgeois independence, and bourgeois freedom is undoubtedly aimed at.

By freedom is meant, under the present bourgeois conditions of production, free trade, free selling and buying.

But if selling and buying disappears, free selling and buying disappears also. This talk about free selling and buying, and all the other “brave words” of our bourgeoisie about freedom in general, have a meaning, if any, only in contrast with restricted selling and buying, with the fettered traders of the Middle Ages, but have no meaning when opposed to the Communistic abolition of buying and selling, of the bourgeois conditions of production, and of the bourgeoisie itself.

You are horrified at our intending to do away with private property. But in your existing society, private property is already done away with for nine-tenths of the population; its existence for the few is solely due to its non-existence in the hands of those nine-tenths. You reproach us, therefore, with intending to do away with a form of property, the necessary condition for whose existence is, the non-existence of any property for the immense majority of society.

In one word, you reproach us with intending to do away with your property. Precisely so; that is just what we intend.

From the moment when labor can no longer be converted into capital, money, or rent, into a social power capable of being monopolized, i.e., from

the moment when individual property can no longer be transformed into bourgeois property, into capital, from that moment, you say, individuality vanishes.

You must, therefore, confess that by “individual” you mean no other person than the bourgeois, than the middle-class owner of property. This person must, indeed, be swept out of the way, and made impossible.

Communism deprives no man of the power to appropriate the products of society: all that it does is to deprive him of the power to subjugate the labor of others by means of such appropriation.

It has been objected, that upon the abolition of private property all work will cease, and universal laziness will overtake us.

According to this, bourgeois society ought long ago to have gone to the dogs through sheer idleness; for those of its members who work, acquire nothing, and those who acquire anything, do not work. The whole of this objection is but another expression of the tautology: that there can no longer be any wage-labor when there is no longer any capital.

All objections urged against the Communistic mode of producing and appropriating material products, have, in the same way, been urged against the Communistic modes of producing and appropriating intellectual products. Just as, to the bourgeois, the disappearance of class property is the disappearance of production itself, so the disappearance of class culture is to him identical with the disappearance of all culture.

That culture, the loss of which he laments, is, for the enormous majority, a mere training to act as a machine.

But don't wrangle with us so long as you apply, to our intended abolition of bourgeois property, the standard of your bourgeois notions of freedom, culture, law, etc. Your very ideas are but the outgrowth of the conditions of your bourgeois production and bourgeois property, just as your jurisprudence is but the will of your class made into a law for all, a will, whose essential character and direction are determined by the economic conditions of existence of your class.

The selfish misconception that induces you to transform into eternal laws of nature and of reason, the social forms springing from your present mode of production and form of property — historical relations that rise and disappear in the progress of production — this misconception you share with every ruling class that has preceded you. What you see clearly in the case of ancient property, what you admit in the case of feudal property, you

are of course forbidden to admit in the case of your own bourgeois form of property.

Abolition of the family! Even the most radical flare up at this infamous proposal of the Communists.

On what foundation is the present family, the bourgeois family, based? On capital, on private gain. In its completely developed form this family exists only among the bourgeoisie. But this state of things finds its complement in the practical absence of the family among the proletarians, and in public prostitution.

The bourgeois family will vanish as a matter of course when its complement vanishes, and both will vanish with the vanishing of capital.

Do you charge us with wanting to stop the exploitation of children by their parents? To this crime we plead guilty.

But, you will say, we destroy the most hallowed of relations, when we replace home education by social.

And your education! Is not that also social, and determined by the social conditions under which you educate, by the intervention, direct or indirect, of society by means of schools, etc.? The Communists have not invented the intervention of society in education; they do but seek to alter the character of that intervention, and to rescue education from the influence of the ruling class.

The bourgeois clap-trap about the family and education, about the hallowed co-relation of parent and child, becomes all the more disgusting, the more, by the action of Modern Industry, all family ties among the proletarians are torn asunder, and their children transformed into simple articles of commerce and instruments of labor.

But you Communists would introduce community of women, screams the whole bourgeoisie in chorus.

The bourgeois sees in his wife a mere instrument of production. He hears that the instruments of production are to be exploited in common, and, naturally, can come to no other conclusion, than that the lot of being common to all will likewise fall to the women.

He has not even a suspicion that the real point aimed at is to do away with the status of women as mere instruments of production.

For the rest, nothing is more ridiculous than the virtuous indignation of our bourgeois at the community of women which, they pretend, is to be openly and officially established by the Communists. The Communists have

no need to introduce community of women; it has existed almost from time immemorial.

Our bourgeois, not content with having the wives and daughters of their proletarians at their disposal, not to speak of common prostitutes, take the greatest pleasure in seducing each others' wives.

Bourgeois marriage is in reality a system of wives in common and thus, at the most, what the Communists might possibly be reproached with, is that they desire to introduce, in substitution for a hypocritically concealed, an openly legalized community of women. For the rest, it is self-evident, that the abolition of the present system of production must bring with it the abolition of the community of women springing from that system, i. e., of prostitution both public and private.

The Communists are further reproached with desiring to abolish countries and nationalities.

The working men have no country. We cannot take from them what they have not got. Since the proletariat must first of all acquire political supremacy, must rise to be the leading class of the nation, must constitute itself the nation, it is, so far, itself national, though not in the bourgeois sense of the word.

National differences, and antagonisms between peoples, are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world-market, to uniformity in the mode of production and in the conditions of life corresponding thereto.

The supremacy of the proletariat will cause them to vanish still faster. United action, of the leading civilized countries at least, is one of the first conditions for the emancipation of the proletariat.

In proportion as the exploitation of one individual by another is put an end to, the exploitation of one nation by another will also be put a end to. In proportion as the antagonism between classes within the nation vanishes, the hostility of one nation to another will come to an end.

The charges against Communism made from a religious, a philosophical, and generally, from an ideological standpoint, are not deserving of serious examination.

Does it require deep intuition to comprehend that man's ideas, views, and conceptions, in one word, man's consciousness, changes with every change in the conditions of his material existence, in his social relations and in his social life?

What else does the history of ideas prove, than that intellectual production changes in character in proportion as material production is changed? The ruling ideas of each age have ever been the ideas of its ruling class.

When people speak of ideas that revolutionize society, they do but express the fact, that within the old society, the elements of a new one have been created, and that the dissolution of the old ideas keeps even pace with the dissolution of the old conditions of existence.

When the ancient world was in its last throes, the ancient religions were overcome by Christianity. When Christian ideas succumbed in the 18th century to rationalist ideas, feudal society fought its death-battle with the then revolutionary bourgeoisie. The ideas of religious liberty and freedom of conscience, merely gave expression to the sway of free competition within the domain of knowledge.

“Undoubtedly,” it will be said, “religious, moral, philosophical and juridical ideas have been modified in the course of historical development. But religion, morality, philosophy, political science, and law, constantly survived this change.”

“There are, besides, eternal truths, such as Freedom, Justice, etc., that are common to all states of society. But Communism abolishes eternal truths, it abolishes all religion, and all morality, instead of constituting them on a new basis; it therefore acts in contradiction to all past historical experience.”

What does this accusation reduce itself to? The history of all past society has consisted in the development of class antagonisms, antagonisms that assumed different forms at different epochs.

But whatever form they may have taken, one fact is common to all past ages, viz., the exploitation of one part of society by the other. No wonder, then, that the social consciousness of past ages, despite all the multiplicity and variety it displays, moves within certain common forms, or general ideas, which cannot completely vanish except with the total disappearance of class antagonisms.

The Communist revolution is the most radical rupture with traditional property-relations; no wonder that its development involves the most radical rupture with traditional ideas.

But let us have done with the bourgeois objections to Communism.

We have seen above, that the first step in the revolution by the working class, is to raise the proletariat to the position of ruling class, to win the battle of democracy.

The proletariat will use its political supremacy, to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the State, i. e., of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible.

Of course, in the beginning, this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore, which appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production.

These measures will of course be different in different countries.

Nevertheless in the most advanced countries the following will be pretty generally applicable:

1. Abolition of property in land and application of all rents of land to public purposes.

2. A heavy progressive or graduated income tax.

3. Abolition of all right of inheritance.

4. Confiscation of the property of all emigrants and rebels.

5. Centralization of credit in the hands of the state, by means of a national bank with State capital and an exclusive monopoly.

6. Centralization of the means of communication and transport in the hands of the State.

7. Extension of factories and instruments of production owned by the State; the bringing into cultivation of waste lands, and the improvement of the soil generally in accordance with a common plan.

8. Equal liability of all to labor. Establishment of industrial armies, especially for agriculture.

9. Combination of agriculture with manufacturing industries; gradual abolition of the distinction between town and country, by a more equable distribution of population over the country.

10. Free education for all children in public schools. Abolition of children's factory labor in its present form. Combination of education with industrial production, etc., etc.

When, in the course of development, class distinctions have disappeared, and all production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, properly so called, is merely the organized power of one class for oppressing another. If the proletariat during its contest with the bourgeoisie is compelled, by the force of circumstances, to organize itself as a class, if, by means of a revolution, it makes itself the ruling class, and, as such, sweeps away by force the old conditions of production, then it will, along with these conditions, have swept away the conditions for the existence of class antagonisms, and of classes generally, and will thereby have abolished its own supremacy as a class.

In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all.

### III. SOCIALIST AND COMMUNIST LITERATURE.

#### 1. Reactionary Socialism.

##### a. Feudal Socialism.

Owing to their historical position, it became the vocation of the aristocracies of France and England to write pamphlets against modern bourgeois society. In the French revolution of July, 1830, and in the English reform agitation, these aristocracies again succumbed to the hateful upstart. Thenceforth, a serious political contest was altogether out of the question. A literary battle alone remained possible. But even in the domain of literature the old cries of the restoration period had become impossible.

In order to arouse sympathy, the aristocracy were obliged to lose sight, apparently, of their own interests, and to formulate their indictment against the bourgeoisie in the interest of the exploited working class alone. Thus the aristocracy took their revenge by singing lampoons on their new master, and whispering in his ears sinister prophecies of coming catastrophe.

In this way arose feudal socialism; half lamentation, half lampoon; half echo of the past, half menace of the future; at times, by its bitter, witty and incisive criticism, striking the bourgeoisie to the very hearts' core, but always ludicrous in its effect, through total incapacity to comprehend the march of modern history.

The aristocracy, in order to rally the people to them, waved the proletarian alms-bag in front for a banner. But the people, so often as it joined them, saw on their hindquarters the old feudal coats of arms, and deserted with loud and irreverent laughter.

One section of the French Legitimists, and "Young England," exhibited this spectacle.

In pointing out that their mode of exploitation was different to that of the bourgeoisie, the feudalists forget that they exploited under circumstances and conditions that were quite different, and that are now antiquated. In showing that, under their rule, the modern proletariat never existed, they forget that the modern bourgeoisie is the necessary offspring of their own form of society.

For the rest, so little do they conceal the reactionary character of their criticism, that their chief accusation against the bourgeoisie amounts to this, that under the bourgeois regime a class is being developed, which is destined to cut up root and branch the old order of society.

What they upbraid the bourgeoisie with is not so much that it creates a proletariat, as that it creates a revolutionary proletariat.

In political practice, therefore, they join in all coercive measures against the working-class; and in ordinary life, despite their high falutin phrases, they stoop to pick up the golden apples dropped from the tree of industry, and to barter truth, love, and honor for traffic in wool, beetroot-sugar and potato spirit.

As the parson has ever gone hand in hand with the landlord, so has Clerical Socialism with Feudal Socialism.

Nothing is easier than to give Christian asceticism a Socialist tinge. Has not Christianity declaimed against private property, against marriage, against the State? Has it not preached in the place of these, charity and poverty, celibacy, and mortification of the flesh, monastic life and Mother Church? Christian Socialism is but the Holy Water with which the priest consecrates the heart-burnings of the aristocrat.

#### b. Petty Bourgeois Socialism.

The feudal aristocracy was not the only class that was ruined by the bourgeoisie, not the only class whose conditions of existence pined and perished in the atmosphere of modern bourgeois society. The medieval burgesses and the small peasant bourgeoisie, were the precursors of the modern bourgeoisie. In those countries which are but little developed, industrially and commercially, these two classes still vegetate side by side with the rising bourgeoisie.

In countries where modern civilization has become fully developed, a new class of petty bourgeois has been formed, fluctuating between proletariat and bourgeoisie, and ever renewing itself as a supplementary part of bourgeois society. The individual members of this class, however, are being constantly hurled down into the proletariat by the action of competition, and, as modern industry develops, they even see the moment approaching when they will completely disappear as an independent section of modern society, to be replaced, in manufactures, agriculture and commerce, by overlookers, bailiffs and shopmen.

In countries like France, where the peasants constitute far more than half of the population, it was natural that writers who sided with the proletariat against the bourgeoisie, should use, in their criticism of the bourgeoisie regime, the standard of the peasant and petty bourgeois, and from the standpoint of these intermediate classes should take up the cudgels for the working-class. Thus arose petty bourgeois Socialism. Sismondi was the head of this school, not only in France, but also in England.

This school of Socialism dissected with great acuteness the contradictions in the conditions of modern production. It laid bare the hypocritical apologies of economists. It proved, incontrovertibly, the disastrous effects of machinery and division of labor; the concentration of capital and land in a few hands; overproduction and crises; it pointed out the inevitable ruin of the petty bourgeois and peasant, the misery of the proletariat, the anarchy in production, the crying inequalities in the distribution of wealth, the industrial war of extermination between nations, the dissolution of old moral bonds, of the old family relations, of the old nationalities.

In its positive aims, however, this form of Socialism aspires either to restoring the old means of production and of exchange, and with them the old property relations, and the old society, or to cramping the modern means of production and of exchange, within the frame work of the old property relations that have been, and were bound to be, exploded by those means. In either case, it is both reactionary and Utopian.

Its last words are: corporate guilds for manufacture; patriarchal relations in agriculture.

Ultimately, when stubborn historical facts had dispersed all intoxicating effects of self-deception, this form of Socialism ended in a miserable fit of the blues.

German or "True" Socialism.

The Socialist and Communist literature of France, a literature that originated under the pressure of a bourgeoisie in power, and that was the expression of the struggle against this power, was introduced into Germany at a time when the bourgeoisie, in that country, had just begun its contest with feudal absolutism.

German philosophers, would-be philosophers, and beaux esprits, eagerly seized on this literature, only forgetting, that when these writings immigrated from France into Germany, French social conditions had not

immigrated along with them. In contact with German social conditions, this French literature lost all its immediate practical significance, and assumed a purely literary aspect. Thus, to the German philosophers of the Eighteenth Century, the demands of the first French Revolution were nothing more than the demands of "Practical Reason" in general, and the utterance of the will of the revolutionary French bourgeoisie signified in their eyes the laws of pure Will, of Will as it was bound to be, of true human Will generally.

The work of the German literati consisted solely in bringing the new French ideas into harmony with their ancient philosophical conscience, or rather, in annexing the French ideas without deserting their own philosophic point of view.

This annexation took place in the same way in which a foreign language is appropriated, namely by translation.

It is well known how the monks wrote silly lives of Catholic Saints over the manuscripts on which the classical works of ancient heathendom had been written. The German literati reversed this process with the profane French literature. They wrote their philosophical nonsense beneath the French original. For instance, beneath the French criticism of the economic functions of money, they wrote "Alienation of Humanity," and beneath the French criticism of the bourgeois State they wrote, "Dethronement of the Category of the General," and so forth.

The introduction of these philosophical phrases at the back of the French historical criticisms they dubbed "Philosophy of Action," "True Socialism," "German Science of Socialism," "Philosophical Foundation of Socialism," and so on.

The French Socialist and Communist literature was thus completely emasculated. And, since it ceased in the hands of the German to express the struggle of one class with the other, he felt conscious of having overcome "French one-sidedness" and of representing, not true requirements, but the requirements of Truth, not the interests of the proletariat, but the interests of Human Nature, of Man in general, who belongs to no class, has no reality, who exists only in the misty realm or philosophical phantasy.

This German Socialism, which took its schoolboy task so seriously and solemnly, and extolled its poor stock-in-trade in such mountebank fashion, meanwhile gradually lost its pedantic innocence.

The fight of the German, and, especially, of the Prussian bourgeoisie, against feudal aristocracy and absolute monarchy, in other words, the liberal

movement, became more earnest.

By this, the long-wished-for opportunity was offered to “True Socialism” of confronting the political movement with the socialist demands, of hurling the traditional anathemas against liberalism, against representative government, against bourgeois competition, bourgeois freedom of the press, bourgeois legislation, bourgeois liberty and equality, and of preaching to the masses that they had nothing to gain, and everything to lose, by this bourgeois movement. German Socialism forgot, in the nick of time, that the French criticism, whose silly echo it was, presupposed the existence of modern bourgeois society, with its corresponding economic conditions of existence, and the political constitution adapted thereto, the very things whose attainment was the object of the pending struggle in Germany.

To the absolute governments, with their following of parsons, professors, country squires and officials, it served as a welcome scarecrow against the threatening bourgeoisie.

It was a sweet finish after the bitter pills of floggings and bullets, with which these same governments, just at that time, dosed the German working-class risings.

While this “True” Socialism thus served the governments as a weapon for fighting the German bourgeoisie, it, at the same time, directly represented a reactionary interest, the interest of the German Philistines. In Germany the petty bourgeois class, a relic of the 16th century, and since then constantly cropping up again under various forms, is the real social basis of the existing state of things.

To preserve this class, is to preserve the existing state of things in Germany. The industrial and political supremacy of the bourgeoisie threatens it with certain destruction; on the one hand, from the concentration of capital; on the other, from the rise of a revolutionary proletariat. “True” Socialism appeared to kill these two birds with one stone. It spread like an epidemic.

The robe of speculative cobwebs, embroidered with flowers of rhetoric, steeped in the dew of sickly sentiment, this transcendental robe in which the German Socialists wrapped their sorry “eternal truths” all skin and bone, served to wonderfully increase the sale of their goods amongst such a public.

And on its part, German Socialism recognized, more and more, its own calling as the bombastic representative of the petty bourgeois Philistine.

It proclaimed the German nation to be the model nation, and the German petty Philistine to be the typical man. To every villainous meanness of this model man it gave a hidden, higher, socialistic interpretation, the exact contrary of its true character. It went to the extreme length of directly opposing the “brutally destructive” tendency of Communism, and of proclaiming its supreme and impartial contempt of all class struggles. With very few exceptions, all the so-called Socialist and Communist publications that now (1847) circulate in Germany belong to the domain of this foul and enervating literature.

## 2. Conservative or Bourgeois Socialism.

A part of the bourgeoisie is desirous of redressing social grievances, in order to secure the continued existence of bourgeois society.

To this section belong economists, philanthropists, humanitarians, improvers of the condition of the work class, organizers of charity, members of societies for the prevention of cruelty to animals, temperance fanatics, hole and corner reformers of every imaginable kind. This form of Socialism has, moreover, been worked out into complete systems.

We may cite Proudhon’s “Philosophic de la Misere” as an example of this form.

The socialistic bourgeois want all the advantages of modern social conditions without the struggles and dangers necessarily resulting therefrom. They desire the existing state of society minus its revolutionary and disintegrating elements. They wish for a bourgeoisie without a proletariat. The bourgeoisie naturally conceives the world in which it is supreme to be the best; and bourgeois socialism develops this comfortable conception into various more or less complete systems. In requiring the proletariat to carry out such a system, and thereby to march straightway into the social New Jerusalem, it but requires in reality, that the proletariat should remain within the bounds of existing society, but should cast away all its hateful ideas concerning the bourgeoisie.

A second and more practical, but less systematic, form of this socialism sought to depreciate every revolutionary movement in the eyes of the working class, by showing that no mere political reform, but only a change in the material conditions of existence, in economical relations, could be of any advantage to them. By changes in the material conditions of existence, this form of Socialism, however, by no means understands abolition of the

bourgeois relations of production, an abolition that can be effected only by a revolution, but administrative reforms, based on the continued existence of these relations; reforms, therefore, that in no respect affect the relations between capital and labor, but, at the best, lessen the cost, and simplify the administrative work, of bourgeois government.

Bourgeois Socialism attains adequate expression, when, and only when, it becomes a mere figure of speech.

Free trade: for the benefit of the working class. Protective duties: for the benefit of the working class. Prison Reform: for the benefit of the working class. This is the last word and the only seriously meant word of bourgeois Socialism.

It is summed up in the phrase: the bourgeois is a bourgeois — for the benefit of the working class.

### 3. Critical-Utopian Socialism and Communism.

We do not here refer to that literature which, in every great modern revolution, has always given voice to the demands of the proletariat: such as the writings of Babeuf and others.

The first direct attempts of the proletariat to attain its own ends were made in times of universal excitement, when feudal society was being overthrown. These attempts necessarily failed, owing to the then undeveloped state of the proletariat, as well as to the absence of the economic conditions for its emancipation, conditions that had yet to be produced, and could be produced by the impending bourgeois epoch alone. The revolutionary literature that accompanied these first movements of the proletariat had necessarily a reactionary character. It inculcated universal asceticism and social leveling in its crudest form.

The Socialist and Communist systems properly so-called, those of St. Simon, Fourier, Owen and others, spring into existence in the early undeveloped period, described above, of the struggle between proletariat and bourgeoisie (see section I. Bourgeoisie and Proletariat).

The founders of these systems see, indeed, the class antagonisms, as well as the action of the decomposing elements in the prevailing form of society. But the proletariat, as yet in its infancy, offers to them the spectacle of a class without any historical initiative or any independent political movement.

Since the development of class antagonism keeps even pace with the development of industry, the economic situation, as they find it, does not as

yet offer to them the material conditions for the emancipation of the proletariat. They therefore search after a new social science, after new social laws, that are to create these conditions.

Historical action is to yield to their personal inventive action, historically created conditions of emancipation to fantastic ones, and the gradual, spontaneous class-organization of the proletariat to an organization of society specially contrived by these inventors. Future history resolves itself, in their eyes, into the propaganda and the practical carrying out of their social plans.

In the formation of their plans they are conscious of caring chiefly for the interests of the working-class, as being the most suffering class. Only from the point of view of being the most suffering class does the proletariat exist for them.

The undeveloped state of the class struggle, as well as their own surroundings, cause Socialists of this kind to consider themselves far superior to all class antagonisms. They want to improve the condition of every member of society, even that of the most favored. Hence, they habitually appeal to society at large, without distinction of class; nay, by preference, to the ruling class. For how can people, when once they understand their system, fail to see in it the best possible plan of the best possible state of society?

Hence, they reject all political, and especially all revolutionary action; they wish to attain their ends by peaceful means, and endeavor, by small experiments, necessarily doomed to failure, and by the force of example, to pave the way for the new social Gospel.

Such fantastic pictures of future society, painted at a time when the proletariat is still in a very undeveloped state, and has but a fantastic conception of its own position, correspond with the first instinctive yearnings of that class for a general reconstruction of society.

But these Socialist and Communist publications contain also a critical element. They attack every principle of existing society. Hence they are full of the most valuable materials for the enlightenment of the working class. The practical measures proposed in them, such as the abolition of the distinction between town and country, of the family, of the carrying on of industries for the account of private individuals, and of the wage system, the proclamation of social harmony, the conversion of the functions of the State into a mere superintendence of production, all these proposals point solely

to the disappearance of class-antagonisms which were, at that time, only just cropping up, and which, in these publications, are recognized under their earliest, indistinct and undefined forms only. These proposals, therefore, are of a purely Utopian character.

The significance of Critical-Utopian Socialism and Communism bears an inverse relation to historical development. In proportion as the modern class struggle develops and takes definite shape, this fantastic standing apart from the contest, these fantastic attacks on it lose all practical value and all theoretical justification. Therefore, although the originators of these systems were, in many respects, revolutionary, their disciples have, in every case, formed mere reactionary sects. They hold fast by the original views of their masters, in opposition to the progressive

## **IV. POSITION OF THE COMMUNISTS IN RELATION TO THE VARIOUS EXISTING OPPOSITION PARTIES.**

Section II. has made clear the relations of the Communists to the existing working class parties, such as the Chartists in England and the Agrarian Reformers in America.

The Communists fight for the attainment of the immediate aims, for the enforcement of the momentary interests of the working class; but in the movement of the present, they also represent and take care of the future of that movement. In France the Communists ally themselves with the Social-Democrats, against the conservative and radical bourgeoisie, reserving, however, the right to take up a critical position in regard to phrases and illusions traditionally handed down from the great Revolution.

In Switzerland they support the Radicals, without losing sight of the fact that this party consists of antagonistic elements, partly of Democratic Socialists, in the French sense, partly of radical bourgeois.

In Poland they support the party that insists on an agrarian revolution, as the prime condition for national emancipation, that party which fomented the insurrection of Cracow in 1846.

In Germany they fight with the bourgeoisie whenever it acts in a revolutionary way, against the absolute monarchy, the feudal squirearchy, and the petty bourgeoisie.

But they never cease, for a single instant, to instill into the working class the clearest possible recognition of the hostile antagonism between bourgeoisie and proletariat, in order that the German workers may straightway use, as so many weapons against the bourgeoisie, the social and political conditions that the bourgeoisie must necessarily introduce along with its supremacy, and in order that, after the fall of the reactionary classes in Germany, the fight against the bourgeoisie itself may immediately begin.

The Communists turn their attention chiefly to Germany, because that country is on the eve of a bourgeois revolution, that is bound to be carried out under more advanced conditions of European civilization, and with a more developed proletariat, than that of England was in the seventeenth, and of France in the eighteenth century, and because the bourgeois

revolution in Germany will be but the prelude to an immediately following proletarian revolution.

In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things.

In all these movements they bring to the front, as the leading question in each, the property question, no matter what its degree of development at the time.

Finally, they labor everywhere for the union and agreement of the democratic parties of all countries.

The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win.

Working men of all countries, unite!

# THE CLASS STRUGGLES IN FRANCE, 1850



*Translated by Friedrich Engels*

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## Part I. The Defeat of June, 1848

After the July Revolution [of 1830], when the liberal banker Laffitte led his *compère*, the Duke of Orléans, in triumph to the Hôtel de Ville, he let fall the words: “*From now on the bankers will rule*”. Laffitte had betrayed the secret of the revolution.

It was not the French bourgeoisie that ruled under Louis Philippe, but one *faction* of it: bankers, stock-exchange kings, railway kings, owners of coal and iron mines and forests, a part of the landed proprietors associated with them – the so-called *financial aristocracy*. It sat on the throne, it dictated laws in the Chambers, it distributed public offices, from cabinet portfolios to tobacco bureau posts.

The *industrial bourgeoisie* proper formed part of the official opposition, that is, it was represented only as a minority in the Chambers. Its opposition was expressed all the more resolutely the more unalloyed the autocracy of the finance aristocracy became, and the more it imagined that its domination over the working class was insured after the revolts of 1832, 1834, and 1839, which had been drowned in blood. *Grandin*, a Rouen manufacturer and the most fanatical instrument of bourgeois reaction in the Constituent as well as in the Legislative National Assembly, was the most violent opponent of Guizot in the Chamber of Deputies. *Léon Faucher*, later known for his impotent efforts to climb into prominence as the Guizot of the French counterrevolution, in the last days of Louis Philippe waged a war of the pen for industry against speculation and its train bearer, the government. *Bastiat* agitated in the name of Bordeaux and the whole of wine-producing France against the ruling system.

The *petty bourgeoisie* of all gradations, and the *peasantry* also, were completely excluded from political power. Finally, in the official opposition or entirely outside the *pays légal* [electorate], there were the *ideological* representatives and spokesmen of the above classes, their savants, lawyers, doctors, etc., in a word, their so-called *men of talent*.

Owing to its financial straits, the July Monarchy was dependent from the beginning on the big bourgeoisie, and its dependence on the big bourgeoisie was the inexhaustible source of increasing financial straits. It was impossible to subordinate the administration of the state to the interests of national production without balancing the budget, without establishing a

balance between state expenditures and revenues. And how was this balance to be established without limiting state expenditures – that is, without encroaching on interests which were so many props of the ruling system – and without redistributing taxes – that is, without shifting a considerable share of the burden of taxation onto the shoulders of the big bourgeoisie itself?

On the contrary, the faction of the bourgeoisie that ruled and legislated through the Chambers had a *direct interest* in the *indebtedness of the state*. The *state deficit* was really the main object of its speculation and the chief source of its enrichment. At the end of each year a new deficit. After the lapse of four or five years a new loan. And every new loan offered new opportunities to the finance aristocracy for defrauding the state, which was kept artificially on the verge of bankruptcy – it had to negotiate with the bankers under the most unfavorable conditions. Each new loan gave a further opportunity, that of plundering the public which invested its capital in state bonds by means of stock-exchange manipulations, the secrets of which the government and the majority in the Chambers were privy to. In general, the instability of state credit and the possession of state secrets gave the bankers and their associates in the Chambers and on the throne the possibility of evoking sudden, extraordinary fluctuations in the quotations of government securities, the result of which was always bound to be the ruin of a mass of smaller capitalists and the fabulously rapid enrichment of the big gamblers. As the state deficit was in the direct interest of the ruling faction of the bourgeoisie, it is clear why the extraordinary state expenditure in the last years of Louis Philippe's reign was far more than double the *extraordinary* state expenditure under Napoleon, indeed reached a yearly sum of nearly 400,000,000 francs, whereas the whole average annual export of France seldom attained a volume amounting to 750,000,000 francs. The enormous sums which in this way flowed through the hands of the state facilitated, moreover, swindling contracts for deliveries, bribery, defalcations, and all kinds of roguery.

The defrauding of the state, practiced wholesale in connection with loans, was repeated retail in public works. What occurred in the relations between Chamber and government became multiplied in the relations between individual departments and individual entrepreneurs.

The ruling class exploited the *building of railways* in the same way it exploited state expenditures in general and state loans. The Chambers piled

the main burdens on the state, and secured the golden fruits to the speculating finance aristocracy. One recalls the scandals in the Chamber of Deputies when by chance it leaked out that all the members of the majority, including a number of ministers, had been interested as shareholders in the very railway constructions which as legislators they had carried out afterward at the cost of the state.

On the other hand, the smallest financial reform was wrecked through the influence of the bankers. For example, the *postal reform*. Rothschild protested. Was it permissible for the state to curtail sources of revenue out of which interest was to be paid on its ever increasing debt?

The July Monarchy was nothing other than a joint stock company for the exploitation of France's national wealth, whose dividends were divided among ministers, Chambers, 240,000 voters, and their adherents. Louis Philippe was the director of this company – Robert Macaire on the throne. Trade, industry, agriculture, shipping, the interests of the industrial bourgeoisie, were bound to be continually endangered and prejudiced under this system. Cheap government, *gouvernement à bon marché*, was what it had inscribed on its banner in the July days.

Since the finance aristocracy made the laws, was at the head of the administration of the state, had command of all the organized public authorities, dominated public opinion through the actual state of affairs and through the press, the same prostitution, the same shameless cheating, the same mania to get rich was repeated in every sphere, from the court to the Café Borgne to get rich not by production, but by pocketing the already available wealth of others, Clashing every moment with the bourgeois laws themselves, an unbridled assertion of unhealthy and dissolute appetites manifested itself, particularly at the top of bourgeois society – lusts wherein wealth derived from gambling naturally seeks its satisfaction, where pleasure becomes *crapuleux* [debauched], where money, filth, and blood commingle. The finance aristocracy, in its mode of acquisition as well as in its pleasures, is nothing but the *rebirth of the lumpenproletariat on the heights of bourgeois society*.

And the nonruling factions of the French bourgeoisie cried: *Corruption!* The people cried: *À bas les grands voleurs! À bas les assassins!* [Down with the big thieves! Down with the assassins!] when in 1847, on the most prominent stages of bourgeois society, the same scenes were publicly enacted that regularly lead the *lumpenproletariat* to brothels, to workhouses

and lunatic asylums, to the bar of justice, to the dungeon, and to the scaffold. The industrial bourgeoisie saw its interests endangered, the petty bourgeoisie was filled with moral indignation, the imagination of the people was offended, Paris was flooded with pamphlets – “The Rothschild Dynasty,” “Usurers Kings of the Epoch,” etc. – in which the rule of the finance aristocracy was denounced and stigmatized with greater or less wit.

*Rien pour la gloire!* [Nothing for glory!] Glory brings no profit! *La paix partout et toujours!* [Peace everywhere and always!] War depresses the quotations of the 3 and 4 percents which the France of the Bourse jobbers had inscribed on her banner. Her foreign policy was therefore lost in a series of mortifications to French national sentiment, which reacted all the more vigorously when the rape of Poland was brought to its conclusion with the incorporation of Cracow by Austria, and when Guizot came out actively on the side of the Holy Alliance in the Swiss separatist war. The victory of the Swiss liberals in this mimic war raised the self-respect of the bourgeois opposition in France; the bloody uprising of the people in Palermo worked like an electric shock on the paralyzed masses of the people and awoke their great revolutionary memories and passions. [Annexation of Cracow by Austria in agreement with Russia and Prussia on November 11, 1846. – Swiss Sonderbund war: November 4 to 28, 1847. – Rising in Palermo: January 12, 1848; at the end of January, nine days’ bombardment of the town by the Neapolitans. Note by Engels to the edition of 1895.]

The eruption of the general discontent was finally accelerated and the mood for revolt ripened by *two economic world events*.

The *potato blight* and the *crop failures* of 1845 and 1846 increased the general ferment among the people. The famine of 1847 called forth bloody conflicts in France as well as on the rest of the Continent. As against the shameless orgies of the finance aristocracy, the struggle of the people for the prime necessities of life! At Buzançais, hunger rioters executed; in Paris, oversatiated *escrocs* [swindlers] snatched from the courts by the royal family!

The second great economic event that hastened the outbreak of the revolution was a *general commercial and industrial crisis* in England. Already heralded in the autumn of 1845 by the wholesale reverses of the speculators in railway shares, staved off during 1846 by a number of incidents such as the impending abolition of the Corn Laws, the crisis finally burst in the autumn of 1847 with the bankruptcy of the London

wholesale grocers, on the heels of which followed the insolvencies of the land banks and the closing of the factories in the English industrial districts. The after-effect of this crisis on the Continent had not yet spent itself when the February Revolution broke out.

The devastation of trade and industry caused by the economic epidemic made the autocracy of the finance aristocracy still more unbearable. Throughout the whole of France the bourgeois opposition *agitated at banquets* for an *electoral reform* which should win for it the majority in the Chambers and overthrow the Ministry of the Bourse. In Paris the industrial crisis had, moreover, the particular result of throwing a multitude of manufacturers and big traders, who under the existing circumstances could no longer do any business in the foreign market, onto the home market. They set up large establishments, the competition of which ruined the small *épiciers* [grocers] and *boutiquiers* [shopkeepers] *en masse*. Hence the innumerable bankruptcies among this section of the Paris bourgeoisie, and hence their revolutionary action in February. It is well known how Guizot and the Chambers answered the reform proposals with an unambiguous challenge, how Louis Philippe too late resolved on a ministry led by Barrot, how things went as far as hand-to-hand fighting between the people and the army, how the army was disarmed by the passive conduct of the National Guard, how the July Monarchy had to give way to a provisional government.

The *Provisional Government* which emerged from the February barricades necessarily mirrored in its composition the different parties which shared in the victory. It could not be anything but a *compromise between the different classes* which together had overturned the July throne, but whose interests were mutually antagonistic. The *great majority* of its members consisted of representatives of the bourgeoisie. The republican petty bourgeoisie was represented by Ledru-Rollin and Flocon, the republican bourgeoisie by the people from the National, the dynastic opposition by Crémieux, Dupont de l'Eure, etc. The working class had only two representatives, Louis Blanc and Albert. Finally, Lamartine in the Provisional Government; this was at first no real interest, no definite class; this was the February Revolution itself, the common uprising with its illusions, its poetry, its visionary content, and its phrases. For the rest, the spokesman of the February Revolution, by his position and his views, belonged to the *bourgeoisie*.

If Paris, as a result of political centralization, rules France, the workers, in moments of revolutionary earthquakes, rule Paris. The first act in the life of the Provisional Government was an attempt to escape from this overpowering influence by an appeal from intoxicated Paris to sober France. Lamartine disputed the right of the barricade fighters to proclaim a republic on the ground that only the majority of Frenchmen had that right; they must await their votes, the Paris proletariat must not besmirch its victory by a usurpation. [From Lamartine's speech of 24 February] The bourgeoisie allows the proletariat only *one* usurpation – that of fighting.

Up to noon of February 25 the republic had not yet been proclaimed; on the other hand, all the ministries had already been divided among the bourgeois elements of the Provisional Government and among the generals, bankers, and lawyers of the National. But the workers were determined this time not to put up with any bamboozlement like that of July, 1830. They were ready to take up the fight anew and to get a republic by force of arms. With this message, *Raspail* betook himself to the *Hôtel de Ville*. In the name of the Paris proletariat he *commanded* the Provisional Government to proclaim a republic; if this order of the people were not fulfilled within two hours, he would return at the head of 200,000 men. The bodies of the fallen were scarcely cold, the barricades were not yet disarmed, and the only force that could be opposed to them was the National Guard. Under these circumstances the doubts born of considerations of state policy and the juristic scruples of conscience entertained by the Provisional Government suddenly vanished. The time limit of two hours had not yet expired when all the walls of Paris were resplendent with the gigantic historical words:

*République français! Liberté, Egalité, Fraternité!*

Even the memory of the limited aims and motives which drove the bourgeoisie into the February Revolution was extinguished by the proclamation of the republic on the basis of universal suffrage. Instead of only a few factions of the bourgeoisie, all classes of French society were suddenly hurled into the orbit of political power, forced to leave the boxes, the stalls, and the gallery and to act in person upon the revolutionary stage! With the constitutional monarchy vanished also the semblance of a state power independently confronting bourgeois society, as well as the whole series of subordinate struggles which this semblance of power called forth!

By dictating the republic to the Provisional Government, and through the Provisional Government to the whole of France, the proletariat immediately

stepped into the foreground as an independent party, but at the same time challenged the whole of bourgeois France to enter the lists against it. What it won was the terrain for the fight for its revolutionary emancipation, but by no means this emancipation itself.

The first thing the February Republic had to do was, rather, to *complete the rule of the bourgeoisie* by allowing, besides the finance aristocracy, *all the propertied classes* to enter the orbit of political power. The majority of the great landowners, the Legitimists, were emancipated from the political nullity to which they had been condemned by the July Monarchy. Not for nothing had the *Gazette de France* agitated in common with the opposition papers; not for nothing had La Roche-Jaquelein taken the side of the revolution in the session of the Chamber of Deputies on February 24. The nominal proprietors, the *peasants*, who form the great majority of the French people, were put by universal suffrage in the position of arbiters of the fate of France. The February Republic finally brought the rule of the bourgeoisie clearly into view, since it struck off the crown behind which capital had kept itself concealed.

Just as the workers in the July days had fought for and won the *bourgeois monarchy*, so in the February days they fought for and won the *bourgeois republic*. Just as the July Monarchy had to proclaim itself a *monarchy surrounded by republican institutions*, so the February Republic was forced to proclaim itself a *republic surrounded by social institutions*. The Paris proletariat *compelled* this concession, too.

Marche, a worker, dictated the decree [decree on the right to work, 25 February 1848] by which the newly formed Provisional Government pledged itself to guarantee the workers a livelihood by means of labor, to provide work for all citizens, etc. And when a few days later it forgot its promises and seemed to have lost sight of the proletariat, a mass of 20,000 workers marched on the *Hôtel de Ville* with the cry: *Organize labor! Form a special Ministry of labor!* Reluctantly and after long debate, the Provisional Government nominated a permanent special commission charged with lending means of improving the lot of the working classes! This commission consisted of delegates from the corporations [guilds] of Paris artisans and was presided over by Louis Blanc and Albert. The Luxembourg Palace was assigned to it as its meeting place. In this way the representatives of the working class were banished from the seat of the Provisional Government, the bourgeois part of which retained the real state

power and the reins of administration exclusively in its hands; and *side by side* with the ministries of finance, trade, and public works, side by side with the Bank and the Bourse, there arose a *socialist synagogue* whose high priests, Louis Blanc and Albert, had the task of discovering the promised land, of preaching the new gospel, and of providing work for the Paris proletariat. Unlike any profane state power, they had no budget, no executive authority at their disposal. They were supposed to break the pillars of bourgeois society by dashing their heads against them. While the Luxembourg sought the philosopher's stone, in the *Hôtel de Ville* they minted the current coinage.

And yet the claims of the Paris proletariat, so far as they went beyond the bourgeois republic, could win no other existence than the nebulous one of the Luxembourg.

In common with the bourgeoisie the workers had made the February Revolution, and alongside the bourgeoisie they sought to secure the advancement of their interests, just as they had installed a worker in the Provisional Government itself alongside the bourgeois majority. Organize labor! But wage labor, that is the existing, the bourgeois organization of labor. Without it there is no capital, no bourgeoisie, no bourgeois society. A special Ministry of Labor! But the ministries of finance, of trade, of public works – are not these the bourgeois ministries of labor? And alongside these a proletariat Ministry of Labor had to be a ministry of impotence, a ministry of pious wishes, a Luxembourg Commission. Just as the workers thought they would be able to emancipate themselves side by side with the bourgeoisie, so they thought they would be able to consummate a proletarian revolution within the national walls of France, side by side with the remaining bourgeois nations. But French relations of production are conditioned by the foreign trade of France, by her position on the world market and the laws thereof; how was France to break them without a European revolutionary war, which would strike back at the despot of the world market, England?

As soon as it has risen up, a class in which the revolutionary interests of society are concentrated finds the content and the material for its revolutionary activity directly in its own situation: foes to be laid low, measures dictated by the needs of the struggle to be taken; the consequences of its own deeds drive it on. It makes no theoretical inquiries into its own

task. The French working class had not attained this level; it was still incapable of accomplishing its own revolution.

The development of the industrial proletariat is, in general, conditioned by the development of the industrial bourgeoisie. Only under its rule does the proletariat gain that extensive national existence which can raise its revolution to a national one, and only thus does the proletariat itself create the modern means of production, which become just so many means of its revolutionary emancipation. Only bourgeois rule tears up the material roots of feudal society and levels the ground on which alone a proletarian revolution is possible. French industry is more developed and the French bourgeoisie more revolutionary than that of the rest of the Continent. But was not the February Revolution aimed directly against the finance aristocracy? This fact proved that the industrial bourgeoisie did not rule France. The industrial bourgeoisie can rule only where modern industry shapes all property relations to suit itself, and industry can win this power only where it has conquered the world market, for national bounds are inadequate for its development. But French industry, to a great extent, maintains its command even of the national market only through a more or less modified system of prohibitive duties. While, therefore, the French proletariat, at the moment of a revolution, possesses in Paris actual power and influence which spur it on to a drive beyond its means, in the rest of France it is crowded into separate, scattered industrial centers, almost lost in the superior number of peasants and petty bourgeois. The struggle against capital in its developed, modern form – in its decisive aspect, the struggle of the industrial wage worker against the industrial bourgeois – is in France a partial phenomenon, which after the February days could so much the less supply the national content of the revolution, since the struggle against capital's secondary modes of exploitation, that of the peasant against usury and mortgages or of the petty bourgeois against the wholesale dealer, banker, and manufacturer – in a word, against bankruptcy – was still hidden in the general uprising against the finance aristocracy. Nothing is more understandable, then, than that the Paris proletariat sought to secure the advancement of its own interests side by side with those of the bourgeoisie, instead of enforcing them as the revolutionary interests of society itself, that it let the red flag be lowered to the *tricolor*. The French workers could not take a step forward, could not touch a hair of the bourgeois order, until the course of the revolution had aroused the mass of the nation, peasants and

petite bourgeois, standing between the proletariat and the bourgeoisie, against this order, against the rule of capital, and had forced it to attach itself to the proletarians as its protagonists. The workers could buy this victory only through the tremendous defeat in June.

The Luxembourg Commission, this creation of the Paris workers, must be given the credit of having disclosed, from a Europe-wide tribune, the secret of the revolution of the nineteenth century: *the emancipation of the proletariat*. The *Moniteur* blushed when it had to propagate officially the “wild ravings” which up to that time had lain buried in the apocryphal writings of the socialists and reached the ear of the bourgeoisie only from time to time as remote, half-terrifying, half-ludicrous legends. Europe awoke astonished from its bourgeois doze. Therefore, in the minds of the proletarians, who confused the finance aristocracy with the bourgeoisie in general; in the imagination of the good old republicans who denied the very existence of classes or, at most, admitted them as a result of the constitutional monarchy; in the hypocritical phrases of the factions of the bourgeoisie which up to now had been excluded from power, the *rule of the bourgeoisie* was abolished with the introduction of the republic. At that time all the royalists were transformed into republicans and all the millionaires of Paris into workers. The phrase which corresponded to this imaginary abolition of class relations was *fraternité*, universal fraternization and brotherhood. This pleasant abstraction from class antagonisms, this sentimental reconciliation of contradictory class interests, this visionary elevation above the class struggle, this fraternite, was the real catchword of the February Revolution. The classes were divided by a mere misunderstanding, and on February 24 Lamartine christened the Provisional Government “une gouvernement qui suspend *ce malentendu terrible qui existe entre les différentes classes*” [a government that removes this terrible misunderstanding which exists between the different classes, from Lamartine’s speech, 24 February 1848]. The Paris proletariat reveled in this magnanimous intoxication of fraternity.

The Provisional Government, for its part, once it was compelled to proclaim the republic, did everything to make it acceptable to the bourgeoisie and to the provinces. The bloody terror of the first French republic was disavowed by the abolition of the death penalty for political offenses; the press was opened to all opinions – the army, the courts, the administration remained with a few exceptions in the hands of their old

dignitaries; none of the July Monarchy's great offenders was brought to book. The bourgeois republicans of the National amused themselves by exchanging monarchist names and costumes for old republican ones. To them the republic was only a new ball dress for the old bourgeois society. The young republic sought its chief merit not in frightening, but rather in constantly taking fright itself, and in winning existence and disarming resistance by soft compliance and nonresistance. At home to the privileged classes, abroad to the despotic powers, it was loudly announced that the republic was of a peaceful nature. Live and let live was its professed motto. In addition to that, shortly after the February Revolution the Germans, Poles, Austrians, Hungarians, and Italians revolted, each people in accordance with its immediate situation. Russia and England – the latter itself agitated, the former cowed – were not prepared. The republic, therefore, had no national enemy to face. Consequently there were no great foreign complications which could fire the energies, hasten the revolutionary process, drive the Provisional Government forward or throw it overboard. The Paris proletariat, which looked upon the republic as its own creation, naturally acclaimed each act of the Provisional Government which facilitated the firm emplacement of the latter in bourgeois society. It willingly allowed itself to be employed on police service by Caussidière in order to protect property in Paris, just as it allowed Louis Blanc to arbitrate wage disputes between workers and masters. It made it a *point d'honneur* [point of honor] to preserve the bourgeois honor of the republic unblemished in the eyes of Europe.

The republic encountered no resistance either abroad or at home. This disarmed it. Its task was no longer the revolutionary transformation of the world, but consisted only in adapting itself to the relations of bourgeois society. As to the fanaticism with which the Provisional Government undertook this task there is no more eloquent testimony than its *financial measures*.

*Public credit* and *private credit* were naturally shaken. *Public credit* rests on confidence that the state will allow itself to be exploited by the wolves of finance. But the old state had vanished and the revolution was directed above all against the finance aristocracy. The vibrations of the last European commercial crisis had not yet ceased. Bankruptcy still followed bankruptcy.

*Private credit* was therefore paralyzed, circulation restricted, production at a standstill before the February Revolution broke out. The revolutionary

crisis increased the commercial crisis. And if private credit rests on confidence that bourgeois production in the entire scope of its relations – the bourgeois order – will not be touched, will remain inviolate, what effect must a revolution have had which questioned the basis of bourgeois production, the economic slavery of the proletariat, which set up against the Bourse the sphinx of the Luxembourg? The uprising of the proletariat is the abolition of bourgeois credit, for it is the abolition of bourgeois production and its order. Public credit and private credit are the economic thermometer by which the intensity of a revolution can be measured. *The more they fall, the more the fervor and generative power of the revolution rises.*

The Provisional Government wanted to strip the republic of its antibourgeois appearance. And so it had, above all, to try to peg the exchange value of this new form of state, its *quotation* on the Bourse. Private credit necessarily rose again, together with the current Bourse quotation of the republic.

In order to allay the very *suspicion* that it would not or could not honor the obligations assumed by the monarchy, in order to build up confidence in the republic's bourgeois morality and capacity to pay, the Provisional Government took refuge in braggadocio as undignified as it was childish. In advance of the legal date of payment it paid out the interest on the 5-percent, 4 ½-percent and 4-percent bonds to the state creditors. The bourgeois aplomb, the self-assurance of the capitalists, suddenly awoke when they saw the anxious haste with which this government sought to buy their confidence.

The financial embarrassment of the Provisional Government was naturally not lessened by a theatrical stroke which robbed it of its stock of ready cash. The financial pinch could no longer be concealed and *petty bourgeois, domestic servants, and workers* had to pay for the pleasant surprise which had been prepared for the state creditors.

It was announced that no more money could be drawn on *savings bank books* for an amount of over a hundred francs. The sums deposited in the savings banks were confiscated and by decree transformed into an irredeemable state debt. This embittered the already hard-pressed *petty bourgeois* against the republic. Since he received state debt certificates in place of his savings bank books, he was forced to go to the Bourse in order to sell them and thus deliver himself directly into the hands of the Bourse jobbers against whom he had made the February Revolution.

The finance aristocracy, which ruled under the July Monarchy, had its high church in the *Bank*. Just as the Bourse governs state credit, the Bank governs *commercial credit*.

Directly threatened not only in its rule but in its very existence by the February Revolution, the Bank tried from the outset to discredit the republic by making the lack of credit general. It suddenly stopped the credits of the bankers, the manufacturers, and the merchants. As it did not immediately call forth a counterrevolution, this maneuver necessarily reacted on the Bank itself. The capitalists drew out the money they had deposited in the vaults of the Bank. The possessors of bank notes rushed to the pay office in order to exchange them for gold and silver.

The Provisional Government could have forced the Bank into *bankruptcy* without forcible interference, in a legal manner; it would have had only to remain passive and leave the Bank to its fate. The *bankruptcy* of the Bank would have been the deluge which in an instant would have swept from French soil the finance aristocracy, the most powerful and dangerous enemy of the republic, the golden pedestal of the July Monarchy. And once the Bank was bankrupt, the bourgeoisie itself would have had to regard it as a last desperate attempt at rescue, if the government had formed a national bank and subjected national credit to the control of the nation.

The Provisional Government, on the contrary, fixed a *compulsory quotation* for the notes of the Bank. It did more. It transformed all provincial banks into branches of the Banque de France and allowed it to cast its net over the whole of France. Later it pledged the *state forests* to the Bank as a guarantee for a loan contracted from it. In this way the February Revolution directly strengthened and enlarged the bankocracy which it should have overthrown.

Meanwhile the Provisional Government was writhing under the incubus of a growing deficit. In vain it begged for patriotic sacrifices. Only the workers threw it their alms. Recourse had to be had to a heroic measure, to the imposition of a *new tax*. But who was to be taxed? The Bourse wolves, the bank kings, the state creditors, the rentiers, the industrialists? That was not the way to ingratiate the republic with the bourgeoisie. That would have meant, on the one hand, to endanger state credit and commercial credit, while on the other, attempts were made to purchase them with such great sacrifices and humiliations. But someone had to fork over the cash. Who was sacrificed to bourgeois credit? *Jacques le bonhomme*, the *peasant*.

The Provisional Government imposed an additional tax of 45 centimes to the franc on the four direct taxes. The government press cajoled the Paris proletariat into believing that this tax would fall chiefly on the big landed proprietors, on the possessors of the milliard granted by the Restoration. But in truth it hit the *peasant class* above all, that is, the large majority of the French people. *They had to pay the costs of the February Revolution*; in them the counterrevolution gained its main material. The 45-centime tax was a question of life and death for the French peasant. He made it a life and death question for the republic. From that moment the *republic* meant to the French peasant the *45 centime tax*, and he saw in the Paris proletariat the spendthrift who did himself well at his expense.

Whereas the Revolution of 1789 began by shaking the feudal burdens off the peasants, the Revolution of 1848 announced itself to the rural population by the imposition of a new tax, in order not to endanger capital and to keep its state machine going.

There was only one means by which the Provisional Government could set aside all these inconveniences and jerk the state out of its old rut – a *declaration of state bankruptcy*. Everyone recalls how Ledru-Rollin in the National Assembly subsequently described the virtuous indignation with which he repudiated this presumptuous proposal of the Bourse Jew, Fould [from Ledru-Rollin's speech 21 April 1849], now French Finance Minister. Fould had handed him the apple from the tree of knowledge.

By honoring the bills drawn on the state by the old bourgeois society, the Provisional Government succumbed to the latter. It had become the hard-pressed debtor of bourgeois society instead of confronting it as the pressing creditor that had to collect the revolutionary debts of many years. It had to consolidate the shaky bourgeois relationships in order to fulfill obligations which are only to be fulfilled within these relationships. Credit became a condition of life for it, and the concessions to the proletariat, the promises made to it, became so many *fetters* which *had* to be struck off. The emancipation of the workers – even as a *phrase* – became an unbearable danger to the new republic, for it was a standing protest against the restoration of credit, which rests on undisturbed and untroubled recognition of the existing economic class relations. Therefore, it was necessary to *have done with the workers*.

The February Revolution had cast the army out of Paris. The National Guard, that is, the bourgeoisie in its different gradations, constituted the

sole power. Alone, however, it did not feel itself a match for the proletariat. Moreover, it was forced gradually and piecemeal to open its ranks and admit armed proletarians, albeit after the most tenacious resistance and after setting up a hundred different obstacles. There consequently remained but one way out: *to play off part of the proletariat against the other*.

For this purpose the Provisional Government formed twenty-four battalions of *Mobile Guards*, each a thousand strong, composed of young men from fifteen to twenty years old. They belonged for the most part to the *lumpen proletariat*, which in all big towns forms a mass sharply differentiated from the industrial proletariat, a recruiting ground for thieves and criminals of all kinds living on the crumbs of society, people without a definite trade, vagabonds, *gens sans feu et sans aveu* [men without hearth or home], varying according to the degree of civilization of the nation to which they belong, but never renouncing their *lazzaroni* character – at the youthful age at which the Provisional Government recruited them, thoroughly malleable, as capable of the most heroic deeds and the most exalted sacrifices as of the basest banditry and the foulest corruption. The Provisional Government paid them 1 franc 50 centimes a day; that is, it bought them. It gave them their own uniform; that is, it made them outwardly distinct from the blouse-wearing workers. In part it assigned officers from the standing army as their leaders; in part they themselves elected young sons of the bourgeoisie whose rodomontades about death for the fatherland and devotion to the republic captivated them.

And so the Paris proletariat was confronted with an army, drawn from its own midst, of 24,000 young, strong, foolhardy men. It gave cheers for the Mobile Guard on its marches through Paris. It acknowledged it to be its foremost fighters on the barricades. It regarded it as the *proletarian* guard in contradistinction to the bourgeois National Guard. Its error was pardonable.

Besides the Mobile Guard, the government decided to rally around itself an army of industrial workers. A hundred thousand workers, thrown on the streets by the crisis and the revolution, were enrolled by the Minister Marie in so-called national *ateliers* [workshops]. Under this grandiose name was hidden nothing else than the employment of the workers on tedious, monotonous, unproductive earthworks at a wage of 23 sous. *English workhouses in the open* – that is what these national *ateliers* were. The Provisional Government believed that it had formed, in them, a *second proletarian army against the workers themselves*. This time the bourgeoisie

was mistaken in the national *ateliers*, just as the workers were mistaken in the Mobile Guard. It had created an *army for mutiny*.

But one purpose was achieved.

*National ateliers* was the name of the people's workshops which Louis Blanc preached in the Luxembourg Palace. Marie's *ateliers* [workshops], devised in direct *antagonism* to the Luxembourg, offered occasion, thanks to the common label, for a comedy of errors worthy of the Spanish servant farce. The Provisional Government itself surreptitiously spread the report that these national ateliers were the discovery of Louis Blanc, and this seemed the more plausible because Louis Blanc, the prophet of the national ateliers, was a member of the Provisional Government. And in the half-naive, half-intentional confusion of the Paris bourgeoisie, in the artificially molded opinion of France, of Europe, these workhouses were the first realization of socialism, which was put in the pillory, with them.

In their appellation, though not in their content, the *national ateliers* were the embodied protest of the proletariat against bourgeois industry, bourgeois credit, and the bourgeois republic. The whole hate of the bourgeoisie was therefore turned upon them. It had found in them, simultaneously, the point against which it could direct the attack, as soon as it was strong enough to break openly with the February illusions. All the discontent, all the ill humor of the *petty bourgeois* too was directed against these national *ateliers*, the common target. With real fury they totted up the money the proletarian loafers swallowed up while their own situation was becoming daily more unbearable. A state pension for sham labor, so that's socialism! they grumbled to themselves. They sought the reason for their misery in the national ateliers, the declamations of the Luxembourg, the processions of the workers through Paris. And no one was more fanatic about the alleged machinations of the communists than the petty bourgeoisie, who hovered hopelessly on the brink of bankruptcy.

Thus in the approaching melee between bourgeoisie and proletariat, all the advantages, all the decisive posts, all the middle strata of society were in the hands of the bourgeoisie, at the same time as the waves of the February Revolution rose high over the whole Continent, and each new post brought a new bulletin of revolution, now from Italy, now from Germany, now from the remotest parts of southeastern Europe, and maintained the general ecstasy of the people, giving it constant testimony of a victory that it had already forfeited.

*March 17* and *April 16* were the first skirmishes in the big class struggle which the bourgeois republic hid under its wing.

*March 17* revealed the proletariat's ambiguous situation, which permitted no decisive act. Its demonstration originally pursued the purpose of pushing the Provisional Government back onto the path of revolution, of effecting the exclusion of its bourgeois members, according to circumstances, and of compelling the postponement of the elections for the National Assembly and the National Guard. But on March 16 the bourgeoisie represented in the National Guard staged a hostile demonstration against the Provisional Government. With the cry *À bas Ledru-Rollin* [Down with Ledru-Rollin]! it surged to the *Hôtel de Ville*. And the people were forced, on March 17, to shout: Long live Ledru-Rollin! Long live the Provisional Government! They were forced to take sides against the bourgeoisie in support of the bourgeois republic, which seemed to them to be in danger. They strengthened the Provisional Government, instead of subordinating it to themselves. March 17 went off in a melodramatic scene, and whereas the Paris proletariat on this day once more displayed its giant body, the bourgeoisie both inside and outside the Provisional Government was all the more determined to smash it.

*April 16* was a *misunderstanding* engineered by the Provisional Government in alliance with the bourgeoisie. The workers had gathered in great numbers in the Champ de Mars and in the Hippodrome to choose their nominees to the general staff of the National Guard. Suddenly throughout Paris, from one end to the other, a rumor spread as quick as lightning, to the effect that the workers had met armed in the Champ de Mars, under the leadership of Louis Blanc, Blanqui, Cabet, and Raspail, in order to march thence on the *Hôtel de Ville*, overthrow the Provisional Government, and proclaim a communist government. The general alarm is sounded – Ledru-Rollin, Marrast, and Lamartine later contended for the honor of having initiated this – and in an hour 100,000 men are under arms; the *Hôtel de Ville* is occupied at all points by the National Guard; the cry Down with the Communists! Down with Louis Blanc, with Blanqui, with Raspail, with Cabet! thunders throughout Paris. Innumerable deputations pay homage to the Provisional Government, all ready to save the fatherland and society. When the workers finally appear before the *Hôtel de Ville*, in order to hand over to the Provisional Government a patriotic collection they had made in the Champ de Mars, they learn to their amazement that bourgeois Paris has

defeated their shadow in a very carefully calculated sham battle. The terrible attempt of April 16 furnished the excuse for *recalling the army to Paris* – the real purpose of the clumsily staged comedy and for the reactionary federalist demonstrations in the provinces.

On May 4 the *National Assembly* met the result of the *direct general elections*, convened. Universal suffrage did not possess the magic power which republicans of the old school had ascribed to it. They saw in the whole of France, at least in the majority of Frenchmen, *citoyens* [citizens] with the same interests, the same understanding, etc. This was their *cult of the people*. Instead of their *imaginary* people, the elections brought the *real* people to the light of day; that is, representatives of the different classes into which it falls. We have seen why peasants and petty bourgeois had to vote under the leadership of a bourgeoisie spoiling for a fight and of big landowners frantic for restoration. But if universal suffrage was not the miracle – working magic wand the republican worthies had taken it for, it possessed the incomparable higher merit of unchaining the class struggle, of letting the various middle strata of bourgeois society rapidly get over their illusions and disappointments, of tossing all the sections of the exploiting class at one throw to the apex of the state, and thus tearing from them their deceptive mask, whereas the monarchy with its property qualifications had let only certain factions of the bourgeoisie compromise themselves, allowing the others to lie hidden behind the scenes and surrounding them with the halo of a common opposition.

In the Constituent National Assembly, which met on May 4, the *bourgeois republicans*, the republicans of the *National*, had the upper hand. Even Legitimists and Orléanists at first dared to show themselves only under the mask of bourgeois republicanism. The fight against the proletariat could be undertaken only in the name of the republic.

*The republic dates from May 4, not from February 25* – that is, the republic recognized by the French people; it is not the republic which the Paris proletariat thrust upon the Provisional Government, not the republic with social institutions, not the vision that hovered before the fighters on the barricades. The republic proclaimed by the National Assembly, the sole legitimate republic, is a republic which is no revolutionary weapon against the bourgeois order, but rather its political reconstitution, the political reconsolidation of bourgeois society; in a word, a *bourgeois republic*. This

contention resounded from the tribune of the National Assembly, and in the entire republican and anti-republican bourgeois press it found its echo.

And we have seen how the February Republic in reality was not and could not be other than a *bourgeois* republic; how the Provisional Government, nevertheless, was forced by the immediate pressure of the proletariat to announce it as a *republic with social institutions*; how the Paris proletariat was still incapable of going beyond the bourgeois republic otherwise than in its *fancy*, in *imagination*; how even where the republic acted in the service of the bourgeoisie when it really came to action; how the promises made to it became an unbearable danger for the new republic; how the whole life process of the Provisional Government was comprised in a continuous fight against the demands of the proletariat.

In the National Assembly all France sat in judgment upon the Paris proletariat. The Assembly broke immediately with the social illusions of the February Revolution; it roundly proclaimed the *bourgeois republic*, nothing but the bourgeois republic. It at once excluded the representatives of the proletariat, Louis Blanc and Albert, from the Executive Commission it had appointed; it threw out the proposal of a special Labor Ministry and received with acclamation the statement of Minister Trélat: “The question now is merely one of *bringing labor back to its old conditions*.” [from Trélat’s speech of 20 June 1848]

But all this was not enough. The February Republic was won by the workers with the passive support of the bourgeoisie. The proletarians rightly regarded themselves as the victors of February, and they made the arrogant claims of victors. They had to be vanquished in the streets, they had to be shown that they were worsted as soon as they did not fight *with* the bourgeoisie, but *against* the bourgeoisie. Just as the February Republic, with its socialist concessions, required a battle of the proletariat, united with the bourgeoisie, against the monarchy, so a second battle was necessary to sever the republic from socialist concessions, to officially work out the *bourgeois republic* as dominant. The bourgeoisie had to refute, arms in hand, the demands of the proletariat. And the real birthplace of the bourgeois republic is not the *February victory*; it is the *June defeat*.

The proletariat hastened the decision when, on the fifteenth of May, it pushed its way into the National Assembly sought in vain to recapture its revolutionary influence, and only delivered its energetic leaders to the jailers of the bourgeoisie. *Il faut en finir!* This situation must end! With this

cry the National Assembly gave vent to its determination to force the proletariat into a decisive struggle. The Executive Commission issued a series of provocative decrees, such as that prohibiting congregations of people, etc. The workers were directly provoked, insulted, and derided from the tribune of the Constituent National Assembly. But the real point of the attack was, as we have seen, the *national ateliers*. The Constituent Assembly imperiously pointed these out to the Executive Commission, which waited only to hear its own plan proclaimed the command of the National Assembly.

The Executive Commission began by making admission to the national *ateliers* more difficult, by turning the day wage into a piece wage, by banishing workers not born in Paris to the Sologne, ostensibly for the construction of earthworks. These earthworks were only a rhetorical formula with which to embellish their exile, as the workers, returning disillusioned, announced to their comrades. Finally, on June 21, a decree appeared in the *Moniteur* which ordered the forcible expulsion of all unmarried workers from the national *ateliers* or their enrollment in the army.

The workers were left no choice; they had to starve or let fly. They answered on June 22 with the tremendous insurrection in which the first great battle was fought between the two classes that split modern society. It was a fight for the preservation or annihilation of the *bourgeois* order. The veil that shrouded the republic was torn asunder.

It is well known how the workers, with unexampled bravery and ingenuity, without leaders, without a common plan, without means and, for the most part, lacking weapons, held in check for five days the army, the Mobile Guard, the Paris National Guard, and the National Guard that streamed in from the provinces. It is well known how the bourgeoisie compensated itself for the mortal anguish it suffered by unheard-of brutality, massacring over 3000 prisoners. The official representatives of French democracy were steeped in republican ideology to such an extent that it was only some weeks later that they began to have an inkling of the significance of the June fight. They were stupefied by the gunpowder smoke in which their fantastic republic dissolved.

The immediate impression which the news of the June defeat made on us, the reader will allow us to describe in the words of the "Neue Rheinische Zeitung."

“The Executive Committee, that last official vestige of the February revolution, vanished like a ghost in the face of these grave events. Lamartine’s fireworks have turned into the incendiary shells of Cavaignac.

“*Fraternité*, the brotherhood of antagonistic classes, one of which exploits the other, this fraternity which in February was proclaimed and inscribed in large letters on the facades of Paris, on every prison and every barracks – this fraternity found its true, unadulterated and prosaic expression in civil war, civil war in its most terrible aspect, the war of labor against capital. This brotherhood blazed in front of the windows of Paris on the evening of June 25, when the Paris of the bourgeoisie held illuminations while the Paris of the proletariat was burning, bleeding, groaning in the throes of death.

“This *fraternité* lasted only as long as there was a consanguinity of interests between the bourgeoisie and the proletariat. Pedants sticking to the old revolutionary tradition of 1793; socialist doctrinaires who begged alms for the people from the bourgeoisie and who were allowed to deliver lengthy sermons and compromise themselves so long as the proletarian lion had to be lulled to sleep; republicans who wanted to keep the old bourgeois order in toto, but without the crowned head; members of the Dynastic Opposition on whom chance imposed the task of bringing about the downfall of a dynasty instead of a change of government; legitimists, who did not want to cast off their livery but merely to change its style – these were the allies with whom the people had fought their February revolution. What the people instinctively hated in Louis Philip was not Louis Philip himself, but the crowned rule of a class, the capital on the throne. But magnanimous as always, the people thought they had destroyed their enemy when they had overthrown the enemy of their enemies, their common enemy.

“The February revolution was the nice revolution, the revolution of universal sympathies, because the contradictions which erupted in it against the monarchy were still undeveloped and peacefully dormant, because the social struggle which formed their background had only achieved an ephemeral existence, an existence in phrases, in words. The June revolution is the ugly revolution, the nasty revolution, because the phrases have given place to the real thing, because the republic has bared the head of the monster by knocking off the crown which shielded and concealed it.

“*Order!* was Guizot’s war-cry. *Order!* shouted Sebastiani, the Guizotist, when Warsaw became Russian. *Order!* shouts Cavaignac, the brutal echo of the French National Assembly and of the republican bourgeoisie. *Order!* thundered his grape-shot as it tore into the body of the proletariat.

“None of the numerous revolutions of the French bourgeoisie since 1789 assailed the existing order, for they retained the class rule, the slavery of the workers, the bourgeois system, even though the political form of this rule and this slavery changed frequently. The June uprising did assail this system. Woe to the June uprising!”

Woe to that June! Re-echoes Europe.

The Paris proletariat *was forced* into the June insurrection by the bourgeoisie. This sufficed to mark its doom. Its immediate, avowed needs did not drive it to engage in a fight for the forcible overthrow of the bourgeoisie, nor was it equal to this task. The *Moniteur* had to inform it officially that the time was past when the republic saw any occasion to bow and scrape to its illusions, and only its defeat convinced it of the truth that the slightest improvement in its position remains a utopia *within* the bourgeois republic, *a utopia* that becomes a crime as soon as it wants to become a reality. In place of the demands, exuberant in form but still limited and even bourgeois in content, whose concession the proletariat wanted to wring from the February Republic, there appeared the bold slogan of revolutionary struggle: *Overthrow of the bourgeoisie! Dictatorship of the Working class!*

By making its burial place the birthplace of the *bourgeois republic*, the proletariat compelled the latter to come out forthwith in its pure form as the state whose admitted object it is to perpetuate the rule of capital, the slavery of labor. Having constantly before its eyes the scarred, irreconcilable, invincible enemy – invincible because its existence is the condition of its own life – bourgeois rule, freed from all fetters, was bound to turn immediately into *bourgeois terrorism*. With the proletariat removed for the time being from the stage and bourgeois dictatorship recognized officially, the middle strata of bourgeois society, the petty bourgeoisie and the peasant class, had to adhere more and more closely to the proletariat as their position became more unbearable and their antagonism to the bourgeoisie more acute. Just as earlier they had to find the cause of their distress in its upsurge, so now in its defeat.

If the June insurrection raised the self-assurance of the bourgeoisie all over the Continent, and caused it to league itself openly with the feudal monarchy against the people, who was the first victim of this alliances The continental bourgeoisie itself. The June defeat prevented it from consolidating its rule and from bringing the people, half satisfied and half out of humor, to a standstill at the lowest stage of the bourgeois revolution.

Finally, the defeat of June divulged to the despotic powers of Europe the secret that France must maintain peace abroad at any price in order to be able to wage civil war at home. Thus the people's who had begun the fight for their national independence were abandoned to the superior power of Russia, Austria, and Prussian, but at the same time the fate of these national revolutions was made subject to the fate of the proletarian revolution, and they were robbed of their apparent autonomy, their independence of the great social revolution. The Hungarian shall not be free, nor the Pole, nor the Italian, as long as the worker remains a slave!

Finally, with the victories of the Holy Alliance, Europe has taken on a form that makes every fresh proletarian upheaval in France directly coincide with a *world war*. The new French revolution is forced to leave its national soil forthwith and *conquer the European terrain*, on which alone the social revolution of the nineteenth century can be accomplished.

Thus only the June defeat has created all the conditions under which France can seize the *initiative* of the European revolution. Only after being dipped in the blood of the *June insurgents* did the tricolor become the flag of the European revolution – the *red flag*!

And we exclaim: *The revolution is dead! Long live the revolution!*

## Part II. From June 1848 to June 13, 1849

February 25, 1848, granted the *republic* to France, June 25 thrust the *revolution* upon her. And revolution, after June, meant: *overthrow of bourgeois society*, whereas before February it meant: *overthrow of the form of government*.

The June fight was led by the *republican* faction of the bourgeoisie; with victory political power necessarily fell to its share. The state of siege laid, gagged Paris, unresisting, at its feet, and in the provinces there prevailed a moral state of siege, the threatening, brutal arrogance of victorious bourgeoisie and the unleashed property fanaticism of the peasants. No danger, therefore, from *below*!

The crash of the revolutionary might of the workers was simultaneously a crash of the political influence of the *democratic republicans*; that is, of the republicans in the sense of the *petty bourgeoisie*, represented in the Executive Commission by Ledru-Rollin, in the Constituent National Assembly by the part of the Montagne and in the press by the “Réforme.” Together with the bourgeois republicans, they had conspired on April 16 against the proletariat, together with them they had warred against it in the June days. Thus they themselves blasted the background against which their party stood out as a power, for the petty bourgeoisie can preserve a revolutionary attitude toward the bourgeoisie only as long as the proletariat stands behind it. The proletarians were dismissed. The sham alliance which the bourgeois republicans, reluctantly and with reservations, concluded with them during the epoch of the Provisional Government and the Executive Commission was openly broken by the bourgeois republicans. Spurned and repulsed as allies, they sank down to subordinate henchmen of the tricolor men, from whom they could not wring any concessions but whose domination they had to support whenever it, and with it the republic, seemed to be put in jeopardy by the anti-republican bourgeois factions. Lastly, these factions, the Orléanists and the Legitimists, were from the very beginning in a minority in the Constituent National Assembly. Before the June days they dared to react only under the mask of bourgeois republicanism – the June victory allowed for a moment the whole of bourgeois France to greet its savior in Cavaignac; and when, shortly after the June days, the anti-republican party regained independence, the military

dictatorship and the state of siege in Paris permitted it to put out its antennae only very timidly and cautiously.

Since 1830 the *bourgeois republican* faction, in the person of its writers, its spokesmen, its men of talent and ambition, its deputies, generals, bankers, and lawyers, had grouped itself around a Parisian journal, the *National*. In the provinces this journal had its branch newspapers. The coterie of the *National* was the *dynasty of the tricolor republic*. It immediately took possession of all state offices – of the ministries, the prefecture of police, the post-office directorship, the prefectures, the higher army officer posts – which had now become vacant. At the head of the executive power stood its general, *Cavaignac*; its editor in chief, Marrast, became permanent president of the Constituent National Assembly. As master of ceremonies he at the same time did the honors, in his salons, of the respectable republic.

Even revolutionary French writers, awed, as it were, by the republican tradition, have strengthened the mistaken belief that the royalists dominated the Constituent National Assembly. On the contrary, after the June days, the Constituent Assembly remained the *exclusive representative of bourgeois republicanism*, and it emphasized this aspect all the more resolutely, the more the influence of the tricolor republicans collapsed outside the Assembly. If the question was one of maintaining the *form* of the bourgeois republic, then the Assembly had the votes of the democratic republicans at its disposal; if one of maintaining the *content*, then even its mode of speech no longer separated it from the royalist bourgeois factions, for it is the interests of the bourgeoisie, the material conditions of its class rule and class exploitation, that form the content of the bourgeois republic.

Thus it was not royalism but bourgeois republicanism that was realized in the life and work of this Constituent Assembly, which in the end did not die, nor was killed, but decayed.

For the entire duration of its rule, for as long as it gave its grand performance of state on the proscenium, an unbroken sacrificial feast was being staged in the background – the continual sentencing by courts-martial of the captured June insurgents or their deportation without trial. The Constituent Assembly had the tact to admit that in the June insurgents it was not judging criminals but wiping out enemies.

The first act of the Constituent National Assembly was to set up a *commission of inquiry* into the events of June and of May 15, and into the

part played by the socialist and democratic party leaders during these days. The inquiry was directly aimed at Louis Blanc, Ledru-Rollin, and Caussidière. The bourgeois republicans burned with impatience to rid themselves of these rivals. They could have entrusted the venting of their spleen to no more suitable object than M. Odilon Barrot, the former chief of the dynastic opposition, the incarnation of liberalism, the *nullité grave* [self-important non-entity], the thoroughly shallow person who not only had a dynasty to revenge, but even had to settle accounts with the revolutionists for thwarting his premiership. A sure guarantee of his relentlessness. This Barrot was therefore appointed chairman of the commission of inquiry, and he constructed a complete legal process against the February Revolution which may be summarized thus: March 17, *demonstration*; April 16, *conspiracy*; May 15, *attempt*; June 23, *civil war*! Why did he not stretch his erudite criminologist's researches as far back as February 24? The *Journal des Débats* inquired – that is, to the *foundation of Rome*. The origin of states gets lost in a myth that one may believe but may not discuss. Louis Blanc and Caussidière were handed over to the courts. The National Assembly completed the work of purging itself which it had begun on May 15.

The plan formed by the Provisional Government, and again taken up by Goudchaux, of taxing capital – in the form of a mortgage tax was rejected by the Constituent Assembly; the law that limited the working day to ten hours was repealed; imprisonment for debt was once more introduced; the large section of the French population that can neither read nor write was excluded from jury service. Why not from the franchise also? Journals again had to deposit caution money. The right of association was restricted.

No one had fought more fanatically in the June days for the salvation of property and the restoration of credit than the Parisian petty bourgeois – keepers of cafes and restaurants, marchands de vins [wine merchants], small traders, shopkeepers, handicraftsman, etc. The shopkeeper had pulled himself together and marched against the barricades in order to restore the traffic which leads from the streets into the shop. But behind the barricade stood the customers and the debtors; before it the creditors of the shop. And when the barricades were thrown down and the workers were crushed and the shopkeepers, drunk with victory, rushed back to their shops, they found the entrance barred by a savior of property, an official agent of credit, who presented them with threatening notices: Overdue promissory note! Overdue house rent! Overdue bond! Doomed shop! Doomed shopkeeper!

*Salvation of property!* But the house they lived in was not their property; the shop they kept was not their property; the commodities they dealt in were not their property. Neither their business, nor the plate they ate from, nor the bed they slept on belonged to them any longer. It was precisely from them that *this property had to be saved* – for the house-owner who let the house, for the banker who discounted the promissory note, for the capitalist who made the advances in cash, for the manufacturer who entrusted the sale of his commodities to these retailers, for the wholesale dealer who had credited the raw materials to these handicraftsman. *Restoration of credit!* But credit, having regained strength, proved itself a vigorous and jealous god; it turned the debtor who could not pay out of his four walls, together with wife and child, surrendered his sham property to capital, and threw the man himself into the debtors' prison, which had once more reared its head threateningly over the corpses of the June insurgents.

The petty bourgeois saw with horror that by striking down the workers they had delivered themselves without resistance into the hands of their creditors. Their bankruptcy, which since February had been dragging on in chronic fashion and had apparently been ignored, was openly declared after June.

Their *nominal property* had been left unassailed as long as it was of consequence to drive them to the battlefield in the name of property. Now that the great issue with the proletariat had been settled, the small matter of the *épiciers* could in turn be settled. In Paris the mass of overdue paper amounted to over 21,000,000 francs; in the provinces to over 1,000,000. The proprietors of more than 7,000 Paris firms had not paid their rent since February.

While the National Assembly had instituted an inquiry into *political guilt*, going as far back as the end of February, the petty bourgeois on their part now demanded an inquiry into *civil debts* up to February 24. They assembled en masse in the Bourse hall and threateningly demanded, on behalf of every businessman who could prove that his insolvency was due solely to the stagnation caused by the revolution and that his business had been in good condition on February 24, an extension of the term of payment by order of a commerce court and the compulsory liquidation of creditors claims in consideration of a moderate percentage payment. As a legislative proposal, this question was dealt with in the National Assembly in the form of *concordats à l'amiable* [amicable agreements]. The Assembly vacillated;

then it suddenly learned that at the same time, at the Porte St. Denis, thousands of wives and children of the insurgents had prepared an amnesty petition.

In the presence of the resurrected specter of June, the petty bourgeoisie trembled and the National Assembly retrieved its implacability. The concordats à l'amiable, the amicable settlements between debtor and creditor, were rejected in their most essential points.

Thus long after the democratic representatives of the petty bourgeois had been repulsed within the National Assembly by the republican representatives of the bourgeoisie, this parliamentary breach received its civil, its real economic meaning by the petty bourgeois as debtors being handed over to the bourgeois as creditors. A large part of the former were completely ruined and the remainder were allowed to continue their businesses only under conditions which made them absolute serfs of capital. On August 22, 1848, the National Assembly rejected the *concordats à l'amiable*; on September 19, 1848, in the midst of the state of siege, Prince Louis Bonaparte and the prisoner of Vincennes, the Communist Raspail, were elected representatives of Paris. The bourgeoisie, however, elected the usurious moneychanger and Orléanist Fould. From all sides at once, therefore, open declaration of war against the Constituent National Assembly, against bourgeois republicanism, against Cavaignac.

It needs no argument to show how the mass bankruptcy of the Paris petty bourgeois was bound to produce aftereffects far transcending the circle of its immediate victims, and to convulse bourgeois commerce once more, while the state deficit was swollen anew by the costs of the June insurrection, and state revenues sank continuously through the hold-up of production, the restricted consumption, and the decreasing imports. Cavaignac and the National Assembly could have recourse to no other expedient than a new loan, which forced them still further under the yoke of the finance aristocracy.

While the petty bourgeois had harvested bankruptcy and liquidation by order of court as the fruit of the June victory, Cavaignac's Janisseries, the *Mobile Guards*, found their reward in the soft arms of the courtesans, and as "the youthful saviors of society" they received all kinds of homage in the salons of Marrast, the knight of the tricolor, who served simultaneously as the Amphytrion and the troubadour of the respectable republic. Meantime, this social favoritism and the disproportionately higher pay of the Mobile

Guard embittered the *army*, while all those national illusions with which bourgeois republicanism, through its journal, the *National*, had been able to attach to itself a part of the army and peasant class under Louis Philippe vanished at the same time. The role of mediator which Cavaignac and the National Assembly played in *North Italy* in order, together with England, to betray it to Austria – this one day of rule destroyed eighteen years of opposition on the part of the *National*. No government was less national than that of the *National*, none more dependent on England, and, under Louis Philippe, the *National* lived by paraphrasing daily Cato's dictum: *Carthaginem esse delendam* [Carthage must be destroyed], none was more servile toward the Holy Alliance, and from a Guizot the *National* had demanded the tearing up of the Treaties of Vienna. The irony of history made Bastide, the ex-editor for foreign affairs of the *National*, Minister of Foreign Affairs of France, so that he might refute every one of his articles in every one of his dispatches.

For a moment, the army and the peasant class had believed that, simultaneously with the military dictatorship, war abroad and gloire had been placed on the order of the day in France. But Cavaignac was not the dictatorship of the saber over bourgeois society; he was the dictatorship of the bourgeoisie by the saber. And of the soldier they now required only the gendarme. Under the stern features of antique-republican resignation Cavaignac concealed humdrum submission to the humiliating conditions of his bourgeois office. *L'argent n'a pas de maître!* Money has no master! He, as well as the Constituent Assembly in general, idealized this old election cry of the Third Estate by translating it into political speech: The bourgeoisie has no king; the true form of its rule is the republic.

And the "great organic work" of the Constituent National Assembly consisted in working out this *form*, in producing a republican *constitution*. The rechristening of the Christian calendar as a republican one, of the saintly Bartholomew as the saintly Robespierre, made no more change in the wind and weather than this constitution made or was supposed to make in bourgeois society. Where it went beyond a *change of costume*, it put on record the *existing* facts. Thus it solemnly registered the fact of the republic, the fact of universal suffrage, the fact of a single sovereign National Assembly in place of two limited constitutional chambers. Thus it registered and regulated the fact of the dictatorship of Cavaignac by replacing the stationary, irresponsible hereditary monarchy with an

ambulatory, responsible, elective monarchy, with a quadrennial presidency. Thus it elevated no less to an organic law the fact of the extraordinary powers with which the National Assembly, after the horrors of May 15 and June 25, had prudently invested its president in the interest of its own security. The remainder of the constitution was a work of terminology. The royalist labels were torn off the mechanism of the old monarchy and republican labels stuck on. Marrast, former editor in chief of the *National*, now editor in chief of the constitution, acquitted himself of this academic task not without talent.

The Constituent Assembly resembled the Chilean official who wanted to regulate property relations in land more firmly by a cadastral survey just at the moment when subterranean rumblings announced the volcanic eruption that was to hurl away the land from under his very feet. While in theory it accurately marked off the forms in which the rule of the bourgeoisie found republican expression, in reality it held its own only by the abolition of all formulas, by force *sans phrase* [without any exceptions], by the *state of siege*. Two days before it began its work on the constitution, it proclaimed an extension of the state of siege. Formerly constitutions had been made and adopted as soon as the social process of revolution had reached a point of rest, the newly formed class relationships had established themselves, and the contending factions of the ruling class had had recourse to a compromise which allowed them to continue the struggle among themselves and at the same time to keep the exhausted masses of the people out of it. This constitution, on the contrary, did not sanction any social revolution – it sanctioned the momentary victory of the old society over the revolution.

The first draft of the constitution, made before the June days, still contained the *droit au travail*, the right to work, the first clumsy formula wherein the revolutionary demands of the proletariat are summarized. It was transformed into the *droit à l'assistance*, the right to public relief, and what modern state does not feed its paupers in some form or other? The right to work is, in the bourgeois sense, an absurdity, a miserable, pious wish. But behind the right to work stands the power over capital; behind the power over capital, the appropriation of the means of production, their subjection to the associated working class, and therefore the abolition of wage labor, of capital, and of their mutual relations. Behind the “*right to work*” stood the June insurrection. The Constituent Assembly, which in fact

put the revolutionary proletariat hors la loi, outside the law, had on principle to throw the *proletariat's* formula out of the constitution, the law of laws; had to pronounce its anathema upon the "right to work." But it did not stop there. As Plato banned the poets from his republic, so it banished forever from its republic the *progressive tax*. And the progressive tax is not only a bourgeois measure, which can be carried out within the existing relations of production to a greater or less degree, it was the only means of binding the middle strata of bourgeois society to the "respectable" republic, of reducing the state debt, of holding the anti-republican majority of the bourgeoisie in check.

In the matter of the *concordats à l'amiable*, the tricolor republicans had actually sacrificed the petty bourgeoisie to the big bourgeoisie. They elevated this isolated fact to a principle by the legal prohibition of a progressive tax. They put bourgeois reform on the same level as proletarian revolution. But what class then remained as the mainstay of their republic? The big bourgeoisie. And its mass was anti-republican. While it exploited the republicans of the National in order to consolidate again the old relations of economic life, it thought, on the other hand, of exploiting the once more consolidated social relations in order to restore the political forms that corresponded to them. As early as the beginning of October, Cavaignac felt compelled to make Dufaure and Vivien, previously ministers of Louis Philippe, ministers of the republic, however much the brainless puritans of his own party growled and blustered.

While the tricolor constitution rejected every compromise with the petty bourgeoisie and was unable to win the attachment of any new social element to the new form of government, it hastened, on the other hand, to restore its traditional inviolability to a body that constituted the most hard-bitten and fanatical defender of the old state. It raised the *irremovability of judges*, which had been questioned by the Provisional Government, to an organic law. The *one* king whom it had removed rose again, by the score, in these irremovable inquisitors of legality.

The French press has analyzed from numerous aspects the contradictions of M. Marrast's constitution, for example, the coexistence of two sovereigns, the National Assembly and the President, etc., etc.

The comprehensive contradiction of this constitution, however, consists in the following: The classes whose social slavery the constitution is to perpetuate – proletariat, peasantry, petty bourgeoisie – it puts in possession

of political power through universal suffrage. And from the class whose old social power it sanctions, the bourgeoisie, it withdraws the political guarantees of this power. It forces the political rule of the bourgeoisie into democratic conditions, which at every moment help the hostile classes to victory and jeopardize the very foundations of bourgeois society. From the first group it demands that they should not go forward from political to social emancipation; from the others that they should not go back from social to political restoration.

These contradictions perturbed the bourgeois republicans little. To the extent that they ceased to be *indispensable* – and they were indispensable only as the protagonists of the old society against the revolutionary proletariat – they fell, a few weeks after their victory, from the position of a *party* to that of a *coterie*. And they treated the constitution as a big *intrigue*. What was to be constituted in it was, above all, the rule of the *coterie*. The President was to be a protracted Cavaignac; the Legislative Assembly a protracted Constituent Assembly. They hoped to reduce the political power of the masses of the people to a semblance of power, and to be able to make sufficient play with this sham power itself to keep continually hanging over the majority of the bourgeoisie the dilemma of the June days: *realm of the National* or *realm of anarchy*.

The work on the constitution, which was begun on September 4, was finished on October 23. On September 2 the Constituent Assembly had decided not to dissolve until the organic laws supplementing the constitution were enacted. Nonetheless, it now decided to bring to life the creation that was most peculiarly its own, the President, on December 4, long before the circle of its own activity was closed. So sure was it of hailing, in the homunculus of the constitution, the son of his mother. As a precaution it was provided that if none of the candidates received two million votes, the election should pass over from the nation to the Constituent Assembly.

Futile provisions! The first day of the realization of the constitution was the last day of the rule of the Constituent Assembly. In the abyss of the ballot box lay its sentence of death. It sought the “son of his mother” and found the “nephew of his uncle”. Saul Cavaignac slew one million votes, but David Napoleon slew six million. Saul Cavaignac was beaten six times over.

December 10, 1848, was the day of the *peasant insurrection*. Only from this day does the February of the French peasants date. The symbol that expressed their entry into the revolutionary movement, clumsily cunning, knavishly naive, doltishly sublime, a calculated superstition, a pathetic burlesque, a cleverly stupid anachronism, a world-historic piece of buffoonery and an indecipherable hieroglyphic for the understanding of the civilized – this symbol bore the unmistakable physiognomy of the class that represents barbarism within civilization. The republic had announced itself to this class with the *tax collector*; it announced itself to the republic with the *emperor*. Napoleon was the only man who had exhaustively represented the interests and the imagination of the peasant class, newly created in 1789. By writing his name on the frontispiece of the republic, it declared war abroad and the enforcing of its class interests at home. Napoleon was to the peasants not a person but a program. With banners, with beat of drums and blare of trumpets, they marched to the polling booths shouting: *Plus d'impôts, à bas les riches, à bas la république, vive l'Empereur!* No more taxes, down with the rich, down with the republic, long live the emperor! Behind the emperor was hidden the peasant war. The republic that they voted down was the *republic of the rich*.

December 10 was the coup d'état of the peasants, which overthrew the existing government. And from that day on, when they had taken a government from France and given a government to her, their eyes were fixed steadily on Paris. For a moment active heroes of the revolutionary drama, they could no longer be forced back into the inactive and spineless role of the chorus.

The other classes helped to complete the election victory of the peasants. To the *proletariat*, the election of Napoleon meant the deposition of Cavaignac, the overthrow of the Constituent Assembly, the dismissal of bourgeois republicanism, the cessation of the June victory. To the *petty bourgeoisie*, Napoleon meant the rule of the debtor over the creditor. For the majority of the *big bourgeoisie*, the election of Napoleon meant an open breach with the faction of which it had had to make use, for a moment, against the revolution, but which became intolerable to it as soon as this faction sought to consolidate the position of the moment into a constitutional position. Napoleon in place of Cavaignac meant to this majority the monarch, in place of the republic, the beginning of the royalist restoration, a sly hint at Orléans, the fleur-de-lis hidden beneath the violets.

Lastly, the *army* voted for Napoleon against the Mobile Guard, against the peace idyll, for war.

Thus it happened, as the *Neue Rheinische Zeitung* stated, that the most simple-minded man in France acquired the most multifarious significance. Just because he was nothing, he could signify everything save himself. Meanwhile, different as the meaning of the name Napoleon might be in the mouths of the different classes, with this name each wrote on his ballot: Down with the party of the *National*, down with Cavaignac, down with the Constituent Assembly, down with the bourgeois republic. Minister Dufaure publicly declared in the Constituent Assembly: December 10 is a second February 24.

Petty bourgeoisie and proletariat had voted en bloc *for* Napoleon, in order to vote *against* Cavaignac and, by pooling their votes, to wrest the final decision from the Constituent Assembly. The more advanced sections of the two classes, however, put forward their own candidates. Napoleon was the *collective name* of all parties in coalition against the bourgeois republic; *Ledru-Rollin* and *Raspail* were the *proper names*, the former of the democratic petty bourgeoisie, the latter of the revolutionary proletariat. The votes for Raspail – the proletarians and their socialist spokesmen declared it loudly – were to be merely a demonstration, so many protests against any presidency, that is, against the constitution itself, so many votes against Ledru-Rollin, the first act by which the proletariat, as an independent political party, declared its separation from the democratic party. This party, on the other hand – the democratic petty bourgeoisie and its parliamentary representative, the Montagne – treated the candidature of Ledru-Rollin with all the seriousness with which it is in the habit of solemnly duping itself. For the rest, this was its last attempt to set itself up as an independent party, as against the proletariat. Not only the republican bourgeois party, but also the democratic petty bourgeoisie and its Montagne were beaten on December 10.

France now possessed a *Napoleon* side by side with a *Montagne*, proof that both were only the lifeless caricatures of the great realities whose names they bore. Louis Napoleon, with the emperor's hat and the eagle, parodied the old Napoleon no more miserably than the Montagne, with its phrases borrowed from 1793 and its demagogic poses, parodied the old Montagne. Thus the traditional 1793 superstition was stripped off at the same time as the traditional Napoleon superstition. The revolution had

come into its own only when it had won its *own*, its *original* name, and it could do that only when the modern revolutionary class, the industrial proletariat, came dominatingly into its foreground. One can say that December 10 dumbfounded the Montagne and caused it to grow confused in its own mind, if for no other reason than because that day laughingly cut short with a contemptuous peasant jest the classical analogy to the old revolution.

On December 20 Cavaignac laid down his office and the Constituent Assembly proclaimed Louis Napoleon President of the Republic, On December 19, the last day of its sole rule, it rejected the proposal for amnesty for the June insurgents. Would revoking the decree of June 27, under which it had condemned 15,000 insurgents to deportation without judicial sentence, not have meant revoking the June battle itself.

Odilon Barrot, the last minister of Louis Philippe, became the first minister of Louis Napoleon. Just as Louis Napoleon dated his rule, not from December 10, but from a decree of the Senate of 1804, so he found a prime minister who did not date his ministry from December 20, but from a royal decree of February 24. As the legitimate heir of Louis Philippe, Louis Napoleon mollified the change of government by retaining the old ministry, which, moreover, had not had time to be worn out, since it had not found time to embark upon life.

The leaders of the royalist bourgeois factions advised him in this choice. The head of the old dynastic opposition, who had unconsciously constituted the transition to the republicans of the National, was still more fitted to constitute with full consciousness the transition from the bourgeois republic to the monarchy.

Odilon Barrot was the leader of the one old opposition party which, always fruitlessly struggling for ministerial portfolios, had not yet been used up. In rapid succession the revolution hurled all the old opposition parties to the top of the state, so that they would have to deny, to repudiate their old phrases not only in deeds but even in words, and might finally be flung all together, combined in a repulsive commixture, on the dung heap of history by the people. And no apostasy was spared this Barrot, this incarnation of bourgeois liberalism, who for eighteen years had hidden the rascally vacuity of his mind behind the serious demeanor of his body. If at certain moments the far too striking contrast between the thistles of the present and the laurels of the past startled the man himself, one glance in

the mirror gave him back his ministerial composure and human self-admiration. What beamed at him from the mirror was Guizot, whom he had always envied, who had always mastered him, Guizot himself, but Guizot with the Olympian forehead of Odilon. What he overlooked were the ears of Midas.

The Barrot of February 24 first became manifest in the Barrot of December 20. Associated with him, the Orléanist and Voltairean, was the Legitimist and Jesuit Falloux, as Minister of Public Worship.

A few days later, the Ministry of Home Affairs was given to Léon Faucher, the Malthusian. Law, religion, and political economy! The ministry of Barrot contained all this and, in addition, a combination of Legitimists and Orléanists. Only the Bonapartist was lacking. Bonaparte still hid his longing to signify Napoleon, for *Soulouque* did not yet play Toussaint Louverture.

The party of the *National* was immediately relieved of all the higher posts, where it had entrenched itself. The prefecture of police, the post-office directorship, the procuratorship general, the mairie [mayor's office] of Paris were all filled with old creatures of the monarchy. Changarnier, the Legitimist, received the unified supreme command of the National Guard of the Department of the Seine, of the Mobile Guard and the troops of the line of the first military division; Bugeaud, the Orléanist, was appointed commander in chief of the Alpine Army. This change of officials continued uninterrupted under the Barrot government. The first act of his ministry was the restoration of the old royalist administration. The official scene was at once transformed – scenery, costumes, speech, actors, supers, mutes, prompters, the position of the parties, the theme of the drama, the content of the conflict, the whole situation. Only the premundane Constituent Assembly remained in its place. But from the hour when the National Assembly had installed Bonaparte, Bonaparte Barrot, and Barrot Changarnier, France stepped out of the period of republican constitution into the period of the constituted republic. And what place was there for a Constituent Assembly in a constituted republic? After the earth had been created, there was nothing else for its creator to do but flee to heaven. The Constituent Assembly was determined not to follow his example; the National Assembly was the last asylum of the party of the bourgeois republicans. If all levers of executive power had been wrested from it, was there not left to it constituent omnipotence? Its first thought was to hold

under all circumstances the position of sovereignty it occupied, and thence to reconquer the lost ground. Once the Barrot Ministry was displaced by a ministry of the *National*, the royalist personnel would have to vacate the palaces of the administration forthwith and the tricolor personnel would triumphantly move in again. The National Assembly resolved on the overthrow of the ministry and the ministry itself offered an opportunity for the attack, a better one than the Constituent Assembly itself could have invented.

It will be remembered that for the peasants Louis Bonaparte signified: No more taxes! Six days he sat in the President's chair, and on the seventh, on December 27, his ministry proposed the *retention of the salt tax*, whose abolition the Provisional Government had decreed. The salt tax shares with the wine tax the privilege of being the scapegoat of the old French financial system, particularly in the eyes of the country folk. The Barrot Ministry could not have put into the mouth of the peasants' choice a more mordant epigram on his electors than the words: *Restoration of the salt tax!* With the salt tax, Bonaparte lost his revolutionary salt – the Napoleon of the peasant insurrection dissolved like an apparition, and nothing remained but the great unknown of royalist bourgeois intrigue. And not without intention did the Barrot Ministry make this act of tactlessly rude disillusionment the first governmental act of the President.

The Constituent Assembly, for its part, eagerly seized the double opportunity of overthrowing the ministry and, as against the elected choice of the peasantry, setting itself up as the representative of peasant interests. It rejected the proposal of the finance minister, reduced the salt tax to a third of its former amount, thus increasing by sixty millions a state deficit of five hundred and sixty millions, and, after this *vote of no confidence*, calmly awaited the resignation of the ministry. So little did it comprehend the new world that surrounded it and its own changed position. Behind the ministry stood the President and behind the President stood six millions who had placed in the ballot box as many votes of no confidence in the Constituent Assembly. The Constituent Assembly gave the nation back its no-confidence vote. Absurd exchange! It forgot that its votes were no longer legal tender. The rejection of the salt tax only matured the decision of Bonaparte and his ministry to finish the Constituent Assembly. There began that long duel which lasted the entire latter half of the life of the Constituent

Assembly. *January 29*, March 31, and May 8 are the journées, the great days of this crisis, just so many forerunners of *June 13*.

Frenchmen, for example Louis Blanc, have construed January 29 as the date of the emergence of a constitutional contradiction, the contradiction between a sovereign, indissoluble National Assembly born of universal suffrage and a President who, to go by the wording, was responsible to the Assembly, but who, to go by reality, was not only similarly sanctioned by universal suffrage and in addition united in his own person all the votes that were split up a hundred times and distributed among the individual members of the National Assembly, but who was also in full possession of the whole executive power, above which the National Assembly hovered as a merely moral force. This interpretation of January 29 confuses the language of the struggle on the platform, through the press, and in the clubs with its real content. Louis Bonaparte as against the Constituent National Assembly – that was not one unilateral constitutional power as against another; that was not the executive power as against the legislative. That was the constituted bourgeois republic itself as against the intrigues and ideological demands of the revolutionary faction of the bourgeoisie that had founded it and was now amazed to find that its constituted republic looked like a restored monarchy, and now desired forcibly to prolong the constituent period with its conditions, its illusions, its language, and its personages and to prevent the mature bourgeois republic from emerging in its complete and peculiar form. As the Constituent National Assembly represented Cavaignac, who had fallen back into its midst, so Bonaparte represented the Legislative National Assembly that had not yet been divorced from him, that is, the National Assembly of the constituted bourgeois republic.

The election of Bonaparte could become explicable only, by putting in the place of the one name its manifold meanings, by repeating itself in the election of the new National Assembly. The mandate of the old was annulled by December 10. Thus on January 29 it was not the President and the National Assembly of the *same* republic that were face to face; it was the National Assembly of the republic that was coming into being and the President of the republic that had come into being, two powers that embodied quite different periods in the life process of the republic; the one, the small republican faction of the bourgeoisie that alone could proclaim the republic, wrest it from the revolutionary proletariat by street fighting and a

reign of terror, and draft its ideal basic features in the constitution; and the other, the whole royalist mass of the bourgeoisie that alone could rule in this constituted bourgeois republic, strip the constitution of its ideological trimmings, and realize by its legislation and administration the indispensable conditions for the subjugation of the proletariat.

The storm which broke on January 29 gathered its elements during the whole month of January. The Constituent Assembly wanted to drive the Barrot Ministry to resign by its no-confidence vote. The Barrot Ministry, on the other hand, proposed to the Constituent Assembly that it should give itself a definitive no-confidence vote, decide on suicide, and decree *its own dissolution*. On January 6, Rateau, one of the most obscure deputies, at the order of the ministry brought this motion before the Constituent Assembly that in August had determined not to dissolve until it had enacted a whole series of organic laws supplementing the constitution. Fould, the ministerialist, bluntly declared to it that its dissolution was necessary “*for the restoration of the deranged credit.*” And did it not derange credit when it prolonged the provisional stage and, with Barrot, again called Bonaparte in question, and, with Bonaparte, the constituted republic Barrot the Olympian became a raving Roland at the prospect of seeing the premiership he had finally pocketed, which the republicans had already withheld from him for ten months, again torn from him after scarcely two weeks’ enjoyment of it. Barrot, confronting this wretched Assembly, out-tyrannized the tyrant. His mildest words were, “No future is possible with it.” And actually it did represent only the past. “It is incapable,” he added ironically, “of providing the republic with the institutions which are necessary for its consolidation.” Incapable indeed! Its bourgeois energy was broken simultaneously with its exceptional antagonism to the proletariat, and with its antagonism to the royalists its republican exuberance lived anew. Thus it was doubly incapable of consolidating the bourgeois republic, which it no longer comprehended, by means of the corresponding institutions.

Simultaneously with Rateau’s motion the ministry evoked a *storm of petitions* throughout the land, and from all corners of France came flying daily at the head of the Constituent Assembly bundles of *billets-doux* [love-letters] in which it was more or less categorically requested to *dissolve* and make its will. The Constituent Assembly, on its side, called forth counter-petitions in which it caused itself to be requested to remain alive. The

election struggle between Bonaparte and Cavaignac was renewed as a petition struggle for and against the dissolution of the National Assembly; the petitions were to be belated commentaries on December 10. This agitation continued during the whole of January.

In the conflict between the Constituent Assembly and the President, the former could not refer back to the general election as its origin, for the appeal was from the Assembly to universal suffrage. It could base itself on no regularly constituted power, for the issue was the struggle against the legal power. It could not overthrow the ministry by no-confidence votes, as it again essayed to do on January 6 and 26, for the ministry did not ask for its confidence. Only one possibility was left to it, that of *insurrection*. The fighting forces of the insurrection were the *republican part of the National Guard*, the *Mobile Guard*, and the centers of the revolutionary proletariat, the *clubs*. The Mobile Guard, those heroes of the June days, in December formed the organized fighting force of the republican faction of the bourgeoisie, just as before June the *national ateliers* had formed the organized fighting force of the revolutionary proletariat. As the Executive Commission of the Constituent Assembly directed its brutal attack on the *national ateliers*, when it had to put an end to the now unbearable pretensions of the proletariat, so the ministry of Bonaparte directed its attack on the Mobile Guard, when it had to put an end to the now unbearable pretensions of the republican faction of the bourgeoisie. It ordered the *disbanding of the Mobile Guard*. One half of it was dismissed and thrown on the street, the other was organized on monarchist instead of democratic lines, and its pay was reduced to the usual pay of troops of the line. The Mobile Guard found itself in the position of the June insurgents and every day the press carried *public confessions* in which it admitted its blame for June and implored the proletariat to forgive it.

And the *clubs*? From the moment when the Constituent Assembly in the person of Barrot called in question the President, and in the person of the President the constituted bourgeois republic, and in the person of the constituted bourgeois republic the bourgeois republic in general, all the constituent elements of the February Republic necessarily ranged themselves around it – all the parties that wished to overthrow the existing republic and by a violent retrograde process to transform it into a republic of their class interests and principles. The scrambled eggs were unscrambled, the crystallisations of the revolutionary movement had again

become fluid, the republic that was being fought for was again the indefinite republic of the February days, the defining of which each party reserved to itself. For a moment the parties again took up their old February positions, without sharing the illusions of February. The tricolor republicans on the *National* again leaned on the democratic republicans of the *Réforme* and pushed them as protagonists into the foreground of the parliamentary struggle. The democratic republicans again leaned on the socialist republicans – on January 27 a public manifesto announced their reconciliation and union – and prepared their insurrectional background in the clubs. The ministerial press rightly treated the tricolor republicans of the National as the resurrected insurgents of June. In order to maintain themselves at the head of the bourgeois republic, they called in question the bourgeois republic itself. On January 26 Minister Faucher proposed a law on the right of association, the first paragraph of which read: “*Clubs are forbidden.*” He moved that this bill immediately be discussed as urgent. The Constituent Assembly rejected the motion of urgency, and on January 27 Ledru-Rollin put forward a proposition, with 230 signatures appended to it, to impeach the ministry for violation of the constitution. The impeachment of the ministry at times when such an act was a tactless disclosure of the impotence of the judge, to wit, the majority of the Chamber, or an impotent protest of the accuser against this majority itself – that was the great revolutionary trump that the latter-day Montagne played from now on at each high spot of the crisis. Poor Montagne! crushed by the weight of its own name!

On May 15 Blanqui, Barbès, Raspall, etc., had attempted to break up the Constituent Assembly by forcing an entrance into its hall at the head of the Paris proletariat. Barrot prepared a moral May 15 for the same Assembly when he wanted to dictate its self-dissolution and close the hall. The same Assembly had commissioned Barrot to make the inquiry against the May accused, and now, at the moment when he appeared before it like a royalist Blanqui, when it sought for allies against him in the clubs, among the revolutionary proletarians, in the party of Blanqui – at this moment the relentless Barrot tormented it with the proposal to withdraw the May prisoners from the Court of Assizes with its jury and hand them over to the High Court, the haute cour devised by the party of the *National*. Remarkable how wild fear for a ministerial portfolio could pound out of the head of a Barrot points worthy of a Beaumarchais! After much vacillation

the National Assembly accepted his proposal. As against the makers of the May attempt, it reverted to its normal character.

If the Constituent Assembly, as against the President and the ministers, was driven to *insurrection*, the President and the ministers, as against the Constituent Assembly, were driven to a coup d'état, for they had no legal means of dissolving it. But the Constituent Assembly was the mother of the constitution and the constitution was the mother of the President. With the coup d'état the President tore up the constitution and extinguished his republican legal title. He was then forced to pull out his imperial legal title, but the imperial legal title woke up the Orléanist legal title and both paled before the Legitimist legal title. The downfall of the legal republic could shoot to the top only its extreme antipode, the Legitimist monarchy, at a moment when the Orléanist party was still only the vanquished of February and Bonaparte was still only the victor of December 10, when both could oppose to republican usurpation only their likewise usurped monarchist titles. The Legitimists were aware of the propitiousness of the moment; they conspired openly. They could hope to find their *Monk* in General Changarnier. The imminence of the *white monarchy* was as openly announced in their clubs as was that of the *red republic* in the proletarian clubs.

The ministry would have escaped all difficulties by a happily suppressed rising. "Legality is the death of us," cried Odilon Barrot. A rising would have allowed it, under the pretext of salut public [public safety], to dissolve the Constituent Assembly, to violate the constitution in the interests of the constitution itself. The brutal behavior of Odilon Barrot in the National Assembly, the motion for the dissolution of the clubs, the tumultuous removal of fifty tricolor prefects and their replacement by royalists, the dissolution of the Mobile Guard, the ill treatment of their chiefs by Changarnier, the reinstatement of Lerminier, the professor who was impossible even under Guizot, the toleration of the Legitimist braggadocio – all these were just so many provocations to mutiny. But the mutiny remained mute. It expected its signal from the Constituent Assembly and not from the ministry.

Finally came January 29, the day the decision was to be taken on the motion of Mathieu (de la Drôme) for unconditional rejection of Râteau's motion. Legitimists, Orléanists, Bonapartists, Mobile Guard, Montagne, clubs – all conspired on this day, each just as much against the ostensible

enemy as against the ostensible ally. Bonaparte, on horseback, mustered a part of the troops on the Place de la Concorde; Changarnier play-acted with a display of strategic maneuvers; the Constituent Assembly found its building occupied by the military. This Assembly, the center of all the conflicting hopes, fears, expectations, ferments, tensions, and conspiracies, this lionhearted Assembly did not falter for a moment when it came nearer to the *Weltgeist* [world spirit] than ever. It was like the fighter who not only feared to make use of his own weapons but also felt himself obliged to maintain the weapons of his opponent unimpaired. Scorning death, it signed its own death warrant and rejected the unconditional rejection of the Râteau motion. Itself in a state of siege, it set limits to a constituent activity whose necessary frame had been the state of siege of Paris. It revenged itself worthily when on the following day it instituted an inquiry into the fright that the ministry had given it on January 29. In this great comedy of intrigues the Montagne showed its lack of revolutionary energy and political understanding by allowing itself to be used by the party of the *National* as the crier in the contest. The party of the National had made its last attempt to continue to maintain, in the constituted republic, the monopoly of rule it had possessed during the inchoate period of the bourgeois republic. It was shipwrecked.

While in the January crisis it was a question of the existence of the Constituent Assembly, in the crisis of March 21 it was a question of the existence of the constitution – there of the personnel of the *National* party, here of its ideal. There is no need to point out that the respectable republicans surrendered the exaltation of their ideology more cheaply than the worldly enjoyment of governmental power.

On March 21 Faucher's bill against the right of association: the *suppression of the clubs* was on the order of the day in the National Assembly. Article 8 of the constitution guarantees to all Frenchmen the right to associate. The prohibition of the clubs was therefore an unequivocal violation of the constitution, and the Constituent Assembly itself was to canonize the profanation of its holy of holies. But the clubs – these were the gathering points, the conspiratorial seats of the revolutionary proletariat. The National Assembly had itself forbidden the coalition of the workers against its bourgeois. And the clubs – what were they but a coalition of the whole working class against the whole bourgeois class, the formation of a workers' state against the bourgeois state? Were they not just so many

constituent assemblies of the proletariat and just so many military detachments of revolt in fighting trim – what the constitution was to constitute above all else was the rule of the bourgeoisie. By the right of association the constitution, therefore, could manifestly mean only associations that harmonized with the rule of the bourgeoisie, that is, with bourgeois order. If for reasons of theoretical propriety it expressed itself in general terms, were not the government and the National Assembly there to interpret and apply it in a special case? And if in the primeval epoch of the republic the clubs actually were forbidden by the state of siege, had they not to be forbidden in the ordered, constituted republic by the law? The tri-color republicans had nothing to oppose to this prosaic interpretation of the constitution but the high-flown phraseology of the constitution. A section of them, Pagnerre, Duclerc, etc., voted for the ministry and thereby gave it a majority. The others, with the archangel Cavaignac and the father of the church Marrast at their head, retired, after the article on the prohibition of the clubs had gone through, to a special committee room, jointly with Ledru-Rollin and the Montagne – “and held a council.” The National Assembly was paralyzed; it no longer had a quorum. At the right time, M. Crémieux remembered in the committee room that the way from here led directly to the street and that it was no longer February, 1848, but March, 1849. The party of the National, suddenly enlightened, returned to the National Assembly’s hall of session, behind it the Montagne, duped once more. The latter, constantly tormented by revolutionary longings, just as constantly clutched at constitutional possibilities, and still felt itself more in place behind the bourgeois republicans than in front of the revolutionary proletariat. Thus the comedy was played. And the Constituent Assembly itself had decreed that the violation of the letter of the constitution was the only appropriate realization of its spirit.

There was only one point left to settle, the relation of the constituted republic to the European revolution, *its foreign policy*. On May 8, 1849, unwonted excitement prevailed in the Constituent Assembly, whose term of life was due to end in a few days. The attack of the French army on Rome, its repulse by the Romans, its political infamy and military disgrace, the foul assassination of the Roman republic by the French republic – the first Italian campaign of the second Bonaparte – was on the order of the day. The Montagne had once more played its great trump; Ledru-Rollin had laid on

the President's table the inevitable bill of impeachment against the ministry, and this time also against Bonaparte, for violation of the constitution.

The motive of May 8 was repeated later as the motive of June 13. Let us get clear about the expedition to Rome.

As early as the middle of November, 1848, Cavaignac had sent a battle fleet to Civita Vecchia in order to protect the Pope, to take him on board and ship him over to France. The Pope was to consecrate the respectable republic, and to insure the election of Cavaignac as President. With the Pope, Cavaignac wanted to angle for the priests, with the priests for the peasants, and with the peasants for the presidency. The expedition of Cavaignac, an election advertisement in its immediate purpose, was at the same time a protest and a threat against the Roman revolution. It contained in embryo France's intervention in favor of the Pope.

This intervention on behalf of the Pope, in association with Austria and Naples against the Roman republic, was decided at the first meeting of Bonaparte's ministerial council, on December 23. Falloux in the ministry – that meant the Pope in Rome – and in the Rome of the Pope. Bonaparte no longer needed the Pope in order to become the President of the peasants; but he needed the conservation of the Pope in order to conserve the peasants of the President. Their credulity had made him President. With faith they would lose credulity, and with the Pope, faith. And the Orléanists and Legitimists in coalition, who ruled in Bonaparte's name! Before the king was restored, the power that consecrates kings had to be restored. Apart from their royalism: without the old Rome, subject to his temporal rule, no Pope; without the Pope, no Catholicism; without Catholicism, no French religion, and without religion, what would become of the old French society? The mortgage the peasant has on heavenly possessions guarantees the mortgage the bourgeois has on peasant possessions. The Roman revolution was therefore an attack on property, on the bourgeois order, dreadful as the June Revolution. Reestablished bourgeois rule in France required the restoration of papal rule in Rome. Finally, to smite the Roman revolutionists was to smite the allies of the French revolutionists; the alliance of the counterrevolutionary classes in the constituted French republic was necessarily supplemented by the alliance of the French republic with the Holy Alliance, with Naples and Austria.

The decision of the ministerial council on December 23 was no secret to the Constituent Assembly. On January 8 Ledru-Rollin had interpellated the

ministry about it; the ministry had denied it and the National Assembly had proceeded to the order of the day. Did it trust the word of the ministry? We know it spent the whole month of January giving the ministry no-confidence votes. But if it was part of the ministry's role to lie, it was part of the National Assembly's role to feign belief in its lie and thereby save republican *dehors* [face].

Meanwhile Piedmont was beaten, Charles-Albert had abdicated, and the Austrian army knocked at the gates of France. Ledru-Rollin vehemently interpellated. The ministry proved that it had only continued in North Italy the policy of Cavaignac and Cavaignac only the policy of the Provisional Government, that is, of Ledru-Rollin. This time it even reaped a vote of confidence from the National Assembly and was authorized to occupy temporarily a suitable point in Upper Italy to give support to peaceful negotiations with Austria concerning the integrity of Sardinian territory and the question of Rome. It is known that the fate of Italy is decided on the battlefields of North Italy. Hence Rome would fall with Lombardy and Piedmont, or France would have to declare war on Austria and thereby on the European counterrevolution. Did the National Assembly suddenly take the Barrot Ministry for the old Committee of Public Safety? Or itself for the Convention? Why, then, the military occupation of a point in Upper Italy? This transparent veil covered the expedition against Rome.

On April 14, 14,000 men sailed under Oudinot for Civita Vecchia; on April 16 the National Assembly voted the ministry a credit Of 1,200,000 francs for the maintenance of a fleet of intervention in the Mediterranean Sea for three months. Thus it gave the ministry every means of intervening against Rome, while it adopted the pose of letting it intervene against Austria. It did not see what the ministry did; it only heard what it said. Such faith was not found in Israel; the Constituent Assembly had fallen into the position of not daring to know what the constituted republic had to do.

Finally, on May 8, the last scene of the comedy was played; the Constituent Assembly urged the ministry to take swift measures to bring the Italian expedition back to the aim set for it. Bonaparte that same evening inserted a letter in the *Moniteur* in which he lavished the greatest appreciation on Oudinot. On May 11 the National Assembly rejected the bill of impeachment against this same Bonaparte and his ministry. And the Montagne, which instead of tearing this web of deceit to pieces took the parliamentary comedy tragically in order to play in it the role of Fouquier-

Tinville, did not betray its natural petty bourgeois calf's hide under the borrowed lion's skin of the Convention!

The latter half of the life of the Constituent Assembly is summarized thus: on January 29 it admits that the royalist bourgeois factions are the natural superiors of the republic constituted by it; on March 21, that the violation of the constitution is its realization; and on May 11, that the bombastically proclaimed passive alliance of the French republic with the struggling peoples means its active alliance with the European counterrevolution.

This miserable Assembly left the stage after it had given itself the satisfaction, two days before its first birthday, May 4, of rejecting the motion of amnesty for the June insurgents. Its power shattered, held in deadly hatred by the people, repulsed, maltreated, contemptuously thrown aside by the bourgeoisie, whose tool it was, forced in the second half of its life to disavow the first, robbed of its republican illusions, without having created anything great in the past, without hope in the future, and with its living body dying bit by bit, it was able to galvanize its own corpse into life only by continually recalling and living through the June victory over and over again, affirming itself by constantly repeated damnation of the damned. A vampire living on the blood of the June insurgents!

It left behind a state deficit increased by the costs of the June insurrection, by the loss of the salt tax, by the compensation it paid the plantation owners for abolishing Negro slavery, by the costs of the Roman expedition, by the loss of the wine tax, whose abolition it resolved upon when already at its last gasp – a malicious old man, happy to impose on his laughing heir a compromising debt of honor.

With the beginning of March the agitation for the election of the *Legislative National Assembly* had commenced. Two main groups opposed each other, the *party of Order* and the *democratic socialist, or Red, party*; between the two stood the *Friends of the Constitution*, under which name the tricolor republicans of the National sought to put forward a party. *The party of Order* was formed directly after the June days; only after December 10 had allowed it to cast off the coterie of the *National*, of the bourgeois republicans, was the secret of its existence, the *coalition of Orléanists and Legitimists into one party*, disclosed. The bourgeois class fell apart into two big factions which alternately – the *big landed proprietors* under the *restored monarchy* and the *finance aristocracy* and the *industrial*

*bourgeoisie* under the *July Monarchy* – had maintained a monopoly of power. *Bourbon* was the royal name for the predominant influence of the interests of the one faction, *Orléans* the royal name for the predominant influence of the interests of the other faction – the *nameless realm of the republic* was the only one in which both factions could maintain with equal power the common class interest without giving up their mutual rivalry. If the bourgeois republic could not be anything but the perfected and clearly expressed rule of the whole bourgeois class, could it be anything but the rule of the Orléanists supplemented by the Legitimists, and of the Legitimists supplemented by the Orléanists, the *synthesis of the Restoration and the July Monarchy*. The bourgeois republicans of the *National* did not represent any large faction of their class resting on economic foundations. They possessed only the importance and the historical claim of having asserted, under the monarchy, as against the two bourgeois factions that understood only their particular regime, the general regime of the bourgeois class, the *nameless realm of the republic*, which they idealized and embellished with antique arabesques, but in which above all they hailed the rule of their coterie. If the party of the National grew confused in its own mind when it desecrated the royalists in coalition at the top of the republic founded by it, these royalists deceived themselves no less concerning the fact of their united rule. They did not comprehend that if each of their factions, regarded separately, by itself, was royalist, the product of their chemical combination had necessarily to be *republican*, that the white and the blue monarchy had to neutralize each other in the tricolor republic. Forced by antagonism to the revolutionary proletariat and the transition classes thronging more and more around it as their center to summon their united strength and to conserve the organization of this united strength, each faction of the party of Order had to assert, as against the desire for restoration and the overweening presumption of the other, their joint rule, that is, the *republican form* of bourgeois rule. Thus we find these royalists in the beginning believing in an immediate restoration, later preserving the republican form with foaming rage and deadly invective against it on their lips, and finally confessing that they can endure each other only in the republic and postponing the restoration indefinitely. The enjoyment of the united rule itself strengthened each of the two factions, and made each of them still more unable and unwilling to subordinate itself to the other, that is, to restore the monarchy.

The *party of Order* directly proclaimed in its election program the rule of the bourgeois class, that is, the preservation of the life conditions of its rule: *property, family, religion, order!* Naturally it represented its class rule and the conditions of its class rule as the rule of civilization and as the necessary conditions of material production as well as of the relations of social intercourse arising from it. The party of Order had enormous money and resources at its command; it organized its branches throughout France – it had all the ideologists of the old society in its pay – it had the influence of the existing governmental power at its disposal; it possessed an army of unpaid vassals in the whole mass of petty bourgeois and peasants, who, still removed from the revolutionary movement, found in the high dignitaries of property the natural representatives of their petty prejudices. This party, represented throughout the country by countless petty kings, could punish the rejection of their candidates as insurrection, dismiss the rebellious workers, the recalcitrant farm hands, domestic servants, clerks, railway officials, copyists, all the functionaries civilly subordinate to it. Finally, here and there it could maintain the delusion that the republican Constituent Assembly had prevented the Bonaparte of December 10 from manifesting his wonderworking powers. We have not mentioned the Bonapartists in connection with the party of Order. They were not a serious faction of the bourgeois class, but a collection of old, superstitious invalids and young, unbelieving soldiers of fortune. The party of Order was victorious in the elections; it sent a large majority to the Legislative Assembly.

As against the coalesced counterrevolutionary bourgeois class, the sections of the petty bourgeoisie and peasant class already revolutionized naturally had to ally themselves with the high dignitary of revolutionary interests, the revolutionary proletariat. We have seen how the democratic spokesmen of the petty bourgeoisie in parliament, that is, the Montagne, were driven by parliamentary defeats to the socialist spokesmen of the proletariat, and how the actual petty bourgeoisie, outside of parliament, was driven by the *concordats à l'amiable* [friendly agreements], by the brutal enforcement of bourgeois interests, and by bankruptcy to the actual proletarians. On January 27 Montagne and the socialists had celebrated their reconciliation; at the great banquet of February, 1849, they repeated their act of union. The social and the democratic party, the party of the workers and that of the petty bourgeois, united to form the Social-Democratic party, that is, the Red party.

Paralyzed for a moment by the agony that followed the June days, the French republic had lived through a continuous series of feverish excitements since the raising of the state of siege, since October 14. First the struggle for the presidency, then the struggle between the President and the Constituent Assembly; the struggle for the clubs; the trial of Bourges which, in contrast with the petty figures of the President, the coalesced royalists, the respectable republicans, the democratic Montagne, and the socialist doctrines of the proletariat, caused the proletariat's real revolutionists to appear as primordial monsters such as only a deluge leaves behind on the surface of society, or such as could only precede a social deluge; the election agitation; the execution of the Bréa murderers; the continual proceedings against the press; the violent interference of the government with the banquets by police action; the insolent royalist provocations; the exhibition of the portraits of Louis Blanc and Caussidière on the pillory; the unbroken struggle between the constituted republic and the Constituent Assembly, which each moment drove the revolution back to its starting point, which each moment made the victors the vanquished and the vanquished the victors and in an instant changed around the positions of the parties and the classes, their separations and connections; the rapid march of the European counterrevolution; the glorious Hungarian fight; the armed uprisings in Germany; the Roman expedition; the ignominious defeat of the French army before Rome – in this vortex of the movement, in this torment of historical unrest, in this dramatic ebb and flow of revolutionary passions, hopes, and disappointments, the different classes of French society had to count their epochs of development in weeks when they had previously counted them in half-centuries. A considerable part of the peasants and of the provinces was revolutionized. Not only were they disappointed in Napoleon, but the Red party offered them, instead of the name, the content, instead of illusory freedom from taxation, repayment of the milliard paid to the Legitimists, the adjustment of mortgages, and the abolition of usury.

The army itself was infected with the revolutionary fever. In voting for Bonaparte it had voted for victory, and he gave it defeat. In him it had voted for the Little Corporal [Napoleon] behind whom the great revolutionary general is concealed, and he once more gave it the great generals behind whom the pipe-clay corporal shelters himself. There was no doubt that the Red party, that is, the coalesced democratic party, was bound to celebrate, if

not victory, still, great triumphs; that Paris, the army, and a great part of the provinces would vote for it. *Ledru-Rollin*, the leader of the Montagne, was elected by five departments; no leader of the party of Order carried off such a victory, no candidate belonging to the proletarian party proper. This election reveals to us the secret of the democratic-socialist party. If, on the one hand, the Montagne, the parliamentary champion of the democratic petty bourgeoisie, was forced to unite with the socialist doctrinaires of the proletariat – the proletariat, forced by the terrible material defeat of June to raise itself up again through intellectual victories and not yet enabled through the development of the remaining classes to seize the revolutionary dictatorship, had to throw itself into the arms of the doctrinaires of its emancipation, the founders of socialist sects – the revolutionary peasants, the army, and the provinces, on the other hand, ranged themselves behind the Montagne, which thus became lord and master in the revolutionary army camp and through the understanding with the socialists eliminated every antagonism in the revolutionary party. In the latter half of the life of the Constituent Assembly it represented the Assembly's republican fervor and caused to be buried in oblivion its sins during the Provisional Government, during the Executive Commission, during the June days. In the same measure as the party of the National, in accordance with its half-and-half nature, had allowed itself to be put down by the royalist ministry, the party of the Mountain, which had been brushed aside during the omnipotence of the *National*, rose and asserted itself as the parliamentary representative of the revolution. In fact, the party of the National had nothing to oppose to the other, royalist factions but ambitious personalities and idealistic humbug. The party of the Mountain, on the contrary, represented a mass hovering between the bourgeoisie and the proletariat, a mass whose material interests demanded democratic institutions. In comparison with the Cavaignacs and the Marrasts, Ledru-Rollin and the Montagne, therefore, represented the true revolution, and from the consciousness of this important situation they drew the greater courage the more the expression of revolutionary energy limited itself to parliamentary attacks, bringing in bills of impeachment, threats, raised voices, thundering speeches, and extremes which were pushed only as far as phrases. The peasants were in about the same position as the petty bourgeoisie; they had more or less the same social demands to put forward. All the middle strata of society, so far as they were driven into the revolutionary movement, were

therefore bound to find their hero in Ledru-Rollin. Ledru-Rollin was the personage of the democratic petty bourgeoisie. As against the party of Order, the half-conservative, half-revolutionary, and wholly utopian reformers of this order had first to be pushed to the forefront.

The party of the *National*, “the Friends of the Constitution *quand même* [as is],” the *républicains purs et simples* [republicans pure and simple], were completely defeated in the elections. A tiny minority of them was sent into the Legislative Chamber; their most noted leaders vanished from the stage, even Marrast, the editor in chief and the Orpheus of the respectable republic.

On May 28 the Legislative Assembly convened; on June 11 the collision of May 8 was renewed and, in the name of the Montagne, Ledru-Rollin brought in a bill of impeachment against the President and the ministry for violation of the constitution, for the bombardment of Rome. On June 12 the Legislative Assembly rejected the bill of impeachment, just as the Constituent Assembly had rejected it on May 11, but the proletariat this time drove the Montagne onto the streets – not to a street battle, however, but only to a street procession. It is enough to say that the Montagne was at the head of this movement to know that the movement was defeated, and that June, 1849, was a caricature, as ridiculous as it was vile, of June, 1848. The great retreat of June 13 was eclipsed only by the still greater battle report of Changarnier, the great man that the party of Order improvised. Every social epoch needs its great men, and when it does not find them, it invents them, as Helvétius says.

On December 20 only one half of the constituted bourgeois republic was in existence: the *President*; on May 28 it was completed by the other half, the *Legislative Assembly*. In June, 1848, the constituent bourgeois republic, by an unspeakable battle against the proletariat, and in June, 1849, the constituted bourgeois republic, by an unutterable comedy with the petty bourgeoisie, engraved their names in the birth register of history. June, 1849, was the nemesis of June, 1848. In June, 1849, it was not the workers that were vanquished; it was the petty bourgeois, who stood between them and the revolution, that were felled. June, 1849, was not a bloody tragedy between wage labor and capital, but a prison-filling and lamentable play of debtors and creditors. The party of Order had won, it was all-powerful; it had now to show what it was.

## Part III. Consequences of June 13, 1849

On December 20 the Janus head of the *constitutional republic* had still shown only *one* face, the executive face with the indistinct, plain features of L. Bonaparte; on May 28, 1849, it showed its second face, the legislative, pitted with the scars that the orgies of the Restoration and the July Monarchy had left behind. With the *Legislative National Assembly* the phenomenon of the *constitutional republic* was completed, that is, the republican form of government in which the rule of the bourgeois class is constituted, the common rule, therefore, of the two great royalist factions that form the French bourgeoisie, the coalesced Legitimists and Orléanists, the *party of Order*. While the French republic thus became the property of the coalition of the royalist parties, the European coalition of the counterrevolutionary powers embarked simultaneously upon a general crusade against the last places of refuge of the March revolutions. Russia invaded Hungary, Prussia marched against the army defending the Reich constitution and Oudinot bombarded Rome. The European crisis was evidently approaching a decisive turning point; the eyes of all Europe were turned on Paris, and the eyes of all Paris on the *Legislative Assembly*.

On June 11 Ledru-Rollin mounted its tribune. He made no speech; he formulated an indictment of the ministers, naked, unadorned, factual, concentrated, forceful.

The attack on Rome is an attack on the constitution; the attack on the Roman republic is an attack on the French republic. Article 5 of the constitution reads: “The French republic never employs its forces against the liberty of any people whatsoever” – and the President employs the French army against Roman liberty. Article 54 Of the constitution forbids the executive power to declare any war whatsoever without the consent of the National Assembly. The Constituent Assembly’s resolution of May 8 expressly commands the ministers to make the Rome expedition conform with the utmost speed to its original mission; it therefore just as expressly prohibits war on Rome – and Oudinot bombards Rome. Thus Ledru-Rollin called the constitution itself as a witness for the prosecution against Bonaparte and his ministers. At the royalist majority of the National Assembly, he, the tribune of the constitution, hurled the threatening declaration: “The republicans will know how to command respect for the

constitution by every means, be it even by force of arms!” “*By force of arms!*” came the hundredfold echo of the Montagne. The majority answered with a terrible tumult; the President of the National Assembly called Ledru-Rollin to order – Ledru-Rollin repeated the challenge, and finally laid on the President’s table a motion for the impeachment of Bonaparte and his ministers. By 361 votes to 203, the National Assembly resolved to pass on from the bombardment of Rome to the next item on the agenda.

Did Ledru-Rollin believe he could beat the National Assembly by means of the constitution, and the President by means of the National Assembly?

To be sure, the constitution forbade any attack on the liberty of foreign peoples, but what the French army attacked in Rome was, according to the ministry, not “liberty” but the “despotism of anarchy.” Had the Montagne still not comprehended, all experiences in the Constituent Assembly notwithstanding, that the interpretation of the constitution did not belong to those who had made it, but only to those who had accepted it? That its wording must be construed in its viable meaning and that the bourgeois meaning was its only viable meaning? That Bonaparte and the royalist majority of the National Assembly were the authentic interpreters of the constitution, as the priest is the authentic interpreter of the Bible, and the judge the authentic interpreter of the laws? Should the National Assembly, freshly emerged from the general elections, feel itself bound by the testamentary provisions of the dead Constituent Assembly, whose will an Odilon Barrot had broken while it was alive? When Ledru-Rollin cited the Constituent Assembly’s resolution of May 8, had he forgotten that the same Constituent Assembly on May 11 had rejected his first motion for the impeachment of Bonaparte and the ministers; that it had acquitted the President and the ministers; that it had thus sanctioned the attack on Rome as “constitutional”; that he only lodged an appeal against a judgment already delivered – that he, lastly, appealed from the republican Constituent Assembly to the royalist Legislative Assembly? The constitution itself calls insurrection to its aid by summoning, in a special article, every citizen to protect it. Ledru-Rollin based himself on this article. But at the same time, are not the public authorities organized for the defense of the constitution, and does not the violation of the constitution begin only from the moment when one of the constitutional public authorities rebels against the other? And the President of the republic, the ministers of the republic, and the National Assembly of the republic were in the most harmonious agreement.

What the Montagne attempted on June 11 was “*an insurrection within the limits of pure reason,*” that is, a purely *parliamentary insurrection*. The majority of the Assembly, intimidated by the prospect of an armed rising of the popular masses, was, in Bonaparte and the ministers, to destroy its own power and the significance of its own election. Had not the Constituent Assembly similarly attempted to annul the election of Bonaparte, when it insisted so obstinately on the dismissal of the Barrot-Falloux Ministry?

Neither were there lacking from the time of the Convention models for parliamentary insurrections which had suddenly transformed completely the relation between the majority and the minority – and should the young Montagne not succeed where the old had succeeded? – nor did relations at the moment seem unfavorable for such an undertaking. Popular unrest in Paris had reached an alarmingly high point – the army, according to its vote at the election, did not seem favorably inclined toward the government; the legislative majority itself was still too young to have become consolidated, and in addition it consisted of old gentlemen. If the Montagne were successful in a parliamentary insurrection, the helm of state would fall directly into its hands. The democratic petty bourgeoisie, for its part, wished, as always, for nothing more fervently than to see the battle fought out in the clouds over its head between the departed spirits of parliament. Finally, both of them, the democratic petty bourgeoisie and its representatives, the Montagne, would, through a parliamentary insurrection, achieve their great purpose, that of breaking the power of the bourgeoisie without unleashing the proletariat or letting it appear otherwise than in perspective; the proletariat would have been used without becoming dangerous.

After the vote of the National Assembly on June 11, a conference took place between some members of the Montagne and delegates of the secret workers’ societies. The latter urged that the attack be started the same evening. The Montagne decisively rejected this plan. On no account did it want to let the leadership slip out of its hands; its allies were as suspect to it as its antagonists, and rightly so. The memory of June, 1848, surged through the ranks of the Paris proletariat more vigorously than ever. Nevertheless it was chained to the alliance with the Montagne. The latter represented the largest part of the departments – it had increased its influence in the army; it had at its disposal the democratic section of the National Guard; it had the moral power of the shopkeepers behind it. To

begin the revolution at this moment against the will of the Montagne would have meant for the proletariat, decimated moreover by cholera and driven out of Paris in considerable numbers by unemployment, to repeat uselessly the June days of 1848, without the situation which had forced this desperate struggle. The proletarian delegates did the only rational thing. They obligated the Montagne to compromise itself, that is, to come out beyond the confines of the parliamentary struggle, in the event that its bill of impeachment was rejected. During the whole of June 13 the proletariat maintained this same skeptically watchful attitude, and awaited a seriously engaged irrevocable melee between the democratic National Guard and the army, in order then to plunge into the fight and push the revolution forward beyond the petty bourgeois aim set for it. In the event of victory a proletarian commune was already formed which would take its place beside the official government. The Parisian workers had learned in the bloody school of June, 1848.

On June 12 Minister Lacrosse himself brought forward in the Legislative Assembly the motion to proceed at once to the discussion of the bill of impeachment. During the night the government had made every provision for defense and attack; the majority of the National Assembly was determined to drive the rebellious minority out into the streets; the minority itself could no longer retreat; the die was cast; the bill of impeachment was rejected by 377 votes to 8. The "Mountain," which had abstained from voting, rushed resentfully into the propaganda halls of the "pacific democracy," the newspaper offices of the *Démocratie Pacifique*.

Its withdrawal from the parliament building broke its strength as withdrawal from the earth broke the strength of Antaeus, her giant son. Samsons in the precincts of the Legislative Assembly, the Montagnards were only Philistines in the precincts of the "pacific democracy." A long, noisy, rambling debate ensued. The Montagne was determined to compel respect for the constitution by every means, "*only not by force of arms.*" In this decision it was supported by a manifesto and by a deputation of "Friends of the Constitution." "Friends of the Constitution" was what the wreckage of the coterie of the *National*, the bourgeois-republican party, called itself. While six of its remaining parliamentary representatives had voted *against*, the others in a body voting *for*, the rejection of the bill of impeachment, while *Cavaignac* placed his saber at the disposal of the party of Order, the larger, extra-parliamentary part of the coterie greedily seized

the opportunity to emerge from its position of a political pariah and to press into the ranks of the democratic party. Did they not appear as the natural shield bearers of this party, which hid itself behind their shield, behind their *principles*, behind the *constitution*?

Till break of day the “Mountain” was in labor. It gave birth to “*a proclamation to the people*,” which on the morning of June occupied a more or less shamefaced place in two socialist journals. It declared the President, the ministers, and the majority of the Legislative Assembly “*outside the constitution*” and summoned the National Guard, the army, and finally also the people “to arise.” “*Long live the Constitution!*” was the slogan it put forward, a slogan that signified nothing other than “*Down with the revolution!*”

In conformity with the constitutional proclamation of the Mountain, there was a so-called *peaceful demonstration* of the petty bourgeois on June 13, that is, a street procession from the Chateau d’Eau through the Boulevards, 30,000 strong, mainly National Guardsmen, unarmed, with an admixture of members of the secret workers’ sections, moving along with the cry: “*Long live the Constitution!*” which was uttered mechanically, icily, and with a bad conscience by the members of the procession itself, and thrown back ironically by the echo of the people that surged along the sidewalks, instead of swelling up like thunder. From the many-voiced song the chest notes were missing. And when the procession swung by the meeting hall of the “Friends of the Constitution” and a hired herald of the constitution appeared on the housetop, violently cleaving the air with his claqueur hat and from tremendous lungs letting the catch – cry “*Long live the Constitution!*” fall like hail on the heads of the pilgrims, they themselves seemed overcome for a moment by the comedy of the situation. It is known how the procession, having arrived at the termination of the Rue de la Paix, was received in the Boulevards by the dragoons and chasseurs of Changarnier in an altogether unparliamentary way, how in a trice it scattered in all directions, and how it threw behind it a few shouts of “To arms” only in order that the parliamentary call to arms of June 11 might be fulfilled.

The majority of the Montagne assembled in the Rue du Hasard scattered when this violent dispersion of the peaceful procession, the muffled rumors of murder of unarmed citizens on the Boulevards, and the growing tumult in the streets seemed to herald the approach of a rising. *Ledru-Rollin* at the

head of a small band of deputies saved the honor of the Mountain. Under the protection of the Paris Artillery, which had assembled in the Palais National, they betook themselves to the *Conservatoire des Arts et Métiers* [Museum of arts and trades, an educational institution in Paris], where the fifth and sixth legions of the National Guard were to arrive. But the Montagnards waited in vain for the fifth and sixth legions; these discreet National Guards left their representatives in the lurch; the Paris Artillery itself prevented the people from throwing up barricades; chaotic disorder made any decision impossible; the troops of the line advanced with fixed bayonets; some of the representatives were taken prisoner, while others escaped. Thus ended June 13.

If June 23, 1848, was the insurrection of the revolutionary proletariat, June 13, 1849, was the insurrection of the democratic petty bourgeois, each of these two insurrections being the *classically pure* expression of the class which had been its vehicle.

Only in Lyons did it come to an obstinate, bloody conflict. Here, where the industrial bourgeoisie and the industrial proletariat stand directly opposed to one another, where the workers' movement is not, as in Paris, included in and determined by the general movement, June 13, in its repercussion, lost its original character. Wherever else it broke out in the provinces it did not kindle fire – *acold lightning flash*.

June 13 closes the first *period in the life of the constitutional republic*, which had attained its normal existence on May 28, 1849, with the meeting of the Legislative Assembly. The whole period of this prologue is filled with vociferous struggle between the party of Order and the Montagne, between the big bourgeoisie and the petty bourgeoisie, which strove in vain against the consolidation of the bourgeois republic, for which it had itself continuously conspired in the Provisional Government and in the Executive Commission, and for which, during the June days, it had fought fanatically against the proletariat. The thirteenth of June breaks its resistance and makes the *legislative dictatorship* of the united royalists a *fait accompli*. From this moment the National Assembly is only a *Committee of Public Safety of the party of Order*.

Paris had put the President, the ministers, and the majority of the National Assembly in a “*state of impeachment*”; they put Paris in a “*state of siege*.” The Mountain had declared the majority of the Legislative Assembly “*outside the constitution*”; for violation of the constitution the

majority handed over the Mountain to the haute cour and proscribed everything in it that still had vital force. It was decimated to a rump without head or heart. The minority had gone so far as to attempt *aparliamentary insurrection* – the majority elevated its *parliamentary despotism* to law. It decreed new “*standing orders*,” which annihilate the freedom of the tribune and authorize the president of the National Assembly to punish representatives for violation of the standing orders with censure, with fines, with stoppage of their salaries, with suspension of membership, with incarceration. Over the rump of the Montagne it hung the rod instead of the sword. The remainder of the deputies of the Montagne owed it to their honor to make a mass exit. By such an act the dissolution of the party of Order would have been hastened. It would have had to break up into its original component parts the moment not even the semblance of an opposition would hold it together any longer.

Simultaneously with their *parliamentary* power, the democratic petty bourgeois were robbed of their *armed* power through the dissolution of the Paris Artillery and the eighth, ninth, and twelfth legions of the National Guard. On the other hand, the legion of high finance, which on June 13 had raided the print shops of Boule and Roux, demolished the presses, played havoc with the offices of the republican journals, and arbitrarily arrested editors, compositors, printers, shipping clerks, and errand boys, received encouraging approval from the tribune of the National Assembly. All over France the disbanding of National Guards suspected of republicanism was repeated.

A new *press law*, a new *law of association*, a new *law on the state of siege*, the prisons of Paris overflowing, the political refugees driven out, all the journals that go beyond the limits of the *National* suspended, Lyons and the five departments surrounding it abandoned to the brutal persecution of military despotism, the courts ubiquitous, and the army of officials, so often purged, purged once more – these were the inevitable, the constantly *recurring commonplaces* of victorious reaction, worth mentioning after the massacres and the deportations of June only because this time they were directed not only against Paris but also against the departments, not only against the proletariat but, above all, against the middle classes.

The repressive laws by which the declaration of a state of siege was left to the discretion of the government, the press still more firmly muzzled, and the right of association annihilated, absorbed the whole of the legislative

activity of the National Assembly during the months of June, July, and August.

However, this epoch is characterized not by the exploitation of victory *in fact*, but *in principle*; not by the resolutions of the National Assembly, but by the grounds advanced for these resolutions; not by the thing but by the phrase; not by the phrase but by the accent and the gesture which enliven the phrase. The brazen, unreserved expression of *royalist sentiments*, the contemptuously aristocratic insults to the republic, the coquettishly frivolous babbling of restoration aims in a word, the boastful violation of *republican decorum* – give its peculiar tone and color to this period. Long live the Constitution! was the battle cry of the *vanquished* of June 13. The *victors* were therefore absolved from the hypocrisy of constitutional, that is, republican, speech. The counterrevolution subjugated Hungary, Italy, and Germany, and they believed that the restoration was already at the gates of France. Among the masters of ceremonies of the factions of Order there ensued a real competition to document their royalism in the *Moniteur*, and to confess, repent, and crave pardon before God and man for liberal sins perchance committed by them under the monarchy. No day passed without the February Revolution being declared a national calamity from the tribune of the National Assembly, without some Legitimist provincial cabbage-junker solemnly stating that he had never recognized the republic, without one of the cowardly deserters of and traitors to the July Monarchy relating the belated deeds of heroism in the performance of which only the philanthropy of Louis Philippe or other misunderstandings had hindered him. What was admirable in the February days was not the magnanimity of the victorious people, but the self-sacrifice and moderation of the royalists, who had allowed it to be victorious. One Representative of the People proposed to divert part of the money destined for the relief of those wounded in February to the *Municipal Guards*, who alone in those days had deserved well of the fatherland. Another wanted to have an equestrian statue decreed to the Duke of Orléans in the Place du Carrousel. Thiers called the constitution a dirty piece of paper. There appeared in succession on the tribune Orléanists, to repent of their conspiracy against the legitimate monarchy by Legitimists, who reproached themselves with having hastened the overthrow of monarchy in general by resisting the illegitimate monarchy; Thiers, who repented of having intrigued against Molé; Molé, who repented of having intrigued against Guizot; Barrot, who repented of

having intrigued against all three. The cry “Long live the Social-Democratic Republic!” was declared unconstitutional; the cry “Long live the Republic!” was prosecuted as social-democratic. On the anniversary of the Battle of Waterloo, a representative declared: “I fear an invasion of the Prussians less than the entry of the revolutionary refugees into France.” To the complaints about the terrorism organized in Lyons and the neighboring departments, Baraguay d’Hilliers answered: “I prefer the white terror to the red terror.” And the Assembly applauded frantically every time an epigram against the republic, against the revolution, against the constitution, for the monarchy, or for the Holy Alliance fell from the lips of its orators. Every infringement of the minutest republican formality – for example, that of addressing the representatives as *citoyens* – filled the knights of order with enthusiasm.

The by-elections in Paris on July 8, held under the influence of the state of siege and of the abstention of a great part of the proletariat from the ballot box, the taking of Rome by the French army, the entry into Rome of the red eminences and, in their train, of inquisition and monkish terrorism, added fresh victories to the victory of June and increased the intoxication of the party of Order.

Finally, in the middle of August, half with the intention of attending the Department Councils just assembled, half through exhaustion from the tendentious orgy of many months, the royalists decreed a two – month recess of the National Assembly. With transparent irony they left behind a commission of twenty-five representatives, the cream of the Legitimists and the Orléanists, a Molé and a Changarnier, as proxies for the National Assembly and as *guardians of the republic*. The irony was more profound than they suspected. They, condemned by history to help to overthrow the monarchy they loved, were destined by it to conserve the republic they hated.

The *second period in the life of the constitutional republic, its royalist period of sowing wild oats*, closes with the *recess* of the Legislative Assembly.

The state of siege in Paris had again been raised, the activities of the press had again begun. During the suspension of the Social-Democratic papers, during the period of repressive legislation and royalist bluster, the *Siècle*, the old literary representative of the *monarchist-constitutional petty bourgeois, republicanized itself*; the *Presse*, the old literary exponent of the

*bourgeois reformers, democratized itself*; while the *National*, the old classic organ of the *republican bourgeois*, socialized itself.

The *secret societies* grew in extent and intensity in the same degree that the *public clubs* became impossible. The *workers' industrial cooperatives*, tolerated as purely commercial societies, while of no account economically, became politically so many means of cementing the proletariat. June 13 had struck off the official heads of the various semirevolutionary parties; the masses that remained won a head of their own. The knights of order had practiced intimidation by prophecies of the terror of the red republic; the base excesses, the hyperborean atrocities of the victorious counterrevolution in Hungary, in Baden, and in Rome washed the "*red republic*" white. And the malcontent intermediate classes of French society began to prefer the promises of the red republic with its problematic terrors to the terrors of the red monarchy with its actual hopelessness. No socialist in France spread more revolutionary propaganda than *Haynau*. *A chaque capacité selon ses oeuvres!* [To each man of talent according to his work!]

In the meantime Louis Bonaparte exploited the recess of the National Assembly to make princely tours of the provinces, the most hot-blooded Legitimists made pilgrimages to Ems, to the grandchild of the saintly Louis, and the mass of the popular representatives on the side of order intrigued in the Department Councils, which had just met. It was necessary to make them pronounce what the majority of the National Assembly did not yet dare pronounce, an *urgent motion for immediate revision of the constitution*. According to the constitution, it could not be revised before 1852, and then only by a National Assembly called together expressly for this purpose. If, however, the majority of the Department Councils expressed themselves to this effect, was not the National Assembly bound to sacrifice the virginity of the constitution to the voice of France? The National Assembly entertained the same hopes in regard to these provincial assemblies as the nuns in Voltaire's *Henriade* entertained in regard to the pandours. But, some exceptions apart, the Potiphars of the National Assembly had to deal with just so many Josephs of the provinces. The vast majority did not want to understand the importunate insinuation. The revision of the constitution was frustrated by the very instruments which were to have called it into being, by the votes of the Department Councils. The voice of France, and indeed of bourgeois France, had spoken and had spoken against revision.

At the beginning of October the Legislative National Assembly met once more – *tantum mutatus ab illo*. Its physiognomy was completely changed. The unexpected rejection of revision on the part of the Department Councils had put it back within the limits of the constitution and indicated the limits of its term of life. The Orléanists had become mistrustful because of the pilgrimages of the Legitimists to Ems; the Legitimists had grown suspicious because of the Orléanists' negotiations with London; the journals of the two factions had fanned the fire and weighed the reciprocal claims of their pretenders. Orléanists and Legitimists grumbled in unison at the machinations of the Bonapartists, which showed themselves in the princely tours, in the more or less transparent emancipatory attempts of the President, in the presumptuous language of the Bonapartist newspapers; Louis Bonaparte grumbled at a National Assembly which found only the Legitimist-Orléanist conspiracy legitimate, at a ministry which betrayed him continually to this National Assembly. Finally the ministry was itself divided on the Roman policy and on the *income tax* proposed by Minister *Passy*, decried as socialistic by the conservatives.

One of the first bills of the Barrot Ministry in the reassembled Legislative Assembly was a demand for a credit of 300,000 francs for the payment of a widow's pension to the *Duchess of Orléans*! The National Assembly granted it and added to the list of debts of the French nation a sum of seven million francs. Thus while Louis Philippe continued to play successfully the role of the *pauvre honteux*, the shamefaced beggar, the ministry dared not move an increase of salary for Bonaparte nor did the Assembly appear inclined to grant it. And Louis Bonaparte, as ever, vacillated in the dilemma: *Aut Caesar aut Clichy*!

The minister's second demand for a credit, one of nine million francs for the *costs of the Rome expedition*, increased the tension between Bonaparte on the one hand and the ministers and the National Assembly on the other. Louis Bonaparte had inserted a letter to his military aide, Edgar Ney, in the *Moniteur*, in which he bound the papal government to constitutional guarantees. The Pope, on his part, had published an address, *motu proprio*, in which he rejected any limitation of his restored rule. Bonaparte's letter, with studied indiscretion, raised the curtain on his cabinet in order to expose himself to the eyes of the gallery as a benevolent genius who was, however, misunderstood and shackled in his own house. It was not the first time that he had coquetted with the "furtive flights of a free soul." *Thiers*, the

reporter of the commission, completely ignored Bonaparte's flight and contented himself with translating the papal allocution into French. It was not the ministry but *Victor Hugo* who sought to save the President through an order of the day in which the National Assembly was to express its agreement with Napoleon's letter. *Allons donc! Allons donc!* [Let's go then!] With this disrespectful, frivolous interjection the majority buried Hugo's motion. The policy of the President? The letter of the President? The President himself? *Allons donc! Allons donc!* Who the devil takes Monsieur Bonaparte seriously? Do you believe, Monsieur Victor Hugo, that we believe you that you believe in the president? *Allons donc! Allons donc!*

Finally, the breach between Bonaparte and the National Assembly was hastened by the discussion on the *recall of the Orléans and the Bourbons*. In default of the ministry, the President's cousin [Joseph Bonaparte], son of the ex-king of Westphalia, had put forward this motion, which had no other purpose than to push the Legitimist and the Orléanist pretenders down to the same level, or rather a lower level than the Bonapartist pretender, who at least stood in fact at the pinnacle of the state.

Napoleon Bonaparte was disrespectful enough to make the *recall of the expelled royal families* and the *amnesty of the June insurgents* parts of one and the same motion. The indignation of the majority compelled him to apologize immediately for this sacrilegious concatenation of the holy and the impious, of the royal races and the proletarian brood, of the fixed stars of society and of its swamp lights, and to assign each of the two motions to its proper place. The majority energetically rejected the recall of the royal family, and *Berryer*, the Demosthenes of the Legitimists, left no doubt about the meaning of the vote. The civic degradation of the pretenders, that is what is intended! It is desired to rob them of their halo, of the last majesty that is left to them, the *majesty of exile!* What, cried *Berryer*, would the pretenders think of the President, who, forgetting his august origin, came here to live as a simple private individual? It could not have been more clearly intimated to Louis Bonaparte that he had not gained the day by his presence, that whereas the royalists in coalition needed him here in France as a "*neutral man*" in the presidential chair, the serious pretenders to the throne had to be kept out of profane sight by the fog of exile.

On November 1, Louis Bonaparte answered the Legislative Assembly with a message which in quite brusque words announced the dismissal of the Barrot Ministry and the formation of a new ministry. The Barrot-Falloux

Ministry was the ministry of the royalist coalition, the Hautpoul Ministry was the ministry of Bonaparte, the organ of the President as against the Legislative Assembly, the *ministry of the clerks*.

Bonaparte was no longer the merely *neutral man* of December 10, 1848. His possession of the executive power had grouped a number of interests around him, the struggle with anarchy forced the party of Order itself to increase his influence, and if he was *no longer* popular, the party of Order was *unpopular*. Could he not hope to compel the Orléanists and the Legitimists, through their rivalry as well as through the necessity of some sort of monarchist restoration, to recognize the *neutral pretender*?

From November 1, 1849, dates the third period in the life of the constitutional republic, a period which closes with March 10, 1850. The regular game, so much admired by Guizot, of the constitutional institutions, the wrangling between executive and legislative power, now begins. More, as against the hankering for restoration on the part of the united Orléanists and Legitimists, Bonaparte defends his title to his actual power, the republic; as against the hankering for restoration on the part of Bonaparte, the party of Order defends its title to its common rule, the republic; as against the Orléanists, the Legitimists, and as against the Legitimists, the Orléanists, defend the status quo, the republic. All these factions of the party of Order, each of which has its own king and its own restoration *in petto* [secretly], mutually enforce, as against their rivals' hankering for usurpation and revolt, the common rule of the bourgeoisie, the form in which the special claims remain neutralized and reserved the *republic*.

Just as Kant makes the republic, so these royalists make the *monarchy* the only rational form of state, a postulate of practical reason whose realization is never attained, but whose attainment must always be striven for and mentally adhered to as the goal.

Thus the constitutional republic had gone forth from the hands of the bourgeois republicans as a hollow ideological formula to become a form full of content and life in the hands of the royalists in coalition. And Thiers spoke more truly than he suspects when he said: "We, the royalists, are the true pillars of the constitutional republic."

The overthrow of the ministry of the coalition and the appearance of the ministry of the clerks has a second significance. Its Finance Minister was *Fould*. Fould as Finance Minister signifies the official surrender of France's national wealth to the Bourse, the management of the state's property by the

Bourse and in the interests of the Bourse. With the nomination of Fould, the finance aristocracy announced its restoration in the *Moniteur*. This restoration necessarily supplemented the other restorations, which form just so many links in the chain of the constitutional republic.

Louis Philippe had never dared to make a genuine *loup-cervier* [stock-exchange wolf] finance minister. Just as his monarchy was the ideal name for the rule of the big bourgeoisie, so in his ministries the privileged interests had to bear ideologically disinterested names. The bourgeois republic every where pushed into the forefront what the different monarchies, Legitimist as well as Orléanist, had kept concealed in the background. It made earthly what they had made heavenly. In place of the names of the saints it put the bourgeois proper names of the dominant class interests.

Our whole exposition has shown how the republic, from the first day of its existence, did not overthrow but consolidated the finance aristocracy. But the concessions made to it were a fate to which submission was made without the desire to bring it about. With Fould, the initiative in the government returned to the finance aristocracy.

The question will be asked how the coalesced bourgeoisie could bear and suffer the rule of finance, which under Louis Philippe depended on the exclusion or subordination of the remaining bourgeois factions.

The answer is simple.

First of all, the finance aristocracy itself forms a weighty, authoritative part of the royalist coalition, whose common governmental power is denominated republic. Are not the spokesmen and leading lights among the Orléanists the old confederates and accomplices of the finance aristocracy? Is it not itself the golden phalanx of Orleanism? As far as the Legitimists are concerned, under Louis Philippe they had already participated in practice in all the orgies of the Bourse, mine, and railway speculations. In general, the combination of large landed property with high finance is a *normal fact*. Proof: *England*; proof: even *Austria*.

In a country like France, where the volume of national production stands at a disproportionately lower level than the amount of the national debt, where government bonds form the most important subject of speculation and the Bourse the chief market for the investment of capital that wants to turn itself to account in an unproductive way – in such a country a countless number of people from all bourgeois or semi-bourgeois classes must have

an interest in the state debt, in the Bourse gamblings, in finance. Do not all these interested subalterns find their natural mainstays and commanders in the faction which represents this interest in its vastest outlines, which represents it as a whole?

What conditions the accrual of state property to high finance? The constantly growing indebtedness of the state. And the indebtedness of the state? The constant excess of its expenditure over its income, a disproportion which is simultaneously the cause and effect of the system of state loans.

In order to escape from this indebtedness, the state must either restrict its expenditure, that is, simplify and curtail the government organism, govern as little as possible, employ as few personnel as possible, enter as little as possible into relations with bourgeois society. This path was impossible for the party of Order, whose means of repression, official interference in the name of the state, and ubiquity through organs of state were bound to increase in the same measure as the number of quarters increased from which its rule and the conditions for the existence of its class were threatened. The gendarmerie cannot be reduced in the same measure as attacks on persons and property increase.

Or the state must seek to evade the debts and produce an immediate but transitory balance in its budget by putting *extraordinary taxes* on the shoulders of the wealthiest classes. But was the party of Order to sacrifice its own wealth on the altar of the fatherland to stop the national wealth from being exploited by the Bourse? *Pas si bête!* [Not so stupid!]

Therefore, without a complete revolution in the French state, no revolution in the French state budget. Along with this state budget necessarily goes the lordship of the trade in state debts, of the state creditors, the bankers, the money dealers, and the wolves of the Bourse. Only one faction of the party of Order was directly concerned in the overthrow of the finance aristocracy – the *manufacturers*. We are not speaking of the middle, of the smaller people engaged in industry; we are speaking of the reigning princes of the manufacturing interests, who had formed the broad basis of the dynastic opposition under Louis Philippe. Their interest is indubitably reduction of the costs of production and hence reduction of the taxes, which enter into production, and hence reduction of the state debts, the interest on which enters into the taxes, hence the overthrow of the finance aristocracy.

In England – and the largest French manufacturers are petty bourgeois compared with their English rivals actually find the manufacturers, a Cobden, a Bright, at the head of the crusade against the bank and the stock-exchange aristocracy. Why not in France? In England industry predominates – in France, agriculture. In England industry requires free trade; in France, protective tariffs, national monopoly alongside the other monopolies. French industry does not dominate French production; the French industrialists, therefore, do not dominate the French bourgeoisie. In order to secure the advancement of their interests as against the remaining factions of the bourgeoisie, they cannot, like the English, take the lead of the movement and simultaneously push their class interests to the fore; they must follow in the train of the revolution, and serve interests which are opposed to the collective interests of their class. In February they had misunderstood their position; February sharpened their wits. And who is more directly threatened by the workers than the employer, the industrial capitalists? The manufacturer, therefore, of necessity became in France the most fanatical member of the party of Order. The reduction of his *profit* by finance, what is that compared with the *abolition of profit by the proletariat*?

In France, the petty bourgeois does what normally the industrial bourgeois would have to do; the worker does what normally would be the task of the petty bourgeois; and the task of the worker, who accomplishes that? No one. In France it is not accomplished; in France it is proclaimed. It is not accomplished anywhere within the national boundaries. The class war within French society turns into a world war, in which the nations confront one another. Accomplishment begins only at the moment when, through the world war, the proletariat is pushed to the fore of the people that dominates the world market, to the forefront in England. The revolution, which finds here not its end, but its organizational beginning, is no short-lived revolution. The present generation is like the Jews whom Moses led through the wilderness. It not only has a new world to conquer, it must go under in order to make room for the men who are able to cope with a new world.

Let us return to Fould.

On November 14, 1849, Fould mounted the tribune of the National Assembly and expounded his system of finance: an apology for the old system of taxes! Retention of the wine tax! Abandonment of Passy's income tax!

Passy, too, was no revolutionist; he was an old minister of Louis Philippe's. He belonged to the Puritans of the Dufaure brand and to the most intimate confidants of Teste, the scapegoat of the July Monarchy. Passy, too, had praised the old tax system and recommended the retention of the wine tax, but he had at the same time torn the veil from the state deficit. He had declared the necessity for a new tax, the income tax, if the bankruptcy of the state was to be avoided. Fould, who had recommended state bankruptcy to Ledru-Rollin, recommended the state deficit to the Legislative Assembly. He promised economies, the secret of which later revealed itself in that, for example, expenditures diminished by sixty millions while the floating debt increased by two hundred millions – conjurers' tricks in the grouping of figures, in the drawing up of accounts, which all finally amounted to new loans.

Alongside the other jealous bourgeois factions, the finance aristocracy naturally did not act in so shamelessly corrupt a manner under Fould as under Louis Philippe. But once it existed, the system remained the same: constant increase in the debts, masking of the deficit. And in time the old Bourse swindling came out more openly. Proof: the law concerning the Avignon Railway; the mysterious fluctuations in government securities, for a brief time the topic of the day throughout Paris; finally, the ill-starred speculations of Fould and Bonaparte on the elections of March 10.

With the official restoration of the finance aristocracy, the French people soon had to stand again before a February 24.

The Constituent Assembly, in an attack of misanthropy against its heir, had abolished the wine tax for the year of our Lord 1850. New debts could not be paid with the abolition of old taxes. *Creton*, a cretin of the party of Order, had moved the retention of the wine tax even before the Legislative Assembly recessed. Fould took up this motion in the name of the Bonapartist ministry and on December 20, 1849, the anniversary of the day Bonaparte was proclaimed President, the National Assembly decreed the *restoration of the wine tax*.

The sponsor of this restoration was not a financier; it was the Jesuit chief *Montalembert*. His argument was strikingly simple: Taxation is the maternal breast on which the government is suckled. The government is the instruments of repression; it is the organs of authority; it is the army; it is the police; it is the officials, the judges, the ministers; it is the *priests*. An attack on taxation is an attack by the anarchists on the sentinels of order,

who safeguard the material and spiritual production of bourgeois society from the inroads of the proletarian vandals. Taxation is the fifth god, side by side with property, the family, order, and religion. And the wine tax is incontestably taxation and, moreover, not ordinary, but traditional, monarchically disposed, respectable taxation. *Vive l'impôt des boissons!* [Long live the tax on drinks!] Three cheers and one cheer more!

When the French peasant paints the devil he paints him in the guise of a tax collector. From the moment when Montalembert elevated taxation to a god, the peasant became godless, atheist, and threw himself into the arms of the devil, of socialism. The religion of order had forfeited him; the Jesuits had forfeited him; Bonaparte had forfeited him. December 20, 1849, had irrevocably compromised December 20, 1848. The “nephew of his uncle” was not the first of his family whom the wine tax defeated, this tax which, in Montalembert’s phrase, heralds the revolutionary storm. The real, the great Napoleon declared on St. Helena that the reintroduction of the wine tax had contributed more to his downfall than all else, since it had alienated from him the peasants of Southern France. As far back as under Louis XIV the favorite object of the hatred of the people (see the writings of Boisguillebert and Vauban), abolished by the first revolution, it was reintroduced by Napoleon in a modified form in 1808. When the Restoration entered France, there trotted before it not only the Cossacks,, but also the promises to abolish the wine tax. The *gentilhommerie* [gentry] naturally did not need to keep its word to the *gens taillables à merci et miséricorde* [people taxed pitilessly]. The year 1830 promised the abolition of the wine tax. It was not its way to do what it said or say what it did. The year 1848 promised the abolition of the wine tax, just as it promised everything. Finally, the Constituent Assembly, which promised nothing, made, as already mentioned, a testamentary provision whereby the wine tax was to disappear on January 1, 1850. And just ten days before January 1, 1850, the Legislative Assembly introduced it once more, so that the French people perpetually pursued it, and when they had thrown it out the door saw it come in again through the window.

The popular hatred of the wine tax is explained by the fact that it unites in itself all the odiousness of the French system of taxation. The mode of its collection is odious, the mode of its distribution aristocratic, for the rates of taxation are the same for the commonest as for the costliest wines; it increases, therefore, in geometrical progression as the wealth of the

consumers decreases, an inverted progressive tax. It accordingly directly provokes the poisoning of the laboring classes by putting a premium on adulterated and imitation wines. It lessens consumption, since it sets up *octrois* [toll houses] before the gates of all towns of over four thousand inhabitants and transforms each such town into a foreign country with a protective tariff against French wine. The big wine merchants, but still more the small ones, the *marchands de vins*, whose livelihood directly depends on the consumption of wine, are so many avowed enemies of the wine tax. And finally, by lessening consumption the wine tax curtails the producers' market. While it renders the urban workers incapable of paying for wine, it renders the wine growers incapable of selling it. And France has a wine-growing population of about twelve million. One can therefore understand the hatred of the people in general; one can in particular understand the fanaticism of the peasants against the wine tax. And in addition they saw in its restoration no isolated, more or less accidental event. The peasants have a kind of historical tradition of their own, which is handed down from father to son, and in this historical school it is muttered that whenever any government wants to dupe the peasants, it promises the abolition of the wine tax, and as soon as it has duped the peasants, it retains or reintroduces the wine tax. In the wine tax the peasant tests the bouquet of the government, its tendency. The restoration of the wine tax on December 20 meant: *Louis Bonaparte is like the rest*. But he was not like the rest; he was a *peasant discovery*, and in the petitions carrying millions of signatures against the wine tax they took back the votes that they had given a year before to the "nephew of his uncle."

The country folk – over two-thirds of the total French population – consist for the most part of so-called free *landowners*. The first generation, gratuitously freed by the Revolution of 1789 from its feudal burdens, had paid no price for the soil. But the following generations paid, under the form of the *price of land*, what their semi-serf forefathers had paid in the form of rent, tithes, corvee, etc. The more, on the one hand, the population grew and the more, on the other hand, the partition of the soil increased, the higher became the price of the parcels, for the demand for them increased with their smallness. But in proportion as the price the peasant paid for his parcel rose, whether he bought it directly or whether he had it accounted as capital by his co-heirs, necessarily the *indebtedness of the peasant*, that is, the *mortgage*, also rose. The claim to a debt encumbering the land is termed

a mortgage, a pawn ticket in respect of the land. Just as *privileges* accumulated on the medieval estate, *mortgages* accumulate on the modern small allotment. On the other hand, under the system of parcelisation the soil is purely an *instrument of production* for its proprietor. Now the fruitfulness of land diminishes in the same measure as land is divided. The application of machinery to the land, the division of labor, major soil – improvement measures, such as cutting drainage and irrigation canals and the like, become more and more impossible, while the *unproductive costs* of cultivation increase in the same proportion as the division of the instrument of production itself. All this, regardless of whether the possessor of the small allotment possesses capital or not. But the more the division increases, the more does the parcel of land with its utterly wretched inventory form the entire capital of the small allotment peasant, the more does investment of capital in the land diminish, the more does the peasant lack land, money, and education for making use of the progress in agronomy, and the more does the cultivation of the soil regress. Finally, the *net proceeds* diminish in the same proportion as the *gross consumption* increases, as the whole family of the peasant is kept back from other occupations through its holding and yet is not enabled to live by it.

In the measure, therefore, that the population and, with it, the division of the land increases, does the *instrument of production*, the soil, become more expensive and its *fertility decrease*, does *agriculture decline and the peasant become loaded with debt*. And what was the effect becomes, in its turn, the cause. Each generation leaves behind another more deeply in debt – each new generation begins under more unfavorable and more aggravating conditions; mortgaging begets mortgaging, and when it becomes impossible for the peasant to offer his small holding as security for new debts, that is, to encumber it with new mortgages, he falls a direct victim to usury, and usurious interest rates become so much the more exorbitant.

Thus it came about that the French peasant cedes to the capitalist, in the form of *interest* on the *mortgages* encumbering the soil and in the form of *interest on the advances made by the usurer without mortgages*, not only ground rent, not only the industrial profit – in a word, not only the *whole net profit* – but even a *part of the wages*, and that therefore he has sunk to the level of the *Irish tenant farmer* – all under the pretense of being a *private proprietor*.

This process was accelerated in France by the ever growing *burden* of *taxes*, by *court costs* called forth in part directly by the formalities with which French legislation encumbers the ownership of land, in part by the innumerable conflicts over parcels everywhere bounding and crossing each other, and in part by the litigiousness of the peasants, whose enjoyment of property is limited to the fanatical assertion of their title to their fancied property, their *property rights*.

According to a statistical statement of 1840, the gross production of French agriculture amounted to 5,237,178,000 francs. Of this the costs of cultivation came to 3,552,000,000 francs, including consumption by the persons working. There remained a net product of 1,685,178,000 francs, from which 550,000,000 had to be deducted for interest on mortgages, 100,000,000 for law officials, 350,000,000 for taxes, and 107,000,000 for registration money, stamp duty, mortgage fees, etc. There was left one-third of the net product or 538,000,000; when distributed over the population, not 25 francs per head net product. Naturally, neither usury outside of mortgage nor lawyers' fees, etc., are included in this calculation.

The condition of the French peasants, when the republic had added new burdens to their old ones, is comprehensible. It can be seen that their exploitation differs only in *form* from the exploitation of the industrial proletariat. The exploiter is the same: *capital*. The individual capitalists exploit the individual peasants through *mortgages* and *usury*, the capitalist class exploits the peasant class through the *state taxes*. The peasant's title to property is the talisman by which capital held him hitherto under its spell, the pretext under which it set him against the industrial proletariat. Only the fall of capital can raise the peasant; only an anti-capitalist, a proletarian government can break his economic misery, his social degradation. The *constitutional republic* is the dictatorship of his united exploiters; the *social-democratic*, the *red republic*, is the dictatorship of his allies. And the scale rises or falls according to the votes the peasant casts into the ballot box. He himself has to decide his fate. So spoke the socialists in pamphlets, almanacs, calendars, and leaflets of all kinds. This language became more understandable to him through the counter-writings of the party of Order, which for its part turned to him, and which by gross exaggeration, by its brutal conception and representation of the intentions and ideas of the socialists, struck the true peasant note and overstimulated his lust after forbidden fruit. But most understandable was the language of the actual

experience that the peasant class had gained from the use of the suffrage, were the disillusionments overwhelming him, blow upon blow, with revolutionary speed. *Revolutions are the locomotives of history.*

The gradual revolutionizing of the peasants was manifested by various symptoms. It early revealed itself in the elections to the Legislative Assembly – it was revealed in the state of siege in the five departments bordering Lyons; it was revealed a few months after June 13 in the election of a Montagnard in place of the former president of the *Chambre introuvable* by the Department of the Gironde; it was revealed on December 20, 1849, in the election of a red in place of a deceased Legitimist deputy in the Department *du Gard*, that promised land of the Legitimists, the scene of the most frightful infamies committed against the republicans in 1794 and 1795 and the center of the white terror in 1815, when liberals and Protestants were publicly murdered. This revolutionizing of the most stationary class is most clearly evident since the reintroduction of the wine tax. The governmental measures and the laws of January and February, 1850, are directed almost exclusively against the *departments* and the *peasants*. The most striking proof of their progress.

*The Hautpoul circular*, by which the gendarme was appointed inquisitor of the prefect, of the subprefect, and, above all, of the mayor, and by which espionage was organized even in the hidden corners of the remotest village community; the *law against the schoolteachers*, by which they (the men of talent, the spokesmen, the educators and interpreters of the peasant class) were subjected to the arbitrary power of the prefect – they, the proletarians of the learned class, were chased like hunted beasts from one community to another; the *bill against the mayors*, by which the Damocles sword of dismissal was hung over their heads, and they, the presidents of the peasant communities, were every moment set in opposition to the President of the Republic and the party of Order; the *ordinance* which transformed the seventeen military districts of France into four pashaliks and forced the barracks and the bivouac on the French as their national salon; the *education law*, by which the party of Order proclaimed unconsciousness and the forcible stupefaction of France as the condition of its life under the regime of universal suffrage what were all these laws and measures? Desperate attempts to reconquer the departments and the peasants of the departments for the party of Order.

Regarded as *repression*, they were wretched methods that wrung the neck of their own purpose. The big measures, like the retention of the wine tax, of the 45-centime tax, the scornful rejection of peasant petitions for the repayment of the milliard, etc., all these legislative thunderbolts struck the peasant class all at once, wholesale, from the center; the laws and measures cited made attack and resistance *general*, the topic of the day in every hut; they inoculated every village with revolution; *they localized and peasantized the revolution*.

On the other hand, do not these proposals of Bonaparte and their acceptance by the National Assembly prove the unity of the two powers of the constitutional republic, so far as it is a question of repression of anarchy – that is, of all the classes that rise against the bourgeois dictatorship? Did not *Soulouque* [Louis Bonaparte], directly after his brusque message, assure the Legislative Assembly of his *dévouement* [devotion] to order, through the immediately following message of *Carlier*, that dirty, mean caricature of Fouché, as Louis Bonaparte himself was the shallow caricature of Napoleon?

The *education law* shows us the alliance of the young Catholics with the old Voltaireans. Could the rule of the united bourgeois be anything else but the coalesced despotism of the pro-Jesuit Restoration and the make-believe free-thinking July Monarchy? Had not the weapons that the one bourgeois faction had distributed among the people against the other faction, in their mutual struggle for supremacy, again been torn from it, the people, since the latter was confronting their united dictatorship? Nothing has aroused the Paris shopkeeper more than this coquettish *étalage* [display] of *Jesuitism*, not even the rejection of the *concordats à l'amiable* [friendly agreements].

Meanwhile the collisions between the different factions of the party of Order, as well as between the National Assembly and Bonaparte, continued. The National Assembly was far from pleased that Bonaparte, immediately after his *coup d'état*, after appointing his own, Bonapartist ministry, summoned before him the invalids of the monarchy, newly appointed prefects, and made their unconstitutional agitation for his reelection as President the condition of their appointment; that Carlier celebrated his inauguration with the closing of a Legitimist club, or that Bonaparte founded a journal of his own, *Le Napoleon*, which betrayed the secret longings of the President to the public, while his ministers had to deny them from the tribune of the Legislative Assembly. The latter was far from

pleased by the defiant retention of the ministry, notwithstanding its various votes of no confidence; far from pleased by the attempt to win the favor of the noncommissioned officers by an extra pay of four sous a day and the favor of the proletariat by a plagiarisation of Eugène Sue's *Mysteries* by an honor loan bank; far from pleased, finally, by the effrontery with which the ministers were made to move the deportation of the remaining June insurgents to Algiers, in order to heap unpopularity on the Legislative Assembly *en gros*, while the President reserved popularity for himself *en detail*, by individual grants of pardon. *Thiers* let fall threatening words about *coups d'état* and *coups de tête* [rash acts], and the Legislative Assembly revenged itself on Bonaparte by rejecting every proposed law that he put forward for his own benefit, and by inquiring with noisy mistrust, in every instance when he made a proposal in the common interest, whether he did not aspire, through increase of the executive power, to augment the personal power of Bonaparte. In a word, *it revenged itself by a conspiracy of contempt.*

The Legitimist party, on its part, saw with vexation the more capable Orléanists once more occupying almost all posts and *centralization* increasing, while it sought its salvation principally in *decentralization*. And so it was. The counterrevolution *centralized forcibly*, that is, it prepared the mechanism of the revolution. It even *centralized* the gold and silver of France in the Paris Bank through the compulsory quotation of bank notes, and so created the *ready war chest of the revolution.*

Lastly, the Orléanists saw with vexation the emergent principle of legitimacy contrasted with their bastard principle, and themselves every moment snubbed and maltreated as the bourgeois misalliance of a noble spouse.

Little by little we have seen peasants, petty bourgeois, the middle classes in general, stepping alongside the proletariat, driven into open antagonism to the official republic and treated by it as antagonists. *Revolt against bourgeois dictatorship, need of a change of society, adherence to democratic-republican institutions as organs of their movement, grouping around the proletariat as the decisive revolutionary power* – these are the common characteristics of the *so-called party of social democracy, the party of the red republic.* This *party of anarchy*, as its opponents christened it, is no less a coalition of different interests than the *party of Order.* From the smallest reform of the old social disorder to the overthrow of the old

social order, from bourgeois liberalism to revolutionary terrorism – as far apart as this lie the extremes that form the starting point and the finishing point of the party of “anarchy.”

Abolition of the protective tariff – socialism! For it strikes at the monopoly of the *industrial* faction of the party of Order. Regulation of the state budget – socialism! For it strikes at the monopoly of the *financial* faction of the party of Order. Free admission of foreign meat and corn – socialism! For it strikes at the monopoly of the third faction of the party of Order, *large landed property*. The demands of the free-trade party, that is, of the most advanced English bourgeois party, appear in France as so many socialist demands. Voltaireanism socialism! For it strikes at a fourth faction of the party of Order, the *Catholic*. Freedom of the press, right of association, universal public education – socialism, socialism! They strike at the general monopoly of the party of Order.

So swiftly had the march of the revolution ripened conditions that the friends of reform of all shades, the most moderate claims of the middle classes, were compelled to group themselves around the banner of the most extreme party of revolution, around the *red flag*.

Yet manifold as the *socialism* of the different large sections of the party of anarchy was, according to the economic conditions and the total revolutionary requirements of the class or fraction of a class arising out of these, in *one* point it is in harmony: in proclaiming itself the *means of emancipating the proletariat* and the emancipation of the latter as its *object*. Deliberate deception on the part of some; self-deception on the part of the others, who promote the world transformed according to their own needs as the best world for all, as the realization of all revolutionary claims and the elimination of all revolutionary collisions.

Behind the *general* socialist phrases of the “*party of anarchy*,” which sound rather alike, there is concealed the *socialism* of the *National*, of the *Presse*, and of the *Siècle*, which more or less consistently wants to overthrow the rule of the finance aristocracy and to free industry and trade from their hitherto existing fetters. This is the socialism of industry, of trade, and of agriculture, whose bosses in the party of Order deny these interests, insofar as they no longer coincide with their private monopolies. *Petty bourgeois socialism*, socialism par excellence, is distinct from this *bourgeois socialism*, to which, as to every variety of socialism, sections of the workers and petty bourgeois naturally rally. Capital hounds this class

chiefly as its *creditor*, so it demands *credit institutions*; capital crushes it by *competition*, so it demands *associations* supported by the state; capital overwhelms it by *concentration*, so it demands *progressive taxes*, limitations on inheritance, taking over of large construction projects by the state, and other measures that *forcibly stem the growth of capital*. Since it dreams of the peaceful achievement of its socialism – allowing, perhaps, for a second February Revolution lasting a brief day or so the coming historical process naturally appears to it as an *application of systems* which the thinkers of society, whether in companies or as individual inventors, devise or have devised. Thus they become the eclectics or adepts of the existing socialist *systems*, of *doctrinaire socialism*, which was the theoretical expression of the proletariat only as long as it had not yet developed further into a free historical movement of its own.

While this *utopian doctrinaire socialism*, which subordinates the total movement to one of its stages, which puts in place of common social production the brainwork of individual pedants and, above all, in fantasy does away with the revolutionary struggle of the classes and its requirements by small conjurers' tricks or great sentimentality, while this doctrinaire socialism, which at bottom only idealizes present society, takes a picture of it without shadows, and wants to achieve its ideal athwart the realities of present society; while the proletariat surrenders this socialism to the petty bourgeoisie; while the struggle of the different socialist leaders among themselves sets forth each of the so-called systems as a pretentious adherence to one of the transit points of the social revolution as against another – the *proletariat* rallies more and more around *revolutionary socialism*, around *communism*, for which the bourgeoisie has itself invented the name of *Blanqui*. This socialism is the *declaration of the permanence of the revolution*, the *class dictatorship* of the proletariat as the necessary transit point to the *abolition of class distinctions generally*, to the abolition of all the relations of production on which they rest, to the abolition of all the social relations that correspond to these relations of production, to the revolutionizing of all the ideas that result from these social relations.

The scope of this exposition does not permit of developing the subject further.

We have seen that just as in the party of *Order* the *finance aristocracy* necessarily took the lead, so in the party of “*anarchy*” the *proletariat*. While the different classes, united in a revolutionary league, grouped themselves

around the proletariat, while the departments became ever more unsafe and the Legislative Assembly itself ever more morose toward the pretensions of the French Soulouque, the long deferred and delayed by-election of substitutes for the Montagnards, proscribed after June 13, drew near.

The government, scorned by its foes, maltreated and daily humiliated by its alleged friends, saw only *one* mean of emerging from this repugnant and untenable position – *revolt*. A revolt in Paris would have permitted the proclamation of a state of siege in Paris and the departments and thus the control of the elections. On the other hand, the friends of order, in face of a government that had gained victory over anarchy, were constrained to make concessions, if they did not want to appear as anarchists themselves.

The government set to work. At the beginning of February, 1850, provocation of the people by chopping down the trees of liberty. In vain. If the trees of liberty lost their place, the government itself lost its head and fell back, frightened by its own provocation. The National Assembly, however, received this clumsy attempt at emancipation on the part of Bonaparte with ice-cold mistrust. The removal of the wreaths of immortelles from the July column was no more successful. It gave part of the army an opportunity for revolutionary demonstrations and the National Assembly the occasion for a more or less veiled vote of no confidence in the ministry. In vain the government press threatened the abolition of universal suffrage and the invasion of the Cossacks. In vain was Hautpoul's direct challenge, issued to the Left in the Legislative Assembly itself, to betake itself to the streets, and his declaration that the government was ready to receive it. Hautpoul received nothing but a call to order from the President, and the party of Order, with silent, malicious joy, allowed a deputy of the Left to mock Bonaparte's usurpatory longings. In vain, finally, was the prophecy of a revolution on February 24. The government caused February 24 to be ignored by the people.

The proletariat did not allow itself to be provoked to *revolt*, because it was on the point of making a *revolution*.

Unhindered by the provocations of the government, which only heightened the general exasperation at the existing situation, the election committee, wholly under the influence of the workers, put forward three candidates for Paris: *Deflotte*, *Vidal*, and *Carnot*. *Deflotte* was a June deportee, amnestied through one of Bonaparte's popularity-seeking ideas; he was a friend of Blanqui and had taken part in the attempt of May 15.

*Vidal*, known as a communist writer through his book *Concerning the Distribution of Wealth*, was formerly secretary to Louis Blanc in the Luxembourg Commission. *Carnot*, son of the man of the Convention who had organized the victory, the least compromised member of the National party, Minister of Education in the Provisional Government and the Executive Commission, was through his democratic public education bill a living protest against the education law of the Jesuits. These three candidates represented the three allied classes: at the head, the June insurgent, the representative of the revolutionary proletariat; next to him the doctrinaire socialist, the representative of the socialist petty bourgeoisie; finally, the third, the representative of the republican bourgeois party whose democratic formulas had gained a socialist significance vis-a-vis the party of Order and had long lost their own significance. This was a *general coalition against the bourgeoisie and the government, as in February*. But this time the *proletariat* was at the *head of the revolutionary league*.

In spite of all efforts the socialist candidates won. The army itself voted for the June insurgent against its own War Minister La Hitte. The party of Order was thunderstruck. The elections in the departments did not solace them; the departments gave a majority to the Montagnards.

*The election of March 10, 1850! It was the revocation of June, 1848*: the butchers and deportees of the June insurgents returned to the National Assembly but returned, bowed down, in the train of the deported, and with their principles on their lips. *It was the revocation of June 13, 1849*: the Montagne, proscribed by the National Assembly, returned to the National Assembly, but as advance trumpeters of the revolution, no longer as its commanders. *It was the revocation of December 10*: Napoleon had lost out with his Minister La Hitte. The parliamentary history of France knows only one analogy: the rejection of d'Haussez, minister of Charles X, in 1830. Finally, the election of March 10, 1850, was the cancellation of the election of May 13, which had given the party of Order a majority. The election of March 10 protested against the majority of May 13. March 10 was a revolution. Behind the ballots lie the paving stones.

“The vote of March 10 means war,” shouted Ségur d’Aguesseau, one of the most advanced members of the party of Order.

With March 10, 1850, the constitutional republic entered a new phase, *the phase of its dissolution*. The different factions of the majority are again united among themselves and with Bonaparte; they are again the saviors of

order – he is again their neutral man. If they remember that they are royalists, it happens only from despair of the possibility of a bourgeois republic; if he remembers that he is a pretender, it happens only because he despairs of remaining President.

At the command of the party of Order, Bonaparte answers the election of *Defflotte*, the June insurgent, by appointing *Baroche* Minister of Internal Affairs, *Baroche*, the accuser of *Blanqui* and *Barbès*, of *Ledru-Rollin* and *Guinard*. The Legislative Assembly answers the election of *Carnot* by adopting the education law, the election of *Vidal* by suppressing the socialist press. The party of Order seeks to blare away its own fears by the trumpet blasts of its press. “The sword is holy,” cries one of its organs; “the defenders of order must take the offensive against the Red party,” cries another; “between socialism and society there is a duel to the death, a war without surcease or mercy; in this duel of desperation one or the other must go under; if society does not annihilate socialism, socialism will annihilate society,” crows a third cock of Order. Throw up the barricades of order, the barricades of religion, the barricades of the family! An end must be made of the 127,000 voters of Paris! A Bartholomew’s Night for the socialists! And the party of Order believes for a moment in its own certainty of victory.

Their organs hold forth most fanatically of all against the “*boutiquiers* [tradesmen] of *Paris*.” The June insurgent of Paris elected by the shopkeepers of Paris as their representative! This means that a second June, 1848, is impossible; this means that a second June 13, 1849, is impossible; this means that the moral influence of capital is broken; this means that the bourgeois assembly now represents only the bourgeoisie; this means that big property is lost, because its vassal, small property, seeks its salvation in the camp of the propertyless.

The party of Order naturally returns to its inevitable *commonplace*. “*More repression*,” it cries, “*tenfold repression!*” But its power of repression has diminished tenfold, while resistance has increased a hundredfold. Must not the chief instrument of repression, the army, itself be repressed? And the party of Order speaks its last word: “The iron ring of suffocating legality must be broken. *The constitutional republic is impossible*. We must fight with our true weapons; since February, 1848, we have fought the revolution with its weapons and on its terrain – , we have accepted its institutions; the constitution is a fortress which safeguards only the besiegers, not the besieged! By smuggling ourselves into holy Ilion in

the belly of the Trojan horse, we have, unlike our forefathers, the *Grecks*, not conquered the hostile town, but made prisoners of ourselves.

The foundation of the constitution, however, is *universal suffrage*. *Annihilation of universal suffrage* – such is the last word of the party of Order, of the bourgeois dictatorship.

On May 4, 1848, on December 20, 1848, on May 13, 1849, and on July 8, 1849, universal suffrage admitted that they were right. On March 10, 1850, universal suffrage admitted that it had itself been wrong. Bourgeois rule as the outcome and result of universal suffrage, as the express act of the sovereign will of the people – that is the meaning of the bourgeois constitution. But has the constitution any further meaning from the moment that the content of this suffrage, of this sovereign will, is no longer bourgeois rule? Is it not the duty of the bourgeoisie so to regulate the suffrage that it wills the reasonable, its rule? By ever and anon putting an end to the existing state power and creating it anew out of itself, does not universal suffrage put an end to all stability, does it not every moment question all the powers that be, does it not annihilate authority, does it not threaten to elevate anarchy itself to the position of authority? After March 10, 1850, who would still doubt it?

By repudiating universal suffrage, with which it hitherto draped itself and from which it sucked its omnipotence, the bourgeoisie openly confesses, “*Our dictatorship has hitherto existed by the will of the people; it must now be consolidated against the will of the people.*” And, consistently, it seeks its props no longer within *France*, but without, in foreign countries, in *invasion*.

With the invasion, this second Coblenz, its seat established in France itself, rouses all the national passions against itself. With the attack on universal suffrage it provides a *general pretext* for the new revolution, and the revolution requires such a pretext. Every *special* pretext would divide the factions of the revolutionary league, and give prominence to their differences. The *general* pretext stuns the semi-revolutionary classes; it permits them to deceive themselves concerning the *definite character* of the coming revolution, concerning the consequences of their own act. Every revolution requires a question for discussion at banquets. Universal suffrage is the banquet question of the new revolution.

The bourgeois factions in *coalition*, however, are already condemned, since they take flight from the only possible form of their united power,

from the most potent and complete form of their *class rule*, the *constitutional republic*, back to the subordinate, incomplete, weaker form of *monarchy*. They resemble the old man who in order to regain his youthful strength fetched out his boyhood garments and suffered torment trying to get his withered limbs into them. Their republic had the *sole* merit of *being the hothouse of the revolution*.

March 10, 1850, bears the inscription:

*Après moi le déluge!* After me the deluge!

## Part IV. The Abolition of Universal Suffrage in 1850

The same symptoms have shown themselves in *France* since 1849, and particularly since the beginning of 1850. The Parisian industries are abundantly employed and the cotton factories of Rouen and Mulhouse are also doing pretty well, although here, as in England, the high prices of the raw material have exercised a retarding influence. The development of prosperity in France was, in addition, especially promoted by the comprehensive tariff reform in Spain and by the reduction of the duties on various luxury articles in Mexico; the export of French commodities to both markets has considerably increased. The growth of capital in France led to a series of speculations, for which the exploitation of the California gold mines on a large scale served as a pretext. A swarm of companies have sprung up; the low denomination of their shares and their socialist-colored prospectuses appeal directly to the purses of the petty bourgeois and the workers, but all and sundry result in that sheer swindling which is characteristic of the French and Chinese alone. One of these companies is even patronized directly by the government. The import duties in France during the first nine months of 1848 amounted to 63,000,000 francs, of 1849 to 95,000,000 francs, and of 1850 to 93,000,000 francs. Moreover, in the month of September, 1850, they again rose by more than a million compared with the same month of 1849. Exports also rose in 1849, and still more in 1850.

The most striking proof of restored prosperity is the Bank's reintroduction of specie payment by the law of August 6, 1850. On March 15, 1848, the Bank had been authorized to suspend specie payment. Its note circulation, including that of the provincial banks, amounted at that time to 373,000,000 francs (14,920,000 pounds). On November 2, 1849, this circulation amounted to 482,000,000 francs, or 19,280,000, an increase of 4,360,000 pounds, and on September 2, 1850, to 496,000,000 francs, or 19,840,000 pounds, an increase of about 5,000,000 pounds. This was not accompanied by any depreciation of the notes; on the contrary, the increased circulation of the notes was accompanied by the steadily increasing accumulation of gold and silver in the vaults of the Bank, so that

in the summer of 1850 its metallic reserve amounted to about 141,000,000 pounds, an unprecedented sum in France. That the Bank was thus placed in a position to increase its circulation and therewith its active capital by 123,000,000 francs, or 5,000,000 pounds, is striking proof of the correctness of our assertion in an earlier issue that the finance aristocracy has not only not been overthrown by the revolution, but has even been strengthened. This result becomes still more evident from the following survey of French bank legislation during the last few years. On June 10, 1847, the Bank was authorized to issue notes of 200 francs; hitherto the smallest denomination had been 500 francs. A decree of March 15, 1848, declared the notes of the Bank of France legal tender and relieved it of the obligation of redeeming them in specie. Its note issue was limited to 350,000,000 francs. It was simultaneously authorized to issue notes of 100 francs. A decree of April 27 prescribed the merging of the departmental banks in the Bank of France; another decree, of May 2, 1848, increased the latter's note issue to 442,000,000 francs. A decree of December 22, 1849, raised the maximum of the note issue to 525,000,000 francs. Finally, the law of August 6, 1850, reestablished the exchangeability of notes for specie. These facts, the continual increase in the circulation, the concentration of the whole of French credit in the hands of the Bank, and the accumulation of all French gold and silver in the Bank's vaults led M. Proudhon to the conclusion that the Bank must now shed its old snakeskin and metamorphose itself into a Proudhonist people's bank. He did not even need to know the history of the English bank restriction from 1797 to 1819; he only needed to direct his glance across the Channel to see that this fact, for him unprecedented in the history of bourgeois society, was nothing more than a very normal bourgeois event, which only now occurred in France for the first time. One sees that the allegedly revolutionary theoreticians who, after the Provisional Government, talked big in Paris were just as ignorant of the nature and the results of the measures taken as the gentlemen of the Provisional Government themselves.

In spite of the industrial and commercial prosperity that France momentarily enjoys, the mass of the people, the twenty-five million peasants, suffer from a great depression. The good harvests of the past few years have forced the prices of corn much lower even than in England, and the position of the peasants under such circumstances, in debt, sucked dry by usury and crushed by taxes, must be anything but splendid. The history

of the past three years has, however, provided sufficient proof that this class of the population is absolutely incapable of any revolutionary initiative.

Just as the period of crisis began later on the Continent than in England, so also did prosperity. The process originated in England, which is the demiurge of the bourgeois cosmos. On the Continent the various phases of the cycle repeatedly experienced by bourgeois society assume a secondary and tertiary form. First, the Continent exports to England disproportionately more than to any other country. This export to England, however, depends on the latter's position, especially in regard to the overseas market. England exports disproportionately more to overseas countries than to the whole Continent, so that the quantity of continental exports to those countries is always dependent on England's foreign trade. Hence when crises on the Continent produce revolutions there first, the bases for them are always laid in England. Violent outbreaks naturally erupt sooner at the extremities of the bourgeois body than in its heart, because in the latter the possibilities of accommodation are greater than in the former. On the other hand, the degree to which continental revolutions affect England is at the same time the thermometer that indicates to what extent these revolutions really put into question bourgeois life conditions, and to what extent they touch only their political formations.

Given this general prosperity, wherein the productive forces of bourgeois society are developing as luxuriantly as it is possible for them to do within bourgeois relationships, a real revolution is out of the question. Such a revolution is possible only in periods when *both* of these *factors* — the *modern forces* of production and the *bourgeois forms of production* — come *into opposition* with each other. The various bickerings in which representatives of the individual factions of the continental party of Order presently engage and compromise each other, far from providing an occasion for revolution, are, on the contrary, possible only because the bases of relationships are momentarily so secure and — what the reactionaries do not know — so *bourgeois*. On this all the reactionary attempts to hold back bourgeois development will rebound just as much as will all the ethical indignation and all the enraptured proclamations of the democrats. *A new revolution is only a consequence of a new crisis. The one, however, is as sure to come as the other.*

Let us now turn to *France*.

The victory that the people, in conjunction with the petty bourgeois, had won in the elections of March 10 was annulled by the people itself when it provoked the new election of April 28. Vidal was elected not only in Paris, but also in the Lower Rhine. The Paris Committee, in which the Montagne and the petty bourgeoisie were strongly represented, induced him to accept for the Lower Rhine. The victory of March 10 ceased to be a decisive one; the date of the decision was once more postponed; the tension of the people was relaxed; it became accustomed to legal triumphs instead of revolutionary ones. The revolutionary meaning of March 10, the rehabilitation of the June insurrection, was finally completely annihilated by the candidature of Eugene Sue, the sentimental petty-bourgeois social-fantast, which the proletariat could at best accept as a joke to please the grisettes. As against this well-meaning candidature, the party of Order, emboldened by the vacillating policy of its opponents, put up a candidate who was to represent the June victory. This comic candidate was the Spartan paterfamilias Leclerc, from whose person, however, the heroic armor was torn piece by piece by the press, and who experienced a brilliant defeat in the election. The new election victory on April 28 put the Montagne and the petty bourgeoisie in high feather. They already exulted in the thought of being able to arrive at the goal of their wishes in a purely legal way and without again pushing the proletariat into the foreground through a new revolution; they reckoned positively on bringing Ledru-Rollin into the presidential chair and a majority of Montagnards into the Assembly through universal suffrage in the new elections of 1852. The party of Order, rendered perfectly certain by the prospective elections, by Sue's candidature, and by the mood of the Montagne and the petty bourgeoisie, that the latter were resolved to remain quiet no matter what happened, answered the two election victories with an election law which abolished universal suffrage.

The government took good care not to make this legislative proposal on its own responsibility. It made an apparent concession to the majority by entrusting the working out of the bill to the high dignitaries of this majority, the seventeen burgraves. Thus it was not the government that proposed the repeal of universal suffrage to the Assembly; the majority of the Assembly proposed it to itself.

On May 8 the project was brought into the Chamber. The entire Social-Democratic press rose as one man in order to preach to the people dignified

bearing, calme majestueux, passivity, and trust in its representatives. Every article of these journals was a confession that a revolution would, above all, annihilate the so-called revolutionary press, and that therefore it was now a question of its self-preservation. The allegedly revolutionary press betrayed its whole secret. It signed its own death warrant.

On May 21 the Montagne put the preliminary question to debate and moved the rejection of the whole project on the ground that it violated the constitution. The party of Order answered that the constitution would be violated if it were necessary; there was, however, no need for this at present, because the constitution was capable of every interpretation, and because the majority alone was competent to decide on the correct interpretation. To the unbridled, savage attacks of Thiers and Montalembert the Montagne opposed a decorous and refined humanism. It took its stand on the ground of law; the party of Order referred it to the ground on which the law grows, to bourgeois property. The Montagne whimpered: Did they really want, then, to conjure up revolutions by main force? The party of Order replied: One would await them.

On May 22 the preliminary question was settled by 462 votes to 227. The same men who had proved with such solemn profundity that the National Assembly and every individual deputy would be renouncing his mandate if he renounced the people, his mandatory, now stuck to their seats and suddenly sought to let the country act, through petitions at that, instead of acting themselves, and still sat there unmoved when, on May 31, the law went through in splendid fashion. They sought to revenge themselves by a protest in which they recorded their innocence of the rape of the constitution, a protest which they did not even submit openly, but smuggled into the President's pocket from the rear.

An army of 150,000 men in Paris, the long deferment of the decision, the appeasing attitude of the press, the pusillanimity of the Montagne and of the newly elected representatives, the majestic calm of the petty bourgeois, but above all, the commercial and industrial prosperity, prevented any attempt at revolution on the part of the proletariat.

Universal suffrage had fulfilled its mission. The majority of the people had passed through the school of development, which is all that universal suffrage can serve for in a revolutionary period. It had to be set aside by a revolution or by the reaction.

The Montagne developed a still greater display of energy on an occasion that arose soon afterward. From the tribune War Minister Hautpoul had termed the February Revolution a baneful catastrophe. The orators of the Montagne, who, as always, distinguished themselves by their morally indignant bluster, were not allowed by the President, Dupin, to speak. Girardin proposed to the Montagne that it should walk out at once en masse. Result: The Montagne remained seated, but Girardin was cast out from its midst as unworthy.

The election law still needed one thing to complete it, a new *press law*. This was not long in coming. A proposal of the government, made many times more drastic by amendments of the party of Order, increased the caution money, put an extra stamp on feuilleton fiction (answer to the election of Eugène Sue), taxed all publications appearing weekly or monthly up to a certain number of sheets, and finally provided that every article of a journal must bear the signature of the author. The provisions concerning the caution money killed the so-called revolutionary press; the people regarded its extinction as satisfaction for the abolition of universal suffrage. However, neither the tendency nor the effect of the new law extended only to this section of the press. As long as the newspaper press was anonymous, it appeared as the organ of a numberless and nameless public opinion; it was the third power in the state. Through the signature of every article, a newspaper became a mere collection of literary contributions from more or less known individuals. Every article sank to the level of an advertisement. Hitherto the newspapers had circulated as the paper money of public opinion; now they were resolved into more or less bad solo bills, whose worth and circulation depended on the credit not only of the drawer but also of the endorser. The press of the party of Order had incited not only for the repeal of universal suffrage but also for the most extreme measures against the bad press. However, in its sinister anonymity even the good press was irksome to the party of Order and still more to its individual provincial representatives. As for itself, it demanded only the paid writer, with name, address, and description. In vain the good press bemoaned the ingratitude with which its services were rewarded. The law went through; the provision about the giving of names hit it hardest of all. The names of republican journalists were rather well known; but the respectable firms of the “Journal des Débats”, the “Assemblée Nationale”, the “Constitutionnel”, etc., etc., cut a sorry figure in their high protestations

of state wisdom when the mysterious company all at once disintegrated into purchasable penny-a-liners of long practice, who had defended all possible causes for cash, like Granier de Cassagnac, or into old milksops who called themselves statesmen, like Capefigue, or into coquettish fops, like M. Lemoigne of the *Débats*.

In the debate on the press law the Montagne had already sunk to such a level of moral degeneracy that it had to confine itself to applauding the brilliant tirades of an old notable of Louis Philippe's time, M. Victor Hugo.

With the election law and the press law the revolutionary and democratic party exits from the official stage. Before their departure home, shortly after the end of the session, the two factions of the Montagne, the socialist democrats and the democratic socialists, issued two manifestoes, two *testimonia paupertatis* [certificates of pauperism] in which they proved that while power and success were never on their side, they nonetheless had ever been on the side of eternal justice and all the other eternal truths.

Let us now consider the party of Order. The "Neue Rheinische Zeitung" had said: "As against the hankering for restoration on the part of the united Orléanists and Legitimists, Bonaparte defends his title to his actual power, the republic; as against the hankering for restoration on the part of Bonaparte, the party of Order defends its title to its common rule, the republic; as against the Orléanists, the Legitimists, and as against the Legitimists, the Orléanists, defend the status quo, the republic. All these factions of the party of Order, each of which has its own king and its own restoration in petto, mutually enforce, as against their rivals' hankering for usurpation and revolt, the common rule of the bourgeoisie, the form in which the special claims remain neutralized and reserved — the republic.... And Thiers spoke more truly than he suspects when he said: 'We, the royalists, are the true pillars of the constitutional republic'."

This comedy of the *républicains malgré eux* [republicans in spite of themselves], the antipathy to the status quo and the constant consolidation of it; the incessant friction between Bonaparte and the National Assembly; the ever renewed threat of the party of Order to split into its separate component parts, and the ever repeated conjugation of its factions; the attempt of each faction to transform each victory over the common foe into a defeat for its temporary allies; the mutual petty jealousy, chicanery, harassment, the tireless drawing of swords that ever and again ends with a

baiser Lamourette — this whole unedifying comedy of errors never developed more classically than during the past six months.

The party of Order regarded the election law at the same time as a victory over Bonaparte. Had not the government abdicated when it handed over the editing of and responsibility for its own proposal to the Commission of Seventeen? And did not the chief strength of Bonaparte as against the Assembly lie in the fact that he was the chosen of six millions? Bonaparte, on his part, treated the election law as a concession to the Assembly, with which he claimed to have purchased harmony between the legislative and executive powers. As reward, the vulgar adventurer demanded an increase of three millions in his civil list. Dared the National Assembly enter into a conflict with the executive at a moment when it had excommunicated the great majority of Frenchmen? It was roused to anger; it appeared to want to go to extremes; its commission rejected the motion; the Bonapartist press threatened, and referred to the disinherited people, deprived of its franchise; numerous noisy attempts at an arrangement took place, and the Assembly finally gave way in fact, but at the same time revenged itself in principle. Instead of increasing the civil list in principle by three millions per annum, it granted Bonaparte an accommodation of 2,160,000 francs. Not satisfied with this, it made even this concession only after it had been supported by Changarnier, the general of the party of Order and the protector thrust upon Bonaparte. Therefore it really granted the two millions not to Bonaparte, but to Changarnier.

This sop, thrown to him *de mauvaise grâce* [with bad grace], was accepted by Bonaparte quite in the spirit of the donor. The Bonapartist press blustered anew against the National Assembly. When in the debate on the press law the amendment was made on the signing of names — which, in turn, was directed especially against the less important papers — the representatives of the private interests of Bonaparte, the principal Bonapartist paper, the *Pouvoir*, published an open and vehement attack on the National Assembly. The ministers had to disavow the paper before the Assembly; the *girant* [manager] of the *Pouvoir* was summoned before the bar of the National Assembly and sentenced to pay the highest fine, 5,000 francs. Next day the *Pouvoir* published a still more insolent article against the Assembly, and as the revenge of the government, the public prosecutor promptly prosecuted a number of Legitimist journals for violating the constitution.

Finally there came the question of proroguing the Assembly. Bonaparte desired this in order to be able to operate unhindered by the Assembly. The party of Order desired it partly for the purpose of carrying on its factional intrigues, partly for the pursuit of the private interests of the individual deputies. Both needed it in order to consolidate and push further the victories of reaction in the provinces. The Assembly therefore adjourned from August 11 until November 11. Since, however, Bonaparte in no way concealed that his only concern was to get rid of the irksome surveillance of the National Assembly, the Assembly imprinted on the vote of confidence itself the stamp of lack of confidence in the President. All Bonapartists were kept off the permanent commission of twenty-eight members who stayed on during the recess as guardians of the virtue of the republic. In their stead, even some republicans of the *Siècle* and the *National* were elected to it, in order to prove to the President the attachment of the majority to the constitutional republic.

Shortly before, and especially immediately after the recess, the two big factions of the party of Order, the Orléanists and the Legitimists, appeared to want to be reconciled, and this by a fusion of the two royal houses under whose flags they were fighting. The papers were full of reconciliation proposals that were said to have been discussed at the sickbed of Louis Philippe at St. Leonards, when the death of Louis Philippe suddenly simplified the situation. Louis Philippe was the usurper, Henry V the dispossessed; the Count of Paris, on the other hand, owing to the childlessness of Henry V, was his lawful heir to the throne. Every pretext for objecting to a fusion of the two dynastic interests was now removed. But precisely now the two factions of the bourgeoisie first discovered that it was not zeal for a definite royal house that divided them, but that it was rather their divided class interests that kept the two dynasties apart. The Legitimists, who had made a pilgrimage to the residence of Henry V at Wiesbaden just as their competitors had to St. Leonards, received there the news of Louis Philippe's death. Forthwith they formed a ministry in *partibus infidelium*, which consisted mostly of members of that commission of guardians of the virtue of the republic and which on the occasion of a squabble in the bosom of the party came out with the most outspoken proclamation of right by the grace of God. The Orléanists rejoiced over the compromising scandal that this manifesto called forth in the press, and did not conceal for a moment their open enmity to the Legitimists.

During the adjournment of the National Assembly, the Councils of the departments met. The majority of them declared for a more or less qualified revision of the constitution; that is, they declared for a not definitely specified monarchist restoration, for a “*solution*”, and confessed at the same time that they were too incompetent and too cowardly to find this solution. The Bonapartist faction at once construed this desire for revision in the sense of a prolongation of Bonaparte’s presidency.

The constitutional solution, the retirement of Bonaparte in May, 1852, the simultaneous election of a new President by all the electors of the land, the revision of the constitution by a Chamber of Revision during the first months of the new presidency, is utterly inadmissible for the ruling class. The day of the new presidential election would be the day of rendezvous for all the hostile parties, the Legitimists, the Orléanists, the bourgeois republicans, the revolutionists. It would have to come to a violent decision between the different factions. Even if the party of Order should succeed in uniting around the candidature of a neutral person outside the dynastic families, he would still be opposed by Bonaparte. In its struggle with the people, the party of Order is compelled constantly to increase the power of the executive. Every increase of the executive’s power increases the power of its bearer, Bonaparte. In the same measure, therefore, as the party of Order strengthens its joint might, it strengthens the fighting resources of Bonaparte’s dynastic pretensions, it strengthens his chance of frustrating a constitutional solution by force on the day of the decision. He will then have, as against the party of Order, no more scruples about the one pillar of the constitution than that party had, as against the people, about the other pillar in the matter of the election law. He would, seemingly even against the Assembly, appeal to universal suffrage. In a word, the constitutional solution questions the entire political status quo and behind the jeopardizing of the status quo the bourgeois sees chaos, anarchy, civil war. He sees his purchases and sales, his promissory notes, his marriages, his agreements duly acknowledged before a notary, his mortgages, his ground rents, house rents, profits, all his contracts and sources of income called in question on the first Sunday in May, 1852, and he cannot expose himself to this risk. Behind the jeopardizing of the political status quo lurks the danger of the collapse of the entire bourgeois society. The only possible solution in the framework of the bourgeoisie is the postponement of the solution. It can save the constitutional republic only by a violation of the constitution, by

the prolongation of the power of the President. This is also the last word of the press of Order, after the protracted and profound debates on the “solutions” in which it indulged after the session of the general councils. The high and mighty party of Order thus finds itself, to its shame, compelled to take seriously the ridiculous, commonplace, and, to it, odious person of the pseudo Bonaparte.

This dirty figure likewise deceived himself about the causes that clothed him more and more with the character of the indispensable man. While his party had sufficient insight to ascribe the growing importance of Bonaparte to circumstances, he believed that he owed it solely to the magic power of his name and his continual caricaturing of Napoleon. He became more enterprising every day. To offset the pilgrimages to St. Leonards and Wiesbaden, he made his round trips through France. The Bonapartists had so little faith in the magic effect of his personality that they sent with him everywhere as claquers people from the Society of December 10, that organization of the Paris lumpen proletariat, packed en masse into railway trains and post chaises. They put speeches into the mouth of their marionette which, according to the reception in the different towns, proclaimed republican resignation or perennial tenacity as the keynote of the President’s policy. In spite of all maneuvers these journeys were anything but triumphal processions.

When Bonaparte believed he had thus made the people enthusiastic, he set out to win the army. He caused great reviews to be held on the plain of Satory, near Versailles, at which he sought to buy the soldiers with garlic sausages, champagne, and cigars. Whereas the genuine Napoleon, amid the hardships of his campaigns of conquest, knew how to cheer up his weary soldiers with outbursts of patriarchal familiarity, the pseudo Napoleon believed it was in gratitude that the troops shouted: *Vive Napoleon, vive le saucisson!* [Long live Napoleon, long live the sausage!] that is, Hurrah for the *Wurst* [sausage], hurrah for the *Hanswurst* [buffoon]!

These reviews led to the outbreak of the long suppressed dissension between Bonaparte and his War Minister Hautpoul, on the one hand, and Changarnier, on the other. In Changarnier the party of Order had found its real neutral man, in whose case there could be no question of his own dynastic claims. It had designated him Bonaparte’s successor. In addition, Changarnier had become the great general of the party of Order through his conduct on January 29 and June 13, 1849, the modern Alexander whose

brutal intervention had, in the eyes of the timid bourgeois, cut the Gordian knot of the revolution. At bottom just as ridiculous as Bonaparte, he had thus become a power in the very cheapest manner and was set up by the National Assembly to watch the President. He himself coquetted, for example, in the matter of the salary grant, with the protection that he gave Bonaparte, and rose up ever more overpoweringly against him and the ministers. When, on the occasion of the election law, an insurrection was expected, he forbade his officers to take any orders whatever from the War Minister or the President. The press was also instrumental in magnifying the figure of Changarnier. With the complete absence of great personalities, the party of Order naturally found itself compelled to endow a single individual with the strength lacking in its class as a whole and so puff up this individual to a prodigy. Thus arose the myth of Changarnier, the “*bulwark of society.*” The arrogant charlatanry, the secretive air of importance with which Changarnier condescended to carry the world on his shoulders, forms the most ridiculous contrast to the events during and after the [last] Satory review, which irrefutably proved that it needed only a stroke of the pen by Bonaparte, the infinitely little, to bring this fantastic offspring of bourgeois fear, the colossus Changarnier, back to the dimensions of mediocrity and transform him, society’s heroic savior, into a pensioned general.

Bonaparte had for some time been revenging himself on Changarnier by provoking the War Minister to disputes in matters of discipline with the irksome protector. The last review at Satory finally brought the old animosity to a climax. The constitutional indignation of Changarnier knew no bounds when he saw the cavalry regiments file past with the unconstitutional cry: *Vive l’Empereur!* [Long live the Emperor!] In order to forestall any unpleasant debate on this cry in the coming session of the Chamber, Bonaparte removed War Minister Hautpoul by appointing him governor of Algiers. In his place he put a reliable old general of the time of the Empire, one who was fully a match for Changarnier in brutality. But so that the dismissal of Hautpoul might not appear as a concession to Changarnier, he simultaneously transferred General Neumayer, the right hand of the great savior of society, from Paris to Nantes. It was Neumayer who at the last review had induced the whole of the infantry to file past the successor of Napoleon in icy silence. Changarnier, himself attacked in the person of Neumayer, protested and threatened. To no purpose. After two days’ negotiations, the decree transferring Neumayer appeared in the

*Moniteur*, and there was nothing left for the hero of Order but to submit to discipline or resign.

Bonaparte's struggle with Changarnier is the continuation of his struggle with the party of Order. The reopening of the National Assembly on November 11 will therefore take place under threatening auspices. It will be a storm in a teacup. In essence the old game must go on. Meanwhile the majority of the party of Order will, despite the clamor of the sticklers for principle in its different factions, be compelled to prolong the power of the President. Similarly, Bonaparte, already humbled by lack of money, will, despite all preliminary protestations, accept this prolongation of power from the hands of the National Assembly as simply delegated to him. Thus the solution is postponed; the status quo continued; one faction of the party of Order compromised, weakened, made unworkable by the other; the repression of the common enemy, the mass of the nation, extended and exhausted — until the economic relations themselves have again reached the point of development where a new explosion blows into the air all these squabbling parties with their constitutional republic.

For the peace of mind of the bourgeois it must be said, however, that the scandal between Bonaparte and the party of Order has the result of ruining a multitude of small capitalists on the Bourse and putting their assets into the pockets of the big wolves of the Bourse.

# ADDRESS OF THE CENTRAL COMMITTEE TO THE COMMUNIST LEAGUE



*Anonymous translation*

LONDON, MARCH 1850

Brothers!

In the two revolutionary years of 1848-49 the League proved itself in two ways. First, its members everywhere involved themselves energetically in the movement and stood in the front ranks of the only decisively revolutionary class, the proletariat, in the press, on the barricades and on the battlefields. The League further proved itself in that its understanding of the movement, as expressed in the circulars issued by the Congresses and the Central Committee of 1847 and in the Manifesto of the Communist Party, has been shown to be the only correct one, and the expectations expressed in these documents have been completely fulfilled. This previously only propagated by the League in secret, is now on everyone's lips and is preached openly in the market place. At the same time, however, the formerly strong organization of the League has been considerably weakened. A large number of members who were directly involved in the movement thought that the time for secret societies was over and that public action alone was sufficient. The individual districts and communes allowed their connections with the Central Committee to weaken and gradually become dormant. So, while the democratic party, the party of the petty bourgeoisie, has become more and more organized in Germany, the workers' party has lost its only firm foothold, remaining organized at best in individual localities for local purposes; within the general movement it has consequently come under the complete domination and leadership of the petty-bourgeois democrats. This situation cannot be allowed to continue; the independence of the workers must be restored. The Central Committee recognized this necessity and it therefore sent an emissary, Joseph Moll, to Germany in the winter of 1848-9 to reorganize the League. Moll's mission, however, failed to produce any lasting effect, partly because the German

workers at that time had not enough experience and partly because it was interrupted by the insurrection last May. Moll himself took up arms, joined the Baden-Palatinate army and fell on 29 June in the battle of the River Murg. The League lost in him one of the oldest, most active and most reliable members, who had been involved in all the Congresses and Central Committees and had earlier conducted a series of missions with great success. Since the defeat of the German and French revolutionary parties in July 1849, almost all the members of the Central Committee have reassembled in London: they have replenished their numbers with new revolutionary forces and set about reorganizing the League with renewed zeal.

This reorganization can only be achieved by an emissary, and the Central Committee considers it most important to dispatch the emissary at this very moment, when a new revolution is imminent, that is, when the workers' party must go into battle with the maximum degree of organization, unity and independence, so that it is not exploited and taken in tow by the bourgeoisie as in 1848.

We told you already in 1848, brothers, that the German liberal bourgeoisie would soon come to power and would immediately turn its newly won power against the workers. You have seen how this forecast came true. It was indeed the bourgeoisie which took possession of the state authority in the wake of the March movement of 1848 and used this power to drive the workers, its allies in the struggle, back into their former oppressed position. Although the bourgeoisie could accomplish this only by entering into an alliance with the feudal party, which had been defeated in March, and eventually even had to surrender power once more to this feudal absolutist party, it has nevertheless secured favourable conditions for itself. In view of the government's financial difficulties, these conditions would ensure that power would in the long run fall into its hands again and that all its interests would be secured, if it were possible for the revolutionary movement to assume from now on a so-called peaceful course of development. In order to guarantee its power the bourgeoisie would not even need to arouse hatred by taking violent measures against the people, as all of these violent measures have already been carried out by the feudal counter-revolution. But events will not take this peaceful course. On the contrary, the revolution which will accelerate the course of events, is imminent, whether it is initiated by an independent rising of the French

proletariat or by an invasion of the revolutionary Babel by the Holy Alliance.

The treacherous role that the German liberal bourgeoisie played against the people in 1848 will be assumed in the coming revolution by the democratic petty bourgeoisie, which now occupies the same position in the opposition as the liberal bourgeoisie did before 1848. This democratic party, which is far more dangerous for the workers than were the liberals earlier, is composed of three elements: 1) The most progressive elements of the big bourgeoisie, who pursue the goal of the immediate and complete overthrow of feudalism and absolutism. This fraction is represented by the former Berlin Vereinbarer, the tax resisters; 2) The constitutional-democratic petty bourgeois, whose main aim during the previous movement was the formation of a more or less democratic federal state; this is what their representative, the Left in the Frankfurt Assembly and later the Stuttgart parliament, worked for, as they themselves did in the Reich Constitution Campaign; 3) The republican petty bourgeois, whose ideal is a German federal republic similar to that in Switzerland and who now call themselves 'red' and 'social-democratic' because they cherish the pious wish to abolish the pressure exerted by big capital on small capital, by the big bourgeoisie on the petty bourgeoisie. The representatives of this fraction were the members of the democratic congresses and committees, the leaders of the democratic associations and the editors of the democratic newspapers.

After their defeat all these fractions claim to be 'republicans' or 'reds', just as at the present time members of the republican petty bourgeoisie in France call themselves 'socialists'. Where, as in Wurtemberg, Bavaria, etc., they still find a chance to pursue their ends by constitutional means, they seize the opportunity to retain their old phrases and prove by their actions that they have not changed in the least. Furthermore, it goes without saying that the changed name of this party does not alter in the least its relationship to the workers but merely proves that it is now obliged to form a front against the bourgeoisie, which has united with absolutism, and to seek the support of the proletariat.

The petty-bourgeois democratic party in Germany is very powerful. It not only embraces the great majority of the urban middle class, the small industrial merchants and master craftsmen; it also includes among its followers the peasants and rural proletariat in so far as the latter has not yet found support among the independent proletariat of the towns.

The relationship of the revolutionary workers' party to the petty-bourgeois democrats is this: it cooperates with them against the party which they aim to overthrow; it opposes them wherever they wish to secure their own position.

The democratic petty bourgeois, far from wanting to transform the whole society in the interests of the revolutionary proletarians, only aspire to a change in social conditions which will make the existing society as tolerable and comfortable for themselves as possible. They therefore demand above all else a reduction in government spending through a restriction of the bureaucracy and the transference of the major tax burden into the large landowners and bourgeoisie. They further demand the removal of the pressure exerted by big capital on small capital through the establishment of public credit institutions and the passing of laws against usury, whereby it would be possible for themselves and the peasants to receive advances on favourable terms from the state instead of from capitalists; also, the introduction of bourgeois property relationships on land through the complete abolition of feudalism. In order to achieve all this they require a democratic form of government, either constitutional or republican, which would give them and their peasant allies the majority; they also require a democratic system of local government to give them direct control over municipal property and over a series of political offices at present in the hands of the bureaucrats.

The rule of capital and its rapid accumulation is to be further counteracted, partly by a curtailment of the right of inheritance, and partly by the transference of as much employment as possible to the state. As far as the workers are concerned one thing, above all, is definite: they are to remain wage labourers as before. However, the democratic petty bourgeois want better wages and security for the workers, and hope to achieve this by an extension of state employment and by welfare measures; in short, they hope to bribe the workers with a more or less disguised form of alms and to break their revolutionary strength by temporarily rendering their situation tolerable. The demands of petty-bourgeois democracy summarized here are not expressed by all sections of it at once, and in their totality they are the explicit goal of only a very few of its followers. The further particular individuals or fractions of the petty bourgeoisie advance, the more of these demands they will explicitly adopt, and the few who recognize their own programme in what has been mentioned above might well believe they have

put forward the maximum that can be demanded from the revolution. But these demands can in no way satisfy the party of the proletariat. While the democratic petty bourgeois want to bring the revolution to an end as quickly as possible, achieving at most the aims already mentioned, it is our interest and our task to make the revolution permanent until all the more or less propertied classes have been driven from their ruling positions, until the proletariat has conquered state power and until the association of the proletarians has progressed sufficiently far – not only in one country but in all the leading countries of the world – that competition between the proletarians of these countries ceases and at least the decisive forces of production are concentrated in the hands of the workers. Our concern cannot simply be to modify private property, but to abolish it, not to hush up class antagonisms but to abolish classes, not to improve the existing society but to found a new one. There is no doubt that during the further course of the revolution in Germany, the petty-bourgeois democrats will for the moment acquire a predominant influence. The question is, therefore, what is to be the attitude of the proletariat, and in particular of the League towards them:

- 1) While present conditions continue, in which the petty-bourgeois democrats are also oppressed;
- 2) In the coming revolutionary struggle, which will put them in a dominant position;
- 3) After this struggle, during the period of petty-bourgeois predominance over the classes which have been overthrown and over the proletariat.

1. At the moment, while the democratic petty bourgeois are everywhere oppressed, they preach to the proletariat general unity and reconciliation; they extend the hand of friendship, and seek to found a great opposition party which will embrace all shades of democratic opinion; that is, they seek to ensnare the workers in a party organization in which general social-democratic phrases prevail while their particular interests are kept hidden behind, and in which, for the sake of preserving the peace, the specific

demands of the proletariat may not be presented. Such a unity would be to their advantage alone and to the complete disadvantage of the proletariat. The proletariat would lose all its hard-won independent position and be reduced once more to a mere appendage of official bourgeois democracy. This unity must therefore be resisted in the most decisive manner. Instead of lowering themselves to the level of an applauding chorus, the workers, and above all the League, must work for the creation of an independent organization of the workers' party, both secret and open, and alongside the official democrats, and the League must aim to make every one of its communes a center and nucleus of workers' associations in which the position and interests of the proletariat can be discussed free from bourgeois influence. How serious the bourgeois democrats are about an alliance in which the proletariat has equal power and equal rights is demonstrated by the Breslau democrats, who are conducting a furious campaign in their organ, the *Neue Oder Zeitung*, against independently organized workers, whom they call 'socialists'. In the event of a struggle against a common enemy a special alliance is unnecessary. As soon as such an enemy has to be fought directly, the interests of both parties will coincide for the moment and an association of momentary expedience will arise spontaneously in the future, as it has in the past. It goes without saying that in the bloody conflicts to come, as in all others, it will be the workers, with their courage, resolution and self-sacrifice, who will be chiefly responsible for achieving victory. As in the past, so in the coming struggle also, the petty bourgeoisie, to a man, will hesitate as long as possible and remain fearful, irresolute and inactive; but when victory is certain it will claim it for itself and will call upon the workers to behave in an orderly fashion, to return to work and to prevent so-called excesses, and it will exclude the proletariat from the fruits of victory. It does not lie within the power of the workers to prevent the petty-bourgeois democrats from doing this; but it does lie within their power to make it as difficult as possible for the petty bourgeoisie to use its power against the armed proletariat, and to dictate such conditions to them that the rule of the bourgeois democrats, from the very first, will carry within it the seeds of its own destruction, and its subsequent displacement by the proletariat will be made considerably easier. Above all, during and immediately after the struggle the workers, as far as it is at all possible, must oppose bourgeois attempts at pacification and force the democrats to carry out their terroristic phrases. They must work to ensure that the

immediate revolutionary excitement is not suddenly suppressed after the victory. On the contrary, it must be sustained as long as possible. Far from opposing the so-called excesses – instances of popular vengeance against hated individuals or against public buildings with which hateful memories are associated – the workers' party must not only tolerate these actions but must even give them direction. During and after the struggle the workers must at every opportunity put forward their own demands against those of the bourgeois democrats. They must demand guarantees for the workers as soon as the democratic bourgeoisie sets about taking over the government. They must achieve these guarantees by force if necessary, and generally make sure that the new rulers commit themselves to all possible concessions and promises – the surest means of compromising them. They must check in every way and as far as is possible the victory euphoria and enthusiasm for the new situation which follow every successful street battle, with a cool and cold-blooded analysis of the situation and with undisguised mistrust of the new government. Alongside the new official governments they must simultaneously establish their own revolutionary workers' governments, either in the form of local executive committees and councils or through workers' clubs or committees, so that the bourgeois-democratic governments not only immediately lost the support of the workers but find themselves from the very beginning supervised and threatened by authorities behind which stand the whole mass of the workers. In a word, from the very moment of victory the workers' suspicion must be directed no longer against the defeated reactionary party but against their former ally, against the party which intends to exploit the common victory for itself.

2. To be able forcefully and threateningly to oppose this party, whose betrayal of the workers will begin with the very first hour of victory, the workers must be armed and organized. The whole proletariat must be armed at once with muskets, rifles, cannon and ammunition, and the revival of the old-style citizens' militia, directed against the workers, must be opposed. Where the formation of this militia cannot be prevented, the workers must try to organize themselves independently as a proletarian guard, with elected leaders and with their own elected general staff; they must try to place themselves not under the orders of the state authority but of the revolutionary local councils set up by the workers. Where the workers are employed by the state, they must arm and organize themselves into special

corps with elected leaders, or as a part of the proletarian guard. Under no pretext should arms and ammunition be surrendered; any attempt to disarm the workers must be frustrated, by force if necessary. The destruction of the bourgeois democrats' influence over the workers, and the enforcement of conditions which will compromise the rule of bourgeois democracy, which is for the moment inevitable, and make it as difficult as possible – these are the main points which the proletariat and therefore the League must keep in mind during and after the approaching uprising.

3. As soon as the new governments have established themselves, their struggle against the workers will begin. If the workers are to be able to forcibly oppose the democratic petty bourgeois it is essential above all for them to be independently organized and centralized in clubs. At the soonest possible moment after the overthrow of the present governments, the Central Committee will come to Germany and will immediately convene a Congress, submitting to it the necessary proposals for the centralization of the workers' clubs under a directorate established at the movement's center of operations. The speedy organization of at least provincial connections between the workers' clubs is one of the prime requirements for the strengthening and development of the workers' party; the immediate result of the overthrow of the existing governments will be the election of a national representative body. Here the proletariat must take care: 1) that by sharp practices local authorities and government commissioners do not, under any pretext whatsoever, exclude any section of workers; 2) that workers' candidates are nominated everywhere in opposition to bourgeois-democratic candidates. As far as possible they should be League members and their election should be pursued by all possible means. Even where there is no prospect of achieving their election the workers must put up their own candidates to preserve their independence, to gauge their own strength and to bring their revolutionary position and party standpoint to public attention. They must not be led astray by the empty phrases of the democrats, who will maintain that the workers' candidates will split the democratic party and offer the forces of reaction the chance of victory. All such talk means, in the final analysis, that the proletariat is to be swindled. The progress which the proletarian party will make by operating independently in this way is infinitely more important than the disadvantages resulting from the presence of a few reactionaries in the

representative body. If the forces of democracy take decisive, terroristic action against the reaction from the very beginning, the reactionary influence in the election will already have been destroyed.

The first point over which the bourgeois democrats will come into conflict with the workers will be the abolition of feudalism as in the first French revolution, the petty bourgeoisie will want to give the feudal lands to the peasants as free property; that is, they will try to perpetrate the existence of the rural proletariat, and to form a petty-bourgeois peasant class which will be subject to the same cycle of impoverishment and debt which still afflicts the French peasant. The workers must oppose this plan both in the interest of the rural proletariat and in their own interest. They must demand that the confiscated feudal property remain state property and be used for workers' colonies, cultivated collectively by the rural proletariat with all the advantages of large-scale farming and where the principle of common property will immediately achieve a sound basis in the midst of the shaky system of bourgeois property relations. Just as the democrats ally themselves with the peasants, the workers must ally themselves with the rural proletariat.

The democrats will either work directly towards a federated republic, or at least, if they cannot avoid the one and indivisible republic they will attempt to paralyze the central government by granting the municipalities and provinces the greatest possible autonomy and independence. In opposition to this plan the workers must not only strive for one and indivisible German republic, but also, within this republic, for the most decisive centralization of power in the hands of the state authority. They should not let themselves be led astray by empty democratic talk about the freedom of the municipalities, self-government, etc. In a country like Germany, where so many remnants of the Middle Ages are still to be abolished, where so much local and provincial obstinacy has to be broken down, it cannot under any circumstances be tolerated that each village, each town and each province may put up new obstacles in the way of revolutionary activity, which can only be developed with full efficiency from a central point. A renewal of the present situation, in which the Germans have to wage a separate struggle in each town and province for the same degree of progress, can also not be tolerated. Least of all can a so-called free system of local government be allowed to perpetuate a form of property which is more backward than modern private property and which

is everywhere and inevitably being transformed into private property; namely communal property, with its consequent disputes between poor and rich communities. Nor can this so-called free system of local government be allowed to perpetuate, side by side with the state civil law, the existence of communal civil law with its sharp practices directed against the workers. As in France in 1793, it is the task of the genuinely revolutionary party in Germany to carry through the strictest centralization. [It must be recalled today that this passage is based on a misunderstanding. At that time – thanks to the Bonapartist and liberal falsifiers of history – it was considered as established that the French centralised machine of administration had been introduced by the Great Revolution and in particular that it had been used by the Convention as an indispensable and decisive weapon for defeating the royalist and federalist reaction and the external enemy. It is now, however, a well-known fact that throughout the revolution up to the eighteenth Brumaire the whole administration of the *départements*, *arrondissements* and *communes* consisted of authorities elected by the respective constituents themselves, and that these authorities acted with complete freedom within the general state laws; that precisely this provincial and local self-government, similar to the American, became the most powerful lever of the revolution and indeed to such an extent that Napoleon, immediately after his coup d'état of the eighteenth Brumaire, hastened to replace it by the still existing administration by prefects, which, therefore, was a pure instrument of reaction from the beginning. But no more than local and provincial self-government is in contradiction to political, national centralisation, is it necessarily bound up with that narrow-minded cantonal or communal self-seeking which strikes us as so repulsive in Switzerland, and which all the South German federal republicans wanted to make the rule in Germany in 1849. – Note by Engels to the 1885 edition.]

We have seen how the next upsurge will bring the democrats to power and how they will be forced to propose more or less socialistic measures. It will be asked what measures the workers are to propose in reply. At the beginning, of course, the workers cannot propose any directly communist measures. But the following courses of action are possible:

1. They can force the democrats to make inroads into as many areas of the existing social order as possible, so as to disturb its regular functioning and so that the petty-bourgeois democrats compromise themselves; furthermore, the workers can force the concentration of as many productive

forces as possible – means of transport, factories, railways, etc. – in the hands of the state.

2. They must drive the proposals of the democrats to their logical extreme (the democrats will in any case act in a reformist and not a revolutionary manner) and transform these proposals into direct attacks on private property. If, for instance, the petty bourgeoisie propose the purchase of the railways and factories, the workers must demand that these railways and factories simply be confiscated by the state without compensation as the property of reactionaries. If the democrats propose a proportional tax, then the workers must demand a progressive tax; if the democrats themselves propose a moderate progressive tax, then the workers must insist on a tax whose rates rise so steeply that big capital is ruined by it; if the democrats demand the regulation of the state debt, then the workers must demand national bankruptcy. The demands of the workers will thus have to be adjusted according to the measures and concessions of the democrats.

Although the German workers cannot come to power and achieve the realization of their class interests without passing through a protracted revolutionary development, this time they can at least be certain that the first act of the approaching revolutionary drama will coincide with the direct victory of their own class in France and will thereby be accelerated. But they themselves must contribute most to their final victory, by informing themselves of their own class interests, by taking up their independent political position as soon as possible, by not allowing themselves to be misled by the hypocritical phrases of the democratic petty bourgeoisie into doubting for one minute the necessity of an independently organized party of the proletariat. Their battle-cry must be: *The Permanent Revolution*.

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# THE EIGHTEENTH BRUMAIRE OF LOUIS NAPOLEON, 1852



*Anonymous translation*

*The Eighteenth Brumaire of Louis Napoleon*, an essay written by Marx between December 1851 and March 1852, was originally published in *Die Revolution*, a German monthly magazine established by Joseph Weydemeyer in New York. The text discusses the French coup of 1851 in which Louis-Napoléon Bonaparte assumed dictatorial powers. Marx presents himself as a social and political historian, treating actual historical events from the viewpoint of his materialist conception of history. Along with Marx's contemporary writings on English politics, the essay is a principal source for understanding Marx's theory of the capitalist state. It also shows more criticism of the proletariat than might be associated with his other work, referring to the bureaucracy as a "giant parasitic body" and describing widespread perceptions of the proletariat as a "party of anarchy, socialism, and communism," a party paradoxically established on precepts of an oppositional "party of order."

In the preface to the second edition, Marx explained it was the intention of the work to "demonstrate how the class struggle in France created circumstances and relationships that made it possible for a grotesque mediocrity to play a hero's part." The text contains the most famous formulation of Marx's view of the role of the individual in history, often translated as: "Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past."

# Die Revolution,

Eine Zeitschrift in zwanzigsten Heften.

Herausgegeben von

**I. Weydemeyer.**

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Erstes Heft.  
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**Der 18te Brumaire des Louis Napoleon**

von

**Karl Marx.**

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*Title page of the 1852 publication in 'Die Revolution'*

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TRANSLATOR'S PREFACE

THE EIGHTEENTH BRUMAIRE OF LOUIS BONAPARTE



*Louis-Napoléon Bonaparte (1808-1873) was the only President (1848–52) of the French Second Republic and, as Napoleon III, the Emperor (1852–70) of the Second French Empire.*

## TRANSLATOR'S PREFACE

“The Eighteenth Brumaire of Louis Bonaparte” is one of Karl Marx’ most profound and most brilliant monographs. It may be considered the best work extant on the philosophy of history, with an eye especially upon the history of the Movement of the Proletariat, together with the bourgeois and other manifestations that accompany the same, and the tactics that such conditions dictate.

The recent populist uprising; the more recent “Debs Movement”; the thousand and one utopian and chimerical notions that are flaring up; the capitalist maneuvers; the hopeless, helpless grasping after straws, that characterize the conduct of the bulk of the working class; all of these, together with the empty-headed, ominous figures that are springing into notoriety for a time and have their day, mark the present period of the Labor Movement in the nation a critical one. The best information acquirable, the best mental training obtainable are requisite to steer through the existing chaos that the death-tainted social system of today creates all around us. To aid in this needed information and mental training, this instructive work is now made accessible to English readers, and is commended to the serious study of the serious.

The teachings contained in this work are hung on an episode in recent French history. With some this fact may detract of its value. A pedantic, supercilious notion is extensively abroad among us that we are an “Anglo Saxon” nation; and an equally pedantic, supercilious habit causes many to look to England for inspiration, as from a racial birthplace Nevertheless, for weal or for woe, there is no such thing extant as “Anglo-Saxon” — of all nations, said to be “Anglo-Saxon,” in the United States least. What we still have from England, much as appearances may seem to point the other way, is not of our bone-and-marrow, so to speak, but rather partakes of the nature of “importations.” We are no more English on account of them than we are Chinese because we all drink tea.

Of all European nations, France is the one to which we come nearest. Besides its republican form of government — the directness of its history, the unity of its actions, the sharpness that marks its internal development, are all characteristics that find their parallel here best, and vice versa. In all essentials the study of modern French history, particularly when sketched

by such a master hand as Marx', is the most valuable one for the acquisition of that historic, social and biologic insight that our country stands particularly in need of, and that will be inestimable during the approaching critical days.

For the assistance of those who, unfamiliar with the history of France, may be confused by some of the terms used by Marx, the following explanations may prove aidful:

On the 18th Brumaire (Nov. 9th), the post-revolutionary development of affairs in France enabled the first Napoleon to take a step that led with inevitable certainty to the imperial throne. The circumstance that fifty and odd years later similar events aided his nephew, Louis Bonaparte, to take a similar step with a similar result, gives the name to this work— "The Eighteenth Brumaire of Louis Bonaparte."

As to the other terms and allusions that occur, the following sketch will suffice:

Upon the overthrow of the first Napoleon came the restoration of the Bourbon throne (Louis XVIII, succeeded by Charles X). In July, 1830, an uprising of the upper tier of the bourgeoisie, or capitalist class — the aristocracy of finance — overthrew the Bourbon throne, or landed aristocracy, and set up the throne of Orleans, a younger branch of the house of Bourbon, with Louis Philippe as king. From the month in which this revolution occurred, Louis Philippe's monarchy is called the "July Monarchy." In February, 1848, a revolt of a lower tier of the capitalist class — the industrial bourgeoisie — against the aristocracy of finance, in turn dethroned Louis Philippe. The affair, also named from the month in which it took place, is the "February Revolution". "The Eighteenth Brumaire" starts with that event.

Despite the inapplicableness to our affairs of the political names and political leadership herein described, both these names and leaderships are to such an extent the products of an economic-social development that has here too taken place with even greater sharpens, and they have their present or threatened counterparts here so completely, that, by the light of this work of Marx', we are best enabled to understand our own history, to know whence we came, and whither we are going and how to conduct ourselves.

D.D.L. New York, Sept. 12, 1897

# THE EIGHTEENTH BRUMAIRE OF LOUIS BONAPARTE

## I

Hegel says somewhere that that great historic facts and personages recur twice. He forgot to add: "Once as tragedy, and again as farce." Caussidiere for Danton, Louis Blanc for Robespierre, the "Mountain" of 1848-51 for the "Mountain" of 1793-05, the Nephew for the Uncle. The identical caricature marks also the conditions under which the second edition of the eighteenth Brumaire is issued.

Man makes his own history, but he does not make it out of the whole cloth; he does not make it out of conditions chosen by himself, but out of such as he finds close at hand. The tradition of all past generations weighs like an alp upon the brain of the living. At the very time when men appear engaged in revolutionizing things and themselves, in bringing about what never was before, at such very epochs of revolutionary crisis do they anxiously conjure up into their service the spirits of the past, assume their names, their battle cries, their costumes to enact a new historic scene in such time-honored disguise and with such borrowed language Thus did Luther masquerade as the Apostle Paul; thus did the revolution of 1789-1814 drape itself alternately as Roman Republic and as Roman Empire; nor did the revolution of 1818 know what better to do than to parody at one time the year 1789, at another the revolutionary traditions of 1793-95 Thus does the beginner, who has acquired a new language, keep on translating it back into his own mother tongue; only then has he grasped the spirit of the new language and is able freely to express himself therewith when he moves in it without recollections of the old, and has forgotten in its use his own hereditary tongue.

When these historic configurations of the dead past are closely observed a striking difference is forthwith noticeable. Camille Desmoulins, Danton, Robespierre, St. Juste, Napoleon, the heroes as well as the parties and the masses of the old French revolution, achieved in Roman costumes and with Roman phrases the task of their time: the emancipation and the establishment of modern bourgeois society. One set knocked to pieces the

old feudal groundwork and mowed down the feudal heads that had grown upon it; Napoleon brought about, within France, the conditions under which alone free competition could develop, the partitioned lands be exploited the nation's unshackled powers of industrial production be utilized; while, beyond the French frontier, he swept away everywhere the establishments of feudality, so far as requisite, to furnish the bourgeois social system of France with fit surroundings of the European continent, and such as were in keeping with the times. Once the new social establishment was set on foot, the antediluvian giants vanished, and, along with them, the resuscitated Roman world — the Brutuses, Gracchi, Publicolas, the Tribunes, the Senators, and Caesar himself. In its sober reality, bourgeois society had produced its own true interpretation in the Says, Cousins, Royer-Collards, Benjamin Constants and Guizots; its real generals sat behind the office desks; and the mutton-head of Louis XVIII was its political lead. Wholly absorbed in the production of wealth and in the peaceful fight of competition, this society could no longer understand that the ghosts of the days of Rome had watched over its cradle. And yet, lacking in heroism as bourgeois society is, it nevertheless had stood in need of heroism, of self-sacrifice, of terror, of civil war, and of bloody battle fields to bring it into the world. Its gladiators found in the stern classic traditions of the Roman republic the ideals and the form, the self-deceptions, that they needed in order to conceal from themselves the narrow bourgeois substance of their own struggles, and to keep their passion up to the height of a great historic tragedy. Thus, at another stage of development a century before, did Cromwell and the English people draw from the Old Testament the language, passions and illusions for their own bourgeois revolution. When the real goal was reached, when the remodeling of English society was accomplished, Locke supplanted Habakuk.

Accordingly, the reviving of the dead in those revolutions served the purpose of glorifying the new struggles, not of parodying the old; it served the purpose of exaggerating to the imagination the given task, not to recoil before its practical solution; it served the purpose of rekindling the revolutionary spirit, not to trot out its ghost.

In 1848-51 only the ghost of the old revolution wandered about, from Marrast the "Republicain en gaunts jaunes," [#1 Silk-stocking republican] who disguised himself in old Baily, down to the adventurer, who hid his repulsively trivial features under the iron death mask of Napoleon. A whole

people, that imagines it has imparted to itself accelerated powers of motion through a revolution, suddenly finds itself transferred back to a dead epoch, and, lest there be any mistake possible on this head, the old dates turn up again; the old calendars; the old names; the old edicts, which long since had sunk to the level of the antiquarian's learning; even the old bailiffs, who had long seemed mouldering with decay. The nation takes on the appearance of that crazy Englishman in Bedlam, who imagines he is living in the days of the Pharaohs, and daily laments the hard work that he must do in the Ethiopian mines as gold digger, immured in a subterranean prison, with a dim lamp fastened on his head, behind him the slave overseer with a long whip, and, at the mouths of the mine a mob of barbarous camp servants who understand neither the convicts in the mines nor one another, because they do not speak a common language. "And all this," cries the crazy Englishman, "is demanded of me, the free-born Englishman, in order to make gold for old Pharaoh." "In order to pay off the debts of the Bonaparte family" — sobs the French nation. The Englishman, so long as he was in his senses, could not rid himself of the rooted thought making gold. The Frenchmen, so long as they were busy with a revolution, could not rid themselves of the Napoleonic memory, as the election of December 10th proved. They longed to escape from the dangers of revolution back to the flesh pots of Egypt; the 2d of December, 1851 was the answer. They have not merely the character of the old Napoleon, but the old Napoleon himself-caricatured as he needs must appear in the middle of the nineteenth century.

The social revolution of the nineteenth century can not draw its poetry from the past, it can draw that only from the future. It cannot start upon its work before it has stricken off all superstition concerning the past. Former revolutions require historic reminiscences in order to intoxicate themselves with their own issues. The revolution of the nineteenth century must let the dead bury their dead in order to reach its issue. With the former, the phrase surpasses the substance; with this one, the substance surpasses the phrase.

The February revolution was a surprisal; old society was taken unawares; and the people proclaimed this political stroke a great historic act whereby the new era was opened. On the 2d of December, the February revolution is jockeyed by the trick of a false player, and what is seen to be overthrown is no longer the monarchy, but the liberal concessions which had been wrung from it by centuries of struggles. Instead of society itself having conquered a new point, only the State appears to have returned to its

oldest form, to the simply brazen rule of the sword and the club. Thus, upon the “coup de main” of February, 1848, comes the response of the “coup de tete” December, 1851. So won, so lost. Meanwhile, the interval did not go by unutilized. During the years 1848-1851, French society retrieved in abbreviated, because revolutionary, method the lessons and teachings, which — if it was to be more than a disturbance of the surface-should have preceded the February revolution, had it developed in regular order, by rule, so to say. Now French society seems to have receded behind its point of departure; in fact, however, it was compelled to first produce its own revolutionary point of departure, the situation, circumstances, conditions, under which alone the modern revolution is in earnest.

Bourgeois revolutions, like those of the eighteenth century, rush onward rapidly from success to success, their stage effects outbid one another, men and things seem to be set in flaming brilliants, ecstasy is the prevailing spirit; but they are short-lived, they reach their climax speedily, then society relapses into a long fit of nervous reaction before it learns how to appropriate the fruits of its period of feverish excitement. Proletarian revolutions, on the contrary, such as those of the nineteenth century, criticize themselves constantly; constantly interrupt themselves in their own course; come back to what seems to have been accomplished, in order to start over anew; scorn with cruel thoroughness the half measures, weaknesses and meannesses of their first attempts; seem to throw down their adversary only in order to enable him to draw fresh strength from the earth, and again, to rise up against them in more gigantic stature; constantly recoil in fear before the undefined monster magnitude of their own objects — until finally that situation is created which renders all retreat impossible, and the conditions themselves cry out:

“Hic Rhodus, hic salta!” [#2 Here is Rhodes, leap here! An allusion to Aesop’s Fables.]

Every observer of average intelligence; even if he failed to follow step by step the course of French development, must have anticipated that an unheard of fiasco was in store for the revolution. It was enough to hear the self-satisfied yelpings of victory wherewith the Messieurs Democrats mutually congratulated one another upon the pardons of May 2d, 1852. Indeed, May 2d had become a fixed idea in their heads; it had become a dogma with them — something like the day on which Christ was to reappear and the Millennium to begin had formed in the heads of the

Chiliasts. Weakness had, as it ever does, taken refuge in the wonderful; it believed the enemy was overcome if, in its imagination, it hocus-pocused him away; and it lost all sense of the present in the imaginary apotheosis of the future, that was at hand, and of the deeds, that it had “in petto,” but which it did not yet want to bring to the scratch. The heroes, who ever seek to refute their established incompetence by mutually bestowing their sympathy upon one another and by pulling together, had packed their satchels, taken their laurels in advance payments and were just engaged in the work of getting discounted “in partibus,” on the stock exchange, the republics for which, in the silence of their unassuming dispositions, they had carefully organized the government personnel. The 2d of December struck them like a bolt from a clear sky; and the ‘peoples, who, in periods of timid despondency, gladly allow their hidden fears to be drowned by the loudest screamers, will perhaps have become convinced that the days are gone by when the cackling of geese could save the Capitol.

The constitution, the national assembly, the dynastic parties, the blue and the red republicans, the heroes from Africa, the thunder from the tribune, the flash-lightnings from the daily press, the whole literature, the political names and the intellectual celebrities, the civil and the criminal law, the “liberte’, egalite’, fraternite’,” together with the 2d of May 1852 — all vanished like a phantasmagoria before the ban of one man, whom his enemies themselves do not pronounce an adept at witchcraft. Universal suffrage seems to have survived only for a moment, to the end that, before the eyes of the whole world, it should make its own testament with its own hands, and, in the name of the people, declare: “All that exists deserves to perish.”

It is not enough to say, as the Frenchmen do, that their nation was taken by surprise. A nation, no more than a woman, is excused for the unguarded hour when the first adventurer who comes along can do violence to her. The riddle is not solved by such shifts, it is only formulated in other words. There remains to be explained how a nation of thirty-six millions can be surprised by three swindlers, and taken to prison without resistance.

Let us recapitulate in general outlines the phases which the French revolution of February 24th, 1848, to December, 1851, ran through.

Three main periods are unmistakable:

First — The February period;

Second — The period of constituting the republic, or of the constitutive national assembly (May 4, 1848, to May 29th, 1849);

Third — The period of the constitutional republic, or of the legislative national assembly (May 29, 1849, to December 2, 1851).

The first period, from February 24, or the downfall of Louis Philippe, to May 4, 1848, the date of the assembling of the constitutive assembly — the February period proper — may be designated as the prologue of the revolution. It officially expressed its' own character in this, that the government which it improvised declared itself "provisional;" and, like the government, everything that was broached, attempted, or uttered, pronounced itself provisional. Nobody and nothing dared to assume the right of permanent existence and of an actual fact. All the elements that had prepared or determined the revolution — dynastic opposition, republican bourgeoisie, democratic-republican small traders' class, social-democratic labor element—all found "provisionally" their place in the February government.

It could not be otherwise. The February days contemplated originally a reform of the suffrage laws, whereby the area of the politically privileged among the property-holding class was to be extended, while the exclusive rule of the aristocracy of finance was to be overthrown. When however, it came to a real conflict, when the people mounted the barricades, when the National Guard stood passive, when the army offered no serious resistance, and the kingdom ran away, then the republic seemed self-understood. Each party interpreted it in its own sense. Won, arms in hand, by the proletariat, they put upon it the stamp of their own class, and proclaimed the social republic. Thus the general purpose of modern revolutions was indicated, a purpose, however, that stood in most singular contradiction to every thing that, with the material at hand, with the stage of enlightenment that the masses had reached, and under existing circumstances and conditions, could be immediately used. On the other hand, the claims of all the other elements, that had cooperated in the revolution of February, were recognized by the lion's share that they received in the government. Hence, in no period do we find a more motley mixture of high-sounding phrases together with actual doubt and helplessness; of more enthusiastic reform aspirations, together with a more slavish adherence to the old routine; more seeming harmony permeating the whole of society together with a deeper alienation of its several elements. While the Parisian proletariat was still

gloating over the sight of the great perspective that had disclosed itself to their view, and was indulging in seriously meant discussions over the social problems, the old powers of society had groomed themselves, had gathered together, had deliberated and found an unexpected support in the mass of the nation — the peasants and small traders — all of whom threw themselves on a sudden upon the political stage, after the barriers of the July monarchy had fallen down.

The second period, from May 4, 1848, to the end of May, 1849, is the period of the constitution, of the founding of the bourgeois republic immediately after the February days, not only was the dynastic opposition surprised by the republicans, and the republicans by the Socialists, but all France was surprised by Paris. The national assembly, that met on May 4, 1848, to frame a constitution, was the outcome of the national elections; it represented the nation. It was a living protest against the assumption of the February days, and it was intended to bring the results of the revolution back to the bourgeois measure. In vain did the proletariat of Paris, which forthwith understood the character of this national assembly, endeavor, a few days after its meeting; on May 15, to deny its existence by force, to dissolve it, to disperse the organic apparition, in which the reacting spirit of the nation was threatening them, and thus reduce it back to its separate component parts. As is known, the 15th of May had no other result than that of removing Blanqui and his associates, i.e. the real leaders of the proletarian party, from the public scene for the whole period of the cycle which we are here considering.

Upon the bourgeois monarchy of Louis Philippe, only the bourgeois republic could follow; that is to say, a limited portion of the bourgeoisie having ruled under the name of the king, now the whole bourgeoisie was to rule under the name of the people. The demands of the Parisian proletariat are utopian tom-fooleries that have to be done away with. To this declaration of the constitutional national assembly, the Paris proletariat answers with the June insurrection, the most colossal event in the history of European civil wars. The bourgeois republic won. On its side stood the aristocracy of finance, the industrial bourgeoisie; the middle class; the small traders' class; the army; the slums, organized as *Garde Mobile*; the intellectual celebrities, the parsons' class, and the rural population. On the side of the Parisian proletariat stood none but itself. Over 3,000 insurgents were massacred, after the victory 15,000 were transported without trial.

With this defeat, the proletariat steps to the background on the revolutionary stage. It always seeks to crowd forward, so soon as the movement seems to acquire new impetus, but with ever weaker effort and ever smaller results; So soon as any of the above lying layers of society gets into revolutionary fermentation, it enters into alliance therewith and thus shares all the defeats which the several parties successively suffer. But these succeeding blows become ever weaker the more generally they are distributed over the whole surface of society. The more important leaders of the Proletariat, in its councils, and the press, fall one after another victims of the courts, and ever more questionable figures step to the front. It partly throws itself it upon doctrinaire experiments, “co-operative banking” and “labor exchange” schemes; in other words, movements, in which it goes into movements in which it gives up the task of revolutionizing the old world with its own large collective weapons and on the contrary, seeks to bring about its emancipation, behind the back of society, in private ways, within the narrow bounds of its own class conditions, and, consequently, inevitably fails. The proletariat seems to be able neither to find again the revolutionary magnitude within itself nor to draw new energy from the newly formed alliances until all the classes, with whom it contended in June, shall lie prostrate along with itself. But in all these defeats, the proletariat succumbs at least with the honor that attaches to great historic struggles; not France alone, all Europe trembles before the June earthquake, while the successive defeats inflicted upon the higher classes are bought so easily that they need the brazen exaggeration of the victorious party itself to be at all able to pass muster as an event; and these defeats become more disgraceful the further removed the defeated party stands from the proletariat.

True enough, the defeat of the June insurgents prepared, leveled the ground, upon which the bourgeois republic could be founded and erected; but it, at the same time, showed that there are in Europe other issues besides that of “Republic or Monarchy.” It revealed the fact that here the Bourgeois Republic meant the unbridled despotism of one class over another. It proved that, with nations enjoying an older civilization, having developed class distinctions, modern conditions of production, an intellectual consciousness, wherein all traditions of old have been dissolved through the work of centuries, that with such countries the republic means only the political revolutionary form of bourgeois society, not its conservative form of existence, as is the case in the United States of America, where, true

enough, the classes already exist, but have not yet acquired permanent character, are in constant flux and reflux, constantly changing their elements and yielding them up to one another where the modern means of production, instead of coinciding with a stagnant population, rather compensate for the relative scarcity of heads and hands; and, finally, where the feverishly youthful life of material production, which has to appropriate a new world to itself, has so far left neither time nor opportunity to abolish the illusions of old. [#3 This was written at the beginning of 1852.]

All classes and parties joined hands in the June days in a “Party of Order” against the class of the proletariat, which was designated as the “Party of Anarchy,” of Socialism, of Communism. They claimed to have “saved” society against the “enemies of society.” They gave out the slogans of the old social order— “Property, Family, Religion, Order” — as the passwords for their army, and cried out to the counter-revolutionary crusaders: “In this sign thou wilt conquer!” From that moment on, so soon as any of the numerous parties, which had marshaled themselves under this sign against the June insurgents, tries, in turn, to take the revolutionary field in the interest of its own class, it goes down in its turn before the cry: “Property, Family, Religion, Order.” Thus it happens that “society is saved” as often as the circle of its ruling class is narrowed, as often as a more exclusive interest asserts itself over the general. Every demand for the most simple bourgeois financial reform, for the most ordinary liberalism, for the most commonplace republicanism, for the flattest democracy, is forthwith punished as an “assault upon society,” and is branded as “Socialism.” Finally the High Priests of “Religion and Order” themselves are kicked off their tripods; are fetched out of their beds in the dark; hurried into patrol wagons, thrust into jail or sent into exile; their temple is razed to the ground, their mouths are sealed, their pen is broken, their law torn to pieces in the name of Religion, of Family, of Property, and of Order. Bourgeois, fanatic on the point of “Order,” are shot down on their own balconies by drunken soldiers, forfeit their family property, and their houses are bombarded for pastime — all in the name of Property, of Family, of Religion, and of Order. Finally, the refuse of bourgeois society constitutes the “holy phalanx of Order,” and the hero Crapulinsky makes his entry into the Tuileries as the “Savior of Society.”

Let us resume the thread of events.

The history of the Constitutional National Assembly from the June days on, is the history of the supremacy and dissolution of the republican bourgeois party, the party which is known under several names of "Tricolor Republican," "True Republican," "Political Republican," "Formal Republican," etc., etc. Under the bourgeois monarchy of Louis Philippe, this party had constituted the Official Republican Opposition, and consequently had been a recognized element in the then political world. It had its representatives in the Chambers, and commanded considerable influence in the press. Its Parisian organ, the "National," passed, in its way, for as respectable a paper as the "Journal des Debats." This position in the constitutional monarchy corresponded to its character. The party was not a fraction of the bourgeoisie, held together by great and common interests, and marked by special business requirements. It was a coterie of bourgeois with republican ideas-writers, lawyers, officers and civil employees, whose influence rested upon the personal antipathies of the country for Louis Philippe, upon reminiscences of the old Republic, upon the republican faith of a number of enthusiasts, and, above all, upon the spirit of French patriotism, whose hatred of the treaties of Vienna and of the alliance with England kept them perpetually on the alert. The "National" owed a large portion of its following under Louis Philippe to this covert imperialism, that, later under the republic, could stand up against it as a deadly competitor in the person of Louis Bonaparte. The fought the aristocracy of finance just the same as did the rest of the bourgeois opposition. The polemic against the budget, which in France, was closely connected with the opposition to the aristocracy of finance, furnished too cheap a popularity and too rich a material for Puritanical leading articles, not to be exploited. The industrial bourgeoisie was thankful to it for its servile defense of the French tariff system, which, however, the paper had taken up, more out of patriotic than economic reasons the whole bourgeois class was thankful to it for its vicious denunciations of Communism and Socialism For the rest, the party of the "National" was purely republican, i.e. it demanded a republican instead of a monarchic form of bourgeois government; above all, it demanded for the bourgeoisie the lion's share of the government. As to how this transformation was to be accomplished, the party was far from being clear. What, however, was clear as day to it and was openly declared at the reform banquets during the last days of Louis Philippe's reign, was its

unpopularity with the democratic middle class, especially with the revolutionary proletariat. These pure republicans, as pure republicans go, were at first on the very point of contenting themselves with the regency of the Duchess of Orleans, when the February revolution broke out, and when it gave their best known representatives a place in the provisional government. Of course, they enjoyed from the start the confidence of the bourgeoisie and of the majority of the Constitutional National Assembly. The Socialist elements of the Provisional Government were promptly excluded from the Executive Committee which the Assembly had elected upon its convening, and the party of the "National" subsequently utilized the outbreak of the June insurrection to dismiss this Executive Committee also, and thus rid itself of its nearest rivals — the small traders' class or democratic republicans (Ledru-Rollin, etc.). Cavaignac, the General of the bourgeois republican party, who command at the battle of June, stepped into the place of the Executive Committee with a sort of dictatorial power. Marrast, former editor-in-chief of the "National", became permanent President of the Constitutional National Assembly, and the Secretaryship of State, together with all the other important posts, devolved upon the pure republicans.

The republican bourgeois party, which since long had looked upon itself as the legitimate heir of the July monarchy, thus found itself surpassed in its own ideal; but it came to power, not as it had dreamed under Louis Philippe, through a liberal revolt of the bourgeoisie against the throne, but through a grape-shot-and-canistered mutiny of the proletariat against Capital. That which it imagined to be the most revolutionary, came about as the most counter-revolutionary event. The fruit fell into its lap, but it fell from the Tree of Knowledge, not from the Tree of life.

The exclusive power of the bourgeois republic lasted only from June 24 to the 10th of December, 1848. It is summed up in the framing of a republican constitution and in the state of siege of Paris.

The new Constitution was in substance only a republicanized edition of the constitutional charter of 1830. The limited suffrage of the July monarchy, which excluded even a large portion of the bourgeoisie from political power, was irreconcilable with the existence of the bourgeois republic. The February revolution had forthwith proclaimed direct and universal suffrage in place of the old law. The bourgeois republic could not annul this act. They had to content themselves with tacking to it the

limitation a six months' residence. The old organization of the administrative law, of municipal government, of court procedures of the army, etc., remained untouched, or, where the constitution did change them, the change affected their index, not their subject; their name, not their substance.

The inevitable "General Staff" of the "freedoms" of 1848 — personal freedom, freedom of the press, of speech, of association and of assemblage, freedom of instruction, of religion, etc. — received a constitutional uniform that rendered them invulnerable. Each of these freedoms is proclaimed the absolute right of the French citizen, but always with the gloss that it is unlimited in so far only as it be not curtailed by the "equal rights of others," and by the "public safety," or by the "laws," which are intended to effect this harmony. For instance:

"Citizens have the right of association, of peaceful and unarmed assemblage, of petitioning, and of expressing their opinions through the press or otherwise. The enjoyment of these rights has no limitation other than the equal rights of others and the public safety." (Chap. II. of the French Constitution, Section 8.)

"Education is free. The freedom of education shall be enjoyed under the conditions provided by law, and under the supervision of the State." (Section 9.)

"The domicile of the citizen is inviolable, except under the forms prescribed by law." (Chap. I., Section 3), etc., etc.

The Constitution, it will be noticed, constantly alludes to future organic laws, that are to carry out the glosses, and are intended to regulate the enjoyment of these unabridged freedoms, to the end that they collide neither with one another nor with the public safety. Later on, the organic laws are called into existence by the "Friends of Order," and all the above named freedoms are so regulated that, in their enjoyment, the bourgeoisie encounter no opposition from the like rights of the other classes. Wherever the bourgeoisie wholly interdicted these rights to "others," or allowed them their enjoyment under conditions that were but so many police snares, it was always done only in the interest of the "public safety," i. e., of the bourgeoisie, as required by the Constitution.

Hence it comes that both sides—the "Friends of Order," who abolished all those freedoms, as, well as the democrats, who had demanded them all — appeal with full right to the Constitution: Each paragraph of the

Constitution contains its own antithesis, its own Upper and Lower House-freedom as a generalization, the abolition of freedom as a specification. Accordingly, so long as the name of freedom was respected, and only its real enforcement was prevented in a legal way, of course the constitutional existence of freedom remained uninjured, untouched, however completely its common existence might be extinguished.

This Constitution, so ingeniously made invulnerable, was, however, like Achilles, vulnerable at one point: not in its heel, but in its head, or rather, in the two heads into which it ran out-the Legislative Assembly, on the one hand, and the President on the other. Run through the Constitution and it will be found that only those paragraphs wherein the relation of the President to the Legislative Assembly is defined, are absolute, positive, uncontradictory, undistortable.

Here the bourgeois republicans were concerned in securing their own position. Articles 45-70 of the Constitution are so framed that the National Assembly can constitutionally remove the President, but the President can set aside the National Assembly only unconstitutionally, he can set it aside only by setting aside the Constitution itself. Accordingly, by these provisions, the National Assembly challenges its own violent destruction. It not only consecrates, like the character of 1830, the division of powers, but it extends this feature to an unbearably contradictory extreme. The "play of constitutional powers," as Guizot styled the clapper-clawings between the legislative and the executive powers, plays permanent "vabanque" in the Constitution of 1848. On the one side, 750 representatives of the people, elected and qualified for re-election by universal suffrage, who constitute an uncontrollable, indissoluble, indivisible National Assembly, a National Assembly that enjoys legislative omnipotence, that decides in the last instance over war, peace and commercial treaties, that alone has the power to grant amnesties, and that, through its perpetuity, continually maintains the foreground on the stage; on the other, a President, clad with all the attributes of royalty, with the right to appoint and remove his ministers independently from the national assembly, holding in his hands all the means of executive power, the dispenser of all posts, and thereby the arbiter of at least one and a half million existences in France, so many being dependent upon the 500,000 civil employees and upon the officers of all grades. He has the whole armed power behind him. He enjoys the privilege of granting pardons to individual criminals; suspending the National

Guards; of removing with the consent of the Council of State the general, cantonal and municipal Councilmen, elected by the citizens themselves. The initiative and direction of all negotiations with foreign countries are reserved to him. While the Assembly itself is constantly acting upon the stage, and is exposed to the critically vulgar light of day, he leads a hidden life in the Elysian fields, only with Article 45 of the Constitution before his eyes and in his heart daily calling out to him, “Frere, il faut mourir!” [#1 Brother, you must die!] Your power expires on the second Sunday of the beautiful month of May, in the fourth year after your election! The glory is then at an end; the play is not performed twice; and, if you have any debts, see to it betimes that you pay them off with the 600,000 francs that the Constitution has set aside for you, unless, perchance, you should prefer traveling to Clichy [#2 The debtors’ prison.] on the second Monday of the beautiful month of May.

While the Constitution thus clothes the President with actual power, it seeks to secure the moral power to the National Assembly. Apart from the circumstance that it is impossible to create a moral power through legislative paragraphs, the Constitution again neutralizes itself in that it causes the President to be chosen by all the Frenchmen through direct suffrage. While the votes of France are splintered to pieces upon the 750 members of the National Assembly they are here, on the contrary, concentrated upon one individual. While each separate Representative represents only this or that party, this or that city, this or that dunghill, or possibly only the necessity of electing some one Seven-hundred-and-fiftieth or other, with whom neither the issue nor the man is closely considered, that one, the President, on the contrary, is the elect of the nation, and the act of his election is the trump card, that, the sovereign people plays out once every four years. The elected National Assembly stands in a metaphysical, but the elected President in a personal, relation to the nation. True enough, the National Assembly presents in its several Representatives the various sides of the national spirit, but, in the President, this spirit is incarnated. As against the National Assembly, the President possesses a sort of divine right, he is by the grace of the people.

Thetis, the sea-goddess, had prophesied to Achilles that he would die in the bloom of youth. The Constitution, which had its weak spot, like Achilles, had also, like Achilles, the presentiment that it would depart by premature death. It was enough for the pure republicans, engaged at the

work of framing a constitution, to cast a glance from the misty heights of their ideal republic down upon the profane world in order to realize how the arrogance of the royalists, of the Bonapartists, of the democrats, of the Communists, rose daily, together with their own discredit, and in the same measure as they approached the completion of their legislative work of art, without Thetis having for this purpose to leave the sea and impart the secret to them. They ought to outwit fate by means of constitutional artifice, through Section 111 of the Constitution, according to which every motion to revise the Constitution had to be discussed three successive times between each of which a full month was to elapse and required at least a three-fourths majority, with the additional proviso that not less than 500 members of the National Assembly voted. They thereby only made the impotent attempt, still to exercise as a parliamentary minority, to which in their mind's eye they prophetically saw themselves reduced, a power, that, at this very time, when they still disposed over the parliamentary majority and over all the machinery of government, was daily slipping from their weak hands.

Finally, the Constitution entrusts itself for safe keeping, in a melodramatic paragraph, "to the watchfulness and patriotism of the whole French people, and of each individual Frenchman," after having just before, in another paragraph entrusted the "watchful" and the "patriotic" themselves to the tender, inquisitorial attention of the High Court, instituted by itself.

That was the Constitution of 1848, which on, the 2d of December, 1851, was not overthrown by one head, but tumbled down at the touch of a mere hat; though, true enough, that hat was a three-cornered Napoleon hat.

While the bourgeois' republicans were engaged in the Assembly with the work of splicing this Constitution, of discussing and voting, Cavaignac, on the outside, maintained the state of siege of Paris. The state of siege of Paris was the midwife of the constitutional assembly, during its republican pains of travail. When the Constitution is later on swept off the earth by the bayonet, it should not be forgotten that it was by the bayonet, likewise — and the bayonet turned against the people, at that — that it had to be protected in its mother's womb, and that by the bayonet it had to be planted on earth. The ancestors of these "honest republicans" had caused their symbol, the tricolor, to make the tour of Europe. These, in their turn also made a discovery, which all of itself, found its way over the whole

continent, but, with ever renewed love, came back to France, until, by this time, if had acquired the right of citizenship in one-half of her Departments — the state of siege. A wondrous discovery this was, periodically applied at each succeeding crisis in the course of the French revolution. But the barrack and the bivouac, thus periodically laid on the head of French society, to compress her brain and reduce her to quiet; the sabre and the musket, periodically made to perform the functions of judges and of administrators, of guardians and of censors, of police officers and of watchmen; the military moustache and the soldier's jacket, periodically heralded as the highest wisdom and guiding stars of society; — were not all of these, the barrack and the bivouac, the sabre and the musket, the moustache and the soldier's jacket bound, in the end, to hit upon the idea that they might as well save, society once for all, by proclaiming their own regime as supreme, and relieve bourgeois society wholly of the care of ruling itself? The barrack and the bivouac, the sabre and the musket, the moustache and the soldier's jacket were all the more bound to hit upon this idea, seeing that they could then also expect better cash payment for their increased deserts, while at the merely periodic states of siege and the transitory savings of society at the behest of this or that bourgeois faction, very little solid matter fell to them except some dead and wounded, besides some friendly bourgeois grimaces. Should not the military, finally, in and for its own interest, play the game of "state of siege," and simultaneously besiege the bourgeois exchanges? Moreover, it must not be forgotten, and be it observed in passing, that Col. Bernard, the same President of the Military Committee, who, under Cavaignac, helped to deport 15,000 insurgents without trial, moves at this period again at the head of the Military Committees now active in Paris.

Although the honest, the pure republicans built with the state of siege the nursery in which the Praetorian guards of December 2, 1851, were to be reared, they, on the other hand, deserve praise in that, instead of exaggerating the feeling of patriotism, as under Louis Philippe, now; they themselves are in command of the national power, they crawl before foreign powers; instead of making Italy free, they allow her to be reconquered by Austrians and Neapolitans. The election of Louis Bonaparte for President on December 10, 1848, put an end to the dictatorship of Cavaignac and to the constitutional assembly.

In Article 44 of the Constitution it is said "The President of the French Republic must never have lost his status as a French citizen." The first President of the French Republic, L. N. Bonaparte, had not only lost his status as a French citizen, had not only been an English special constable, but was even a naturalized Swiss citizen.

In the previous chapter I have explained the meaning of the election of December 10. I shall not here return to it. Suffice it here to say that it was a reaction of the farmers' class, who had been expected to pay the costs of the February revolution, against the other classes of the nation: it was a reaction of the country against the city. It met with great favor among the soldiers, to whom the republicans of the "National" had brought neither fame nor funds; among the great bourgeoisie, who hailed Bonaparte as a bridge to the monarchy; and among the proletarians and small traders, who hailed him as a scourge to Cavaignac. I shall later have occasion to enter closer into the relation of the farmers to the French revolution.

The epoch between December 20, 1848, and the dissolution of the constitutional assembly in May, 1849, embraces the history of the downfall of the bourgeois republicans. After they had founded a republic for the bourgeoisie, had driven the revolutionary proletariat from the field and had meanwhile silenced the democratic middle class, they are themselves shoved aside by the mass of the bourgeoisie who justly appropriate this republic as their property. This bourgeois mass was Royalist, however. A part thereof, the large landed proprietors, had ruled under the restoration, hence, was Legitimist; the other part, the aristocrats of finance and the large industrial capitalists, had ruled under the July monarchy, hence, was Orleanist. The high functionaries of the Army, of the University, of the Church, in the civil service, of the Academy and of the press, divided themselves on both sides, although in unequal parts. Here, in the bourgeois republic, that bore neither the name of Bourbon, nor of Orleans, but the name of Capital, they had found the form of government under which they could all rule in common. Already the June insurrection had united them all into a "Party of Order." The next thing to do was to remove the bourgeois republicans who still held the seats in the National Assembly. As brutally as these pure republicans had abused their own physical power against the people, so cowardly, low-spirited, disheartened, broken, powerless did they yield, now when the issue was the maintenance of their own republicanism and their own legislative rights against the Executive power and the

royalists I need not here narrate the shameful history of their dissolution. It was not a downfall, it was extinction. Their history is at an end for all time. In the period that follows, they figure, whether within or without the Assembly, only as memories — memories that seem again to come to life so soon as the question is again only the word “Republic,” and as often as the revolutionary conflict threatens to sink down to the lowest level. In passing, I might observe that the journal which gave to this party its name, the “National,” goes over to Socialism during the following period.

Before we close this period, we must look back upon the two powers, one of destroys the other on December 2, 1851, while, from December 20, 1848, down to the departure of the constitutional assembly, they live marital relations. We mean Louis Bonaparte, on the one hand, on the other, the party of the allied royalists; of Order, and of the large bourgeoisie.

At the inauguration of his presidency, Bonaparte forthwith framed a ministry out of the party of Order, at whose head he placed Odillon Barrot, be it noted, the old leader of the liberal wing of the parliamentary bourgeoisie. Mr. Barrot had finally hunted down a seat in the ministry, the spook of which had been pursuing him since 1830; and what is more, he had the chairmanship in this ministry, although not, as he had imagined under Louis Philippe, the promoted leader of the parliamentary opposition, but with the commission to kill a parliament, and, moreover, as an ally of all his arch enemies, the Jesuits and the Legitimists. Finally he leads the bride home, but only after she has been prostituted. As to Bonaparte, he seemed to eclipse himself completely. The party of Order acted for him.

Immediately at the first session of the ministry the expedition to Rome was decided upon, which it was there agreed, was to be carried out behind I the back of the National Assembly, and the funds for which, it was equally agreed, were to be wrung from the Assembly under false pretences. Thus the start was made with a swindle on the National Assembly, together with a secret conspiracy with the absolute foreign powers against the revolutionary Roman republic. In the same way, and with a similar maneuver, did Bonaparte prepare his stroke of December 2 against the royalist legislature and its constitutional republic. Let it not be forgotten that the same party, which, on December 20, 1848, constituted Bonaparte’s ministry, constituted also, on December 2, 1851, the majority of the legislative National Assembly.

In August the constitutive assembly decided not to dissolve until it had prepared and promulgated a whole series of organic laws, intended to supplement the Constitution. The party of Order proposed to the assembly, through Representative Rateau, on January 6, 1849, to let the Organic laws go, and rather to order its own dissolution. Not the ministry alone, with Mr. Odillon Barrot at its head, but all the royalist members of the National Assembly were also at this time hectoring to it that its dissolution was necessary for the restoration of the public credit, for the consolidation of order, to put an end to the existing uncertain and provisional, and establish a definite state of things; they claimed that its continued existence hindered the effectiveness of the new Government, that it sought to prolong its life out of pure malice, and that the country was tired of it. Bonaparte took notice of all these invectives hurled at the legislative power, he learned them by heart, and, on December 21, 1851, he showed the parliamentary royalists that he had learned from them. He repeated their own slogans against themselves.

The Barrot ministry and the party of Order went further. They called all over France for petitions to the National Assembly in which that body was politely requested to disappear. Thus they led the people's unorganic masses to the fray against the National Assembly, i.e., the constitutionally organized expression of people itself. They taught Bonaparte, to appeal from the parliamentary body to the people. Finally, on January 29, 1849, the day arrived when the constitutional assembly was to decide about its own dissolution. On that day the body found its building occupied by the military; Changarnier, the General of the party of Order, in whose hands was joined the supreme command of both the National Guards and the regulars, held that day a great military review, as though a battle were imminent; and the coalized royalists declared threateningly to the constitutional assembly that force would be applied if it did not act willingly. It was willing, and chattered only for a very short respite. What else was the 29th of January, 1849, than the "coup d'etat" of December 2, 1851, only executed by the royalists with Napoleon's aid against the republican National Assembly? These gentlemen did not notice, or did not want to notice, that Napoleon utilized the 29th of January, 1849, to cause a part of the troops to file before him in front of the Tuileries, and that he seized with avidity this very first open exercise of the military against the

parliamentary power in order to hint at Caligula. The allied royalists saw only their own Changarnier.

Another reason that particularly moved the party of Order forcibly to shorten the term of the constitutional assembly were the organic laws, the laws that were to supplement the Constitution, as, for instance, the laws on education, on religion, etc. The allied royalists had every interest in framing these laws themselves, and not allowing them to be framed by the already suspicious republicans. Among these organic laws, there was, however, one on the responsibility of the President of the republic. In 1851 the Legislature was just engaged in framing such a law when Bonaparte forestalled that political stroke by his own of December 2. What all would not the coalized royalists have given in their winter parliamentary campaign of 1851, had they but found this "Responsibility law" ready made, and framed at that, by the suspicious, the vicious republican Assembly!

After, on January 29, 1849, the constitutive assembly had itself broken its last weapon, the Barrot ministry and the "Friends of Order" harassed it to death, left nothing undone to humiliate it, and wrung from its weakness, despairing of itself, laws that cost it the last vestige of respect with the public. Bonaparte, occupied with his own fixed Napoleonic idea, was audacious enough openly to exploit this degradation of the parliamentary power: When the National Assembly, on May 8, 1849, passed a vote of censure upon the Ministry on account of the occupation of Civita-Vecchia by Oudinot, and ordered that the Roman expedition be brought back to its alleged purpose, Bonaparte published that same evening in the "Moniteur" a letter to Oudinot, in which he congratulated him on his heroic feats, and already, in contrast with the quill-pushing parliamentarians, posed as the generous protector of the Army. The royalists smiled at this. They took him simply for their dupe. Finally, as Marrast, the President of the constitutional assembly, believed on a certain occasion the safety of the body to be in danger, and, resting on the Constitution, made a requisition upon a Colonel, together with his regiment, the Colonel refused obedience, took refuge behind the "discipline," and referred Marrast to Changarnier, who scornfully sent him off with the remark that he did not like "bayonettes intelligentes." [#1 Intelligent bayonets] In November, 1851, as the coalized royalists wanted to begin the decisive struggle with Bonaparte, they sought, by means of their notorious "Questors Bill," to enforce the principle of the right of the President of the National Assembly to issue direct requisitions

for troops. One of their Generals, Leflo, supported the motion. In vain did Changarnier vote for it, or did Thiers render homage to the cautious wisdom of the late constitutional assembly. The Minister of War, St. Arnaud, answered him as Changarnier had answered Marrast — and he did so amidst the plaudits of the Mountain.

Thus did the party of Order itself, when as yet it was not the National Assembly, when as yet it was only a Ministry, brand the parliamentary regime. And yet this party objects vociferously when the 2d of December, 1851, banishes that regime from France!

We wish it a happy journey.

### III

On May 29, 1849, the legislative National Assembly convened. On December 2, 1851, it was broken up. This period embraces the term of the Constitutional or Parliamentary public.

In the first French revolution, upon the reign of the Constitutionalists succeeds that of the Girondins; and upon the reign of the Girondins follows that of the Jacobins. Each of these parties in succession rests upon its more advanced element. So soon as it has carried the revolution far enough not to be able to keep pace with, much less march ahead of it, it is shoved aside by its more daring allies, who stand behind it, and it is sent to the guillotine. Thus the revolution moves along an upward line.

Just the reverse in 1848. The proletarian party appears as an appendage to the small traders' or democratic party; it is betrayed by the latter and allowed to fall on April 16, May 15, and in the June days. In its turn, the democratic party leans upon the shoulders of the bourgeois republicans; barely do the bourgeois republicans believe themselves firmly in power, than they shake off these troublesome associates for the purpose of themselves leaning upon the shoulders of the party of Order. The party of Order draws in its shoulders, lets the bourgeois republicans tumble down heels over head, and throws itself upon the shoulders of the armed power. Finally, still of the mind that it is sustained by the shoulders of the armed power, the party of Order notices one fine morning that these shoulders have turned into bayonets. Each party kicks backward at those that are pushing forward, and leans forward upon those that are crowding backward; no wonder that, in this ludicrous posture, each loses its balance, and, after

having cut the unavoidable grimaces, breaks down amid singular somersaults. Accordingly, the revolution moves along a downward line. It finds itself in this retreating motion before the last February-barricade is cleared away, and the first governmental authority of the revolution has been constituted.

The period we now have before us embraces the motliest jumble of crying contradictions: constitutionalists, who openly conspire against the Constitution; revolutionists, who admittedly are constitutional; a National Assembly that wishes to be omnipotent yet remains parliamentary; a Mountain, that finds its occupation in submission, that parries its present defeats with prophecies of future victories; royalists, who constitute the “patres conscripti” of the republic, and are compelled by the situation to uphold abroad the hostile monarchic houses, whose adherents they are, while in France they support the republic that they hate; an Executive power that finds its strength in its very weakness, and its dignity in the contempt that it inspires; a republic, that is nothing else than the combined infamy of two monarchies — the Restoration and the July Monarchy — with an imperial label; unions, whose first clause is disunion; struggles, whose first law is in-decision; in the name of peace, barren and hollow agitation; in the name of the revolution, solemn sermonizings on peace; passions without truth; truths without passion; heroes without heroism; history without events; development, whose only moving force seems to be the calendar, and tiresome by the constant reiteration of the same tensions and relaxes; contrasts, that seem to intensify themselves periodically, only in order to wear themselves off and collapse without a solution; pretentious efforts made for show, and bourgeois frights at the danger of the destruction of the world, simultaneous with the carrying on of the pettiest intrigues and the performance of court comedies by the world’s saviours, who, in their “laissez aller,” recall the Day of Judgment not so much as the days of the Fronde; the official collective genius of France brought to shame by the artful stupidity of a single individual; the collective will of the nation, as often as it speaks through the general suffrage, seeking its true expression in the prescriptive enemies of the public interests until it finally finds it in the arbitrary will of a filibuster. If ever a slice from history is drawn black upon black, it is this. Men and events appear as reversed “Schlemihls,” [#1 The hero In Chamisso’s “Peter Schiemihl,” who loses his own shadow.] as shadows, the bodies of which have been lost. The revolution itself paralyzes

its own apostles, and equips only its adversaries with passionate violence. When the “Red Spectre,” constantly conjured up and exorcised by the counter-revolutionists finally does appear, it does not appear with the Anarchist Phrygian cap on its head, but in the uniform of Order, in the Red Breeches of the French Soldier.

We saw that the Ministry, which Bonaparte installed on December 20, 1849, the day of his “Ascension,” was a ministry of the party of Order, of the Legitimist and Orleanist coalition. The Barrot-Falloux ministry had weathered the republican constitutive convention, whose term of life it had shortened with more or less violence, and found itself still at the helm. Changamier, the General of the allied royalists continued to unite in his person the command-in-chief of the First Military Division and of the Parisian National Guard. Finally, the general elections had secured the large majority in the National Assembly to the party of Order. Here the Deputies and Peers of Louis Phillipe met a saintly crowd of Legitimists, for whose benefit numerous ballots of the nation had been converted into admission tickets to the political stage. The Bonapartist representatives were too thinly sowed to be able to build an independent parliamentary party. They appeared only as “mauvaise queue” [#2 Practical joke] played upon the party of Order. Thus the party of Order was in possession of the Government, of the Army, and of the legislative body, in short, of the total power of the State, morally strengthened by the general elections, that caused their sovereignty to appear as the will of the people, and by the simultaneous victory of the counter-revolution on the whole continent of Europe.

Never did party open its campaign with larger means at its disposal and under more favorable auspices.

The shipwrecked pure republicans found themselves in the legislative National Assembly melted down to a clique of fifty men, with the African Generals Cavaignac, Lamorciere and Bedeau at its head. The great Opposition party was, however, formed by the Mountain. This parliamentary baptismal name was given to itself by the Social Democratic party. It disposed of more than two hundred votes out of the seven hundred and fifty in the National Assembly, and, hence, was at least just as powerful as any one of the three factions of the party of Order. Its relative minority to the total royalist coalition seemed counterbalanced by special circumstances. Not only did the Departmental election returns show that it

had gained a considerable following among the rural population, but, furthermore, it numbered almost all the Paris Deputies in its camp; the Army had, by the election of three under-officers, made a confession of democratic faith; and the leader of the Mountain, Ledru-Rollin had in contrast to all the representatives of the party of Order, been raised to the rank of the “parliamentary nobility” by five Departments, who combined their suffrages upon him. Accordingly, in view of the inevitable collisions of the royalists among themselves, on the one hand, and of the whole party of Order with Bonaparte, on the other, the Mountain seemed on May 29, 1849, to have before it all the elements of success. A fortnight later, it had lost everything, its honor included.

Before we follow this parliamentary history any further, a few observations are necessary, in order to avoid certain common deceptions concerning the whole character of the epoch that lies before us. According to the view of the democrats, the issue, during the period of the legislative National Assembly, was, the same as during the period of the constitutive assembly, simply the struggle between republicans and royalists; the movement itself was summed up by them in the catch-word Reaction — night, in which all cats are grey, and allows them to drawl out their drowsy commonplaces. Indeed, at first sight, the party of Order presents the appearance of a tangle of royalist factions, that, not only intrigue against each other, each aiming to raise its own Pretender to the throne, and exclude the Pretender of the Opposite party, but also are all united in a common hatred for and common attacks against the “Republic.” On its side, the Mountain appears, in counter-distinction to the royalist conspiracy, as the representative of the “Republic.” The party of Order seems constantly engaged in a “Reaction,” which, neither more nor less than in Prussia, is directed against the press, the right of association and the like, and is enforced by brutal police interventions on the part of the bureaucracy, the police and the public prosecutor — just as in Prussia; the Mountain on the contrary, is engaged with equal assiduity in parrying these attacks, and thus in defending the “eternal rights of man” — as every so-called people’s party has more or less done for the last hundred and fifty years. At a closer inspection, however, of the situation and of the parties, this superficial appearance, which veils the Class Struggle, together with the peculiar physiognomy of this period, vanishes wholly.

Legitimists and Orleanists constituted, as said before, the two large factions of the party of Order. What held these two factions to their respective Pretenders, and inversely kept them apart from each other, what else was it but the lily and the tricolor, the House of Bourbon and the house of Orleans, different shades of royalty? Under the Bourbons, Large Landed Property ruled together with its parsons and lackeys; under the Orleanist, it was the high finance, large industry, large commerce, i.e., Capital, with its retinue of lawyers, professors and orators. The Legitimate kingdom was but the political expression for the hereditary rule of the landlords, as the July monarchy was but the political expression for the usurped rule of the bourgeois upstarts. What, accordingly, kept these two factions apart was no so-called set of principles, it was their material conditions for life — two different sorts of property — ; it was the old antagonism of the City and the Country, the rivalry between Capital and Landed property. That simultaneously old recollections; personal animosities, fears and hopes; prejudices and illusions; sympathies and antipathies; convictions, faith and principles bound these factions to one House or the other, who denies it? Upon the several forms of property, upon the social conditions of existence, a whole superstructure is reared of various and peculiarly shaped feelings, illusions, habits of thought and conceptions of life. The whole class produces and shapes these out of its material foundation and out of the corresponding social conditions. The individual unit to whom they flow through tradition and education, may fancy that they constitute the true reasons for and premises of his conduct. Although Orleanists and Legitimists, each of these factions, sought to make itself and the other believe that what kept the two apart was the attachment of each to its respective royal House; nevertheless, facts proved later that it rather was their divided interest that forbade the union of the two royal Houses. As, in private life, the distinction is made between what a man thinks of himself and says, and that which he really is and does, so, all the more, must the phrases and notions of parties in historic struggles be distinguished from the real organism, and their real interests, their notions and their reality. Orleanists and Legitimists found themselves in the republic beside each other with equal claims. Each side wishing, in opposition to the other, to carry out the restoration of its own royal House, meant nothing else than that each of the two great Interests into which the bourgeoisie is divided — Land and Capital — sought to restore its own supremacy and the

subordinacy of the other. We speak of two bourgeois interests because large landed property, despite its feudal coquetry and pride of race, has become completely bourgeois through the development of modern society. Thus did the Tories of England long fancy that they were enthusiastic for the Kingdom, the Church and the beauties of the old English Constitution, until the day of danger wrung from them the admission that their enthusiasm was only for Ground Rent.

The coalized royalists carried on their intrigues against each other in the press, in Ems, in Clarmont — outside of the parliament. Behind the scenes, they don again their old Orleanist and Legitimist liveries, and conduct their old tourneys; on the public stage, however, in their public acts, as a great parliamentary party, they dispose of their respective royal houses with mere courtesies, adjourn “in infinitum” the restoration of the monarchy. Their real business is transacted as Party of Order, i. e., under a Social, not a Political title; as representatives of the bourgeois social system; not as knights of traveling princesses, but as the bourgeois class against the other classes; not as royalists against republicans. Indeed, as party of Order they exercised a more unlimited and harder dominion over the other classes of society than ever before either under the restoration or the July monarchy—a thing possible only under the form of a parliamentary republic, because under this form alone could the two large divisions of the French bourgeoisie be united; in other words, only under this form could they place on the order of business the sovereignty of their class, in lieu of the regime of a privileged faction of the same. If, this notwithstanding, they are seen as the party of Order to insult the republic and express their antipathy for it, it happened not out of royalist traditions only: Instinct taught them that while, indeed, the republic completes their authority, it at the same time undermined their social foundation, in that, without intermediary, without the mask of the crown, without being able to turn aside the national interest by means of its subordinate struggles among its own conflicting elements and with the crown, the republic is compelled to stand up sharp against the subjugated classes, and wrestle with them. It was a sense of weakness that caused them to recoil before the unqualified demands of their own class rule, and to retreat to the less complete, less developed, and, for that very reason, less dangerous forms of the same. As often, on the contrary, as the allied royalists come into conflict with the Pretender who stands before them — with Bonaparte — , as often as they believe their parliamentary

omnipotence to be endangered by the Executive, in other words, as often as they must trot out the political title of their authority, they step up as Republicans, not as Royalists — and this is done from the Orleanist Thiers, who warns the National Assembly that the republic divides them least, down to Legitimist Berryer, who, on December 2, 1851, the scarf of the tricolor around him, harangues the people assembled before the Mayor's building of the Tenth Arrondissement, as a tribune in the name of the Republic; the echo, however, derisively answering back to him: "Henry V! Henry V!" [#3 The candidate of the Bourbons, or Legitimists, for the throne.]

However, against the allied bourgeois, a coalition was made between the small traders and the workingmen — the so-called Social Democratic party. The small traders found themselves ill rewarded after the June days of 1848; they saw their material interests endangered, and the democratic guarantees, that were to uphold their interests, made doubtful. Hence, they drew closer to the workingmen. On the other hand, their parliamentary representatives — the Mountain — , after being shoved aside during the dictatorship of the bourgeois republicans, had, during the last half of the term of the constitutive convention, regained their lost popularity through the struggle with Bonaparte and the royalist ministers. They had made an alliance with the Socialist leaders. During February, 1849, reconciliation banquets were held. A common program was drafted, joint election committees were empanelled, and fusion candidates were set up. The revolutionary point was thereby broken off from the social demands of the proletariat and a democratic turn given to them; while, from the democratic claims of the small traders' class, the mere political form was rubbed off and the Socialist point was pushed forward. Thus came the Social Democracy about. The new Mountain, the result of this combination, contained, with the exception of some figures from the working class and some Socialist sectarians, the identical elements of the old Mountain, only numerically stronger. In the course of events it had, however, changed, together with the class that it represented. The peculiar character of the Social Democracy is summed up in this that democratic-republican institutions are demanded as the means, not to remove the two extremes — Capital and Wage-slavery — , but in order to weaken their antagonism and transform them into a harmonious whole. However different the methods may be that are proposed for the accomplishment of this object, however

much the object itself may be festooned with more or less revolutionary fancies, the substance remains the same. This substance is the transformation of society upon democratic lines, but a transformation within the boundaries of the small traders' class. No one must run away with the narrow notion that the small traders' class means on principle to enforce a selfish class interest. It believes rather that the special conditions for its own emancipation are the general conditions under which alone modern society can be saved and the class struggle avoided. Likewise must we avoid running away with the notion that the Democratic Representatives are all "shopkeepers," or enthuse for these. They may — by education and individual standing — be as distant from them as heaven is from earth. That which makes them representatives of the small traders' class is that they do not intellectually leap the bounds which that class itself does not leap in practical life; that, consequently, they are theoretically driven to the same problems and solutions, to which material interests and social standing practically drive the latter. Such, in fact, is at all times the relation of the "political" and the "literary" representatives of a class to the class they represent.

After the foregoing explanations, it goes with-out saying that, while the Mountain is constantly wrestling for the republic and the so-called "rights of man," neither the republic nor the "rights of man" is its real goal, as little as an army, whose weapons it is sought to deprive it of and that defends itself, steps on the field of battle simply in order to remain in possession of implements of warfare.

The party of Order provoked the Mountain immediately upon the convening of the assembly. The bourgeoisie now felt the necessity of disposing of the democratic small traders' class, just as a year before it had understood the necessity of putting an end to the revolutionary proletariat.

But the position of the foe had changed. The strength of the proletarian party was on the streets; that of the small traders' class was in the National Assembly itself. The point was, accordingly, to wheedle them out of the National Assembly into the street, and to have them break their parliamentary power themselves, before time and opportunity could consolidate them. The Mountain jumped with loose reins into the trap.

The bombardment of Rome by the French troops was the bait thrown at the Mountain. It violated Article V. of the Constitution, which forbade the French republic to use its forces against the liberties of other nations;

besides, Article IV. forbade all declaration of war by the Executive without the consent of the National Assembly; furthermore, the constitutive assembly had censured the Roman expedition by its resolution of May 8. Upon these grounds, Ledru-Rollin submitted on June 11, 1849, a motion impeaching Bonaparte and his Ministers. Instigated by the wasp-stings of Thiers, he even allowed himself to be carried away to the point of threatening to defend the Constitution by all means, even arms in hand. The Mountain rose as one man, and repeated the challenge. On June 12, the National Assembly rejected the notion to impeach, and the Mountain left the parliament. The events of June 13 are known: the proclamation by a part of the Mountain pronouncing Napoleon and his Ministers “outside the pale of the Constitution”; the street parades of the democratic National Guards, who, unarmed as they were, flew apart at contact with the troops of Changarnier; etc., etc. Part of the Mountain fled abroad, another part was assigned to the High Court of Bourges, and a parliamentary regulation placed the rest under the school-master supervision of the President of the National Assembly. Paris was again put under a state of siege; and the democratic portion of the National Guards was disbanded. Thus the influence of the Mountain in parliament was broken, together with the power; of the small traders’ class in Paris.

Lyons, where the 13th of June had given the signal to a bloody labor uprising, was, together with the five surrounding Departments, likewise pronounced in state of siege, a condition that continues down to this moment. [#4 January, 1852]

The bulk of the Mountain had left its vanguard in the lurch by refusing their signatures to the proclamation; the press had deserted: only two papers dared to publish the pronunciamento; the small traders had betrayed their Representatives: the National Guards stayed away, or, where they did turn up, hindered the raising of barricades; the Representatives had duped the small traders: nowhere were the alleged affiliated members from the Army to be seen; finally, instead of gathering strength from them, the democratic party had infected the proletariat with its own weakness, and, as usual with democratic feats, the leaders had the satisfaction of charging “their people” with desertion, and the people had the satisfaction of charging their leaders with fraud.

Seldom was an act announced with greater noise than the campaign contemplated by the Mountain; seldom was an event trumpeted ahead with

more certainty and longer beforehand than the “inevitable victory of the democracy.” This is evident: the democrats believe in the trombones before whose blasts the walls of Jericho fall together; as often as they stand before the walls of despotism, they seek to imitate the miracle. If the Mountain wished to win in parliament, it should not appeal to arms; if it called to arms in parliament, it should not conduct itself parliamentarily on the street; if the friendly demonstration was meant seriously, it was silly not to foresee that it would meet with a warlike reception; if it was intended for actual war, it was rather original to lay aside the weapons with which war had to be conducted. But the revolutionary threats of the middle class and of their democratic representatives are mere attempts to frighten an adversary; when they have run themselves into a blind alley, when they have sufficiently compromised themselves and are compelled to execute their threats, the thing is done in a hesitating manner that avoids nothing so much as the means to the end, and catches at pretexts to succumb. The bray of the overture, that announces the fray, is lost in a timid growl so soon as this is to start; the actors cease to take themselves seriously, and the performance falls flat like an inflated balloon that is pricked with a needle.

No party exaggerates to itself the means at its disposal more than the democratic, none deceives itself with greater heedlessness on the situation. A part of the Army voted for it, thereupon the Mountain is of the opinion that the Army would revolt in its favor. And by what occasion? By an occasion, that, from the standpoint of the troops, meant nothing else than that the revolutionary soldiers should take the part of the soldiers of Rome against French soldiers. On the other hand, the memory of June, 1848, was still too fresh not to keep alive a deep aversion on the part of the proletariat towards the National Guard, and a strong feeling of mistrust on the part of the leaders of the secret societies for the democratic leaders. In order to balance these differences, great common interests at stake were needed. The violation of an abstract constitutional paragraph could not supply such interests. Had not the constitution been repeatedly violated, according to the assurances of the democrats themselves? Had not the most popular papers branded them as a counter-revolutionary artifice? But the democrat — by reason of his representing the middle class, that is to say, a Transition Class, in which the interests of two other classes are mutually dulled — , imagines himself above all class contrast. The democrats grant that opposed to them stands a privileged class, but they, together with the whole remaining mass

of the nation, constitute the “PEOPLE.” What they represent is the “people’s rights”; their interests are the “people’s interests.” Hence, they do not consider that, at an impending struggle, they need to examine the interests and attitude of the different classes. They need not too seriously weigh their own means. All they have to do is to give the signal in order to have the “people” fall upon the “oppressors” with all its inexhaustible resources. If, thereupon, in the execution, their interests turn out to be uninteresting, and their power to be impotence, it is ascribed either to depraved sophists, who split up the “undivisible people” into several hostile camps; or to the army being too far brutalized and blinded to appreciate the pure aims of the democracy as its own best; or to some detail in the execution that wrecks the whole plan; or, finally, to an unforeseen accident that spoiled the game this time. At all events, the democrat comes out of the disgraceful defeat as immaculate as he went innocently into it, and with the refreshed conviction that he must win; not that he himself and his party must give up their old standpoint, but that, on the contrary, conditions must come to his aid.

For all this, one must not picture to himself the decimated, broken, and, by the new parliamentary regulation, humbled Mountain altogether too unhappy. If June 13 removed its leaders, it, on the other hand, made room for new ones of inferior capacity, who are flattered by their new position. If their impotence in parliament could no longer be doubted, they were now justified to limit their activity to outbursts of moral indignation. If the party of Order pretended to see in them, as the last official representatives of the revolution, all the horrors of anarchy incarnated, they were free to appear all the more flat and modest in reality. Over June 13 they consoled themselves with the profound expression: “If they but dare to assail universal suffrage . . . then . . . then we will show who we are!” *Nous verrons.* [#5 We shall see.]

As to the “Mountaineers,” who had fled abroad, it suffices here to say that Ledru-Rollin — he having accomplished the feat of hopelessly ruining, in barely a fortnight, the powerful party at whose head he stood —, found himself called upon to build up a French government “in partibus;” that his figure, at a distance, removed from the field of action, seemed to gain in size in the measure that the level of the revolution sank and the official prominences of official France became more and more dwarfish; that he could figure as republican Pretender for 1852, and periodically issued to the

Wallachians and other peoples circulars in which “despot of the continent” is threatened with the feats that he and his allies had in contemplation. Was Proudhon wholly wrong when he cried out to these gentlemen: “Vous n’etes que des blaqueurs”? [#6 You are nothing but fakirs.]

The party of Order had, on June 13, not only broken up the Mountain, it had also established the Subordination of the Constitution to the Majority Decisions of the National Assembly. So, indeed, did the republic understand it, to — wit, that the bourgeois ruled here in parliamentary form, without, as in the monarchy, finding a check in the veto of the Executive power, or the liability of parliament to dissolution. It was a “parliamentary republic,” as Thiers styled it. But if, on June 13, the bourgeoisie secured its omnipotence within the parliament building, did it not also strike the parliament itself, as against the Executive and the people, with incurable weakness by excluding its most popular part? By giving up numerous Deputies, without further ceremony to the mercies of the public prosecutor, it abolished its own parliamentary inviolability. The humiliating regulation, that it subjected the Mountain to, raised the President of the republic in the same measure that it lowered the individual Representatives of the people. By branding an insurrection in defense of the Constitution as anarchy, and as a deed looking to the overthrow of society, it interdicted to itself all appeal to insurrection whenever the Executive should violate the Constitution against it. And, indeed, the irony of history wills it that the very General, who by order of Bonaparte bombarded Rome, and thus gave the immediate occasion to the constitutional riot of June 13, that Oudinot, on December 22, 1851, is the one imploringly and vainly to be offered to the people by the party of Order as the General of the Constitution. Another hero of June 13, Vieyra, who earned praise from the tribune of the National Assembly for the brutalities that he had committed in the democratic newspaper offices at the head of a gang of National Guards in the hire of the high finance — this identical Vieyra was initiated in the conspiracy of Bonaparte, and contributed materially in cutting off all protection that could come to the National Assembly, in the hour of its agony, from the side of the National Guard.

June 13 had still another meaning. The Mountain had wanted to place Bonaparte under charges. Their defeat was, accordingly, a direct victory of Bonaparte; it was his personal triumph over his democratic enemies. The party of Order fought for the victory, Bonaparte needed only to pocket it. He did so. On June 14, a proclamation was to be read on the walls of Paris

wherein the President, as it were, without his connivance, against his will, driven by the mere force of circumstances, steps forward from his cloisterly seclusion like misjudged virtue, complains of the calumnies of his antagonists, and, while seeming to identify his own person with the cause of order, rather identifies the cause of order with his own person. Besides this, the National Assembly had subsequently approved the expedition against Rome; Bonaparte, however, had taken the initiative in the affair. After he had led the High Priest Samuel back into the Vatican, he could hope as King David to occupy the Tuileries. He had won the parson-interests over to himself.

The riot of June 13 limited itself, as we have seen, to a peaceful street procession. There were, consequently, no laurels to be won from it. Nevertheless, in these days, poor in heroes and events, the party of Order converted this bloodless battle into a second Austerlitz. Tribune and press lauded the army as the power of order against the popular multitude, and the impotence of anarchy; and Changarnier as the “bulwark of society” — a mystification that he finally believed in himself. Underhand, however, the corps that seemed doubtful were removed from Paris; the regiments whose suffrage had turned out most democratic were banished from France to Algiers the restless heads among the troops were consigned to penal quarters; finally, the shutting out of the press from the barracks, and of the barracks from contact with the citizens was systematically carried out.

We stand here at the critical turning point in the history of the French National Guard. In 1830, it had decided the downfall of the restoration. Under Louis Philippe, every riot failed, at which the National Guard stood on the side of the troops. When, in the February days of 1848, it showed itself passive against the uprising and doubtful toward Louis Philippe himself, he gave himself up for lost. Thus the conviction cast root that a revolution could not win without, nor the Army against the National Guard. This was the superstitious faith of the Army in bourgeois omnipotence. The June days of 1848, when the whole National Guard, jointly with the regular troops, threw down the insurrection, had confirmed the superstition. After the inauguration of Bonaparte’s administration, the position of the National Guard sank somewhat through the unconstitutional joining of their command with the command of the First Military Division in the person of Changarnier.

As the command of the National Guard appeared here merely an attribute of the military commander-in-chief, so did the Guard itself appear only as an appendage of the regular troops. Finally, on June 13, the National Guard was broken up, not through its partial dissolution only, that from that date forward was periodically repeated at all points of France, leaving only wrecks of its former self behind. The demonstration of June 13 was, above all, a demonstration of the National Guards. True, they had not carried their arms, but they had carried their uniforms against the Army — and the talisman lay just in these uniforms. The Army then learned that this uniform was but a woolen rag, like any other. The spell was broken. In the June days of 1848, bourgeoisie and small traders were united as National Guard with the Army against the proletariat; on June 13, 1849, the bourgeoisie had the small traders' National Guard broken up; on December 2, 1851, the National Guard of the bourgeoisie itself vanished, and Bonaparte attested the fact when he subsequently signed the decree for its disbandment. Thus the bourgeoisie had itself broken its last weapon against the army, from the moment when the small traders' class no longer stood as a vassal behind, but as a rebel before it; indeed, it was bound to do so, as it was bound to destroy with its own hand all its means of defence against absolutism, so soon as itself was absolute.

In the meantime, the party of Order celebrated the recovery of a power that seemed lost in 1848 only in order that, freed from its trammels in 1849, it be found again through invectives against the republic and the Constitution; through the malediction of all future, present and past revolutions, that one included which its own leaders had made; and, finally, in laws by which the press was gagged, the right of association destroyed, and the stage of siege regulated as an organic institution. The National Assembly then adjourned from the middle of August to the middle of October, after it had appointed a Permanent Committee for the period of its absence. During these vacations, the Legitimists intrigued with Ems; the Orleanists with Claremont; Bonaparte through princely excursions; the Departmental Councilmen in conferences over the revision of the Constitution; — occurrences, all of which recurred regularly at the periodical vacations of the National Assembly, and upon which I shall not enter until they have matured into events. Be it here only observed that the National Assembly was impolitic in vanishing from the stage for long intervals, and leaving in view, at the head of the republic, only one,

however sorry, figure — Louis Bonaparte's — , while, to the public scandal, the party of Order broke up into its own royalist component parts, that pursued their conflicting aspirations after the restoration. As often as, during these vacations the confusing noise of the parliament was hushed, and its body was dissolved in the nation, it was unmistakably shown that only one thing was still wanting to complete the true figure of the republic: to make the vacation of the National Assembly permanent, and substitute its inscription— “Liberty, Equality, Fraternity” — by the unequivocal words, “Infantry, Cavalry, Artillery”.

#### IV

The National Assembly reconvened in the middle of October. On November 1, Bonaparte surprised it with a message, in which he announced the dismissal of the Barrot-Falloux Ministry, and the framing of a new. Never have lackeys been chased from service with less ceremony than Bonaparte did his ministers. The kicks, that were eventually destined for the National Assembly, Barrot & Company received in the meantime.

The Barrot Ministry was, as we have seen, composed of Legitimists and Orleanists; it was a Ministry of the party of Order. Bonaparte needed that Ministry in order to dissolve the republican constituent assembly, to effect the expedition against Rome, and to break up the democratic party. He had seemingly eclipsed himself behind this Ministry, yielded the reins to the hands of the party of Order, and assumed the modest mask, which, under Louis Philippe, had been worn by the responsible overseer of the newspapers — the mask of “homme de paille.” [#1 Man of straw] Now he threw off the mask, it being no longer the light curtain behind which he could conceal, but the Iron Mask, which prevented him from revealing his own physiognomy. He had instituted the Barrot Ministry in order to break up the republican National Assembly in the name of the party of Order; he now dismissed it in order to declare his own name independent of the parliament of the party of Order.

There was no want of plausible pretexts for this dismissal. The Barrot Ministry had neglected even the forms of decency that would have allowed the president of the republic to appear as a power along with the National Assembly. For instance, during the vacation of the National Assembly, Bonaparte published a letter to Edgar Ney, in which he seemed to

disapprove the liberal attitude of the Pope, just as, in opposition to the constitutive assembly, he had published a letter, in which he praised Oudinot for his attack upon the Roman republic; when the National Assembly came to vote on the budget for the Roman expedition, Victor Hugo, out of pretended liberalism, brought up that letter for discussion; the party of Order drowned this notion of Bonaparte's under exclamations of contempt and incredulity as though notions of Bonaparte could not possibly have any political weight; — and none of the Ministers took up the gauntlet for him. On another occasion, Barrot, with his well-known hollow pathos, dropped, from the speakers' tribune in the Assembly, words of indignation upon the “abominable machinations,” which, according to him, went on in the immediate vicinity of the President. Finally, while the Ministry obtained from the National Assembly a widow's pension for the Duchess of Orleans, it denied every motion to raise the Presidential civil list; — and, in Bonaparte, be it always remembered, the Imperial Pretender was so closely blended with the impecunious adventurer, that the great idea of his being destined to restore the Empire was ever supplemented by that other, to-wit, that the French people was destined to pay his debts.

The Barrot-Falloux Ministry was the first and last parliamentary Ministry that Bonaparte called into life. Its dismissal marks, accordingly, a decisive period. With the Ministry, the party of Order lost, never to regain, an indispensable post to the maintenance of the parliamentary regime, — the handle to the Executive power. It is readily understood that, in a country like France, where the Executive disposes over an army of more than half a million office-holders, and, consequently, keeps permanently a large mass of interests and existences in the completest dependence upon itself; where the Government surrounds, controls, regulates, supervises and guards society, from its mightiest acts of national life, down to its most insignificant motions; from its common life, down to the private life of each individual; where, due to such extraordinary centralization, this body of parasites acquires a ubiquity and omniscience, a quickened capacity for motion and rapidity that finds an analogue only in the helpless lack of self-reliance, in the unstrung weakness of the body social itself; — that in such a country the National Assembly lost, with the control of the ministerial posts, all real influence; unless it simultaneously simplified the administration; if possible, reduced the army of office-holders; and, finally, allowed society and public opinion to establish its own organs, independent

of government censorship. But the Material Interest of the French bourgeoisie is most intimately bound up in maintenance of just such a large and extensively ramified governmental machine. There the bourgeoisie provides for its own superfluous membership; and supplies, in the shape of government salaries, what it can not pocket in the form of profit, interest, rent and fees. On the other hand, its Political Interests daily compel it to increase the power of repression, i.e., the means and the personnel of the government; it is at the same time forced to conduct an uninterrupted warfare against public opinion, and, full of suspicion, to hamstring and lame the independent organs of society — whenever it does not succeed in amputating them wholly. Thus the bourgeoisie of France was forced by its own class attitude, on the one hand, to destroy the conditions for all parliamentary power, its own included, and, on the other, to render irresistible the Executive power that stood hostile to it.

The new Ministry was called the d'Hautpoul Ministry. Not that General d'Hautpoul had gained the rank of Ministerial President. Along with Barrot, Bonaparte abolished this dignity, which, it must be granted, condemned the President of the republic to the legal nothingness of a constitutional kind, of a constitutional king at that, without throne and crown, without sceptre and without sword, without irresponsibility, without the imperishable possession of the highest dignity in the State, and, what was most untoward of all — without a civil list. The d'Hautpoul Ministry numbered only one man of parliamentary reputation, the Jew Fould, one of the most notorious members of the high finance. To him fell the portfolio of finance. Turn to the Paris stock quotations, and it will be found that from November 1, 1849, French stocks fall and rise with the falling and rising of the Bonapartist shares. While Bonaparte had thus found his ally in the Bourse, he at the same time took possession of the Police through the appointment of Carlier as Prefect of Police.

But the consequences of the change of Ministry could reveal themselves only in the course of events. So far, Bonaparte had taken only one step forward, to be all the more glaringly driven back. Upon his harsh message, followed the most servile declarations of submissiveness to the National Assembly. As often as the Ministers made timid attempts to introduce his own personal hobbies as bills, they themselves seemed unwilling and compelled only by their position to run the comic errands, of whose futility they were convinced in advance. As often as Bonaparte blabbed out his

plans behind the backs of his Ministers, and sported his “idees napoleoniennes,” [#2 Napoleonic ideas.] his own Ministers disavowed him from the speakers’ tribune in the National Assembly. His aspirations after usurpation seemed to become audible only to the end that the ironical laughter of his adversaries should not die out. He deported himself like an unappreciated genius, whom the world takes for a simpleton. Never did he enjoy in fuller measure the contempt of all classes than at this period. Never did the bourgeoisie rule more absolutely; never did it more boastfully display the insignia of sovereignty.

It is not here my purpose to write the history of its legislative activity, which is summed up in two laws passed during this period: the law reestablishing the duty on wine, and the laws on education, to suppress infidelity. While the drinking of wine was made difficult to the Frenchmen, all the more bounteously was the water of pure life poured out to them. Although in the law on the duty on wine the bourgeoisie declares the old hated French tariff system to be inviolable, it sought, by means of the laws on education, to secure the old good will of the masses that made the former bearable. One wonders to see the Orleanists, the liberal bourgeois, these old apostles of Voltarianism and of eclectic philosophy, entrusting the supervision of the French intellect to their hereditary enemies, the Jesuits. But, while Orleanists and Legitimists could part company on the question of the Pretender to the crown, they understood full well that their joint reign dictated the joining of the means of oppression of two distinct epochs; that the means of subjugation of the July monarchy had to be supplemented with and strengthened by the means of subjugation of the restoration.

The farmers, deceived in all their expectations, more than ever ground down by the law scale of the price of corn, on the one hand, and, on the other, by the growing load of taxation and mortgages, began to stir in the Departments. They were answered by the systematic baiting of the school masters, whom the Government subjected to the clergy; by the systematic baiting of the Mayors, whom it subjected to the Prefects; and by a system of espionage to which all were subjected. In Paris and the large towns, the reaction itself carries the physiognomy of its own epoch; it irritates more than it crows; in the country, it becomes low, moan, petty, tiresome, vexatious, — in a word, it becomes “gensdarme.” It is easily understood how three years of the gensdarme regime, sanctified by the regime of the clergyman, was bound to demoralize unripe masses.

Whatever the mass of passion and declamation, that the party of Order expended from the speakers' tribune in the National Assembly against the minority, its speech remained monosyllabic, like that of the Christian, whose speech was to be "Aye, aye; nay, nay." It was monosyllabic, whether from the tribune or the press; dull as a conundrum, whose solution is known beforehand. Whether the question was the right of petition or the duty on wine, the liberty of the press or free trade, clubs or municipal laws, protection of individual freedom or the regulation of national economy, the slogan returns ever again, the theme is monotonously the same, the verdict is ever ready and unchanged: Socialism! Even bourgeois liberalism is pronounced socialistic; socialistic, alike, is pronounced popular education; and, likewise, socialistic national financial reform. It was socialistic to build a railroad where already a canal was; and it was socialistic to defend oneself with a stick when attacked with a sword.

This was not a mere form of speech, a fashion, nor yet party tactics. The bourgeoisie perceives correctly that all the weapons, which it forged against feudalism, turn their edges against itself; that all the means of education, which it brought forth, rebel against its own civilization; that all the gods, which it made, have fallen away from it. It understands that all its so-called citizens' rights and progressive organs assail and menace its class rule, both in its social foundation and its political superstructure — consequently, have become "socialistic." It justly scents in this menace and assault the secret of Socialism, whose meaning and tendency it estimates more correctly than the spurious, so-called Socialism, is capable of estimating itself, and which, consequently, is unable to understand how it is that the bourgeoisie obdurately shuts up its ears to it, alike whether it sentimentally whines about the sufferings of humanity; or announces in Christian style the millennium and universal brotherhood; or twaddles humanistically about the soul, culture and freedom; or doctrinally matches out a system of harmony and wellbeing for all classes. What, however, the bourgeoisie does not understand is the consequence that its own parliamentary regime, its own political reign, is also of necessity bound to fall under the general ban of "socialistic." So long as the rule of the bourgeoisie is not fully organized, has not acquired its purely political character, the contrast with the other classes cannot come into view in all its sharpness; and, where it does come into view, it cannot take that dangerous turn that converts every conflict with the Government into a conflict with Capital. When, however, the

French bourgeoisie began to realize in every pulsation of society a menace to “peace,” how could it, at the head of society, pretend to uphold the regime of unrest, its own regime, the parliamentary regime, which, according to the expression of one of its own orators, lives in struggle, and through struggle? The parliamentary regime lives on discussion, — how can it forbid discussion? Every single interest, every single social institution is there converted into general thoughts, is treated as a thought, — how could any interest or institution claim to be above thought, and impose itself as an article of faith? The orators’ conflict in the tribune calls forth the conflict of the rowdies in the press the debating club in parliament is necessarily supplemented by debating clubs in the salons and the barrooms; the representatives, who are constantly appealing to popular opinion, justify popular opinion in expressing its real opinion in petitions. The parliamentary regime leaves everything to the decision of majorities, — how can the large majorities beyond parliament be expected not to wish to decide? If, from above, they hear the fiddle screeching, what else is to be expected than that those below should dance?

Accordingly, by now persecuting as Socialist what formerly it had celebrated as Liberal, the bourgeoisie admits that its own interest orders it to raise itself above the danger of self government; that, in order to restore rest to the land, its own bourgeois parliament must, before all, be brought to rest; that, in order to preserve its social power unhurt, its political power must be broken; that the private bourgeois can continue to exploit the other classes and rejoice in “property,” “family,” “religion” and “order” only under the condition that his own class be condemned to the same political nullity of the other classes, that, in order to save their purse, the crown must be knocked off their heads, and the sword that was to shield them, must at the same time be hung over their heads as a sword of Damocles.

In the domain of general bourgeois interests, the National Assembly proved itself so barren, that, for instance, the discussion over the Paris-Avignon railroad, opened in the winter of 1850, was not yet ripe for a vote on December 2, 1851. Wherever it did not oppress or was reactionary, the bourgeoisie was smitten with incurable barrenness.

While Bonaparte’s Ministry either sought to take the initiative of laws in the spirit of the party of Order, or even exaggerated their severity in their enforcement and administration, he, on his part, sought to win popularity by means of childishly silly propositions, to exhibit the contrast between

himself and the National Assembly, and to hint at a secret plan, held in reserve and only through circumstances temporarily prevented from disclosing its hidden treasures to the French people. Of this nature was the proposition to decree a daily extra pay of four sous to the under-officers; so, likewise, the proposition for a “word of honor” loan bank for working-men. To have money given and money borrowed — that was the perspective that he hoped to cajole the masses with. Presents and loans — to that was limited the financial wisdom of the slums, the high as well as the low; to that were limited the springs which Bonaparte knew how to set in motion. Never did Pretender speculate more dully upon the dullness of the masses.

Again and again did the National Assembly fly into a passion at these unmistakable attempts to win popularity at its expense, and at the growing danger that this adventurer, lashed on by debts and unrestrained by reputation, might venture upon some desperate act. The strained relations between the party of Order and the President had taken on a threatening aspect, when an unforeseen event threw him back, rueful into its arms. We mean the supplementary elections of March, 1850. These elections took place to fill the vacancies created in the National Assembly, after June 13, by imprisonment and exile. Paris elected only Social-Democratic candidates; it even united the largest vote upon one of the insurgents of June, 1848, — Deflotte. In this way the small traders’ world of Paris, now allied with the proletariat, revenged itself for the defeat of June 13, 1849. It seemed to have disappeared from the field of battle at the hour of danger only to step on it again at a more favorable opportunity, with increased forces for the fray, and with a bolder war cry. A circumstance seemed to heighten the danger of this electoral victory. The Army voted in Paris for a June insurgent against Lahitte, a Minister of Bonaparte’s, and, in the Departments, mostly for the candidates of the Mountain, who, there also, although not as decisively as in Paris, maintained the upper hand over their adversaries.

Bonaparte suddenly saw himself again face to face with the revolution. As on January 29, 1849, as on June 13, 1849, on May 10, 1850, he vanished again behind the party of Order. He bent low; he timidly apologized; he offered to appoint any Ministry whatever at the behest of the parliamentary majority; he even implored the Orleanist and Legitimist party leaders — the Thiers, Berryers, Broglies, Moles, in short, the so-called burgraves — to take hold of the helm of State in person. The party of Order did not know

how to utilize this opportunity, that was never to return. Instead of boldly taking possession of the proffered power, it did not even force Bonaparte to restore the Ministry dismissed on November 1; it contented itself with humiliating him with its pardon, and with affiliating Mr. Baroche to the d'Hautpoul Ministry. This Baroche had, as Public Prosecutor, stormed before the High Court at Bourges, once against the revolutionists of May 15, another time against the Democrats of June 13, both times on the charge of "attentats" against the National Assembly. None of Bonaparte's Ministers contributed later more towards the degradation of the National Assembly; and, after December 2, 1851, we meet him again as the comfortably stalled and dearly paid Vice-President of the Senate. He had spat into the soup of the revolutionists for Bonaparte to eat it.

On its part, the Social Democratic party seemed only to look for pretexts in order to make its own victory doubtful, and to dull its edge. Vidal, one of the newly elected Paris representatives, was returned for Strassburg also. He was induced to decline the seat for Paris and accept the one for Strassburg. Thus, instead of giving a definite character to their victory at the hustings, and thereby compelling the party of Order forthwith to contest it in parliament; instead of thus driving the foe to battle at the season of popular enthusiasm and of a favorable temper in the Army, the democratic party tired out Paris with a new campaign during the months of March and April; it allowed the excited popular passions to wear themselves out in this second provisional electoral play it allowed the revolutionary vigor to satiate itself with constitutional successes, and lose its breath in petty intrigues, hollow declamation and sham moves; it gave the bourgeoisie time to collect itself and make its preparations finally, it allowed the significance of the March elections to find a sentimentally weakening commentary at the subsequent April election in the victory of Eugene Sue. In one word, it turned the 10th of March into an April Fool.

The parliamentary majority perceived the weakness of its adversary. Its seventeen burgraves — Bonaparte had left to it the direction of and responsibility for the attack — , framed a new election law, the moving of which was entrusted to Mr. Faucher, who had applied for the honor. On May 8, he introduced the new law whereby universal suffrage was abolished; a three years residence in the election district imposed as a condition for voting; and, finally, the proof of this residence made dependent, for the working-man, upon the testimony of his employer.

As revolutionarily as the democrats had agitated and stormed during the constitutional struggles, so constitutionally did they, now, when it was imperative to attest, arms in hand, the earnestness of their late electoral victories, preach order, “majestic calmness,” lawful conduct, i. e., blind submission to the will of the counter-revolution, which revealed itself as law. During the debate, the Mountain put the party of Order to shame by maintaining the passionless attitude of the law-abiding burger, who upholds the principle of law against revolutionary passions; and by twitting the party of Order with the fearful reproach of proceeding in a revolutionary manner. Even the newly elected deputies took pains to prove by their decent and thoughtful deportment what an act of misjudgment it was to decry them as anarchists, or explain their election as a victory of the revolution. The new election law was passed on May 31. The Mountain contented itself with smuggling a protest into the pockets of the President of the Assembly. To the election law followed a new press law, whereby the revolutionary press was completely done away with. It had deserved its fate. The “National” and the “Presse,” two bourgeois organs, remained after this deluge the extreme outposts of the revolution.

We have seen how, during March and April, the democratic leaders did everything to involve the people of Paris in a sham battle, and how, after May 8, they did everything to keep it away from a real battle. We may not here forget that the year 1850 was one of the most brilliant years of industrial and commercial prosperity; consequently, that the Parisian proletariat was completely employed. But the election law of May 31, 1850 excluded them from all participation in political power; it cut the field of battle itself from under them; it threw the workingmen back into the state of pariahs, which they had occupied before the February revolution. In allowing themselves, in sight of such an occurrence, to be led by the democrats, and in forgetting the revolutionary interests of their class through temporary comfort, the workingmen abdicated the honor of being a conquering power; they submitted to their fate; they proved that the defeat of June, 1848, had incapacitated them from resistance for many a year to come finally, that the historic process must again, for the time being, proceed over their heads. As to the small traders’ democracy, which, on June 13, had cried out: “If they but dare to assail universal suffrage . . . then . . . then we will show who we are!” — they now consoled themselves with the thought that the counter-revolutionary blow, which had struck them, was

no blow at all, and that the law of May 31 was no law. On May 2, 1852, according to them, every Frenchman would appear at the hustings, in one hand the ballot, in the other the sword. With this prophecy they set their hearts at ease. Finally, the Army was punished by its superiors for the elections of May and April, 1850, as it was punished for the election of May 29, 1849. This time, however, it said to itself determinately: "The revolution shall not cheat us a third time."

The law of May 31, 1850, was the "coup d'etat" of the bourgeoisie. All its previous conquests over the revolution had only a temporary character: they became uncertain the moment the National Assembly stepped off the stage; they depended upon the accident of general elections, and the history of the elections since 1848 proved irrefutably that, in the same measure as the actual reign of the bourgeoisie gathered strength, its moral reign over the masses wore off. Universal suffrage pronounced itself on May 10 pointedly against the reign of the bourgeoisie; the bourgeoisie answered with the banishment of universal suffrage. The law of May 31 was, accordingly, one of the necessities of the class struggle. On the other hand, the constitution required a minimum of two million votes for the valid ejection of the President of the republic. If none of the Presidential candidates polled this minimum, then the National Assembly was to elect the President out of the three candidates polling the highest votes. At the time that the constitutive body made this law, ten million voters were registered on the election rolls. In its opinion, accordingly, one-fifth of the qualified voters sufficed to make a choice for President valid. The law of May 31 struck at least three million voters off the rolls, reduced the number of qualified voters to seven millions, and yet, notwithstanding, it kept the lawful minimum at two millions for the election of a President. Accordingly, it raised the lawful minimum from a fifth to almost a third of the qualified voters, i.e., it did all it could to smuggle the Presidential election out of the hands of the people into those of the National Assembly. Thus, by the election law of May 31, the party of Order seemed to have doubly secured its empire, in that it placed the election of both the National Assembly and the President of the republic in the keeping of the stable portion of society.

The strife immediately broke out again between the National Assembly and Bonaparte, so soon as the revolutionary crisis was weathered, and universal suffrage was abolished.

The Constitution had fixed the salary of Bonaparte at 600,000 francs. Barely half a year after his installation, he succeeded in raising this sum to its double: Odillon Barrot had wrung from the constitutive assembly a yearly allowance of 600,000 francs for so-called representation expenses. After June 13, Bonaparte hinted at similar solicitations, to which, however, Barrot then turned a deaf ear. Now, after May 31, he forthwith utilized the favorable moment, and caused his ministers to move a civil list of three millions in the National Assembly. A long adventurous, vagabond career had gifted him with the best developed antennae for feeling out the weak moments when he could venture upon squeezing money from his bourgeois. He carried on regular blackmail. The National Assembly had maimed the sovereignty of the people with his aid and his knowledge: he now threatened to denounce its crime to the tribunal of the people, if it did not pull out its purse and buy his silence with three millions annually. It had robbed three million Frenchmen of the suffrage: for every Frenchman thrown "out of circulation," he demanded a franc "in circulation." He, the elect of six million, demanded indemnity for the votes he had been subsequently cheated of. The Committee of the National Assembly turned the importunate fellow away. The Bonapartist press threatened: Could the National Assembly break with the President of the republic at a time when it had broken definitely and on principle with the mass of the nation? It rejected the annual civil list, but granted, for this once, an allowance of 2,160,000 francs. Thus it made itself guilty of the double weakness of granting the money, and, at the same time, showing by its anger that it did so only unwillingly. We shall presently see to what use Bonaparte put the money. After this aggravating after-play, that followed upon the heels of the abolition of universal suffrage, and in which Bonaparte exchanged his humble attitude of the days of the crisis of March and April for one of defiant impudence towards the usurping parliament, the National Assembly adjourned for three months, from August 11, to November 11. It left behind in its place a Permanent Committee of 18 members that contained no Bonapartist, but did contain a few moderate republicans. The Permanent Committee of the year 1849 had numbered only men of order and Bonapartists. At that time, however, the party of Order declared itself in

permanence against the revolution; now the parliamentary republic declared itself in permanence against the President. After the law of May 31, only this rival still confronted the party of Order.

When the National Assembly reconvened in November, 1850, instead of its former petty skirmishes with the President, a great headlong struggle, a struggle for life between the two powers, seemed to have become inevitable.

As in the year 1849, the party of Order had during this year's vacation, dissolved into its two separate factions, each occupied with its own restoration intrigues, which had received new impetus from the death of Louis Philippe. The Legitimist King, Henry V, had even appointed a regular Ministry, that resided in Paris, and in which sat members of the Permanent Committee. Hence, Bonaparte was, on his part, justified in making tours through the French Departments, and — according to the disposition of the towns that he happened to be gladdening with his presence — some times covertly, other times more openly blabbing out his own restoration plans, and gaining votes for himself. On these excursions, which the large official “Moniteur” and the small private “Moniteurs” of Bonaparte were, of course, bound to celebrate as triumphal marches, he was constantly accompanied by affiliated members of the “Society of December 10” This society dated from the year 1849. Under the pretext of founding a benevolent association, the slum-proletariat of Paris was organized into secret sections, each section led by Bonapartist agents, with a Bonapartist General at the head of all. Along with ruined rouses of questionable means of support and questionable antecedents, along with the foul and adventures-seeking dregs of the bourgeoisie, there were vagabonds, dismissed soldiers, discharged convicts, runaway galley slaves, sharpers, jugglers, lazzaroni, pickpockets, sleight-of-hand performers, gamblers, procurers, keepers of disorderly houses, porters, literati, organ grinders, rag pickers, scissors grinders, tinkers, beggars — in short, that whole undefined, dissolute, kicked-about mass that the Frenchmen style “la Boheme” With this kindred element, Bonaparte formed the stock of the “Society of December 10,” a “benevolent association” in so far as, like Bonaparte himself, all its members felt the need of being benevolent to themselves at the expense of the toiling nation. The Bonaparte, who here constitutes himself Chief of the Slum-Proletariat; who only here finds again in plenteous form the interests which he personally pursues; who, in this refuse, offal and wreck of all classes, recognizes the

only class upon which he can depend unconditionally; — this is the real Bonaparte, the Bonaparte without qualification. An old and crafty roue, he looks upon the historic life of nations, upon their great and public acts, as comedies in the ordinary sense, as a carnival, where the great costumes, words and postures serve only as masks for the pettiest chicaneries. So, on the occasion of his expedition against Strassburg when a trained Swiss vulture impersonated the Napoleonic eagle; so, again, on the occasion of his raid upon Boulogne, when he struck a few London lackeys into French uniform: they impersonated the army; [#1 Under the reign of Louis Philippe, Bonaparte made two attempts to restore the throne of Napoleon: one in October, 1836, in an expedition from Switzerland upon Strassburg and one in August, 1840, in an expedition from England upon Boulogne.] and so now, in his “Society of December 10,” he collects 10,000 loafers who are to impersonate the people as Snug the Joiner does the lion. At a period when the bourgeoisie itself is playing the sheerest comedy, but in the most solemn manner in the world, without doing violence to any of the pedantic requirements of French dramatic etiquette, and is itself partly deceived by, partly convinced of, the solemnity of its own public acts, the adventurer, who took the comedy for simple comedy, was bound to win. Only after he has removed his solemn opponent, when he himself takes seriously his own role of emperor, and, with the Napoleonic mask on, imagines he impersonates the real Napoleon, only then does he become the victim of his own peculiar conception of history — the serious clown, who no longer takes history for a comedy, but a comedy for history. What the national work-shops were to the socialist workingmen, what the “Gardes mobiles” were to the bourgeois republicans, that was to Bonaparte the “Society of December 10,” — a force for partisan warfare peculiar to himself. On his journeys, the divisions of the Society, packed away on the railroads, improvised an audience for him, performed public enthusiasm, shouted “vive l’Empereur,” insulted and clubbed the republicans, — all, of course, under the protection of the police. On his return stages to Paris, this rabble constituted his vanguard, it forestalled or dispersed counter-demonstrations. The “Society of December 10” belonged to him, it was his own handiwork, his own thought. Whatever else he appropriates, the power of circumstances places in his hands; whatever else he does, either circumstances do for him, or he is content to copy from the deeds of others, but he posing before the citizens with the official phrases about “Order,”

“Religion,” “Family,” “Property,” and, behind him, the secret society of skipjacks and picaroons, the society of disorder, of prostitution, and of theft, — that is Bonaparte himself as the original author; and the history of the “Society of December 10” is his own history. Now, then, it happened that Representatives belonging to the party of order occasionally got under the clubs of the Decembrists. Nay, more. Police Commissioner Yon, who had been assigned to the National Assembly, and was charged with the guardianship of its safety, reported to the Permanent Committee upon the testimony of one Alais, that a Section of the Decembrists had decided on the murder of General Changarnier and of Dupin, the President of the National Assembly, and had already settled upon the men to execute the decree. One can imagine the fright of Mr. Dupin. A parliamentary inquest over the “Society of December 10,” i. e., the profanation of the Bonapartist secret world now seemed inevitable. Just before the reconvening of the National Assembly, Bonaparte circumspectly dissolved his Society, of course, on paper only. As late as the end of 1851, Police Prefect Carlier vainly sought, in an exhaustive memorial, to move him to the real dissolution of the Decembrists.

The “Society of December 10” was to remain the private army of Bonaparte until he should have succeeded in converting the public Army into a “Society of December 10.” Bonaparte made the first attempt in this direction shortly after the adjournment of the National Assembly, and he did so with the money which he had just wrung from it. As a fatalist, he lives devoted to the conviction that there are certain Higher Powers, whom man, particularly the soldier, cannot resist. First among these Powers he numbers cigars and champagne, cold poultry and garlic-sausage. Accordingly, in the apartments of the Elysee, he treated first the officers and under-officers to cigars and champagne, to cold poultry and garlic-sausage. On October 3, he repeats this manoeuvre with the rank and file of the troops by the review of St. Maur; and, on October 10, the same manoeuvre again, upon a larger scale, at the army parade of Satory. The Uncle bore in remembrance the campaigns of Alexander in Asia: the Nephew bore in remembrance the triumphal marches of Bacchus in the same country. Alexander was, indeed, a demigod; but Bacchus was a full-fledged god, and the patron deity, at that, of the “Society of December 10.”

After the review of October 3, the Permanent Committee summoned the Minister of War, d’Hautpoul, before it. He promised that such breaches of

discipline should not recur. We have seen how, on October 10th, Bonaparte kept d'Hautpoul's word. At both reviews Changarnier had commanded as Commander-in-chief of the Army of Paris. He, at once member of the Permanent Committee, Chief of the National Guard, the "Savior" of January 29, and June 13, the "Bulwark of Society," candidate of the Party of Order for the office of President, the suspected Monk of two monarchies, — he had never acknowledged his subordination to the Minister of War, had ever openly scoffed at the republican Constitution, and had pursued Bonaparte with a protection that was ambiguously distinguished. Now he became zealous for the discipline in opposition to Bonaparte. While, on October 10, a part of the cavalry cried: "Vive Napoleon! Vivent les saucissons;" [#2 Long live Napoleon! Long live the sausages!] Changarnier saw to it that at least the infantry, which filed by under the command of his friend Neumeyer, should observe an icy silence. In punishment, the Minister of War, at the instigation of Bonaparte, deposed General Neumeyer from his post in Paris, under the pretext of providing for him as Commander-in-chief of the Fourteenth and Fifteenth Military Divisions. Neumeyer declined the exchange, and had, in consequence, to give his resignation. On his part, Changarnier published on November 2, an order, wherein he forbade the troops to indulge, while under arms, in any sort of political cries or demonstrations. The papers devoted to the Elysee interests attacked Changarnier; the papers of the party of Order attacked Bonaparte; the Permanent Committee held frequent secret sessions, at which it was repeatedly proposed to declare the fatherland in danger; the Army seemed divided into two hostile camps, with two hostile staffs; one at the Elysee, where Bonaparte, the other at the Tuileries, where Changarnier resided. All that seemed wanting for the signal of battle to sound was the convening of the National Assembly. The French public looked upon the friction between Bonaparte and Changarnier in the light of the English journalist, who characterized it in these words: "The political servant girls of France are mopping away the glowing lava of the revolution with old mops, and they scold each other while doing their work."

Meanwhile, Bonaparte hastened to depose the Minister of War, d'Hautpoul; to expedite him heels over head to Algiers; and to appoint in his place General Schramm as Minister of War. On November 12, he sent to the National Assembly a message of American excursiveness, overloaded with details, redolent of order, athirst for conciliation, resignful to the

Constitution, dealing with all and everything, only not with the burning questions of the moment. As if in passing he dropped the words that according to the express provisions of the Constitution, the President alone disposes over the Army. The message closed with the following high-sounding protestations:

“France demands, above all things, peace . . . Alone bound by an oath, I shall keep myself within the narrow bounds marked out by it to me . . . As to me, elected by the people, and owing my power to it alone, I shall always submit to its lawfully expressed will. Should you at this session decide upon the revision of the Constitution, a Constitutional Convention will regulate the position of the Executive power. If you do not, then, the people will, in 1852, solemnly announce its decision. But, whatever the solution may be that the future has in store, let us arrive at an understanding to the end that never may passion, surprise or violence decide over the fate of a great nation. . . . That which, above all, bespeaks my attention is, not who will, in 1852, rule over France, but to so devote the time at my disposal that the interval may pass by with-out agitation and disturbance. I have straightforwardly opened my heart to you, you will answer my frankness with your confidence, my good efforts with your co-operation. God will do the rest.”

The honnete, hypocritically temperate, commonplace-virtuous language of the bourgeoisie reveals its deep meaning in the mouth of the self-appointed ruler of the “Society of December 10,” and of the picnic-hero of St. Maur and Satory.

The burgraves of the party of Order did not for a moment deceive themselves on the confidence that this unbosoming deserved. They were long blase on oaths; they numbered among themselves veterans and virtuosi of perjury. The passage about the army did not, however, escape them. They observed with annoyance that the message, despite its prolix enumeration of the lately enacted laws, passed, with affected silence, over the most important of all, the election law, and, moreover, in case no revision of the Constitution was held, left the choice of the President, in 1852, with the people. The election law was the ball-and-chain to the feet of the party of Order, that hindered them from walking, and now assuredly from storming. Furthermore, by the official disbandment of the “Society of December 10,” and the dismissal of the Minister of War, d’Hautpoul, Bonaparte had, with his own hands, sacrificed the scapegoats on the altar of the fatherland. He

had turned off the expected collision. Finally, the party of Order itself anxiously sought to avoid every decisive conflict with the Executive, to weaken and to blur it over. Fearing to lose its conquests over the revolution, it let its rival gather the fruits thereof. "France demands, above all things, peace," with this language had the party of Order been apostrophizing the revolution, since February; with this language did Bonaparte's message now apostrophize the party of Order: "France demands, above all things, peace." Bonaparte committed acts that aimed at usurpation, but the party of Order committed a "disturbance of the peace," if it raised the hue and cry, and explained them hypochondriacally. The sausages of Satory were mouse-still when nobody talked about them; — France demands, above all things, "peace." Accordingly, Bonaparte demanded that he be let alone; and the parliamentary party was lamed with a double fear: the fear of re-conjuring up the revolutionary disturbance of the peace, and the fear of itself appearing as the disturber of the peace in the eyes of its own class, of the bourgeoisie. Seeing that, above all things, France demanded peace, the party of Order did not dare, after Bonaparte had said "peace" in his message, to answer "war." The public, who had promised to itself the pleasure of seeing great scenes of scandal at the opening of the National Assembly, was cheated out of its expectations. The opposition deputies, who demanded the submission of the minutes of the Permanent Committee over the October occurrences, were outvoted. All debate that might excite was fled from on principle. The labors of the National Assembly during November and December, 1850, were without interest.

Finally, toward the end of December, began a guerilla warfare about certain prerogatives of the parliament. The movement sank into the mire of petty chicaneries on the prerogative of the two powers, since, with the abolition of universal suffrage, the bourgeoisie had done away with the class struggle.

A judgment for debt had been secured against Manguin, one of the Representatives. Upon inquiry by the President of the Court, the Minister of Justice, Rouher, declared that an order of arrest should be made out without delay. Manguin was, accordingly, cast into the debtors' prison. The National Assembly bristled up when it heard of the "attentat." It not only ordered his immediate release, but had him forcibly taken out of Clichy the same evening by its own greffier. In order, nevertheless, to shield its belief in the "sacredness of private property," and also with the ulterior thought of

opening, in case of need, an asylum for troublesome Mountainers, it declared the imprisonment of a Representative for debt to be permissible upon its previous consent. It forgot to decree that the President also could be locked up for debt. By its act, it wiped out the last semblance of inviolability that surrounded the members of its own body.

It will be remembered that, upon the testimony of one Allais, Police Commissioner Yon had charged a Section of Decembrists with a plan to murder Dupin and Changarnier. With an eye upon that, the questors proposed at the very first session, that the parliament organize a police force of its own, paid for out of the private budget of the National Assembly itself, and wholly independent of the Police Prefects. The Minister of the Interior, Baroche, protested against this trespass on his preserves. A miserable compromise followed, according to which the Police Commissioner of the Assembly was to be paid out of its own private budget and was to be subject to the appointment and dismissal of its own questors, but only upon previous agreement with the Minister of the Interior. In the meantime Allais had been prosecuted by the Government. It was an easy thing in Court, to present his testimony in the light of a mystification, and, through the mouth of the Public Prosecutor, to throw Dupin, Changarnier, Yon, together with the whole National Assembly, into a ridiculous light. Thereupon, on December 29, Minister Baroche writes a letter to Dupin, in which he demands the dismissal of Yon. The Committee of the National Assembly decides to keep Yon in office; nevertheless, the National Assembly, frightened by its own violence in the affair of Mauguin, and accustomed, every time it has shied a blow at the Executive, to receive back from it two in exchange, does not sanction this decision. It dismisses Yon in reward for his zeal in office, and robs itself of a parliamentary prerogative, indispensable against a person who does not decide by night to execute by day, but decides by day and executes by night.

We have seen how, during the months of November and December, under great and severe provocations, the National Assembly evaded and refused the combat with the Executive power. Now we see it compelled to accept it on the smallest occasions. In the affair of Mauguin, it confirms in principle the liability of a Representative to imprisonment for debt, but to itself reserves the power of allowing the principle to be applied only to the Representatives whom it dislikes,-and for this infamous privilege we see it wrangling with the Minister of Justice. Instead of utilizing the alleged

murder plan to the end of fastening an inquest upon the “Society of December 10,” and of exposing Bonaparte beyond redemption before France and his true figure, as the head of the slum-proletariat of Paris, it allows the collision to sink to a point where the only issue between itself and the Minister of the Interior is. Who has jurisdiction over the appointment and dismissal of a Police Commissioner? Thus we see the party of Order, during this whole period, compelled by its ambiguous position to wear out and fritter away its conflict with the Executive power in small quarrels about jurisdiction, in chicaneries, in pettifoggings, in boundary disputes, and to turn the stalest questions of form into the very substance of its activity. It dares not accept the collision at the moment when it involves a principle, when the Executive power has really given itself a blank, and when the cause of the National Assembly would be the cause of the nation. It would thereby have issued to the nation an order of march; and it feared nothing so much as that the nation should move. Hence, on these occasions, it rejects the motions of the Mountain, and proceeds to the order of the day. After the issue has in this way lost all magnitude, the Executive power quietly awaits the moment when it can take it up again upon small and insignificant occasions; when, so to say, the issue offers only a parliamentary local interest. Then does the repressed valor of the party of Order break forth, then it tears away the curtain from the scene, then it denounces the President, then it declares the republic to be in danger, — but then all its pathos appears stale, and the occasion for the quarrel a hypocritical pretext, or not at all worth the effort. The parliamentary tempest becomes a tempest in a tea-pot, the struggle an intrigue, the collision a scandal. While the revolutionary classes gloat with sardonic laughter over the humiliation of the National Assembly — they, of course, being as enthusiastic for the prerogatives of the parliament as that body is for public freedom — the bourgeoisie, outside of the parliament, does not understand how the bourgeoisie, inside of the parliament, can squander its time with such petty bickerings, and can endanger peace by such wretched rivalries with the President. It is puzzled at a strategy that makes peace the very moment when everybody expects battles, and that attacks the very moment everybody believes peace has been concluded.

On December 20, Pascal Duprat interpellated the Minister of the Interior on the “Goldbar Lottery.” This lottery was a “Daughter from Elysium”; Bonaparte, together with his faithful, had given her birth; and Police Prefect

Carlier had placed her under his official protection, although the French law forbade all lotteries, with the exception of games for benevolent purposes. Seven million tickets, a franc a piece, and the profit ostensibly destined to the shipping of Parisian vagabonds to California. Golden dreams were to displace the Socialist dreams of the Parisian proletariat; the tempting prospect of a prize was to displace the doctrinal right to labor. Of course, the workingmen of Paris did not recognize in the lustre of the California gold bars the lack-lustre francs that had been wheedled out of their pockets. In the main, however, the scheme was an unmitigated swindle. The vagabonds, who meant to open California gold mines without taking the pains to leave Paris, were Bonaparte himself and his Round Table of desperate insolvents. The three millions granted by the National Assembly were rioted away; the Treasury had to be refilled somehow or another. In vain did Bonaparte open a national subscription, at the head of which he himself figured with a large sum, for the establishment of so-called “cites ouvrières.” [#3 Work cities.] The hard-hearted bourgeois waited, distrustful, for the payment of his own shares; and, as this, of course, never took place, the speculation in Socialist castles in the air fell flat. The gold bars drew better. Bonaparte and his associates did not content themselves with putting into their own pockets part of the surplus of the seven millions over and above the bars that were to be drawn; they manufactured false tickets; they sold, of Number 10 alone, fifteen to twenty lots — a financial operation fully in the spirit of the “Society of December 10”! The National Assembly did not here have before it the fictitious President of the Republic, but Bonaparte himself in flesh and blood. Here it could catch him in the act, not in conflict with the Constitution, but with the penal code. When, upon Duprat’s interpellation, the National Assembly went over to the order of the day, this did not happen simply because Girardin’s motion to declare itself “satisfied” reminded the party of Order of its own systematic corruption: the bourgeois, above all the bourgeois who has been inflated into a statesman, supplements his practical meanness with theoretical pompousness. As statesman, he becomes, like the Government facing him, a superior being, who can be fought only in a higher, more exalted manner.

Bonaparte-who, for the very reason of his being a “bohemian,” a princely slum-proletarian, had over the scampish bourgeois the advantage that he could carry on the fight after the Assembly itself had carried him with its own hands over the slippery ground of the military banquets, of the

reviews, of the “Society of December 10,” and, finally, of the penal code—now saw that the moment had arrived when he could move from the seemingly defensive to the offensive. He was but little troubled by the intermediate and trifling defeats of the Minister of Justice, of the Minister of War, of the Minister of the Navy, of the Minister of Finance, whereby the National Assembly indicated its growling displeasure. Not only did he prevent the Ministers from resigning, and thus recognizing the subordination of the executive power to the Parliament; he could now accomplish what during the vacation of the National Assembly he had commenced, the separation of the military power from the Assembly — the deposition of Changarnier.

An Elysee paper published an order, issued during the month of May, ostensibly to the First Military Division, and, hence, proceeding from Changarnier, wherein the officers were recommended, in case of an uprising, to give no quarter to the traitors in their own ranks, to shoot them down on the spot, and to refuse troops to the National Assembly, should it make a requisition for such. On January 3, 1851, the Cabinet was interpellated on this order. The Cabinet demands for the examination of the affair at first three months, then one week, finally only twenty-four hours’ time. The Assembly orders an immediate explanation Changarnier rises and declares that this order never existed; he adds that he would ever hasten to respond to the calls of the National Assembly, and that, in case of a collision, they could count upon him. The Assembly receives his utterances with inexpressible applause, and decrees a vote of confidence to him. It thereby resigns its own powers; it decrees its own impotence and the omnipotence of the Army by committing itself to the private protection of a general. But the general, in turn, deceives himself when he places at the Assembly’s disposal and against Bonaparte a power that he holds only as a fief from that same Bonaparte, and when, on his part, he expects protection from this Parliament, from his protege’, itself needful of protection. But Changarnier has faith in the mysterious power with which since January, 1849, he had been clad by the bourgeoisie. He takes himself for the Third Power, standing beside the other Powers of Government. He shares the faith of all the other heroes, or rather saints, of this epoch, whose greatness consists but in the interested good opinion that their own party holds of them, and who shrink into every-day figures so soon as circumstances invite them to perform miracles. Infidelity is, indeed, the deadly enemy of these

supposed heroes and real saints. Hence their virtuously proud indignation at the unenthusiastic wits and scoffers.

That same evening the Ministers were summoned to the Elysee; Bonaparte presses the removal of Changarnier; five Ministers refuse to sign the order; the “Moniteur” announces a Ministerial crisis; and the party of Order threatens the formation of a Parliamentary army under the command of Changarnier. The party of Order had the constitutional power hereto. It needed only to elect Changarnier President of the National Assembly in order to make a requisition for whatever military forces it needed for its own safety. It could do this all the more safely, seeing that Changarnier still stood at the head of the Army and of the Parisian National Guard, and only lay in wait to be summoned, together with the Army. The Bonapartist press did not even dare to question the right of the National Assembly to issue a direct requisition for troops; — a legal scruple, that, under the given circumstances, did not promise success. That the Army would have obeyed the orders of the National Assembly is probable, when it is considered that Bonaparte had to look eight days all over Paris to find two generals — Baraguay d’Hilliers and St. Jean d’Angley — who declared themselves ready to countersign the order cashiering Changarnier. That, however, the party of Order would have found in its own ranks and in the parliament the requisite vote for such a decision is more than doubtful, when it is considered that, eight days later, 286 votes pulled away from it, and that, as late as December, 1851, at the last decisive hour, the Mountain rejected a similar proposition. Nevertheless, the burgraves might still have succeeded in driving the mass of their party to an act of heroism, consisting in feeling safe behind a forest of bayonets, and in accepting the services of the Army, which found itself deserted in its camp. Instead of this, the Messieurs Burgraves betook themselves to the Elysee on the evening of January 6, with the view of inducing Bonaparte, by means of politic words and considerations, to drop the removal of Changarnier. Him whom we must convince we recognize as the master of the situation. Bonaparte, made to feel secure by this step, appoints on January 12 a new Ministry, in which the leaders of the old, Fould and Baroche, are retained. St Jean d’Angley becomes Minister of War; the “Moniteur” announces the decree cashiering Changarnier; his command is divided up between Baraguay d’Hilliers, who receives the First Division, and Perrot, who is placed over the National

Guard. The “Bulwark of Society” is turned down; and, although no dog barks over the event, in the Bourses the stock quotations rise.

By repelling the Army, that, in Changarnier’s person, put itself at its disposal, and thus irrevocably stood up against the President, the party of Order declares that the bourgeoisie has lost its vocation to reign. Already there was no parliamentary Ministry. By losing, furthermore, the handle to the Army and to the National Guard, what instrument of force was there left to the National Assembly in order to maintain both the usurped power of the parliament over the people, and its constitutional power over the President? None. All that was left to it was the appeal to peaceful principles, that itself had always explained as “general rules” merely, to be prescribed to third parties, and only in order to enable itself to move all the more freely. With the removal of Changarnier, with the transfer of the military power to Bonaparte, closes the first part of the period that we are considering, the period of the struggle between the party of Order and the Executive power. The war between the two powers is now openly declared; it is conducted openly; but only after the party of Order has lost both arms and soldier. With-out a Ministry, without any army, without a people, without the support of public opinion; since its election law of May 31, no longer the representative of the sovereign nation sans eyes, sans ears, sans teeth, sans everything, the National Assembly had gradually converted itself into a French Parliament of olden days, that must leave all action to the Government, and content itself with growling remonstrances “post festum.”

[#4 After the act is done; after the fact.]

The party of Order receives the new Ministry with a storm of indignation. General Bedeau calls to mind the mildness of the Permanent Committee during the vacation, and the excessive prudence with which it had renounced the privilege of disclosing its minutes. Now, the Minister of the Interior himself insists upon the disclosure of these minutes, that have now, of course, become dull as stagnant waters, reveal no new facts, and fall without making the slightest effect upon the blase public. Upon Remusat’s proposition, the National Assembly retreats into its Committees, and appoints a “Committee on Extraordinary Measures.” Paris steps all the less out of the ruts of its daily routine, seeing that business is prosperous at the time, the manufactories busy, the prices of cereals low, provisions abundant, the savings banks receiving daily new deposits. The “extraordinary measures,” that the parliament so noisily announced fizzle

out on January 18 in a vote of lack of confidence against the Ministry, without General Changarnier's name being even mentioned. The party of Order was forced to frame its motion in that way so as to secure the votes of the republicans, because, of all the acts of the Ministry, Changarnier's dismissal only was the very one they approved, while the party of Order cannot in fact, condemn the other Ministerial acts which it had itself dictated. The January 18 vote of lack of confidence was decided by 415 ayes against 286 nays. It was, accordingly put through by a coalition of the uncompromising Legitimists and Orleanists with the pure republicans and the Mountain. Thus it revealed the fact that, in its conflicts with Bonaparte, not only the Ministry, not only the Army, but also its independent parliamentary majority; that a troop of Representatives had deserted its camp out of a fanatic zeal for harmony, out of fear of fight, out of lassitude, out of family considerations for the salaries of relatives in office, out of speculations on vacancies in the Ministry (Odillon Barrot), or out of that unmitigated selfishness that causes the average bourgeois to be ever inclined to sacrifice the interests of his class to this or that private motive. The Bonapartist Representatives belonged from the start to the party of Order only in the struggle against the revolution. The leader of the Catholic party, Montalembert, already then threw his influence in the scale of Bonaparte, since he despaired of the vitality of the parliamentary party. Finally, the leaders of this party itself, Thiers and Berryer — the Orleanist and the Legitimist — were compelled to proclaim themselves openly as republicans; to admit that their heart favored royalty, but their head the republic; that their parliamentary republic was the only possible form for the rule of the bourgeoisie. Thus were they compelled to brand, before the eyes of the bourgeois class itself, as an intrigue — as dangerous as it was senseless — the restoration plans, which they continued to pursue indefatigably behind the back of the parliament.

The January 18 vote of lack of confidence struck the Ministers, not the President. But it was not the Ministry, it was the President who had deposed Changarnier. Should the party of Order place Bonaparte himself under charges? On account of his restoration hankerings? These only supplemented their own. On account of his conspiracy at the military reviews and of the "Society of December 10"? They had long since buried these subjects under simple orders of business. On account of the discharge of the hero of January 29 and June 13, of the man who, in May, 1850,

threatened, in case of riot, to set Paris on fire at all its four corners? Their allies of the Mountain and Cavaignac did not even allow them to console the fallen “Bulwark of Society” with an official testimony of their sympathy. They themselves could not deny the constitutional right of the President to remove a General. They stormed only because he made an unparliamentary use of his constitutional right. Had they not themselves constantly made an unconstitutional use of their parliamentary prerogative, notably by the abolition of universal suffrage? Consequently they were reminded to move exclusively within parliamentary bounds. Indeed, it required that peculiar disease, a disease that, since 1848, has raged over the whole continent, “Parliamentary Idiocy,” — that fetters those whom it infects to an imaginary world, and robs them of all sense, all remembrance, all understanding of the rude outside world; — it required this “Parliamentary Idiocy” in order that the party of Order, which had, with its own hands, destroyed all the conditions for parliamentary power, and, in its struggle with the other classes, was obliged to destroy them, still should consider its parliamentary victories as victories, and imagine it hit the President by striking his Ministers. They only afforded him an opportunity to humble the National Assembly anew in the eyes of the nation. On January 20, the “Moniteur” announced that the whole the dismissal of the whole Ministry was accepted. Under the pretext that none of the parliamentary parties had any longer the majority — as proved by the January 18 vote, that fruit of the coalition between mountain and royalists — , and, in order to await the re-formation of a majority, Bonaparte appointed a so-called transition Ministry, of whom no member belonged to the parliament-altogether wholly unknown and insignificant individuals; a Ministry of mere clerks and secretaries. The party of Order could now wear itself out in the game with these puppets; the Executive power no longer considered it worth the while to be seriously represented in the National Assembly. By this act Bonaparte concentrated the whole executive power all the more securely in his own person; he had all the freer elbow-room to exploit the same to his own ends, the more his Ministers became mere supernumeraries.

The party of Order, now allied with the Mountain, revenged itself by rejecting the Presidential endowment project of 1,800.000 francs, which the chief of the “Society of December 10” had compelled his Ministerial clerks to present to the Assembly. This time a majority of only 102 votes carried

the day accordingly since January 18, 27 more votes had fallen off: the dissolution of the party of Order was making progress. Lest any one might for a moment be deceived touching the meaning of its coalition with the Mountain, the party of Order simultaneously scorned even to consider a motion, signed by 189 members of the Mountain, for a general amnesty to political criminals. It was enough that the Minister of the Interior, one Baisse, declared that the national tranquility was only in appearance, in secret there reigned deep agitation, in secret, ubiquitous societies were organized, the democratic papers were preparing to reappear, the reports from the Departments were unfavorable, the fugitives of Geneva conducted a conspiracy via Lyons through the whole of southern France, France stood on the verge of an industrial and commercial crisis, the manufacturers of Roubaix were working shorter hours, the prisoners of Belle Isle had mutinied; — it was enough that even a mere Baisse should conjure up the “Red Spectre” for the party of Order to reject without discussion a motion that would have gained for the National Assembly a tremendous popularity, and thrown Bonaparte back into its arms. Instead of allowing itself to be intimidated by the Executive power with the perspective of fresh disturbances, the party of Order should rather have allowed a little elbow-room to the class struggle, in order to secure the dependence of the Executive upon itself. But it did not feel itself equal to the task of playing with fire.

Meanwhile, the so-called transition Ministry vegetated along until the middle of April. Bonaparte tired out and fooled the National Assembly with constantly new Ministerial combinations. Now he seemed to intend constructing a republican Ministry with Lamartine and Billault; then, a parliamentary one with the inevitable Odillon Barrot, whose name must never be absent when a dupe is needed; then again, a Legitimist, with Batismenil and Lenoist d’Azy; and yet again, an Orleansist, with Malleville. While thus throwing the several factions of the party of Order into strained relations with one another, and alarming them all with the prospect of a republican Ministry, together with the there-upon inevitable restoration of universal suffrage, Bonaparte simultaneously raises in the bourgeoisie the conviction that his sincere efforts for a parliamentary Ministry are wrecked upon the irreconcilable antagonism of the royalist factions. All the while the bourgeoisie was clamoring louder and louder for a “strong Government,” and was finding it less and less pardonable to leave France “without an

administration,” in proportion as a general commercial crisis seemed to be under way and making recruits for Socialism in the cities, as did the ruinously low price of grain in the rural districts. Trade became daily duller; the unemployed hands increased perceptibly; in Paris, at least 10,000 workmen were without bread; in Rouen, Muehlhausen, Lyons, Roubaix, Tourcoign, St. Etienne, Elbeuf, etc., numerous factories stood idle. Under these circumstances Bonaparte could venture to restore, on April 11, the Ministry of January 18; Messieurs Rouher, Fould, Baroche, etc., reinforced by Mr. Leon Faucher, whom the constitutive assembly had, during its last days, unanimously, with the exception of five Ministerial votes, branded with a vote of censure for circulating false telegraphic dispatches. Accordingly, the National Assembly had won a victory on January 18 over the Ministry, it had, for the period of three months, been battling with Bonaparte, and all this merely to the end that, on April 11, Fould and Baroche should be able to take up the Puritan Faucher as third in their ministerial league.

In November, 1849, Bonaparte had satisfied himself with an Unparliamentary, in January, 1851, with an Extra-Parliamentary, on April 11, he felt strong enough to form an Anti-Parliamentary Ministry, that harmoniously combined within itself the votes of lack of confidence of both assemblies—the constitutive and the legislative, the republican and the royalist. This ministerial progression was a thermometer by which the parliament could measure the ebbing temperature of its own life. This had sunk so low by the end of April that, at a personal interview, Persigny could invite Changarnier to go over to the camp of the President. Bonaparte, he assured Changarnier, considered the influence of the National Assembly to be wholly annihilated, and already the proclamation was ready, that was to be published after the steadily contemplated, but again accidentally postponed “coup d’etat.” Changarnier communicated this announcement of its death to the leaders of the party of Order; but who was there to believe a bed-bug bite could kill? The parliament, however beaten, however dissolved, however death-tainted it was, could not persuade itself to see, in the duel with the grotesque chief of the “Society of December 10,” anything but a duel with a bed-bug. But Bonaparte answered the party of Order as Agesilaus did King Agis: “I seem to you an ant; but shall one day be a lion.”

## VI

The coalition with the Mountain and the pure republicans, to which the party of Order found itself condemned in its fruitless efforts to keep possession of the military and to reconquer supreme control over the Executive power, proved conclusively that it had forfeited its independent parliamentary majority. The calendar and clock merely gave, on May 29, the signal for its complete dissolution. With May 29 commenced the last year of the life of the National Assembly. It now had to decide for the unchanged continuance or the revision of the Constitution. But a revision of the Constitution meant not only the definitive supremacy of either the bourgeoisie of the small traders' democracy, of either democracy or proletarian anarchy, of either a parliamentary republic or Bonaparte, it meant also either Orleans or Bourbon! Thus fell into the very midst of the parliament the apple of discord, around which the conflict of interests, that cut up the party of Order into hostile factions, was to kindle into an open conflagration. The party of Order was a combination of heterogeneous social substances. The question of revision raised a political temperature, in which the product was reduced to its original components.

The interest of the Bonapartists in the revision was simple: they were above all concerned in the abolition of Article 45, which forbade Bonaparte's reelection and the prolongation of his term. Not less simple seemed to be the position of the republicans; they rejected all revision, seeing in that only a general conspiracy against the republic; as they disposed over more than one-fourth of the votes in the National Assembly, and, according to the Constitution, a three-fourths majority was requisite to revise and to call a revisory convention, they needed only to count their own votes to be certain of victory. Indeed, they were certain of it.

Over and against these clear-cut positions, the party of Order found itself tangled in inextricable contradictions. If it voted against the revision, it endangered the "status quo," by leaving to Bonaparte only one expedient — that of violence and handing France over, on May 2, 1852, at the very time of election, a prey to revolutionary anarchy, with a President whose authority was at an end; with a parliament that the party had long ceased to own, and with a people that it meant to re-conquer. If it voted constitutionally for a revision, it knew that it voted in vain and would constitutionally have to go under before the veto of the republicans. If,

unconstitutionally, it pronounced a simple majority binding, it could hope to control the revolution only in case it surrendered unconditionally to the domination of the Executive power: it then made Bonaparte master of the Constitution, of the revision and of itself. A merely partial revision, prolonging the term of the President, opened the way to imperial usurpation; a general revision, shortening the existence of the republic, threw the dynastic claims into an inevitable conflict: the conditions for a Bourbon and those for an Orleanist restoration were not only different, they mutually excluded each other.

The parliamentary republic was more than a neutral ground on which the two factions of the French bourgeoisie — Legitimists and Orleanists, large landed property and manufacture — could lodge together with equal rights. It was the indispensable condition for their common reign, the only form of government in which their common class interest could dominate both the claims of their separate factions and all the other classes of society. As royalists, they relapsed into their old antagonism into the struggle for the overlordship of either landed property or of money; and the highest expression of this antagonism, its personification, were the two kings themselves, their dynasties. Hence the resistance of the party of Order to the recall of the Bourbons.

The Orleanist Representative Creton moved periodically in 1849, 1850 and 1851 the repeal of the decree of banishment against the royal families; as periodically did the parliament present the spectacle of an Assembly of royalists who stubbornly shut to their banished kings the door through which they could return home. Richard III murdered Henry VI, with the remark that he was too good for this world, and belonged in heaven. They declared France too bad to have her kings back again. Forced by the power of circumstances, they had become republicans, and repeatedly sanctioned the popular mandate that exiled their kings from France.

The revision of the Constitution, and circumstances compelled its consideration, at once made uncertain not only the republic itself, but also the joint reign of the two bourgeois factions; and it revived, with the possibility of the monarchy, both the rivalry of interests which these two factions had alternately allowed to preponderate, and the struggle for the supremacy of the one over the other. The diplomats of the party of Order believed they could allay the struggle by a combination of the two dynasties through a so-called fusion of the royalist parties and their respective royal

houses. The true fusion of the restoration and the July monarchy was, however, the parliamentary republic, in which the Orleanist and Legitimist colors were dissolved, and the bourgeois species vanished in the plain bourgeois, in the bourgeois genus. Now however, the plan was to turn the Orleanist Legitimist and the Legitimist Orleanist. The kingship, in which their antagonism was personified, was to incarnate their unity, the expression of their exclusive faction interests was to become the expression of their common class interest; the monarchy was to accomplish what only the abolition of two monarchies — the republic could and did accomplish. This was the philosopher's stone, for the finding of which the doctors of the party of Order were breaking their heads. As though the Legitimate monarchy ever could be the monarchy of the industrial bourgeoisie, or the bourgeois monarchy the monarchy of the hereditary landed aristocracy! As though landed property and industry could fraternize under one crown, where the crown could fall only upon one head, the head of the older or the younger brother! As though industry could at all deal upon a footing of equality with landed property, so long as landed property did not decide itself to become industrial. If Henry V were to die tomorrow, the Count of Paris would not, therefore, become the king of the Legitimists, unless he ceased to be the King of the Orleanists. Nevertheless, the fusion philosophers, who became louder in the measure that the question of revision stepped to the fore, who had provided themselves with a daily organ in the "Assemblée Nationale," who, even at this very moment (February, 1852) are again at work, explained the whole difficulty by the opposition and rivalries of the two dynasties. The attempts to reconcile the family of Orleans with Henry V., begun since the death of Louis Philippe, but, as all these dynastic intrigues carried on only during the vacation of the National Assembly, between acts, behind the scenes, more as a sentimental coquetry with the old superstition than as a serious affair, were now raised by the party of Order to the dignity of a great State question, and were conducted upon the public stage, instead of, as heretofore in the amateurs' theater. Couriers flew from Paris to Venice, from Venice to Claremont, from Claremont to Paris. The Duke of Chambord issues a manifesto in which he announces not his own, but the "national" restoration, "with the aid of all the members of his family." The Orleanist Salvandy throws himself at the feet of Henry V. The Legitimist leaders Berryer, Benoit d'Azy, St. Priest travel to Claremont, to persuade the Orleans; but in vain. The fusionists

learn too late that the interests of the two bourgeois factions neither lose in exclusiveness nor gain in pliancy where they sharpen to a point in the form of family interests, of the interests of the two royal houses. When Henry V. recognized the Count of Paris as his successor — the only success that the fusion could at best score — the house of Orleans acquired no claim that the childlessness of Henry V. had not already secured to it; but, on the other hand, it lost all the claims that it had conquered by the July revolution. It renounced its original claims, all the title, that, during a struggle nearly one hundred years long, it had wrested from the older branch of the Bourbons; it bartered away its historic prerogative, the prerogative of its family-tree. Fusion, accordingly, amounted to nothing else than the resignation of the house of Orleans, its Legitimist resignation, a repentful return from the Protestant State Church into the Catholic; — a return, at that, that did not even place it on the throne that it had lost, but on the steps of the throne on which it was born. The old Orleanist Ministers Guizot, Duchatel, etc., who likewise hastened to Claremont, to advocate the fusion, represented in fact only the nervous reaction of the July monarchy; despair, both in the citizen kingdom and the kingdom of citizens; the superstitious belief in legitimacy as the last amulet against anarchy. Mediators, in their imagination, between Orleans and Bourbon, they were in reality but apostate Orleanists, and as such were they received by the Prince of Joinville. The virile, bellicose part of the Orleanists, on the contrary — Thiers, Baze, etc. — , persuaded the family of Louis Philippe all the easier that, seeing every plan for the immediate restoration of the monarchy presupposed the fusion of the two dynasties, and every plan for fusion the resignation of the house of Orleans, it corresponded, on the contrary, wholly with the tradition of its ancestors to recognize the republic for the time being, and to wait until circumstances permitted I the conversion of the Presidential chair into a throne. Joinville's candidacy was set afloat as a rumor, public curiosity was held in suspense, and a few months later, after the revision was rejected, openly proclaimed in September.

Accordingly, the essay of a royalist fusion between Orleanists and Legitimists did not miscarry only, it broke up their parliamentary fusion, the republican form that they had adopted in common, and it decomposed the party of Order into its original components. But the wider the breach became between Venice and Claremont, the further they drifted away from each I other, and the greater the progress made by the Joinville agitation, all

the more active and earnest became the negotiations between Faucher, the Minister of Bonaparte, and the Legitimists.

The dissolution of the party of Order went beyond its original elements. Each of the two large factions fell in turn into new fragments. It was as if all the old political shades, that formerly fought and crowded one another within each of the two circles — be it that of the Legitimists or that of the Orleanists — , had been thawed out like dried infusoria by contact with water; as if they had recovered enough vitality to build their own groups and assert their own antagonisms. The Legitimists dreamed they were back amidst the quarrels between the Tuileries and the pavilion Marsan, between Villele and Polignac; the Orleanists lived anew through the golden period of the tourneys between Guizot, Mole, Broglie, Thiers, and Odillon Barrot.

That portion of the party of Order — eager for a revision of the Constitution but disagreed upon the extent of revision — made up of the Legitimists under Berryer and Falloux and of those under Laroche Jacquelin, together with the tired-out Orleanists under Mole, Broglie, Montalembert and Odillon Barrot, united with the Bonapartist Representatives in the following indefinite and loosely drawn motion:

“The undersigned Representatives, with the end in view of restoring to the nation the full exercise of her sovereignty, move that the Constitution be revised.”

At the same time, however, they unanimously declared through their spokesman, Tocqueville, that the National Assembly had not the right to move the abolition of the republic, that right being vested only in a Constitutional Convention. For the rest, the Constitution could be revised only in a “legal” way, that is to say, only in case a three-fourths majority decided in favor of revision, as prescribed by the Constitution. After a six days’ stormy debate, the revision was rejected on July 19, as was to be foreseen. In its favor 446 votes were cast, against it 278. The resolute Oleanists, Thiers, Changarnier, etc., voted with the republicans and the Mountain.

Thus the majority of the parliament pronounced itself against the Constitution, while the Constitution itself pronounced itself for the minority, and its decision binding. But had not the party of Order on May 31, 1850, had it not on June 13, 1849, subordinated the Constitution to the parliamentary majority? Did not the whole republic they had been hitherto having rest upon the subordination of the Constitutional clauses to the

majority decisions of the parliament? Had they not left to the democrats the Old Testament superstitious belief in the letter of the law, and had they not chastised the democrats therefor? At this moment, however, revision meant nothing else than the continuance of the Presidential power, as the continuance of the Constitution meant nothing else than the deposition of Bonaparte. The parliament had pronounced itself for him, but the Constitution pronounced itself against the parliament. Accordingly, he acted both in the sense of the parliament when he tore up the Constitution, and in the sense of the Constitution when he chased away the parliament.

The parliament pronounced the Constitution, and, thereby, also, its own reign, "outside of the pale of the majority"; by its decision, it repealed the Constitution, and continued the Presidential power, and it at once declared that neither could the one live nor the other die so long as itself existed. The feet of those who were to bury it stood at the door. While it was debating the subject of revision, Bonaparte removed General Baraguay d'Hilliers, who showed himself irresolute, from the command of the First Military Division, and appointed in his place General Magnan, the conqueror of Lyon; the hero of the December days, one of his own creatures, who already under Louis Philippe, on the occasion of the Boulogne expedition, had somewhat compromised himself in his favor.

By its decision on the revision, the party of Order proved that it knew neither how to rule nor how to obey; neither how to live nor how to die; neither how to bear with the republic nor how to overthrow it; neither how to maintain the Constitution nor how to throw it overboard; neither how to co-operate with the President nor how to break with him. From what quarter did it then, look to for the solution of all the existing perplexities? From the calendar, from the course of events. It ceased to assume the control of events. It, accordingly, invited events to don its authority and also the power to which in its struggle with the people, it had yielded one attribute after another until it finally stood powerless before the same. To the end that the Executive be able all the more freely to formulate his plan of campaign against it, strengthen his means of attack, choose his tools, fortify his positions, the party of Order decided, in the very midst of this critical moment, to step off the stage, and adjourn for three months, from August 10 to November 4.

Not only was the parliamentary party dissolved into its two great factions, not only was each of these dissolved within itself, but the party of

Order, inside of the parliament, was at odds with the party of Order, outside of the parliament. The learned speakers and writers of the bourgeoisie, their tribunes and their press, in short, the ideologists of the bourgeoisie and the bourgeoisie itself, the representatives and the represented, stood estranged from, and no longer understood one another.

The Legitimists in the provinces, with their cramped horizon and their boundless enthusiasm, charged their parliamentary leaders Berryer and Falloux with desertion to the Bonapartist camp, and with apostacy from Henry V. Their lily-mind [#1 An allusion to the lilies of the Bourbon coat-of-arms] believed in the fall of man, but not in diplomacy.

More fatal and completer, though different, was the breach between the commercial bourgeoisie and its politicians. It twitted them, not as the Legitimists did theirs, with having apostatized from their principle, but, on the contrary, with adhering to principles that had become useless.

I have already indicated that, since the entry of Fould in the Ministry, that portion of the commercial bourgeoisie that had enjoyed the lion's share in Louis Philippe's reign, to-wit, the aristocracy of finance, had become Bonapartist. Fould not only represented Bonaparte's interests at the Bourse, he represented also the interests of the Bourse with Bonaparte. A passage from the London "Economist," the European organ of the aristocracy of finance, described most strikingly the attitude of this class. In its issue of February 1, 1851, its Paris correspondent writes: "Now we have it stated from numerous quarters that France wishes above all things for repose. The President declares it in his message to the Legislative Assembly; it is echoed from the tribune; it is asserted in the journals; it is announced from the pulpit; it is demonstrated by the sensitiveness of the public funds at the least prospect of disturbance, and their firmness the instant it is made manifest that the Executive is far superior in wisdom and power to the factious ex-officials of all former governments."

In its issue of November 29, 1851, the "Economist" declares editorially: "The President is now recognized as the guardian of order on every Stock Exchange of Europe." Accordingly, the Aristocracy of Finance condemned the parliamentary strife of the party of Order with the Executive as a "disturbance of order," and hailed every victory of the President over its reputed representatives as a "victory of order." Under "aristocracy of finance" must not, however, be understood merely the large bond negotiators and speculators in government securities, of whom it may be

readily understood that their interests and the interests of the Government coincide. The whole modern money trade, the whole banking industry, is most intimately interwoven with the public credit. Part of their business capital requires to be invested in interest-bearing government securities that are promptly convertible into money; their deposits, i. e., the capital placed at their disposal and by them distributed among merchants and industrial establishments, flow partly out of the dividends on government securities. The whole money market, together with the priests of this market, is part and parcel of this "aristocracy of finance" at every epoch when the stability of the government is to them synonymous with "Moses and his prophets." This is so even before things have reached the present stage when every deluge threatens to carry away the old governments themselves.

But the industrial Bourgeoisie also, in its fanaticism for order, was annoyed at the quarrels of the Parliamentary party of Order with the Executive. Thiers, Anglas, Sainte Beuve, etc., received, after their vote of January 18, on the occasion of the discharge of Changarnier, public reprimands from their constituencies, located in the industrial districts, branding their coalition with the Mountain as an act of high treason to the cause of order. Although, true enough, the boastful, vexatious and petty intrigues, through which the struggle of the party of Order with the President manifested itself, deserved no better reception, yet notwithstanding, this bourgeois party, that expects of its representatives to allow the military power to pass without resistance out of the hands of their own Parliament into those of an adventurous Pretender, is not worth even the intrigues that were wasted in its behalf. It showed that the struggle for the maintenance of their public interests, of their class interests, of their political power only incommoded and displeased them, as a disturbance of their private business.

The bourgeois dignitaries of the provincial towns, the magistrates, commercial judges, etc., with hardly any exception, received Bonaparte everywhere on his excursions in the most servile manner, even when, as in Dijon, he attacked the National Assembly and especially the party of Order without reserve.

Business being brisk, as still at the beginning of 1851, the commercial bourgeoisie stormed against every Parliamentary strife, lest business be put out of temper. Business being dull, as from the end of February, 1851, on, the bourgeoisie accused the Parliamentary strifes as the cause of the stand-

still, and clamored for quiet in order that business may revive. The debates on revision fell just in the bad times. Seeing the question now was the to be or not to be of the existing form of government, the bourgeoisie felt itself all the more justified in demanding of its Representatives that they put an end to this tormenting provisional status, and preserve the "status quo." This was no contradiction. By putting an end to the provisional status, it understood its continuance, the indefinite putting off of the moment when a final decision had to be arrived at. The "status quo" could be preserved in only one of two ways: either by the prolongation of Bonaparte's term of office or by his constitutional withdrawal and the election of Cavaignac. A part of the bourgeoisie preferred the latter solution, and knew no better advice to give their Representatives than to be silent, to avoid the burning point. If their Representatives did not speak, so argued they, Bonaparte would not act. They desired an ostrich Parliament that would hide its head, in order not to be seen. Another part of the bourgeoisie preferred that Bonaparte, being once in the Presidential chair, be left in the Presidential chair, in order that everything might continue to run in the old ruts. They felt indignant that their Parliament did not openly break the Constitution and resign without further ado. The General Councils of the Departments, these provisional representative bodies of the large bourgeoisie, who had adjourned during the vacation of the National Assembly since August 25, pronounced almost unanimously for revision, that is to say, against the Parliament and for Bonaparte.

Still more unequivocally than in its falling out with its Parliamentary Representatives, did the bourgeoisie exhibit its wrath at its literary Representatives, its own press. The verdicts of the bourgeois juries, inflicting excessive fines and shameless sentences of imprisonment for every attack of the bourgeois press upon the usurping aspirations of Bonaparte, for every attempt of the press to defend the political rights of the bourgeoisie against the Executive power, threw, not France alone, but all Europe into amazement.

While on the one hand, as I have indicated, the Parliamentary party of Order ordered itself to keep the peace by screaming for peace; and while it pronounced the political rule of the bourgeoisie irreconcilable with the safety and the existence of the bourgeoisie, by destroying with its own hands in its struggle with the other classes of society all the conditions for its own, the Parliamentary regime; on the other hand, the mass of the

bourgeoisie, outside of the Parliament, urged Bonaparte — by its servility towards the President, by its insults to the Parliament, by the brutal treatment of its own press — to suppress and annihilate its speaking and writing organs, its politicians and its literati, its orators' tribune and its press, to the end that, under the protection of a strong and unhampered Government, it might ply its own private pursuits in safety. It declared unmistakably that it longed to be rid of its own political rule, in order to escape the troubles and dangers of ruling.

And this bourgeoisie, that had rebelled against even the Parliamentary and literary contest for the supremacy of its own class, that had betrayed its leaders in this contest, it now has the effrontery to blame the proletariat for not having risen in its defence in a bloody struggle, in a struggle for life! Those bourgeois, who at every turn sacrificed their common class interests to narrow and dirty private interests, and who demanded a similar sacrifice from their own Representatives, now whine that the proletariat has sacrificed their idea-political to its own material interests! This bourgeois class now strikes the attitude of a pure soul, misunderstood and abandoned, at a critical moment, by the proletariat, that has been misled by the Socialists. And its cry finds a general echo in the bourgeois world. Of course, I do not refer to German crossroad politicians and kindred blockheads. I refer, for instance, to the "Economist," which, as late as November 29, 1851, that is to say, four days before the "coup d'etat" pronounced Bonaparte the "Guardian of Order" and Thiers and Berryer "Anarchists," and as early as December 27, 1851, after Bonaparte had silenced those very Anarchists, cries out about the treason committed by "the ignorant, untrained and stupid proletaires against the skill, knowledge, discipline, mental influence, intellectual resources and moral weight of the middle and upper ranks." The stupid, ignorant and contemptible mass was none other than the bourgeoisie itself.

France had, indeed; experienced a sort of commercial crisis in 1851. At the end of February, there was a falling off of exports as compared with 1850; in March, business languished and factories shut down; in April, the condition of the industrial departments seemed as desperate as after the February days; in May, business did not yet pick up; as late as June 28, the reports of the Bank of France revealed through a tremendous increase of deposits and an equal decrease of loans on exchange notes, the standstill of production; not until the middle of October did a steady improvement of

business set in. The French bourgeoisie accounted for this stagnation of business with purely political reasons; it imputed the dull times to the strife between the Parliament and the Executive power, to the uncertainty of a provisional form of government, to the alarming prospects of May 2, 1852. I shall not deny that all these causes did depress some branches of industry in Paris and in the Departments. At any rate, this effect of political circumstances was only local and trifling. Is there any other proof needed than that the improvement in business set in at the very time when the political situation was growing worse, when the political horizon was growing darker, and when at every moment a stroke of lightning was expected out of the Elysee — in the middle of October? The French bourgeois, whose “skill, knowledge, mental influence and intellectual resources,” reach no further than his nose, could, moreover, during the whole period of the Industrial Exposition in London, have struck with his nose the cause of his own business misery. At the same time that, in France, the factories were being closed, commercial failures broke out in England. While the industrial panic reached its height during April and May in France, in England the commercial panic reached its height in April and May. The same as the French, the English woolen industries suffered, and, as the French, so did the English silk manufacture. Though the English cotton factories went on working, it, nevertheless, was not with the same old profit of 1849 and 1850. The only difference was this: that in France, the crisis was an industrial, in England it was a commercial one; that while in France the factories stood still, they spread themselves in England, but under less favorable circumstances than they had done the years just previous; that, in France, the export, in England, the import trade suffered the heaviest blows. The common cause, which, as a matter of fact, is not to be looked for with-in the bounds of the French political horizon, was obvious. The years 1849 and 1850 were years of the greatest material prosperity, and of an overproduction that did not manifest itself until 1851. This was especially promoted at the beginning of 1851 by the prospect of the Industrial Exposition; and, as special causes, there were added, first, the failure of the cotton crop of 1850 and 1851; second, the certainty of a larger cotton crop than was expected: first, the rise, then the sudden drop; in short, the oscillations of the cotton market. The crop of raw silk in France had been below the average. Finally, the manufacture of woolen goods had received such an increment since 1849, that the production of wool could

not keep step with it, and the price of the raw material rose greatly out of proportion to the price of the manufactured goods. Accordingly, we have here in the raw material of three staple articles a threefold material for a commercial crisis. Apart from these special circumstances, the seeming crisis of the year 1851 was, after all, nothing but the halt that overproduction and overspeculation make regularly in the course of the industrial cycle, before pulling all their forces together in order to rush feverishly over the last stretch, and arrive again at their point of departure — the General Commercial Crisis. At such intervals in the history of trade, commercial failures break out in England, while, in France, industry itself is stopped, partly because it is compelled to retreat through the competition of the English, that, at such times becomes resistless in all markets, and partly because, as an industry of luxuries, it is affected with preference by every stoppage of trade. Thus, besides the general crisis, France experiences her own national crises, which, how-ever, are determined by and conditioned upon the general state of the world's market much more than by local French influences. It will not be devoid of interest to contrast the prejudgment of the French bourgeois with the judgment of the English bourgeois. One of the largest Liverpool firms writes in its yearly report of trade for 1851: "Few years have more completely disappointed the expectations entertained at their beginning than the year that has just passed; instead of the great prosperity, that was unanimously looked forward to, it proved itself one of the most discouraging years during the last quarter of a century. This applies, of course, only to the mercantile, not to the industrial classes. And yet, surely there were grounds at the beginning of the year from which to draw a contrary conclusion; the stock of products was scanty, capital was abundant, provisions cheap, a rich autumn was assured, there was uninterrupted peace on the continent and no political and financial disturbances at home; indeed, never were the wings of trade more unshackled. . . . What is this unfavorable result to be ascribed to? We believe to excessive trade in imports as well as exports. If our merchants do not themselves rein in their activity, nothing can keep us going, except a panic every three years."

Imagine now the French bourgeois, in the midst of this business panic, having his trade-sick brain tortured, buzzed at and deafened with rumors of a "coup d'etat" and the restoration of universal suffrage; with the struggle between the Legislature and the Executive; with the Fronde warfare

between Orleanists and Legitimists; with communistic conspiracies in southern France; with alleged Jacqueries [#2 Peasant revolts] in the Departments of Nièvre and Cher; with the advertisements of the several candidates for President; with “social solutions” huckstered about by the journals; with the threats of the republicans to uphold, arms in hand, the Constitution and universal suffrage; with the gospels, according to the emigrant heroes “in partibus,” who announced the destruction of the world for May 2, — imagine that, and one can understand how the bourgeois, in this unspeakable and noisy confusion of fusion, revision, prorogation, constitution, conspiracy, coalition, emigration, usurpation and revolution, blurts out at his parliamentary republic: “Rather an End With Fright, Than a Fright Without End.”

Bonaparte understood this cry. His perspicacity was sharpened by the growing anxiety of the creditors’ class, who, with every sunset, that brought nearer the day of payment, the 2d of May, 1852, saw in the motion of the stars a protest against their earthly drafts. They had become regular astrologers. The National Assembly had cut off Bonaparte’s hope of a constitutional prolongation of his term; the candidature of the Prince of Joinville tolerated no further vacillation.

If ever an event cast its shadow before it long before its occurrence, it was Bonaparte’s “coup d’etat.” Already on January 29, 1849, barely a month after his election, he had made to Changarnier a proposition to that effect. His own Prime Minister, Odillon Barrot, had covertly, in 1849, and Thiers openly in the winter of 1850, revealed the scheme of the “coup d’etat.” In May, 1851, Persigny had again sought to win Changarnier over to the “coup,” and the “*Messenger de l’Assemblée*” newspaper had published this conversation. At every parliamentary storm, the Bonapartist papers threatened a “coup,” and the nearer the crisis approached, all the louder grew their tone. At the orgies, that Bonaparte celebrated every night with a swell mob of males and females, every time the hour of midnight drew nigh and plenteous libations had loosened the tongues and heated the minds of the revelers, the “coup” was resolved upon for the next morning. Swords were then drawn, glasses clinked, the Representatives were thrown out at the windows, the imperial mantle fell upon the shoulders of Bonaparte, until the next morning again drove away the spook, and astonished Paris learned, from not very reserved Vestals and indiscreet Paladins, the danger it had once more escaped. During the months of

September and October, the rumors of a “coup d’etat” tumbled close upon one another’s heels. At the same time the shadow gathered color, like a confused daguerreotype. Follow the issues of the European daily press for the months of September and October, and items like this will be found literally:

“Rumors of a ‘coup’ fill Paris. The capital, it is said, is to be filled with troops by night and the next morning decrees are to be issued dissolving the National Assembly, placing the Department of the Seine in state of siege restoring universal suffrage, and appealing to the people. Bonaparte is rumored to be looking for Ministers to execute these illegal decrees.”

The newspaper correspondence that brought this news always close ominously with “postponed.” The “coup” was ever the fixed idea of Bonaparte. With this idea he had stepped again upon French soil. It had such full possession of him that he was constantly betraying and blabbing it out. He was so weak that he was as constantly giving it up again. The shadow of the “coup” had become so familiar a spectre to the Parisians, that they refused to believe it when it finally did appear in flesh and blood. Consequently, it was neither the reticent backwardness of the chief of the “Society of December 10,” nor an unthought of surprise of the National Assembly that caused the success of the “coup.” When it succeeded, it did so despite his indiscretion and with its anticipation — a necessary, unavoidable result of the development that had preceded.

On October 10, Bonaparte announced to his Ministers his decision to restore universal suffrage; on the 16th day they handed in their resignations; on the 26th Paris learned of the formation of the Thorigny Ministry. The Prefect of Police, Carlier, was simultaneously replaced by Maupas; and the chief of the First Military Division Magnan, concentrated the most reliable regiments in the capital. On November 4, the National Assembly re-opened its sessions. There was nothing left for it to do but to repeat, in short recapitulation, the course it had traversed, and to prove that it had been buried only after it had expired. The first post that it had forfeited in the struggle with the Executive was the Ministry. It had solemnly to admit this loss by accepting as genuine the Thorigny Ministry, which was but a pretence. The permanent Committee had received Mr. Giraud with laughter when he introduced himself in the name of the new Ministers. So weak a Ministry for so strong a measure as the restoration of universal suffrage!

The question, however, then was to do nothing in, everything against the parliament.

On the very day of its re-opening, the National Assembly received the message from Bonaparte demanding the restoration of universal suffrage and the repeal of the law of May 31, 1850. On the same day, his Ministers introduced a decree to that effect. The Assembly promptly rejected the motion of urgency made by the Ministers, but repealed the law itself, on November 13, by a vote of 355 against 348. Thus it once more tore to pieces its own mandate, once more certified to the fact that it had transformed itself from a freely chosen representative body of the nation into the usurpatory parliament of a class; it once more admitted that it had itself severed the muscles that connected the parliamentary head with the body of the nation.

While the Executive power appealed from the National Assembly to the people by its motion for the restoration of universal suffrage, the Legislative power appealed from the people to the Army by its "Questors' Bill." This bill was to establish its right to immediate requisitions for troops, to build up a parliamentary army. By thus appointing the Army umpire between itself and the people, between itself and Bonaparte; by thus recognizing the Army as the decisive power in the State, the National Assembly was constrained to admit that it had long given up all claim to supremacy. By debating the right to make requisitions for troops, instead of forthwith collecting them, it betrayed its own doubts touching its own power. By thus subsequently rejecting the "Questors' Bill," it publicly confessed its impotence. The bill fell through with a minority of 108 votes; the Mountain had, accordingly, thrown the casting vote. It now found itself in the predicament of Buridan's donkey, not, indeed, between two sacks of hay, forced to decide which of the two was the more attractive, but between two showers of blows, forced to decide which of the two was the harder; fear of Changarnier, on one side, fear of Bonaparte, on the other. It must be admitted the position was not a heroic one.

On November 18, an amendment was moved to the Act, passed by the party of Order, on municipal elections to the effect that, instead of three years, a domicile of one year should suffice. The amendment was lost by a single vote — but this vote, it soon transpired, was a mistake. Owing to the divisions within its own hostile factions, the party of Order had long since forfeited its independent parliamentary majority. It was now plain that there

was no longer any majority in the parliament. The National Assembly had become impotent even to decide. Its atomic parts were no longer held together by any cohesive power; it had expended its last breath, it was dead.

Finally, the mass of the bourgeoisie outside of the parliament was once more solemnly to confirm its rupture with the bourgeoisie inside of the parliament a few days before the catastrophe. Thiers, as a parliamentary hero conspicuously smitten by that incurable disease — Parliamentary Idiocy — , had hatched out jointly with the Council of State, after the death of the parliament, a new parliamentary intrigue in the shape of a “Responsibility Law,” that was intended to lock up the President within the walls of the Constitution. The same as, on September 15, Bonaparte bewitched the fishwives, like a second Massaniello, on the occasion of laying the corner-stone for the Market of Paris, — though, it must be admitted, one fishwife was equal to seventeen Burgraves in real power — ; the same as, after the introduction of the “Questors’ Bill,” he enthused the lieutenants, who were being treated at the Elysee; — so, likewise, did he now, on November 25, carry away with him the industrial bourgeoisie, assembled at the Circus, to receive from his hands the prize-medals that had been awarded at the London Industrial Exposition. I here reproduce the typical part of his speech, from the “Journal des Debats”:

“With such unhoped for successes, I am justified to repeat how great the French republic would be if she were only allowed to pursue her real interests, and reform her institutions, instead of being constantly disturbed in this by demagogues, on one side, and, on the other, by monarchic hallucinations. (Loud, stormy and continued applause from all parts of the amphitheater). The monarchic hallucinations hamper all progress and all serious departments of industry. Instead of progress, we have struggle only. Men, formerly the most zealous supporters of royal authority and prerogative, become the partisans of a convention that has no purpose other than to weaken an authority that is born of universal suffrage. (Loud and prolonged applause). We see men, who have suffered most from the revolution and complained bitterest of it, provoking a new one for the sole purpose of putting fetters on the will of the nation. . . . I promise you peace for the future.” (Bravo! Bravo! Stormy bravos.)

Thus the industrial bourgeoisie shouts its servile “Bravo!” to the “coup d’etat” of December 2, to the destruction of the parliament, to the downfall of their own reign, to the dictatorship of Bonaparte. The rear of the applause

of November 25 was responded to by the roar of cannon on December 4, and the house of Mr. Sallandrouze, who had been loudest in applauding, was the one demolished by most of the bombs.

Cromwell, when he dissolved the Long Parliament, walked alone into its midst, pulled out his watch in order that the body should not continue to exist one minute beyond the term fixed for it by him, and drove out each individual member with gay and humorous invectives. Napoleon, smaller than his prototype, at least went on the 18th Brumaire into the legislative body, and, though in a tremulous voice, read to it its sentence of death. The second Bonaparte, who, moreover, found himself in possession of an executive power very different from that of either Cromwell or Napoleon, did not look for his model in the annals of universal history, but in the annals of the "Society of December 10," in the annals of criminal jurisprudence. He robs the Bank of France of twenty-five million francs; buys General Magnan with one million and the soldiers with fifteen francs and a drink to each; comes secretly together with his accomplices like a thief by night; has the houses of the most dangerous leaders in the parliament broken into; Cavalignac, Lamorciere, Leflo, Changarnier, Charras, Thiers, Baze, etc., taken out of their beds; the principal places of Paris, the building of the parliament included, occupied with troops; and, early the next morning, loud-sounding placards posted on all the walls proclaiming the dissolution of the National Assembly and of the Council of State, the restoration of universal suffrage, and the placing of the Department of the Seine under the state of siege. In the same way he shortly after sneaked into the "Moniateur" a false document, according to which influential parliamentary names had grouped themselves round him in a Committee of the Nation.

Amidst cries of "Long live the Republic!", the rump-parliament, assembled at the Mayor's building of the Tenth Arrondissement, and composed mainly of Legitimists and Orleanists, resolves to depose Bonaparte; it harangues in vain the gaping mass gathered before the building, and is finally dragged first, under the escort of African sharpshooters, to the barracks of Orsay, and then bundled into convicts' wagons and transported to the prisons of Mazas, Ham and Vincennes. Thus ended the party of Order, the Legislative Assembly and the February revolution.

Before hastening to the end, let us sum up shortly the plan of its history:

I. — First Period. From February 24 to May 4, 1848. February period. Prologue. Universal fraternity swindle.

II. — Second Period. Period in which the republic is constituted, and of the Constitutive National Assembly.

1. May 4 to June 25, 1848. Struggle of all the classes against the house of Mr. proletariat. Defeat of the proletariat in the June days.

2. June 25 to December 10, 1848. Dictatorship of the pure bourgeois republicans. Drafting of the Constitution. The state of siege hangs over Paris. The Bourgeois dictatorship set aside on December 10 by the election of Bonaparte as President.

3. December 20, 1848, to May 20, 1849. Struggle of the Constitutive Assembly with Bonaparte and with the united party of Order. Death of the Constitutive Assembly. Downfall of the republican bourgeoisie.

III. — Third Period. Period of the constitutional republic and of the Legislative National Assembly.

1. May 29 to June 13, 1849. Struggle of the small traders', middle class with the bourgeoisie and with Bonaparte. Defeat of the small traders' democracy.

2. June 13, 1849, to May, 1850. Parliamentary dictatorship of the party of Order. Completes its reign by the abolition of universal suffrage, but loses the parliamentary Ministry.

3. May 31, 1850, to December 2, 1851. Struggle between the parliamentary bourgeoisie and Bonaparte.

a. May 31, 1850, to January 12, 1851. The parliament loses the supreme command over the Army.

b. January 12 to April 11, 1851. The parliament succumbs in the attempts to regain possession of the administrative power. The party of Order loses its independent parliamentary majority. Its coalition with the republicans and the Mountain.

c. April 11 to October 9, 1851. Attempts at revision, fusion and prorogation. The party of Order dissolves into its component parts. The breach between the bourgeois parliament and the bourgeois press, on the one hand, and the bourgeois mass, on the other, becomes permanent.

d. October 9 to December 2, 1851. Open breach between the parliament and the executive power. It draws up its own decree of death, and goes under, left in the lurch by its own class, by the Army, and by all the other

classes. Downfall of the parliamentary regime and of the reign of the bourgeoisie. Bonaparte's triumph. Parody of the imperialist restoration.

## VII

The Social Republic appeared as a mere phrase, as a prophecy on the threshold of the February Revolution; it was smothered in the blood of the Parisian proletariat during the days of 1848 but it stalks about as a spectre throughout the following acts of the drama. The Democratic Republic next makes its bow; it goes out in a fizzle on June 13, 1849, with its runaway small traders; but, on fleeing, it scatters behind it all the more bragging announcements of what it means do to. The Parliamentary Republic, together with the bourgeoisie, then appropriates the whole stage; it lives its life to the full extent of its being; but the 2d of December, 1851, buries it under the terror-stricken cry of the allied royalists: "Long live the Republic!"

The French bourgeoisie reared up against the reign of the working proletariat; — it brought to power the slum-proletariat, with the chief of the "Society of December 10" at its head. It kept France in breathless fear over the prospective terror of "red anarchy;" — Bonaparte discounted the prospect when, on December 4, he had the leading citizens of the Boulevard Montmartre and the Boulevard des Italiens shot down from their windows by the grog-inspired "Army of Order." It made the apotheosis of the sabre; now the sabre rules it. It destroyed the revolutionary press; — now its own press is annihilated. It placed public meetings under police surveillance; — now its own salons are subject to police inspection. It disbanded the democratic National Guards; — now its own National Guard is disbanded. It instituted the state of siege; — now itself is made subject thereto. It supplanted the jury by military commissions; — now military commissions supplant its own juries. It subjected the education of the people to the parsons' interests; — the parsons' interests now subject it to their own systems. It ordered transportations without trial; — now itself is transported without trial. It suppressed every movement of society with physical force; — now every movement of its own class is suppressed by physical force. Out of enthusiasm for the gold bag, it rebelled against its own political leaders and writers; — now, its political leaders and writers are set aside, but the gold hag is plundered, after the mouth of the bourgeoisie has been

gagged and its pen broken. The bourgeoisie tirelessly shouted to the revolution, in the language of St. Orsenius to the Christians: “Fuge, Tace, Quiesce!” — flee, be silent, submit! — ; Bonaparte shouts to the bourgeoisie: “Fuge, Tace, Oniesce!” — flee, be silent, submit!

The French bourgeoisie had long since solved Napoleon’s dilemma: “Dans cinquante ans l’Europe sera republicaine ou cosaque.” [#1 Within fifty years Europe will be either republican or Cossack.] It found the solution in the “republique cosaque.” [#2 Cossack republic.] No Circe distorted with wicked charms the work of art of the bourgeois republic into a monstrosity. That republic lost nothing but the appearance of decency. The France of to-day was ready-made within the womb of the Parliamentary republic. All that was wanted was a bayonet thrust, in order that the bubble burst, and the monster leap forth to sight.

Why did not the Parisian proletariat rise after the 2d of December?

The downfall of the bourgeoisie was as yet merely decreed; the decree was not yet executed. Any earnest uprising of the proletariat would have forthwith revived this bourgeoisie, would have brought on its reconciliation with the army, and would have insured a second June rout to the workingmen.

On December 4, the proletariat was incited to fight by Messrs. Bourgeois & Small-Trader. On the evening of that day, several legions of the National Guard promised to appear armed and uniformed on the place of battle. This arose from the circumstance that Messrs. Bourgeois & Small-Trader had got wind that, in one of his decrees of December 2, Bonaparte abolished the secret ballot, and ordered them to enter the words “Yes” and “No” after their names in the official register. Bonaparte took alarm at the stand taken on December 4. During the night he caused placards to be posted on all the street corners of Paris, announcing the restoration of the secret ballot. Messrs. Bourgeois & Small-Trader believed they had gained their point. The absentees, the next morning, were Messieurs. Bourgeois & Small-Trader.

During the night of December 1 and 2, the Parisian proletariat was robbed of its leaders and chiefs of barricades by a raid of Bonaparte’s. An army without officers, disinclined by the recollections of June, 1848 and 1849, and May, 1850, to fight under the banner of the Montagnards, it left to its vanguard, the secret societies, the work of saving the insurrectionary honor of Paris, which the bourgeoisie had yielded to the soldiery so

submissively that Bonaparte was later justified in disarming the National Guard upon the scornful ground that he feared their arms would be used against themselves by the Anarchists!

“C’est le triomphe complet et définitif du Socialisme!” Thus did Guizot characterize the 2d of December. But, although the downfall of the parliamentary republic carries with it the germ of the triumph of the proletarian revolution, its immediate and tangible result was the triumph of Bonaparte over parliament, of the Executive over the Legislative power, of force without phrases over the force of phrases. In the parliament, the nation raised its collective will to the dignity of law, i.e., it raised the law of the ruling class to the dignity of its collective will. Before the Executive power, the nation abdicates all will of its own, and submits to the orders of an outsider of Authority. In contrast with the Legislative, the Executive power expresses the heteronomy of the nation in contrast with its autonomy. Accordingly, France seems to have escaped the despotism of a class only in order to fall under the despotism of an individual, under the authority, at that of an individual without authority. The struggle seems to settle down to the point where all classes drop down on their knees, equally impotent and equally dumb.

All the same, the revolution is thoroughgoing. It still is on its passage through purgatory. It does its work methodically: Down to December 2, 1851, it had fulfilled one-half of its programme, it now fulfils the other half. It first ripens the power of the Legislature into fullest maturity in order to be able to overthrow it. Now that it has accomplished that, the revolution proceeds to ripen the power of the Executive into equal maturity; it reduces this power to its purest expression; isolates it; places it before itself as the sole subject for reproof in order to concentrate against it all the revolutionary forces of destruction. When the revolution shall have accomplished this second part of its preliminary programme, Europe will jump up from her seat to exclaim: “Well hast thou grubbed, old mole!”

The Executive power, with its tremendous bureaucratic and military organization; with its wide-spreading and artificial machinery of government — an army of office-holders, half a million strong, together with a military force of another million men — ; this fearful body of parasites, that coils itself like a snake around French society, stopping all its pores, originated at the time of the absolute monarchy, along with the decline of feudalism, which it helped to hasten. The princely privileges of

the landed proprietors and cities were transformed into so many at-tributes of the Executive power; the feudal dignitaries into paid office-holders; and the confusing design of conflicting medieval seignories, into the well regulated plan of a government, work is subdivided and centralized as in the factory. The first French revolution, having as a mission to sweep away all local, territorial, urban and provincial special privileges, with the object of establishing the civic unity of the nation, was hound to develop what the absolute monarchy had begun — the work of centralization, together with the range, the attributes and the menials of government. Napoleon completed this governmental machinery. The Legitimist and the July Monarchy contribute nothing thereto, except a greater subdivision of labor, that grew in the same measure as the division and subdivision of labor within bourgeois society raised new groups and interests, i.e., new material for the administration of government. Each Common interest was in turn forthwith removed from society, set up against it as a higher Collective interest, wrested from the individual activity of the members of society, and turned into a subject for governmental administration, from the bridges, the school house and the communal property of a village community, up to the railroads, the national wealth and the national University of France. Finally, the parliamentary republic found itself, in its struggle against the revolution, compelled, with its repressive measures, to strengthen the means and the centralization of the government. Each overturn, instead of breaking up, carried this machine to higher perfection. The parties, that alternately wrestled for supremacy, looked upon the possession of this tremendous governmental structure as the principal spoils of their victory.

Nevertheless, under the absolute monarchy, was only the means whereby the first revolution, and under Napoleon, to prepare the class rule of the bourgeoisie; under the restoration, under Louis Philippe, and under the parliamentary republic, it was the instrument of the ruling class, however eagerly this class strained after autocracy. Not before the advent of the second Bonaparte does the government seem to have made itself fully independent. The machinery of government has by this time so thoroughly fortified itself against society, that the chief of the “Society of December 10” is thought good enough to be at its head; a fortune-hunter, run in from abroad, is raised on its shield by a drunken soldiery, bought by himself with liquor and sausages, and whom he is forced ever again to throw sops to. Hence the timid despair, the sense of crushing humiliation and degradation

that oppresses the breast of France and makes her to choke. She feels dishonored.

And yet the French Government does not float in the air. Bonaparte represents an economic class, and that the most numerous in the commonweal of France — the Allotment Farmer. [#4 The first French Revolution distributed the bulk of the territory of France, held at the time by the feudal lords, in small patches among the cultivators of the soil. This allotment of lands created the French farmer class.]

As the Bourbons are the dynasty of large landed property, as the Orleans are the dynasty of money, so are the Bonapartes the dynasty of the farmer, i.e. of the French masses. Not the Bonaparte, who threw himself at the feet of the bourgeois parliament, but the Bonaparte, who swept away the bourgeois parliament, is the elect of this farmer class. For three years the cities had succeeded in falsifying the meaning of the election of December 10, and in cheating the farmer out of the restoration of the Empire. The election of December 10, 1848, is not carried out until the “coup d’etat” of December 2, 1851.

The allotment farmers are an immense mass, whose individual members live in identical conditions, without, however, entering into manifold relations with one another. Their method of production isolates them from one another, instead of drawing them into mutual intercourse. This isolation is promoted by the poor means of communication in France, together with the poverty of the farmers themselves. Their field of production, the small allotment of land that each cultivates, allows no room for a division of labor, and no opportunity for the application of science; in other words, it shuts out manifoldness of development, diversity of talent, and the luxury of social relations. Every single farmer family is almost self-sufficient; itself produces directly the greater part of what it consumes; and it earns its livelihood more by means of an interchange with nature than by intercourse with society. We have the allotted patch of land, the farmer and his family; alongside of that another allotted patch of land, another farmer and another family. A bunch of these makes up a village; a bunch of villages makes up a Department. Thus the large mass of the French nation is constituted by the simple addition of equal magnitudes — much as a bag with potatoes constitutes a potato-bag. In so far as millions of families live under economic conditions that separate their mode of life, their interests and their culture from those of the other classes, and that place them in an attitude

hostile toward the latter, they constitute a class; in so far as there exists only a local connection among these farmers, a connection which the individuality and exclusiveness of their interests prevent from generating among them any unity of interest, national connections, and political organization, they do not constitute a class. Consequently, they are unable to assert their class interests in their own name, be it by a parliament or by convention. They can not represent one another, they must themselves be represented. Their representative must at the same time appear as their master, as an authority over them, as an unlimited governmental power, that protects them from above, bestows rain and sunshine upon them. Accordingly, the political influence of the allotment farmer finds its ultimate expression in an Executive power that subjugates the commonweal to its own autocratic will.

Historic tradition has given birth to the superstition among the French farmers that a man named Napoleon would restore to them all manner of glory. Now, then, an individual turns I up, who gives himself out as that man because, obedient to the “Code Napoleon,” which provides that “La recherche de la paternite est interdite,” [#5 The inquiry into paternity is forbidden.] he carries the name of Napoleon. [#6 L. N. Bonaparte is said to have been an illegitimate son.] After a vagabondage of twenty years, and a series of grotesque adventures, the myth is verified, and that man becomes the Emperor of the French. The rooted thought of the Nephew becomes a reality because it coincided with the rooted thought of the most numerous class among the French.

“But,” I shall be objected to, “what about the farmers’ uprisings over half France, the raids of the Army upon the farmers, the wholesale imprisonment and transportation of farmers?”

Indeed, since Louis XIV., France has not experienced such persecutions of the farmer on the ground of his demagogic machinations.

But this should be well understood: The Bonaparte dynasty does not represent the revolutionary, it represents the conservative farmer; it does not represent the farmer, who presses beyond his own economic conditions, his little allotment of land it represents him rather who would confirm these conditions; it does not represent the rural population, that, thanks to its own inherent energy, wishes, jointly with the cities to overthrow the old order, it represents, on the contrary, the rural population that, hide-bound in the old order, seeks to see itself, together with its allotments, saved and favored by

the ghost of the Empire; it represents, not the intelligence, but the superstition of the farmer; not his judgment, but his bias; not his future, but his past; not his modern Cevennes; [#7 The Cevennes were the theater of the most numerous revolutionary uprisings of the farmer class.] but his modern Vendee. [#8 La Vendee was the theater of protracted reactionary uprisings of the farmer class under the first Revolution.]

The three years' severe rule of the parliamentary republic had freed a part of the French farmers from the Napoleonic illusion, and, though even only superficially; had revolutionized them. The bourgeoisie threw them, however, violently back every time that they set themselves in motion. Under the parliamentary republic, the modern wrestled with the traditional consciousness of the French farmer. The process went on in the form of a continuous struggle between the school teachers and the parsons; — the bourgeoisie knocked the school teachers down. For the first time, the farmer made an effort to take an independent stand in the government of the country; this manifested itself in the prolonged conflicts of the Mayors with the Prefects; — the bourgeoisie deposed the Mayors. Finally, during period of the parliamentary republic, the farmers of several localities rose against their own product, the Army; — the bourgeoisie punished them with states of siege and executions. And this is the identical bourgeoisie, that now howls over the “stupidity of the masses,” over the “vile multitude,” which, it claims, betrayed it to Bonaparte. Itself has violently fortified the imperialism of the farmer class; it firmly maintained the conditions that constitute the birth-place of this farmer-religion. Indeed, the bourgeoisie has every reason to fear the stupidity of the masses — so long as they remain conservative; and their intelligence — so soon as they become revolutionary.

In the revolts that took place after the “coup d’etat” a part of the French farmers protested, arms in hand, against their own vote of December 10, 1848. The school house had, since 1848, sharpened their wits. But they had bound themselves over to the nether world of history, and history kept them to their word. Moreover, the majority of this population was still so full of prejudices that, just in the “reddest” Departments, it voted openly for Bonaparte. The National Assembly prevented, as it thought, this population from walking; the farmers now snapped the fetters which the cities had struck upon the will of the country districts. In some places they even

indulged the grotesque hallucination of a “Convention together with a Napoleon.”

After the first revolution had converted the serf farmers into freeholders, Napoleon fixed and regulated the conditions under which, unmolested, they could exploit the soil of France, that had just fallen into their hands, and expiate the youthful passion for property. But that which now bears the French farmer down is that very allotment of land, it is the partition of the soil, the form of ownership, which Napoleon had consolidated. These are the material condition that turned French feudal peasant into a small or allotment farmer, and Napoleon into an Emperor. Two generations have sufficed to produce the inevitable result the progressive deterioration of agriculture, and the progressive encumbering of the agriculturist. The “Napoleonic” form of ownership, which, at the beginning of the nineteenth century was the condition for the emancipation and enrichment of the French rural population, has, in the course of the century, developed into the law of their enslavement and pauperism. Now, then, this very law is the first of the “idees Napoleoniennes,” which the second Bonaparte must uphold. If he still shares with the farmers the illusion of seeking, not in the system of the small allotment itself, but outside of that system, in the influence of secondary conditions, the cause of their ruin, his experiments are bound to burst like soap-bubbles against the modern system of production.

The economic development of the allotment system has turned bottom upward the relation of the farmer to the other classes of society. Under Napoleon, the parceling out of the agricultural lands into small allotments supplemented in the country the free competition and the incipient large production of the cities. The farmer class was the ubiquitous protest against the aristocracy of land, just then overthrown. The roots that the system of small allotments cast into the soil of France, deprived feudalism of all nutriment. Its boundary-posts constituted the natural buttress of the bourgeoisie against every stroke of the old overlords. But in the course of the nineteenth century, the City Usurer stepped into the shoes of the Feudal Lord, the Mortgage substituted the Feudal Duties formerly yielded by the soil, bourgeois Capital took the place of the aristocracy of Landed Property. The former allotments are now only a pretext that allows the capitalist class to draw profit, interest and rent from agricultural lands, and to leave to the farmer himself the task of seeing to it that he knock out his wages. The mortgage indebtedness that burdens the soil of France imposes upon the

French farmer class they payment of an interest as great as the annual interest on the whole British national debt. In this slavery of capital, whither its development drives it irresistibly, the allotment system has transformed the mass of the French nation into troglodytes. Sixteen million farmers (women and children included), house in hovels most of which have only one opening, some two, and the few most favored ones three. Windows are to a house what the five senses are to the head. The bourgeois social order, which, at the beginning of the century, placed the State as a sentinel before the newly instituted allotment, and that manured this with laurels, has become a vampire that sucks out its heart-blood and its very brain, and throws it into the alchemist's pot of capital. The "Code Napoleon" is now but the codex of execution, of sheriff's sales and of intensified taxation. To the four million (children, etc., included) official paupers, vagabonds, criminals and prostitutes, that France numbers, must be added five million souls who hover over the precipice of life, and either sojourn in the country itself, or float with their rags and their children from the country to the cities, and from the cities back to the country. Accordingly, the interests of the farmers are no longer, as under Napoleon, in harmony but in conflict with the interests of the bourgeoisie, i.e., with capital; they find their natural allies and leaders among the urban proletariat, whose mission is the overthrow of the bourgeois social order. But the "strong and unlimited government" — and this is the second of the "idees Napoleoniennes," which the second Napoleon has to carried out — , has for its mission the forcible defence of this very "material" social order, a "material order" that furnishes the slogan in Bonaparte's proclamations against the farmers in revolt.

Along with the mortgage, imposed by capital upon the farmer's allotment, this is burdened by taxation. Taxation is the fountain of life to the bureaucracy, the Army, the parsons and the court, in short to the whole apparatus of the Executive power. A strong government, and heavy taxes are identical. The system of ownership, involved in the system of allotments lends itself by nature for the groundwork of a powerful and numerous bureaucracy: it produces an even level of conditions and of persons over the whole surface of the country; it, therefore, allows the exercise of an even influence upon all parts of this even mass from a high central point downwards: it annihilates the aristocratic gradations between the popular masses and the Government; it, consequently, calls from all sides for the

direct intervention of the Government and for the intervention of the latter's immediate organs; and, finally, it produces an unemployed excess of population, that finds no room either in the country or in the cities, that, consequently, snatches after public office as a sort of dignified alms, and provokes the creation of further offices. With the new markets, which he opened at the point of the bayonet, and with the plunder of the continent, Napoleon returned to the farmer class with interest the taxes wrung from them. These taxes were then a goad to the industry of the farmer, while now, on the contrary, they rob his industry of its last source of support, and completely sap his power to resist poverty. Indeed, an enormous bureaucracy, richly gallooned and well fed is that "idee Napoleonienne" that above all others suits the requirements of the second Bonaparte. How else should it be, seeing he is forced to raise alongside of the actual classes of society, an artificial class, to which the maintenance of his own regime must be a knife-and-fork question? One of his first financial operations was, accordingly, the raising of the salaries of the government employees to their former standard and the creation of new sinecures.

Another "idee Napoleonienne" is the rule of the parsons as an instrument of government. But while the new-born allotment, in harmony with society, in its dependence upon the powers of nature, and in its subordination to the authority that protected it from above, was naturally religious, the debt-broken allotment, on the contrary, at odds with society and authority, and driven beyond its own narrow bounds, becomes as naturally irreligious. Heaven was quite a pretty gift thrown in with the narrow strip of land that had just been won, all the more as it makes the weather; it, however, becomes an insult from the moment it is forced upon the farmer as a substitute for his allotment. Then the parson appears merely as the anointed blood-hound of the earthly police, — yet another "idee Napoleonienne." The expedition against Rome will next time take place in France, but in a reverse sense from that of M. de Montalembert.

Finally, the culminating point of the "idees Napoleoniennes" is the preponderance of the Army. The Army was the "point of honor" with the allotment farmers: it was themselves turned into masters, defending abroad their newly established property, glorifying their recently conquered nationality, plundering and revolutionizing the world. The uniform was their State costume; war was their poetry; the allotment, expanded and rounded up in their phantasy, was the fatherland; and patriotism became the

ideal form of property. But the foe, against whom the French farmer must now defend his property, are not the Cossacks, they are the sheriffs and the tax collectors. The allotment no longer lies in the so-called fatherland, but in the register of mortgages. The Army itself no longer is the flower of the youth of the farmers, it is the swamp-blossom of the slum-proletariat of the farmer class. It consists of “remplacants,” substitutes, just as the second Bonaparte himself is but a “remplacant,” a substitute, for Napoleon. Its feats of heroism are now performed in raids instituted against farmers and in the service of the police; — and when the internal contradictions of his own system shall drive the chief of the “Society of December 10” across the French frontier, that Army will, after a few bandit-raids, gather no laurels but only hard knocks.

It is evident that all the “idees Napoleoniennes” are the ideas of the undeveloped and youthfully fresh allotment; they are an absurdity for the allotment that now survives. They are only the hallucinations of its death struggle; words turned to hollow phrases, spirits turned to spooks. But this parody of the Empire was requisite in order to free the mass of the French nation from the weight of tradition, and to elaborate sharply the contrast between Government and Society. Along with the progressive decay of the allotment, the governmental structure, reared upon it, breaks down. The centralization of Government, required by modern society, rises only upon the ruins of the military and bureaucratic governmental machinery that was forged in contrast to feudalism.

The conditions of the French farmers’ class solve to us the riddle of the general elections of December 20 and 21, that led the second Bonaparte to the top of Sinai, not to receive, but to decree laws.

The bourgeoisie had now, manifestly, no choice but to elect Bonaparte. When at the Council of Constance, the puritans complained of the sinful life of the Popes, and moaned about the need of a reform in morals, Cardinal d’Ailly thundered into their faces: “Only the devil in his Own person can now save the Catholic Church, and you demand angels.” So, likewise, did the French bourgeoisie cry out after the “coup d’etat”: “Only the chief of the ‘Society of December 10’ can now save bourgeois society, only theft can save property, only perjury religion, only bastardy the family, only disorder order!”

Bonaparte, as autocratic Executive power, fulfills his mission to secure “bourgeois order.” But the strength of this bourgeois order lies in the middle class. He feels himself the representative of the middle class, and issues his decrees in that sense. Nevertheless, he is something only because he has broken the political power of this class, and daily breaks it anew. Hence he feels himself the adversary of the political and the literary power of the middle class. But, by protecting their material, he nourishes anew their political power. Consequently, the cause must be kept alive, but the result, wherever it manifests itself, swept out of existence. But this procedure is impossible without slight mistakings of causes and effects, seeing that both, in their mutual action and reaction, lose their distinctive marks. Thereupon, new decrees, that blur the line of distinction. Bonaparte, furthermore, feels himself, as against the bourgeoisie, the representative of the farmer and the people in general, who, within bourgeois society, is to render the lower

classes of society happy. To this end, new decrees, intended to exploit the “true Socialists,” together with their governmental wisdom. But, above all, Bonaparte feels himself the chief of the “Society of December 10,” the representative of the slum-proletariat, to which he himself, his immediate surroundings, his Government, and his army alike belong, the main object with all of whom is to be good to themselves, and draw Californian tickets out of the national treasury. An he affirms his chieftainship of the “Society of December 10” with decrees, without decrees, and despite decrees.

This contradictory mission of the man explains the contradictions of his own Government, and that confused groping about, that now seeks to win, then to humiliate now this class and then that, and finishes by arraying against itself all the classes; whose actual insecurity constitutes a highly comical contrast with the imperious, categoric style of the Government acts, copied closely from the Uncle.

Industry and commerce, i.e., the business of the middle class, are to be made to blossom in hot-house style under the “strong Government.” Loans for a number of railroad grants. But the Bonapartist slum-proletariat is to enrich itself. Speculation is carried on with railroad concessions on the Bourse by the initiated; but no capital is forthcoming for the railroads. The bank then pledges itself to make advances upon railroad stock; but the bank is itself to be exploited; hence, it must be cajoled; it is released of the obligation to publish its reports weekly. Then follows a leonine treaty between the bank and the Government. The people are to be occupied: public works are ordered; but the public works raise the tax rates upon the people; thereupon the taxes are reduced by an attack upon the national bond-holders through the conversion of the five per cent “rentes” [#9 The name of the French national bonds.] into four-and-halves. Yet the middle class must again be tipped: to this end, the tax on wine is doubled for the people, who buy it at retail, and is reduced to one-half for the middle class, that drink it at wholesale. Genuine labor organizations are dissolved, but promises are made of future wonders to accrue from organization. The farmers are to be helped: mortgage-banks are set up that must promote the indebtedness; of the farmer and the concentration of property but again, these banks are to be utilized especially to the end of squeezing money out of the confiscated estates of the House of Orleans; no capitalist will listen to this scheme, which, moreover, is not mentioned in the decree; the mortgage bank remains a mere decree, etc., etc.

Bonaparte would like to appear as the patriarchal benefactor of all classes; but he can give to none without taking from the others. As was said of the Duke of Guise, at the time of the Fronde, that he was the most obliging man in France because he had converted all his estates into bonds upon himself for his Parisians, so would Napoleon like to be the most obliging man in France and convert all property and all labor of France into a personal bond upon himself. He would like to steal the whole of France to make a present thereof to France, or rather to be able to purchase France back again with French money; — as chief of the “Society of December 10,” he must purchase that which is to be his. All the State institutions, the Senate, the Council of State, the Legislature, the Legion of Honor, the Soldiers’ decorations, the public baths, the public buildings, the railroads, the General Staff of the National Guard, exclusive of the rank and file, the confiscated estates of the House of Orleans, — all are converted into institutions for purchase and sale. Every place in the Army and the machinery of Government becomes a purchasing power. The most important thing, however, in this process, whereby France is taken to be given back to herself, are the percentages that, in the transfer, drop into the hands of the chief and the members of the “Society of December 10.” The witticisms with which the Countess of L., the mistress of de Morny, characterized the confiscations of the Orleanist estates: “C’est le premier vol de l’aigle,” [#10 “It is the first flight of the eagle” The French word “vol” means theft as well as flight.] fits every flight of the eagle that is rather a crow. He himself and his followers daily call out to themselves, like the Italian Carthusian monk in the legend does to the miser, who displayfully counted the goods on which he could live for many years to come: “Tu fai conto sopra i beni, bisogna prima far il conto sopra gli anni.” [#11 “You count your property you should rather count the years left to you.”] In order not to make a mistake in the years, they count by minutes. A crowd of fellows, of the best among whom all that can be said is that one knows not whence he comes — a noisy, restless “Boheme,” greedy after plunder, that crawls about in gallooned frocks with the same grotesque dignity as Soulonque’s [#12 Soulonque was the negro Emperor of the short-lived negro Empire of Hayti.] Imperial dignitaries — , thronged the court crowded the ministries, and pressed upon the head of the Government and of the Army. One can picture to himself this upper crust of the “Society of December 10” by considering that Veron Crevel [#13 Crevel is a character

of Balzac, drawn after Dr. Veron, the proprietor of the “Constitutional” newspaper, as a type of the dissolute Parisian Philistine.] is their preacher of morality, and Granier de Cassagnac their thinker. When Guizot, at the time he was Minister, employed this Granier on an obscure sheet against the dynastic opposition, he used to praise him with the term: “C’est le roi des droles.” [#14 “He Is the king of the clowns.”] It were a mistake to recall the days of the Regency or of Louis XV. by the court and the kit of Louis Bonaparte’s: “Often did France have a mistress-administration, but never yet an administration of kept men.” [#15 Madame de Girardin.]

Harassed by the contradictory demands of his situation, and compelled, like a sleight-of-hands performer, to keep, by means of constant surprises, the eyes of the public riveted upon himself as the substitute of Napoleon, compelled, consequently, everyday to accomplish a sort of “coup” on a small scale, Bonaparte throws the whole bourgeois social system into disorder; he broaches everything that seemed unbroachable by the revolution of 1848; he makes one set people patient under the revolution and another anxious for it; he produces anarchy itself in the name of order by rubbing off from the whole machinery of Government the veneer of sanctity, by profaning it, by rendering it at once nauseating and laughable. He rehearses in Paris the cult of the sacred coat of Trier with the cult of the Napoleonic Imperial mantle. But when the Imperial Mantle shall have finally fallen upon the shoulders of Louis Bonaparte, then will also the iron statue of Napoleon drop down from the top of the Vendome column. [#16 A prophecy that a few years later, after Bonaparte’s coronation as Emperor, was literally fulfilled. By order of Emperor Louis Napoleon, the military statue of the Napoleon that originally surmounted the Vendome was taken down and replaced by one of first Napoleon in imperial robes.]

# A CONTRIBUTION TO THE CRITIQUE OF POLITICAL ECONOMY, 1859



*Translated by N. I. Stone*

*A Contribution to the Critique of Political Economy* first appeared in print in 1859 and provides an analysis of capitalism and quantity theory of money, achieved by critiquing the writings of the leading theoretical exponents of capitalism at that time; namely the classical economists, Adam Smith (1723–90) and David Ricardo (1772–1823), both regarded as the foremost representatives of the genre.

Much of the text was later incorporated by Marx into his magnum opus, *Capital* (Volume I), published in 1867, and the *Critique* is generally considered to be of secondary importance among Marx's writings. This does not apply, however, to the *Preface of the Critique*, which contains the first connected account of one of Marx's main theories: the economic interpretation of history. Briefly, this is the idea that economic factors – the way people produce the necessities of life – conditions the kind of politics and ideology a society can have:

ZUR KRITIK  
DER  
POLITISCHEN OEKONOMIE.

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VON  
PROF. KARL MENGER.

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WIEN, 1887.  
ALFRED HÖLDER,  
K. K. HOF- UND UNIVERSITÄTS-BUCHHÄNDLER,  
BOHRNGASSE 15.

*The first edition's title page*

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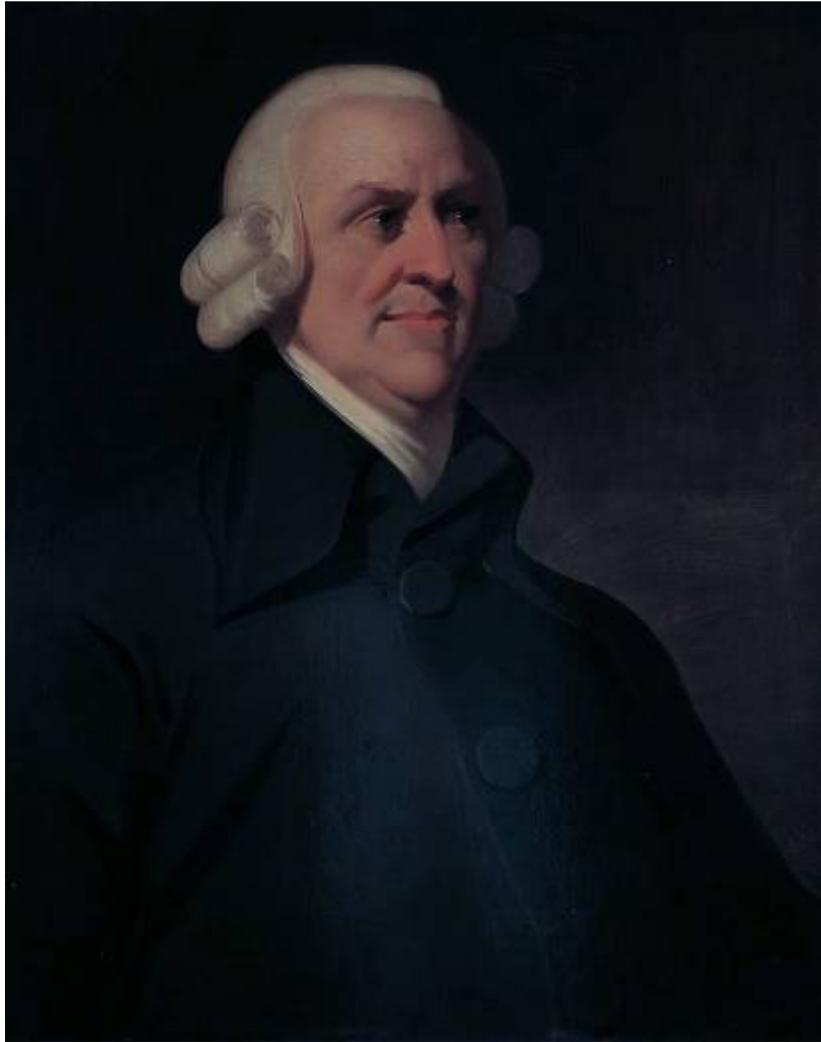
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*Adam Smith (1723-1790), a Scottish moral philosopher, pioneer of political economy and a key figure in the Scottish Enlightenment.*



*David Ricardo (1772-1823) was a British political economist.*

## TRANSLATOR'S PREFACE.

The present translation has been made from the second edition of the "Zur Kritik der Politischen Oekonomie," published by Karl Kautsky in 1897 with slight changes from the original edition of 1859; changes that had been indicated by Marx on the margins of his own copy of the book.

As will be seen from the author's preface, the work was originally issued as the first instalment of a complete treatise of political economy. As he went on with his work, however, Marx modified his plans and eight years after the appearance of the "Zur Kritik" he published the first volume of his Capital, whose scope was intended to cover the entire field of political economy.

The plan to which Marx alludes in the preface to the present work was thus abandoned in its formal aspects, but not in substance. The subject matter treated here was reproduced or rather "summarized," as Marx himself puts it, in Capital. But that was done in so far as was necessary to secure continuity of treatment. On the other hand, many important matters are treated here more thoroughly than in Capital, especially the part devoted to the discussion of money. This, as well as the chapters on the history of the theories of value and of money, which do not appear in Capital, make "Zur Kritik" a work practically complete in itself.

The recent silver agitation in this country shows how timely and useful this work still is, though written nearly half a century ago. That a great part of the working-men employed in the cities were not carried away by the Democratic-Populist agitation in 1896 and 1900 is probably due in a greater measure than is commonly realized to the direct and indirect influence of Marx, whose economic teachings guided the socialists in their counter agitation. And since the conditions which once gave rise to a demand for an inflated currency have by no means disappeared beyond a possibility of return, this book has a wide field before it, outside of the library of the college and of the student of economics, which the author's name and prestige with the working class insures for it.

There is another reason, if any need be given why this book should have been translated into English. Marx's preface to the present work contains the classic formulation of his historico-philosophic theory known as the Materialistic Interpretation of History. This theory, which until recently was

entertained almost exclusively by socialist writers and was hardly heard of outside of socialist circles in English speaking countries, is at last receiving not only due recognition but sympathetic appreciation at the hands of men of science.<sup>1</sup> It is rather a significant coincidence that the work which for the first time clearly formulated the law governing social evolution should have seen the light of day in the same year in which Darwin gave to the world his theory of organic evolution. And as the latter had to fight its way to recognition in the teeth of religious prejudices, so has the recognition of the former been retarded by even more powerful social and political prejudices.

The Introduction to the Critique of Political Economy which is added as a supplement to this book is for the first time published in book form in any language. It was written by Marx in 1857, but for reasons explained by him in the preface was not published and in fact was never finished by him, since according to his changed plans it would have fitted more into the last volume of Capital which was to contain a history of political economy. The introduction has been published but lately in the form of a magazine article by Karl Kautsky, editor of the *Neue Zeit* and literary executor of Karl Marx.

A few explanations are here in order with reference to the work of translation. No one is more keenly alive to the shortcomings of the English rendering of the original than the translator himself. While fully conscious that the translation might be greatly improved, he has at times deliberately sacrificed literary finish to closeness to the original. It will be found that many passages have been rendered more clear and concise in Capital in which, according to Marx's own statement in the preface to that work, they were much simplified and popularized. The Hegelian phraseology is more in evidence in the present work rendering translation a more difficult task. Yet for that very reason it seemed particularly desirable to give to English speaking readers as close a version of the original as was possible. In the few cases where certain passages from this work were reproduced by Marx in Capital, the translation of the latter by Moore and Aveling was freely drawn upon with slight modifications here and there.

About the only liberty taken with Marx's terminology has been in the case of the word "bürgerlich." Marx speaks here of "bürgerliche Produktion" and "bürgerlicher Reichthum" and "bürgerliche Arbeit" where eight years later he used in corresponding passages in Capital the word "kapitalistische." As the English speaking reader is more accustomed to hear of the "capitalist" system of production than of the "bourgeois" system

of production, etc., the translator considered Marx's own change of this term within a few years from the publication of "Zur Kritik" a sufficient justification for rendering the word "bürgerlich" into "capitalistic" wherever it seemed more likely to carry the meaning home to the reader.

In view of the fact that the work is likely to be read in wide circles it was thought desirable to translate the numerous quotations from Italian, Greek, Latin and French writers, the translation being given side by side with the original quotation. All English citations given by Marx in German have been restored from the original sources, which necessitated the use of four libraries, the Astor and the Columbia University libraries in New York, the Congressional Library in Washington, and the private library of Professor Seligman to whose kindness the translator is indebted for the permission to use rare works of the seventeenth century quoted by Marx. Several of Marx's references to the pages of the books quoted by him have been found to be wrong and therefore differ here from those given in the original. In two or three cases where the original English citations could not be found they were retranslated from German with the quotation marks omitted.

This statement would be incomplete if the translator failed to mention the helpful participation in this work by his wife whose share in the translation is equal to his own.

New York, October, 1903.

## AUTHOR'S PREFACE.

I consider the system of bourgeois economy in the following order: *Capital, landed property, wage labor; state, foreign trade, world market*. Under the first three heads I examine the conditions of the economic existence of the three great classes, which make up modern bourgeois society; the connection of the three remaining heads is self evident. The first part of the first book, treating of capital, consists of the following chapters: 1. Commodity; 2. Money, or simple circulation; 3. Capital in general. The first two chapters form the contents of the present work. The entire material lies before me in the form of monographs, written at long intervals not for publication, but for the purpose of clearing up those questions to myself, and their systematic elaboration on the plan outlined above will depend upon circumstances.

I omit a general introduction which I had prepared, as on second thought any anticipation of results that are still to be proven, seemed to me objectionable, and the reader who wishes to follow me at all, must make up his mind to pass from the special to the general. On the other hand, some remarks as to the course of my own politico-economic studies may be in place here.

The subject of my professional studies was jurisprudence, which I pursued, however, in connection with and as secondary to the studies of philosophy and history. In 1842-43, as editor of the "Rheinische Zeitung," I found myself embarrassed at first when I had to take part in discussions concerning so-called material interests. The proceedings of the Rhine Diet in connection with forest thefts and the extreme subdivision of landed property; the official controversy about the condition of the Mosel peasants into which Herr von Schaper, at that time president of the Rhine Province, entered with the "Rheinische Zeitung;" finally, the debates on free trade and protection, gave me the first impulse to take up the study of economic questions. At the same time a weak, quasi-philosophic echo of French socialism and communism made itself heard in the "Rheinische Zeitung" in those days when the good intentions "to go ahead" greatly outweighed knowledge of facts. I declared myself against such botching, but had to admit at once in a controversy with the "Allgemeine Augsburger Zeitung" that my previous studies did not allow me to hazard an independent

judgment as to the merits of the French schools. When, therefore, the publishers of the “Rheinische Zeitung” conceived the illusion that by a less aggressive policy the paper could be saved from the death sentence pronounced upon it, I was glad to grasp that opportunity to retire to my study room from public life.

The first work undertaken for the solution of the question that troubled me, was a critical revision of Hegel’s “Philosophy of Law”; the introduction to that work appeared in the “Deutsch-Französische Jahrbücher,” published in Paris in 1844. I was led by my studies to the conclusion that legal relations as well as forms of state could neither be understood by themselves, nor explained by the so-called general progress of the human mind, but that they are rooted in the material conditions of life, which are summed up by Hegel after the fashion of the English and French of the eighteenth century under the name “civic society;” the anatomy of that civic society is to be sought in political economy. The study of the latter which I had taken up in Paris, I continued at Brussels whither I emigrated on account of an order of expulsion issued by Mr. Guizot. The general conclusion at which I arrived and which, once reached, continued to serve as the leading thread in my studies, may be briefly summed up as follows: In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The sum total of these relations of production constitutes the economic structure of society — the real foundation, on which rise legal and political superstructures and to which correspond definite forms of social consciousness. The mode of production in material life determines the general character of the social, political and spiritual processes of life. It is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness. At a certain stage of their development, the material forces of production in society come in conflict with the existing relations of production, or — what is but a legal expression for the same thing — with the property relations within which they had been at work before. From forms of development of the forces of production these relations turn into their fetters. Then comes the period of social revolution. With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed. In considering such transformations the distinction

should always be made between the material transformation of the economic conditions of production which can be determined with the precision of natural science, and the legal, political, religious, aesthetic or philosophic — in short ideological forms in which men become conscious of this conflict and fight it out. Just as our opinion of an individual is not based on what he thinks of himself, so can we not judge of such a period of transformation by its own consciousness; on the contrary, this consciousness must rather be explained from the contradictions of material life, from the existing conflict between the social forces of production and the relations of production. No social order ever disappears before all the productive forces, for which there is room in it, have been developed; and new higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society. Therefore, mankind always takes up only such problems as it can solve; since, looking at the matter more closely, we will always find that the problem itself arises only when the material conditions necessary for its solution already exist or are at least in the process of formation. In broad outlines we can designate the Asiatic, the ancient, the feudal, and the modern bourgeois methods of production as so many epochs in the progress of the economic formation of society. The bourgeois relations of production are the last antagonistic form of the social process of production — antagonistic not in the sense of individual antagonism, but of one arising from conditions surrounding the life of individuals in society; at the same time the productive forces developing in the womb of bourgeois society create the material conditions for the solution of that antagonism. This social formation constitutes, therefore, the closing chapter of the prehistoric stage of human society.

Frederick Engels, with whom I was continually corresponding and exchanging ideas since the appearance of his ingenious critical essay on economic categories (in the “Deutsch-Französische Jahrbücher”), came by a different road to the same conclusions as myself (see his “Condition of the Working Classes in England”). When he, too, settled in Brussels in the spring of 1845, we decided to work out together the contrast between our view and the idealism of the German philosophy, in fact to settle our accounts with our former philosophic conscience. The plan was carried out in the form of a criticism of the post-Hegelian philosophy. The manuscript in two solid octavo volumes had long reached the publisher in Westphalia,

when we received information that conditions had so changed as not to allow of its publication. We abandoned the manuscript to the stinging criticism of the mice the more readily since we had accomplished our main purpose — the clearing up of the question to ourselves. Of the scattered writings on various subjects in which we presented our views to the public at that time, I recall only the “Manifesto of the Communist Party” written by Engels and myself, and the “Discourse on Free Trade” written by myself. The leading points of our theory were first presented scientifically, though in a polemic form, in my “Misère de la Philosophie, etc.” directed against Proudhon and published in 1847. An essay on “Wage Labor,” written by me in German, and in which I put together my lectures on the subject delivered before the German Workmen’s Club at Brussels, was prevented from leaving the hands of the printer by the February revolution and my expulsion from Belgium which followed it as a consequence.

The publication of the “Neue Rheinische Zeitung” in 1848 and 1849, and the events which took place later on, interrupted my economic studies which I could not resume before 1850 in London. The enormous material on the history of political economy which is accumulated in the British Museum; the favorable view which London offers for the observation of bourgeois society; finally, the new stage of development upon which the latter seemed to have entered with the discovery of gold in California and Australia, led me to the decision to resume my studies from the very beginning and work up critically the new material. These studies partly led to what might seem side questions, over which I nevertheless had to stop for longer or shorter periods of time. Especially was the time at my disposal cut down by the imperative necessity of working for a living. My work as contributor on the leading Anglo-American newspaper, the “New York Tribune,” at which I have now been engaged for eight years, has caused very great interruption in my studies, since I engage in newspaper work proper only occasionally. Yet articles on important economic events in England and on the continent have formed so large a part of my contributions that I have been obliged to make myself familiar with practical details which lie outside the proper sphere of political economy.

This account of the course of my studies in political economy is simply to prove that my views, whatever one may think of them, and no matter how little they agree with the interested prejudices of the ruling classes, are the result of many years of conscientious research. At the entrance to

science, however, the same requirement must be put as at the entrance to hell:

Qui si convien lasciare ogni sospetto  
Ogni viltà convien che qui sia morta.

Karl Marx.

London, January, 1859.

# **BOOK I. Capital in general.**

# CHAPTER I. COMMODITIES.

At first sight the wealth of society under the capitalist system presents itself as an immense accumulation of commodities, its unit being a single commodity. But every commodity has a twofold aspect, that of *use value* and *exchange value*.<sup>2</sup>

A commodity is first of all, in the language of English economists, “any thing necessary, useful or pleasant in life,” an object of human wants, a means of existence in the broadest sense of the word. This property of commodities to serve as use-values coincides with their natural palpable existence. Wheat e. g. is a distinct use-value differing from the use-values cotton, glass, paper, etc. Use-value has a value only in use and is realized only in the process of consumption. The same use-value may be utilized in various ways. But the extent of its possible applications is circumscribed by its distinct properties. Furthermore, it is thus limited not only qualitatively but also quantitatively. According to their natural properties the various use-values have different measures, such as a bushel of wheat, a quire of paper, a yard of linen, etc.

Whatever the social form of wealth may be, use-values always have a substance of their own, independent of that form. One can not tell by the taste of wheat whether it has been raised by a Russian serf, a French peasant, or an English capitalist. Although the object of social wants and, therefore, mutually connected in society, use-values do not bear any marks of the relations of social production. Suppose, we have a commodity whose use-value is that of a diamond. We can not tell by looking at the diamond that it is a commodity. When it serves as a use-value, aesthetic or mechanical, on the breast of a harlot, or in the hand of a glasscutter, it is a diamond and not a commodity. It is the necessary pre-requisite of a commodity to be a use-value, but it is immaterial to the use-value whether it is a commodity or not. Use-value in this indifference to the nature of its economic destination, i.e. use-value as such lies outside the sphere of investigation of political economy.<sup>3</sup> It falls within the sphere of the latter only in so far as it forms its own economic destination. It forms the material basis which directly underlies a definite economic relation called *exchange value*.

Exchange-value appears at first sight as a *quantitative relation*, as a proportion in which use-values are exchanged for one another. In such a

relation they constitute equal exchangeable quantities. Thus, a volume of Propercius and eight ounces of snuff may represent the same exchange value, in spite of the dissimilar use-values of tobacco and elegy. As exchange-value, one kind of use-value is worth as much as another kind, if only taken in right proportion. The exchange value of a palace can be expressed in a certain number of boxes of shoe-blackening. On the contrary, London manufacturers of shoe-blackening have expressed the exchange value of their many boxes of blackening, in palaces. Thus, entirely apart from their natural forms and without regard to the specific kind of wants for which they serve as use-values, commodities in certain quantities equal each other, take each other's place in exchange, pass as equivalents, and in spite of their variegated appearance, represent the same entity.

Use-values are primarily means of existence. These means of existence, however, are themselves products of social life, the result of expended human vital power, *materialized labor*. As the embodiment of social labor, all commodities are the crystallization of the same substance. Let us now consider the nature of this substance, i.e., of labor, which is expressed in exchange value.

Let one ounce of gold, one ton of iron, one quarter of wheat and twenty yards of silk represent equal exchange values. As equivalents, in which the qualitative difference between their use-values has been eliminated, they represent equal volumes of the same kind of labor. The labor which is equally embodied in all of them must be uniform, homogeneous, simple labor. It matters as little in the case of labor whether it be embodied in gold, iron, wheat, or silk, as it does in the case of oxygen, whether it appears in the rust of iron, in the atmosphere, in the juice of a grape, or in the blood of a human being. But the digging of gold, the extraction of iron from a mine, the raising of wheat and the weaving of silk are so many kinds of labor, differing in quality. As a matter of fact, what in reality appears as a difference in use-values, is in the process of production, a difference in the work creating those use-values. Just as labor, which creates exchange value, is indifferent to the material of use-values, so it is to the special form of labor itself. Furthermore, the different use-values are the products of the work of different individuals, consequently the result of various kinds of labor differing individually from one another. But as exchange values, they represent the same homogeneous labor, i.e., labor from which the

individuality of the workers is eliminated. Labor creating exchange value is, therefore, *abstract general labor*.

If one ounce of gold, one ton of iron, one quarter of wheat, and twenty yards of silk are exchange values of equal magnitude or equivalents; then one ounce of gold, half a ton of iron, three bushels of wheat and five yards of silk are exchange values of different magnitudes, and this quantitative difference is the only difference of which they are capable as exchange values. As exchange values of different magnitudes, they represent greater or smaller quantities of that simple, homogeneous, abstract, general labor, which forms the substance of exchange value. The question arises, how are these quantities to be measured? Or, rather what constitutes the substance of labor, which makes it capable of quantitative measurement, since the quantitative differences of commodities in their capacity of exchange values are but quantitative differences of labor embodied in them. Just as motion is measured by time, so is labor measured by *labor-time*. Given the quality of labor, the difference in its duration is the only property by which it can be distinguished. As labor-time, labor has the same standard of measurement as the natural time measures, viz., hours, days, weeks, etc. Labor-time is the vital substance of labor, independent of its form, composition, individuality; it is its vital substance quantitatively, having at the same time its own inherent measure. Labor-time embodied in the use-values of commodities is the substance which makes exchange values and, therefore, commodities of them and at the same time serves to measure definite quantities of their value. Corresponding quantities of different use-values, in which the same quantity of labor-time is embodied, are equivalents; or, to put it in another form, all use-values are equivalents when taken in proportions containing the same quantity of expended, materialized labor-time. As exchange values, all commodities are but definite measures of *congealed labor-time*.

To understand how exchange value is determined by labor-time, the following main points must be kept in mind: The reduction of labor to simple labor, devoid of any quality, so to speak; the specific ways and means by which exchange — value-creating, i.e., commodity producing labor becomes *social labor*; finally, the difference between labor as the producer of use-values, and labor as the creator of exchange values.

In order to measure commodities by the labor-time contained in them, the different kinds of labor must be reduced to uniform, homogeneous,

simple labor, in short, to labor which is qualitatively the same, and, therefore, differs only in quantity.

This reduction appears to be an abstraction; but it is an abstraction which takes place daily in the social process of production. The conversion of all commodities into labor-time is no greater abstraction nor a less real process than the chemical reduction of all organic bodies to air. Labor, thus measured by time, does not appear in reality as the labor of different individuals. but on the contrary, the various working individuals rather appear as mere organs of labor; or, in so far as labor is represented by exchange values, it may be defined as human labor in general. This abstraction of human labor in general virtually exists in the average labor which the average individual of a given society can perform — a certain productive expenditure of human muscles, nerves, brain, etc. It is unskilled labor to which the average individual can be put and which he has to perform in one way or another. The character of this average labor varies in different countries and at different stages of civilization, but appears fixed in a particular society. Unskilled labor constitutes the bulk of all labor performed in capitalist society, as may be seen from all statistics.

It is obvious that if A spends six hours in the production of iron and six hours on linen, and B also produces iron during six hours and linen during another six hours, it is but a different application of *the same* labor time that would be expended, if A produced iron during twelve hours, while B worked twelve hours on linen. But how about skilled labor which rises above the level of average labor by its higher intensity, by its greater specific gravity? This kind of labor resolves itself into unskilled labor composing it; it is simple labor of a higher intensity, so that one day of skilled labor, e. g., may equal three days of unskilled labor. This is not the place to consider the laws regulating this reduction. It is clear, however, that such reduction does take place, for, as exchange value, the product of the most skilled labor is, when taken in a certain proportion, equivalent to the product of unskilled average labor, or equal to a definite quantity of that unskilled labor.

The determination of exchange-value by means of labor-time implies, further, the fact that an equal quantity of labor is embodied in any given commodity, e. g., a ton of iron, no matter whether it is the work of A or B, that is to say, various individuals expend an equal amount of labor-time for the production of the same use-value of a given quality and quantity. It is

thus assumed that the labor-time contained in a commodity is the labor-time *necessary* for its production, i.e., it is the labor-time which is required for the production of another specimen of the same commodity under the same general conditions of production.

The conditions of labor, which creates exchange value, as shown by the analysis of the latter, are *social conditions* of labor or conditions of *social labor*. Social, not in the ordinary, but in a special sense. It is a specific form of the social process. The homogeneous simplicity of labor means first of all *equality* of the labors of various individuals, a reciprocal relation of equality of their labors determined by the actual reduction of all kinds of labor to uniform labor. The labor of every individual, as far as it is expressed in exchange value possesses this social character of equality and finds expression in exchange value only in so far as it is a relation of equality with the labor of all other individuals.

Furthermore, the labor-time of a single individual is directly expressed in exchange value as *universal labor-time*, and this *universal character* of individual labor is the manifestation of its *social character*. The labor-time represented by exchange value is the labor-time of an individual, but of an individual undistinguished from other individuals in so far as they perform the same labor; therefore, the time required by one individual for the production of a certain commodity is the *necessary* labor-time which any other individual would have to spend on the production of the same commodity. It is the labor-time of an individual, *his* labor-time, but only as labor-time common to all, regardless as to which particular individual's labor-time it is. As universal labor-time it is represented in a universal product, in a *universal equivalent*, in a definite quantity of materialized labor-time: the latter is indifferent as to the particular form of use-value in which it appears directly as the product of an individual, and may be turned at will into any other form of use-value to represent the product of any other individual. Only as such a *universal* quantity, is it a *social* quantity. In order to result in exchange value, the labor of an individual must be turned into a *universal equivalent*, i.e., the labor-time of an individual must be expressed as universal labor-time, or universal labor-time as that of an individual. It is the same as though different individuals had put together their labor-time and contributed the different quantities of labor-time at their common disposal in the form of different use-values. The labor-time of the individual is thus, in fact, the labor time which society requires for the production of a

certain use-value, i.e., for the satisfaction of a certain want. But the question that interests us here is as to the specific form in which labor acquires a social character. Let us suppose that a certain quantity of labor-time of a spinner is realized in 100 lbs. of yarn. Suppose 100 yards of linen, the product of the weaver, represent the same quantity of labor-time. Inasmuch as these two products represent equal quantities of universal labor-time and, hence, are equivalents of *every* use-value which contains the same amount of labor-time, they are also equivalent to each other. Only because the labor-time of the spinner and that of the weaver take the form of universal labor-time and their products appear as universal equivalents, is the labor of the weaver realized for the spinner, and that of the spinner, for the weaver, the labor of one takes the place of the labor of the other, i.e., the social character of their labors is realized for both. Quite different it was under the patriarchal system of production, when spinner and weaver lived under the same roof, when the female members of the family did the spinning, and the male members did the weaving to supply the wants of their own family; then yarn and linen were *social* products, spinning and weaving were *social* labor within the limits of the family. But their social character did not manifest itself in the fact that yarn, as a universal equivalent, could be exchanged for linen as a universal equivalent, or that one was exchanged for another, as identical and equivalent expressions of the same universal labor-time. It was rather the family organization with its natural division of labor that impressed its peculiar social stamp on the product of labor. Or, let us take the services and payments in kind of the Middle Ages. It was the specific kind of labor performed by each individual in its natural form, the particular and not the universal aspect of labor, that constituted then the social tie. Or, let us finally take labor carried on in common in its primitive natural form, as we find it at the dawn of history of all civilized races.<sup>4</sup> It is clear that in this case labor does not acquire its social character from the fact that the labor of the individual takes on the abstract form of universal labor or that his product assumes the form of a universal equivalent. The very nature of production under a communal system makes it impossible for the labor of the individual to be private labor and his product to be a private product; on the contrary, it makes individual labor appear as the direct function of a member of a social organism. On the contrary, labor, which is expressed in exchange value, at once appears as the labor of a separate

individual. It becomes social labor only by taking on the form of its direct opposite, the form of abstract universal labor.

Labor, which creates exchange value, is, finally, characterized by the fact that even the social relations of men appear in the reversed form of a social relation of things. Only in so far as two use-values are in a mutual relation of exchange values does the labor of different persons possess the common property of being identical universal labor. Hence, if it be correct to say that exchange value is a relation between persons,<sup>5</sup> it must be added that it is a relation disguised under a material cover. Just as a pound of iron and a pound of gold represent the *same* weight in spite of their different physical and chemical properties, so do two use-values, as commodities containing the same quantity of labor-time, represent the *same exchange value*. Exchange value thus appears as the natural social destination of use-values, a property which they possess by virtue of being things and in consequence of which they are exchanged for one another in definite proportions, or form equivalents, just as chemical elements combine in certain proportions, forming chemical equivalents. It is only through the habit of everyday life that we come to think it perfectly plain and commonplace, that a social relation of production should take on the form of a thing, so that the relation of persons in their work appears in the form of a mutual relation between things, and between things and persons.

In commodities this mystification is as yet very simple. It is more or less plain to everybody that a relation of commodities as exchange values is nothing but a mutual relation between persons in their productive activity. This semblance of simplicity disappears in higher productive relations. All the illusions in regard to the monetary system are due to the fact that money is not regarded as something representing a social relation of production, but as a product of nature endowed with certain properties. The modern economists who sneer at the illusions of the monetary system, betray the same illusion as soon as they have to deal with higher economic forms, as, e. g., capital.<sup>6</sup> It breaks forth in their confession of naive surprise, when what they have just thought to have defined with great difficulty as a thing suddenly appears as a social relation and then reappears to tease them again as a thing, before they have barely managed to define it as a social relation.

Since the exchange value of commodities is, in fact, nothing but a mutual relation of the labors of individuals — labors which are similar and universal — nothing but a material expression of a specific social form of

labor, it is a tautology to say that labor is the *only* source of exchange value and consequently of wealth, in so far as the latter consists of exchange values. Similarly, it is a tautology to say that matter in its natural state has no exchange value, because it does not contain any labor, and that exchange value as such does not contain matter. But when William Petty calls “labor the father and earth the mother of wealth,” or when Bishop Berkeley asks “whether the four elements and man’s labour therein, be not the true source of wealth,”<sup>7</sup> or when the American, Thomas Cooper puts it popularly: “Take away from a piece of bread the labour bestowed by the baker on the flour, by the miller on the grain brought to him, by the farmer in ploughing, sowing, tending, gathering, threshing, cleaning and transporting the seed, and what will remain? A few grains of grass, growing wild in the woods, and unfit for any human purpose”<sup>8</sup> — then all these views do not refer to abstract labor as the source of exchange value, but to concrete labor as the source of material wealth; in short, to labor in so far as it produces use-values. In assuming that a commodity has use-value we assume the special usefulness and distinct fitness of the labor absorbed by it, but that is all there is to the view of labor as useful labor from the standpoint of commodity. Considering bread as a use-value, we are interested in its properties as an article of food and not at all in the different kinds of labor of the farmer, miller, baker, etc. If by some invention nineteen-twentieths of this labor could be saved, the loaf of bread would still render the same service as before. If it fell ready-made from the sky it would not lose a single atom of its use-value. While labor which creates exchange value is realized in the equality of commodities as universal equivalents, labor as a productive activity with a useful purpose is realized in the endless variety of use-values created by it. While labor which creates exchange values is *abstract, universal and homogeneous*, labor which produces use-values is concrete and special and is made up of an endless variety of kinds of labor according to the way in which and the material to which it is applied.

It is wrong to speak of labor in so far as it is applied to the production of use-values as of *the only* source of wealth, namely, the material wealth produced by it. Being an activity intended to adapt materials to this or that purpose, it requires matter as a pre-requisite. In different use-values the proportion between labor and raw material varies greatly, but use-value always has a natural substratum. Labor, as an activity, directed to the adaptation of raw material in one form or another, is a natural condition of

human existence, a condition of exchange of matter between man and nature, independent of all social forms. On the contrary, labor producing exchange value is a specifically social form of labor. Tailoring, e. g., in its material manifestation as a distinct productive activity, produces a coat, but not the exchange value of the coat. The latter is produced not by the labor of the tailor as such, but by abstract universal labor, and that belongs to a certain organization of society which has not been brought about by the tailor. Thus, the women under the ancient system of house industry made coats without producing the exchange value of the coats. Labor as a source of material wealth was known to Moses, the legislator, as well as to Adam Smith, the customs official.<sup>9</sup>

Let us consider now some propositions which follow from the determination of exchange value by labor-time.

As a use-value, every commodity owes its usefulness to itself. Wheat, e. g., serves as an article of food. A machine saves labor to a certain extent. This function of a commodity by virtue of which it serves only as use-value, as an article of consumption, may be called its service, the service which it renders as use-value. But as an exchange value, a commodity is always regarded as a result; the question in this case is not as to the service which it renders, but as to the service<sup>10</sup> which it has been rendered in its production. Thus, the exchange value of a machine is determined not by the quantity of labor-time which it saves, but by the quantity of labor-time which has been expended on its own production and which is, therefore, required to produce a new machine of the same kind.

If, therefore, the quantity of labor-time required for the production of commodities remained constant, their exchange value would remain the same. But the ease and the difficulty of production are constantly changing. If the productivity of labor increases, the same use-value will be produced in less time. If the productivity of labor declines, more time will be required for the production of the same use-value. Thus, the labor-time contained in a commodity or its exchange-value is a variable quantity, increasing or diminishing in an inverse ratio to the rise and fall of the productivity of labor. The productive power of labor which is applied in the manufacturing industry on a predetermined scale depends in the agricultural and extractive industries also on natural conditions which are beyond human control. *The same labor* will yield a greater or less output of various metals, according to their more or less close occurrence in the earth's crust. *The same labor* may

be embodied in two bushels of wheat in a favorable season, and only in one in an unfavorable season. In this case, scarcity or abundance, as natural conditions, seem to determine the exchange value of commodities, because they determine the productivity of certain kinds of labor which depend upon natural conditions.

Unequal volumes of different use-value contain the same quantity of labor-time or the same exchange value. The smaller the volume of a use-value containing a certain quantity of labor-time as compared with other use-values, the greater its *specific exchange-value*. If we find that certain use-values, such as, e. g., gold, silver, copper and iron, or wheat, rye, barley and oats, form a series of specific exchange values which, though not retaining exactly the same numerical ratio, still retain through widely remote epochs of civilization the same rough proportion of relatively larger and smaller quantities, we may draw the conclusion that the progressive development of the productive powers of society has equally, or approximately so, affected the labor-time necessary for the production of the various commodities.

The exchange value of a commodity is not revealed in its own use-value. But, as the embodiment universal social labor-time, the use-value of one commodity bears a certain ratio to the use-values of other commodities. Thus, the exchange value of one commodity is manifested in the use-values of other commodities. An equivalent is, in fact, the exchange value of one commodity expressed in the use-value of another commodity. If I say, e. g., that one yard of linen is worth two pounds of coffee, then the exchange value of linen is expressed in terms of the use-value of coffee, viz., in a certain quantity of that use-value. This ratio being given, I can express the value of any quantity of linen in coffee. It is clear that the exchange value of one commodity, say linen, is not confined to the ratio of any one commodity, e. g. coffee, as its equivalent. The quantity of universal labor-time which is represented in one yard of linen is at the same time embodied in an endless variety of volumes of use-values of all other commodities. The use-value of any other commodity forms the equivalent of one yard of linen, in the proportion in which it represents the same quantity of labor-time as that yard of linen. The exchange value of *this single commodity* is, therefore, fully expressed in the endless number of equations in which the use-values of all other commodities form its equivalents. Not until the exchange value of a commodity is expressed in the sum total of these

equations or of the different proportions in which one commodity is exchanged for every other commodity, does it find an exhaustive expression as a *universal equivalent*; e. g., the series of equations:

$$\begin{aligned} 1 \text{ yard of linen} &= 1/2 \text{ lb. of tea,} \\ 1 \text{ yard of linen} &= 2 \text{ lbs. of coffee,} \\ 1 \text{ yard of linen} &= 8 \text{ lbs. of bread,} \\ 1 \text{ yard of linen} &= 6 \text{ yards of calico,} \end{aligned}$$

may be represented as follows:

1 yard of linen = 1/8 lb. of tea + 1/2 lb. of coffee + 2 lbs. of bread + 1 1/2 yards of calico.

Therefore, if we had before us the sum total of the equations, in which the value of a yard of linen is exhaustively expressed, we could represent its exchange value in the form of a series. As a matter of fact, the series is an endless one, since the circle of commodities, constantly expanding, can never be closed up. But while the exchange value of one commodity is thus measured by the use-values of all other commodities, the exchange values of all the other commodities are, in their turn, measured by the use-value of this one commodity.<sup>11</sup>

If the exchange value of one yard of linen is expressed in 1/2 lb. of tea, or 2 lbs. of coffee, or 6 yards of calico, or 8 lbs. of bread, etc., it follows that coffee, tea, calico, bread, etc., are equal to each other if taken in the same proportion in which they are equal to the third article, linen; consequently, linen serves as the common measure of their exchange values. Every commodity, as the embodiment of universal labor-time, i.e., as a certain quantity of universal labor-time, expresses in turn its exchange value in definite quantities of the use-values of all other commodities, and the exchange values of all the other commodities are, on the other hand, measured by the use-value of this one exclusive commodity. But as an exchange value, every commodity is at the same time the one exclusive commodity that serves as a common measure of the exchange values of all other commodities; and, on the other hand, it is but one of the many commodities in the entire series of which every commodity expresses directly its exchange value.

The value of a commodity is not affected by the number of commodities of other kinds. But the length of the series of equations in which its

exchange value is realized does depend upon the greater or less variety of other commodities. The series of equations in which the value of coffee, e. g., is represented, indicates the extent to which it is exchangeable, the limits within which it performs the function of an exchange value. The exchange value of a commodity as an embodiment of universal social labor-time is expressed in its equivalence to an endless variety of use-values.

We have seen that the exchange value of a commodity varies with the quantity of labor-time directly contained in it. Its realized exchange value, i.e., its exchange value expressed in the use-values of other commodities, must also depend on the proportion in which the labor-time spent on the production of all other commodities is changing. If, e. g., the labor-time required for the production of a bushel of wheat remained constant, while that required for the production of all other commodities doubled, the exchange value of a bushel of wheat expressed in its equivalents would become half as large as before. The result would be practically the same as if the amount of time necessary for the production of one bushel of wheat had been reduced by one-half, and that required for all other commodities had remained unchanged. The value of commodities is determined by the proportion in which they can be produced in the same labor-time. In order to see what possible changes this proportion may undergo, let us take two commodities, A and B.

*First case.* Let the labor-time required for the production of commodity B remain unchanged. In that case the exchange value of A, expressed in terms of B, rises and falls with the rise and fall of the labor-time required for the production of A.

*Second case.* Let the labor-time required for the production of commodity A remain constant. Then the exchange value of A, expressed in terms of B, falls and rises in an inverse ratio with the rise and fall of the labor-time required for the production of B.

*Third case.* Let the labor-time required for the production of commodities A and B rise and fall in equal proportion. Then the expression of equivalence of A and B remains unchanged. If through some cause the productivity of all kinds of labor were to decline uniformly, so that the production of all commodities would require an equally increased quantity of labor-time, then the value of all commodities would rise, though the expression of their exchange values would remain unchanged, and the

actual wealth of society would decrease, because it would have to expend more labor-time on the production of the same stock of use-values.

*Fourth case.* Let the labor-time required for the production of A and B rise and fall, but not uniformly; that is to say, the labor-time required for the production of A may rise, while that required for B may fall, or vice versa. All of which can be reduced to the simple case where the labor-time required for the production of one commodity remains unchanged, while that required for the other rises or falls.

The exchange value of any commodity is expressed in the use-value of any other commodity, be it in integral units or in fractions thereof. As exchange value, every commodity is capable of subdivision, like the labor-time embodied in it. The equivalence of commodities is independent of their physical divisibility as use-values, just as the sum of the exchange values of commodities is indifferent to the change of form which use-values have to undergo when converted into a *single* new commodity.

So far we have considered commodities from a two-fold point of view, as use-values and exchange values alternately. But a commodity as such is a direct combination of use-value and exchange value; and it is a commodity only in relation to other commodities. The *actual* relation between commodities constitutes the *process of their exchange*. It is a social process participated in by individuals independent of each other but the part they take in it is that of owners of commodities only. Their mutual relations are those of their commodities, and thus they really appear as conscious factors of the process of exchange.

A commodity *is* a use-value, wheat, linen, a diamond, a machine, etc., but as a commodity it is, at the same time, *not* a use-value. If it were a use-value for its owner, i.e., a direct means for the satisfaction of his own wants, then it would not be a commodity. To him it is rather a *non-use-value*; it is merely the material depository of exchange-value, or simply a *means of exchange*; as an active bearer of exchange value, use-value becomes a means of exchange. To the owner it is a use-value only in so far as it constitutes exchange value.<sup>12</sup>

It has yet to *become* a use-value, viz., to others. Not being a use-value to its owner, it is a use-value to the owners of other commodities. If it is not, then the labor expended on it was useless labor, and the result of that labor is not a commodity. On the other hand, the commodity must become a use-

value *to the owner himself*, because his means of existence lie outside of it in the use-values of commodities not belonging to him. In order to become a use-value, the commodity must meet the particular want of which it is the means of satisfaction. Use-values of commodities are thus *realized* use-values through a universal change of hands by passing from the hands in which they were held as means of exchange into those where they become use values. Only through this universal transfer of commodities does the labor contained in them become useful labor. In this process of their mutual interchange as use-values, commodities do not acquire any new economic forms. On the contrary, even the form which marked them as commodities disappears. Bread, e. g., by changing hands from the baker to the consumer does not change its identity as bread. On the contrary, it is only the consumer that begins to regard it as a use-value, as a certain article of food, while in the hands of the baker it was only the bearer of an economic relation, a palpable yet transcendental object. Thus, the only change of form that commodities undergo while becoming use-values, consists in the fact that they cease to be, as a matter of form, non-use-values to their owners, and use-values to those who do not own them. To become use-values commodities must be universally alienated; they must enter the sphere of exchange; but they are subject to exchange in their capacity of exchange values. Hence, in order to be realized as use-values, they must be realized as exchange values.

While the single commodity appeared from the standpoint of use-value as something independent, as exchange value it was regarded first of all in its relation to all other commodities. This relation was, however, merely theoretical, imaginary. It becomes real only in the process of exchange. On the other hand, a commodity *is* an exchange value in so far as a certain quantity of labor-time has been expended on it, and it consequently represents *materialized labor-time*. But of itself it is only materialized individual labor-time of a particular kind, and not *universal* labor-time. Therefore, it *is not* directly an exchange value, but must first *become* such. First of all, it is an embodiment of universal labor-time only in so far as it represents labor-time applied to a definite useful purpose, i.e., when it represents a use-value. This was the material condition under which alone labor-time contained in commodities was regarded as universal social labor. Thus, while a commodity can become a use-value only after it has been realized as an exchange value, it can, on the other hand, be realized as an

exchange value only if it proves to be a use-value in the process of alienation.

A commodity can be alienated as a use-value only to one whom it serves as a use-value, i.e., as a means of satisfying a certain want. On the other hand, it is exchanged for another commodity, or, if we put ourselves on the side of the owner of the other commodity, it, too, can be alienated, i.e., be realized, only if brought in contact with that particular want of which it is the object. In the universal exchange of commodities as *use-values* the basis for their mutual relations is in their material difference as distinct objects which satisfy different wants by their specific properties. But as mere use-values, they are indifferent to each other, and are incommensurable. As use-values they can be exchanged only with reference to certain wants. They are exchangeable only as equivalents, and they are equivalents only as equal quantities of materialized labor-time, so that all regard to their natural properties as use-values and therefore to the relation of the commodities to particular wants is eliminated. On the contrary, a commodity is realized as an exchange value by replacing as an equivalent any definite quantity of any other commodity, regardless of whether it is a use-value for the owner of the other commodity or not. But to the owner of the other commodity it is a commodity only in so far as it is a use-value to him, and it becomes an exchange value to its owner only in so far as it is a commodity to that other person. Thus, the same relation appears as a proportion between commodities as magnitudes of the same denomination, but differing qualitatively; or, as an expression of their equivalence as embodiments of universal labor-time, and, at the same time, as a relation of qualitatively different objects, of use-values intended for the satisfaction of particular wants, in short, a relation in which they are distinguished as actual use-values. But this equivalence and non-equivalence mutually exclude each other. Thus we have before us not only a vicious circle of problems in which the solution of one implies that of the other, but a combination of contradicting claims, since the fulfillment of one is directly connected with that of its opposite.

The process of exchange of commodities must result both in the unfolding and in the solution of these contradictions, neither of which, however, can appear in that process in this simple way. We have only observed how commodities are mutually related to each other as use-values, i.e., how they appear as use-values *within* the process of exchange. The

exchange-value, on the contrary, as we have considered it so far, appeared as an abstraction formed in our own minds, or — if we may so put it — in the mind of the individual owner of commodities, which lie stored in his warehouse as use-values, and weigh upon his conscience as exchange values. In the process of exchange, however, commodities must be not only use-values, but also exchange values to one another, and that should appear as their own mutual relation. The difficulty which we first encountered was that a commodity must be first alienated and delivered to its purchasers as a use-value, in order to appear as an exchange value, as materialized labor, while on the other hand its alienation as use-value implies its being an exchange value. But let us assume that this difficulty has been overcome. Suppose the commodity has divested itself of its use-value, and has thereby fulfilled the material condition of being socially useful labor, instead of a particular labor of an individual. In that case, the commodity must become an exchange value, a universal equivalent, an embodiment of universal labor-time for all other commodities in the process of exchange, and thus, leaving behind its limited role of a particular use-value, acquire the ability to be directly represented in all use-values as its equivalents. But every commodity is *just such* a commodity, appearing as a direct incarnation of universal labor-time by divesting itself of its particular use-value. On the other hand, however, commodities confront each other in the process of exchange as particular commodities, as the labor of private individuals embodied in particular use-values. Universal labor-time is itself an abstraction, which, as such, does not exist for commodities.

Let us examine the series of equations in which the exchange value of a commodity finds its concrete expression, e. g.:

1 yard of linen = 2 lbs. of coffee.

1 yard of linen = 1/2 lb. of tea.

1 yard of linen = 8 lbs. of bread, etc.

These equations simply signify that equal quantities of universal social labor-time are embodied in one yard of linen, two pounds of coffee, half a pound of tea, etc. But as a matter of fact the individual labors which are represented in these particular use-values, become universal, and, in that form, also social labor, only when they are actually exchanged for one another in proportion to the labor-time contained in them. Social labor-time exists in these commodities in a latent state, so to say, and is first revealed

in the process of exchange. We do not proceed from the labor of individuals as social labor, but, on the contrary, from special labor of private individuals which appears as universal social labor only by divesting itself of its original character in the process of exchange. Universal social labor is, therefore, no ready-made assumption, but a growing result. And thus we are confronted with a new difficulty, that on the one hand commodities must enter the process of exchange as embodiments of universal labor-time, while, on the other hand, this embodiment of the labor-time of individuals as social labor-time is itself a result of the process of exchange.

Every commodity becomes an exchange value by divesting itself of its use-value, or of its original nature. The commodity must therefore assume a double capacity in the process of exchange. But that second capacity of exchange value can appear only in the shape of another commodity, because only commodities confront each other in the process of exchange. How is a particular commodity to represent directly *materialized universal* labor-time, or — to put it differently — how is individual labor-time, which is embodied in a particular commodity to be made directly universal in character? The concrete expression of the exchange value of a commodity, i.e., of every commodity as a universal equivalent, is represented in an endless series of equations, such as:

$$\begin{aligned}
 1 \text{ yard of linen} &= 2 \text{ lbs. of coffee.} \\
 1 \text{ yard of linen} &= 1/2 \text{ lb. of tea.} \\
 1 \text{ yard of linen} &= 8 \text{ lbs. of bread.} \\
 1 \text{ yard of linen} &= 6 \text{ yards of calico.} \\
 1 \text{ yard of linen} &= \text{etc.}
 \end{aligned}$$

The above form is theoretical in so far as commodities are only *thought of* as definite quantities of materialized universal labor-time. But the capacity of a particular commodity to serve as a universal equivalent from a mere abstraction becomes a *social* result of the process of exchange by a simple inversion of the above series of equations, viz.:

$$\begin{aligned}
 2 \text{ lbs. of coffee} &= 1 \text{ yard of linen.} \\
 1/2 \text{ lb. of tea} &= 1 \text{ yard of linen.} \\
 8 \text{ lbs. of bread} &= 1 \text{ yard of linen.}
 \end{aligned}$$

6 yards of calico = 1 yard of linen.

While coffee, tea, bread, calico, in short, all commodities express in linen the labor-time contained in them, the exchange value of linen, on the other hand, unfolds itself in all other commodities as its equivalents, and the labor-time embodied in it becomes direct universal labor-time, which is equally expressed in different volumes of all other commodities. Linen thus becomes the *universal equivalent* through the *universal action* of all other commodities upon it. As exchange value, every commodity served as a measure of value of all other commodities. Now, on the contrary, since all commodities measure their exchange values by means of a particular commodity, this excluded commodity becomes the special expression of exchange value, as a universal equivalent. At the same time, the endless series of equations in which the exchange value of every commodity was expressed, is reduced to one single equation consisting of two members. The equation 2 lbs. of coffee = 1 yard of linen now fully expresses the exchange value of coffee, for in this expression a yard of linen appears as the direct equivalent of a definite quantity of every other commodity. Thus, within the sphere of exchange all commodities are or appear to each other as exchange values in the form of linen. The proposition that commodities, as exchange values, are to each other as different quantities of materialized universal labor-time, may now be worded to the effect that commodities, as exchange values, represent nothing but different quantities of *the same* article, linen. Universal labor-time thus assumes the aspect of a distinct thing, as a commodity existing along with and outside of all other commodities. At the same time the equation 2 lbs. of coffee = 1 yard of linen, in which one commodity appears as the exchange value of another, is yet to be realized. Only by being alienated as use-value — which depends upon whether it proves to be in the process of exchange the object of a certain want — does the commodity actually transform its existence as coffee into the existence as linen and thus takes on the form of a universal equivalent and becomes, indeed, an exchange value for all other commodities. Conversely, since all commodities are turned into linen by being alienated as use-values, linen becomes the converted form of all other commodities, and only as a result of this transformation of all other commodities into it, it becomes the direct *embodiment of universal labor-time*, i.e., the product of universal exchange and of the elimination of individual labor. If commodities thus assume a twofold character in order to

appear as exchange values to each other, the commodity which has been singled out as the universal equivalent becomes, on the other hand, a use-value in two ways. Besides its special use-value as a particular commodity, it assumes a universal use-value. This latter kind of use-value constitutes its special feature, emanating as it does, from the specific part which the commodity plays as a result of the universal relation which all other commodities bear toward it in the process of exchange. The use-value of every commodity as an object of a particular want, has a different value in different hands, e. g., it has a different value in the hands of the one who disposes of it, than in those of the one who acquires it. But the commodity singled out as the universal equivalent, is now an object of a universal want arising from the very process of exchange, and it has the same use-value to everybody, viz., that of serving as the depository of exchange value, of being a universal means of exchange. Thus we find in one commodity the solution of the contradiction which is inherent in commodity as such, namely, of being at one and the same time a particular use-value and a universal equivalent, and, therefore, a use-value for everybody or universal use-value. Thus, while all other commodities express their exchange value in the form of an ideal equation with the excluded commodity — an equation yet to be realized — the use-value of the special commodity, although real, appears in the process itself as a mere form which is yet to be realized through transformation into actual use-values. Originally the commodity appeared simply as commodity, as universal labor-time embodied in a particular use-value. In the process of exchange, all commodities are related to the one excluded commodity as to a simple commodity, one which appears as the embodiment of universal labor-time in a particular use-value. Thus, *particular* commodities become related to one particular commodity as a universal commodity.<sup>13</sup> In that manner the mutual relations of possessors of commodities based on the fact that they regard their labor as universal social labor, takes on the aspect of their relations to commodities as exchange values; and the mutual relation of commodities as exchange values appears in the process of exchange as the relation of all of them to one particular commodity as to a specially adopted means of expression of their exchange value; again, from the point of view of that particular commodity the above relation appears as its specific relation to all other commodities, and, therefore, as its own definite, spontaneous, social character. The particular commodity which thus appears

as the specially adopted expression of the exchange value of all other commodities, or the exchange value of commodities as a particular exclusive commodity, is *money*. Money is a crystallization of the exchange value of commodities which they themselves form in the process of exchange. Thus, while commodities become *use-values* to each other in the process of exchange by casting off all definite forms and entering into mutual relations in their direct material shape, they must assume a new form, viz., proceed to the formation of money in order to appear as *exchange values* to each other. Money is not a symbol, no more than the commodity aspect of a use-value is a symbol. That a social relation of production takes the form of an object existing outside of individuals, and that the definite relations into which individuals enter in the process of production carried on in society, assume the form of specific properties of a thing, is a perversion and by no means imaginary, but prosaically real, mystification marking all social forms of labor which creates exchange value. In money this mystification appears only more strikingly than in commodities.

The necessary physical properties of the particular commodity in which the money form of all other commodities is to be crystallized — as far as they are directly determined by the nature of exchange value — are: divisibility to any desired extent, homogeneity of its parts, and uniformity of all the specimens of the commodity. As an embodiment of universal labor-time it must be homogeneous in its structure and capable of representing only quantitative differences. Another necessary property is durability of its use-value, as it must last through the process of exchange. The precious metals excel in these qualities. Money not being a result of a scheme or agreement, but having been produced instinctively in the process of exchange, a great variety of more or less unsuited commodities had successively performed its functions. At a certain stage of development of the process of exchange, the necessity arises for a polar distribution of the functions of exchange value and use-value among commodities, so that one commodity e. g. should act as a medium of exchange, while another is being alienated as a use-value. This necessity brings it about that one or even several commodities possessing the most generally accepted use-value, begin, incidentally at first, to play the part of money. Even if not direct means of satisfying existing wants, their being the most considerable

material constituent part of wealth, insures to them a more general character than to the other use-values.

Direct barter, the original natural form of exchange, represents rather the beginning of the transformation of use-values into commodities, than that of commodities into money. Exchange value has as yet no form of its own, but is still directly bound up with use-value. This is manifested in two ways. Production, in its entire organization, aims at the creation of use-values and not of exchange values, and it is only when their supply exceeds the measure of consumption that use-values cease to be use-values, and become means of exchange, i.e., commodities. At the same time, they become commodities only within the limits of being direct use-values distributed at opposite poles, so that the commodities to be exchanged by their possessors must be use-values to both, — each commodity to its non-possessor. As a matter of fact, the exchange of commodities originates not within the primitive communities,<sup>14</sup> but where they end, on their borders at the few points, where they come in contact with other communities. That is where barter begins, and from here it strikes back into the interior of the community, decomposing it. The various use-values which first become commodities in the barter between different communities, such as slaves, cattle, metals, constitute therefore in most cases the first money within those communities themselves. We have seen how the exchange value of a commodity is manifested the more perfectly as exchange value, the longer the series of its equivalents or the *greater* the sphere of exchange of that commodity. With the gradual expansion of barter, the increase in the number of exchanges, and the growing diversification of the commodities drawn into exchange, commodities develop into exchange values, which leads to the formation of money and has a destructive effect on direct barter. The economists are in the habit of ascribing the origin of money to the difficulties which are encountered in the way of extensive barter, but they forget that these difficulties arise from the development of exchange value and from the fact that social labor becomes universal labor. E. g., commodities as use-values can not be subdivided at will, a property which they should possess as exchange values. Or, a commodity belonging to A may be a use-value to B, while the commodity belonging to B may not have any use-value to A. Or the owners of the commodities may need each other's indivisible goods in unequal proportions. In other words, under the pretence of analyzing simple barter, economists bring out certain aspects of

the contradiction which is inherent in commodities as entities simultaneously embodying both use-value and exchange value. On the other hand, they consistently cling to the idea that barter is the natural form of exchange, which suffers only from certain technical difficulties, for which money is a cunningly devised expedient. Arguing from this perfectly superficial view, an ingenious English economist has rightly maintained that money is merely a material instrument like a ship or a steam-engine, but not an expression of a social relation in the field of production and consequently not an economic category; and that it is, therefore, wrong to treat the subject in political economy, which really has nothing in common with technology.<sup>15</sup>

The world of commodities implies the existence of a highly developed division of labor; this division is manifested directly in the great variety of use-values, which confront each other as particular commodities and which embody as many different kinds of labor. The division of labor embracing all the particular kinds of productive occupations, is the complete expression of social labor in its material aspect viewed as labor creating use-values. But from the standpoint of commodities and within the process of exchange, it exists only in its results, in the variety of the commodities themselves.

The exchange of commodities constitutes the social metabolic process, i.e. the process in which the exchange of the special products of private individuals is the result of certain social relations of production into which the individuals enter in this interchange of matter. As they develop, the mutual relations of commodities crystalize into various aspects of the universal equivalent and thus the process of exchange becomes at the same time the process of the formation of money. The whole of this process which takes the form of a succession of processes, constitutes circulation.

# NOTES ON THE HISTORY OF THE THEORY OF COMMODITIES.

The analysis of commodities according to their twofold aspect of use-value and exchange value by which the former is reduced to work or deliberate productive activity; and the latter, to labor time or homogeneous social labor, is the result of a century and a half of critical study by the classical school of political economy which dates from William Petty in England and Boisguillebert in France<sup>16</sup> and closes with Ricardo in the former country and Sismondi in the latter.

Petty reduces use-value to labor, without deceiving himself as to the natural limitation of its creative power. As regards concrete labor, he sizes it up in the magnitude of its social aspect, as *the division of labor*.<sup>17</sup> This view of the source of material wealth does not remain more or less fruitless as in the case of his contemporary, Hobbes, but leads up to his *Political Arithmetic*, the first form in which Political Economy is differentiated as an independent science.

He defines exchange value, however, just as it *appears* in the process of exchange of commodities, viz. as money; and money he defines as an existing commodity, gold and silver. Laboring under the ideas of the monetary system, he declares the special branch of labor which is devoted to the production of gold and silver as the labor which determines exchange value. What he really means is that the labor of members of society must produce not direct use-values, but commodities or use-values which by means of exchange are capable of assuming the form of gold and silver, i.e. of money, i.e. of exchange value, i.e. of embodiments of universal labor. His example, however, shows strikingly that the recognition of labor as the source of material wealth by no means excludes the misconception of the particular social form in which labor constitutes the source of exchange value.

In his turn, Boisguillebert, if not consciously, at any rate actually reduces the exchange value of a commodity to labor-time, since he determines “true value” (*la juste valeur*) by the right proportion in which the labor-time of individuals is distributed among the several branches of industry, and defines free competition as the social process which determines these

correct proportions. At the same time, however, and in contrast with Petty he wages a fanatical war against money which, by its interference, disturbs the natural equilibrium or harmony of exchange of commodities and, like a wanton Moloch, demands all natural wealth as sacrifice. It is true that this assault on money was called forth by certain historic conditions. Since Boisguillebert attacked<sup>18</sup> the blind destructive lust after gold which possessed the court of Louis XIV, his tax collectors, and his nobility; on the other hand, Petty extolled in the greed of gold the mighty impulse which spurred on the nation in her industrial development and in her conquest of the world-market; still, there asserts itself here a deeper antagonism of principles which constantly recurs between true English and true French<sup>19</sup> Political Economy. Boisguillebert sees, in fact, only the material substance of wealth, its use-value, the enjoyment<sup>20</sup> of it, and considers the capitalistic form of labor, i.e. the production of use-values as commodities and the exchange of those commodities, as the natural social form in which individual labor attains its end. When he is, therefore, confronted with the specific character of capitalistic wealth as in the case of money, he sees in it the usurping interference of extraneous elements and gets into a rage about the capitalist system of labor in one form while utopian-like he praises it in another.<sup>21</sup> Boisguillebert furnishes us with proof that one may treat labor-time as the measure of value of commodities, and at the same time confound labor embodied in the exchange value of commodities and measured by time, with the direct natural activity of individuals.

The first sensible analysis of exchange value as labor-time, made so clear as to seem almost commonplace, is to be found in the work of a man of the New World where the bourgeois relations of production imported together with their representatives sprouted rapidly in a soil which made up its lack of historical traditions with a surplus of humus. That man was Benjamin Franklin, who formulated the fundamental law of modern political economy<sup>22</sup> in his first work which he wrote when a mere youth and published in 1721.

He declares it necessary to look for another measure of value than precious metals. That measure is labor. "By labor may the value of silver be measured as well as other things. As, suppose one man employed to raise corn, while another is digging and refining silver; at the year's end, or at any other period of time, the complete produce of corn, and that of silver, are the natural price of each other; and if one be twenty bushels, and the

other twenty ounces, then an ounce of that silver is worth the labor of raising a bushel of that corn. Now if by the discovery of some nearer, more easy or plentiful mines, a man may get forty ounces of silver as easily as formerly he did twenty, and the same labor is still required to raise twenty bushels of corn, then two ounces of silver will be worth no more than the same labor of raising one bushel of corn, and that bushel of corn will be as cheap at two ounces, as it was before at one, *ceteris paribus*. Thus the riches of a country are to be valued by the quantity of labor its inhabitants are able to purchase.”<sup>23</sup> Thus Franklin regards labor-time from the one-sided economic point of view, as the measure of value. The transformation of actual products into exchange values is self-evident with him and the only question is as to finding a quantitative measure of value. “Trade,” says he, “in general being nothing else but the exchange of labour for labour, the value of all things is, as I have said before, most justly measured by labour.”<sup>24</sup> Substitute the word “work” for “labor” in the above statement, and the confusion of labor in one form and labor in another form becomes at once apparent. Since trade consists e. g. in the exchange of the respective labors of the shoemaker, miner, spinner, painter, etc., does it follow that the value of shoes is most justly measured by the work of a painter? On the contrary, Franklin meant that the value of shoes, mining products, yarn, paintings, etc., is determined by abstract labor which possesses no particular qualities and can, therefore, be measured only quantitatively.<sup>25</sup> But since he does not develop the idea that labor contained in exchange value is abstract universal labor which assumes the form of social labor as a result of the universal alienation of the products of individual labor, he necessarily fails to recognize in money the direct embodiment of this alienated labor. For that reason he sees no inner connection between money and labor which creates exchange value, and considers money merely as an instrument introduced from outside into the sphere of exchange for purposes of technical convenience.<sup>26</sup> Franklin’s analysis of exchange value did not exert any direct influence on the general trend of science, because he discussed only special questions of political economy whenever there was a definite practical occasion for it.

The contrast between useful work and labor which creates exchange value agitated all Europe during the eighteenth century in the form of this question: what particular kind of labor constitutes the source of bourgeois wealth? It was thus assumed that not every kind of labor which is realized

in use-values or yields certain products does thereby directly create wealth. With the physiocrats, however, as well as with their opponents, the burning question was not, what kind of labor creates *value*, but which is it that creates *surplus value*. They approached the problem in its complicated form before they had solved it in its elementary form; such is the historical course of all sciences leading them by a labyrinth of intersecting paths to the real starting points. Unlike other builders, science not only erects castles in the air, but constructs separate stories of the building, before it has laid the foundation. Without dwelling any longer on the physiocrats and omitting quite a number of Italian economists who in some more or less ingenious ideas came close to a correct analysis of the nature of commodity,<sup>27</sup> we pass at once to the first Briton who elaborated the general system of bourgeois economics, Sir James Steuart.<sup>28</sup> His idea of exchange value as well as all the abstract categories of political economy still seem to be with him in the process of differentiation from the material elements they represent and therefore appear quite vague and unsettled. In one place he determines *real value by labor-time* (“what a workman can perform in a day”), but immediately creates confusion by introducing the elements of wages and raw material.<sup>29</sup> In another place his struggle with the material substance of the subject he treats of is revealed even more strikingly. He calls the material of nature contained in a commodity, such as the silver in a silver plate, its “intrinsic worth,” while the labor-time contained in it he calls “useful value.” The former, he says “is ... something real in itself,” while “the value of the second must be estimated according to the labour it has cost to produce it.... The labour employed in the modification [of the substance] represents a portion of a man’s time.”<sup>30</sup>

What distinguishes Steuart from his predecessors and followers is his keen differentiation between specifically social labor which is represented in exchange value, and concrete labor which produces use-values. Labor, he says, which through its alienation creates a universal equivalent, I call *industry*. Labor as industry he distinguishes not only from concrete labor, but from all other social forms of labor.<sup>31</sup> It is to him the capitalistic form of labor in contrast to its antique and mediaeval forms. He is especially interested in the difference between capitalistic and feudal labor, of which he had observed the latter in its decaying forms both in Scotland and on his extensive travels over the continent. Steuart knew, of course, very well that products took on the form of commodities and commodities, the form of

money in pre-capitalistic epochs as well; but he proves conclusively that it is only in the capitalistic period of production that the commodity becomes the elementary and fundamental form of wealth, and alienation [of commodities], the ruling form of acquisition and that consequently labor creating exchange value is specifically capitalistic in its character.<sup>32</sup>

After different forms of concrete labor, such as agriculture, manufacture, navigation, trade, etc., had each in turn been declared the true source of wealth, Adam Smith proclaimed labor in general, and namely in its general social form of *division of labor*, to be the only source of material wealth or use-values. While ignoring in connection with the latter the part played by nature, he is troubled by it when he comes to deal with purely social wealth i.e. exchange value. To be sure, Adam determines the value of a commodity by the labor-time contained in it, but relegates the actual application of the principle to pre-Adamic times. In other words, what seems to him true from the standpoint of simple commodity, ceases to be clear as soon as the higher and more complex forms of capital, wage-labor, rent, etc. take its place. This he expresses by saying, that the value of commodities used to be measured by labor-time in the paradise lost of bourgeois society, in which men dealt with each other not as capitalists, wage-workers, landlords, tenants, usurers, etc., but merely as plain producers of commodities which they exchanged. He constantly confuses the determination of the value of commodities by the labor-time contained in them with the determination of their value by the value of labor. He becomes confused in working out the details and fails to see the objective equalization of different kinds of labor which the social process forcibly carries out, mistaking it for the subjective equality of the labors of individuals.<sup>33</sup> The transition from concrete labor to labor creating exchange value, i.e. to labor in its fundamental capitalistic form he tries to derive from the *division of labor*. Yet, while it is true that private exchange implies the division of labor, it is false to maintain that division of labor implies private exchange. Among the Peruvians, e. g., labor was divided to an extraordinary extent, although there was no private exchange, no exchange of products, as commodities.

Contrary to Adam Smith, David Ricardo elaborated with great clearness the determination of the value of a commodity by labor-time and showed that this law governs also such relations of capitalistic production which seem to contradict it most. Ricardo confines his investigations exclusively

to the *quantitative determination of value* and as regards the latter he is at least conscious of the fact that the realization of the law depends upon certain historical conditions. He says, namely, that the determination of value by labor-time holds good for commodities “only as can be increased in quantity by the exertion of human industry, and on the production of which competition operates without restraint.”<sup>34</sup> What he really means is that the law of value presupposes for its full development an industrial society in which production is carried on a large scale and free competition prevails, i.e. the modern capitalist society. In all other respects, Ricardo considers the capitalist form of labor as the eternal natural form of social labor. He makes the primitive fisherman and the primitive hunter straightway exchange their fish and game as owners of commodities, in proportion to the labor-time embodied in these exchange values. On this occasion he commits the anachronism of making the primitive fisherman and primitive hunter consult the annuity tables in current use on the London Exchange in the year 1817 in the calculation relating to their instruments. The “parallelograms of Mr. Owen” seem to be the only form of society outside of the bourgeois form with which he was acquainted. Although confined within this bourgeois horizon, Ricardo analyzes the bourgeois economy — which looks quite different to deeper insight than it does on the surface — with such keen power of theoretical penetration that Lord Brougham could say of him: “Mr. Ricardo seemed as if he had dropped from another planet.”

In a direct controversy with Ricardo, Sismondi lays stress upon the specifically social character of labor which creates exchange value,<sup>35</sup> and says it is “characteristic of our economic progress” to reduce the magnitude of value to the *necessary* labor-time, to the relation between the demand of society as a whole and the quantity of labor which is sufficient to satisfy this demand.<sup>36</sup> Sismondi is no more laboring under Boisguillebert’s idea, that labor which creates exchange value is adulterated by money; but just as Boisguillebert denounced money, so does Sismondi denounce large industrial capital. In Ricardo political economy reached its climax, after recklessly drawing its ultimate conclusions, while Sismondi supplemented it by impersonating its doubts.

Since Ricardo gave to classical political economy its final shape, having formulated and elaborated with the greatest clearness the law of the determination of exchange value by labor-time, it is natural that all the

polemics among economists should center about him. Stripped of its puerile<sup>37</sup> form this controversy comes down to the following points:

*First:* Labor itself has exchange value, and different kinds of labor have different exchange values. We get into a vicious circle by making exchange value the measure of exchange value, because the measuring exchange value needs a measure itself. This objection may be reduced to the following problem: Given labor-time as the intrinsic measure of exchange value, develop from that the determination of wages. The theory of wages gives the answer to that.

*Second:* If the exchange value of a product is equal to the labor-time contained in it, then the exchange value of one day of labor is equal to the product of that labor. In other words, wages must be equal to the product of labor.<sup>38</sup> But the very opposite is actually the case. Ergo. this objection comes down to the following problem: How does production, based on the determination of exchange value by labor-time only, lead to the result that the exchange value of labor is less than the exchange value of its product? This problem is solved by us in the discussion of capital.

*Third:* The market price of commodities either falls below or rises above its exchange value with the changing relations of supply and demand. *Therefore*, the exchange value of commodities is determined by the relation of supply and demand and not by the labor-time contained in them. As a matter of fact, this queer conclusion merely amounts to the question, how a market price based on exchange value can deviate from that exchange value; or, better still, how does the law of exchange value assert itself only in its antithesis? This problem is solved in the theory of competition.

*Fourth:* The last and apparently the most striking objection, if not raised in the usual form of queer examples: If exchange value is nothing but mere labor-time time contained in commodities, how can commodities which contain no labor possess exchange-value, or in other words, whence the exchange value of mere forces of nature? This problem is solved in the theory of rent.

## CHAPTER II. MONEY OR SIMPLE CIRCULATION.

In a parliamentary debate on Sir Robert Peel's Bank Act of 1844 and 1845, Gladstone remarked that not even love has made so many fools of men as the pondering over the nature of money. He spoke of Britons to Britons. The Dutch, on the contrary, who, from times of yore, have had, Petty's doubts notwithstanding, "angelical wits" for money speculation have never lost their wits in speculations about money.

The main difficulty in the analysis of money is overcome as soon as the evolution of money from commodity is understood. This point once granted, it only remains to comprehend clearly the particular forms of money, which is to some extent made difficult by the fact that all bourgeois relations, being gilt or silver plated, have the appearance of money relations, and money, therefore, seems to possess an endless variety of forms, which have nothing in common with it.

In the following investigation only those forms of money are treated of which directly grow out of the exchange of commodities; the forms which belong to a higher stage of production, as e. g., credit money will not be discussed here. For the sake of simplicity gold is assumed throughout as the money commodity.

# 1. THE MEASURE OF VALUE.

The first process of circulation constitutes, so to say, the theoretical preparatory process to actual circulation. To begin with, commodities which are use-values by nature, acquire a form in which they *appear* in idea to each other as exchange values, as definite quantities of incorporated *universal* labor-time. The first necessary step in this process is, as we have seen, the setting apart by the commodities of a specific commodity, say *gold*, as the direct incarnation of universal labor-time, or the universal equivalent. Let us go back for a moment to the form in which commodities turn gold into money.

1 ton of iron = 2 ounces of gold

1 quarter of wheat = 1 ounce of gold

1 hundred weight of Mocca coffee = 1-1/4 ounce of gold

1 hundred weight of potash = 1/2 ounce of gold

1 ton of Brazil timber = 1-1/2 ounces of gold

Y commodities = X ounces of gold

In the above series of equations iron, wheat, coffee, potash, etc. appear to each other as embodiments, of homogeneous labor, namely, as labor materialized in money, from which all the peculiarities of the different kinds of concrete labor represented in the different use-values are completely eliminated. As value they are all identical, they are the incarnation of *the same* labor, or *the same* incarnation of labor, viz., gold. As uniform embodiments of the same labor they display only *one* difference, a quantitative one, by appearing as different quantities of value, because *unequal* quantities of labor-time are contained in their use-values. The mutual relation of these separate commodities is that of embodiments of universal labor-time, since they are related to universal labor-time as to an excluded commodity, viz., gold. The same relation the development of which causes commodities to appear to each other as exchange values, causes the labor time contained in gold to appear as universal labor-time, a given quantity of which is expressed in different quantities of iron, wheat, coffee, etc, — in short, in the use-values of all commodities, or is directly unfolded in the endless series of commodity-equivalents. While all

commodities express their exchange values in gold, gold expresses its exchange value directly in all commodities. While commodities assume the form of exchange value in relation to each other, they lend to gold the form of the universal equivalent, or of money.

Gold becomes the *measure of value*, because *all* commodities measure their exchange values in gold, in proportion as a certain quantity of gold and a certain quantity of the commodity contain the same amount of labor-time; and it is only by virtue of this function of being a measure of value, in which capacity its own value is measured directly in the entire series of commodity equivalents, that gold becomes a universal equivalent or money. On the other hand, the exchange value of all commodities is expressed in gold. In this expression, the qualitative aspect is to be distinguished from the quantitative: there is the exchange value of the commodity as the embodiment of the same uniform labor-time; while the magnitude of value is exhaustively expressed, since in the same proportion in which commodities are equated to gold they are equated to one another. On the one hand the *universal* character of the labor-time contained in them is revealed; on the other, its quantity is expressed in its golden equivalent. The exchange value of commodities thus expressed in the form of a universal equivalent and, moreover, as a numerical proportion of this equivalent, in terms of one specific commodity, or represented in the form of a series of commodities equated to one specific commodity, is PRICE. Price is the form into which the exchange value of commodities is converted when it *appears* within the sphere of circulation.

By the same process by which commodities express their values in gold prices, they turn gold into a measure of value i.e. into money. If all of them were to measure their values in silver, wheat, or copper, and therefore express them in the form of silver, wheat or copper prices, then silver, wheat or copper would be measures of value and consequently universal equivalents. In order to appear as prices in circulation, commodities must be exchange values before they enter circulation. Gold becomes the measure of value only because all commodities estimate their exchange value in it.

The universality of this relation which is the result of evolution and from which alone springs the function of gold as the measure of value, implies however, that every single commodity is measured in gold, in proportion to the labor-time contained in both; that the actual common measure of the commodity and of gold is labor; or that commodity and gold are passed for

each other in direct barter as equal exchange values. How this equalization actually takes place, can not be discussed here when treating of simple circulation. So much, however, is clear, that in countries producing gold and silver, certain quantities of labor-time are directly embodied in definite quantities of gold and silver, while in countries which do not produce gold and silver the same result is reached in a round-about way, by direct or indirect exchange of the commodities of those countries; i.e. a definite portion of average national labor is given for a definite quantity of labor-time, embodied in the gold and silver of the mine-owning countries. In order to be able to serve as a measure of value, gold must be as far as possible a *variable* value, because it can become the equivalent of other commodities only as an incarnation of labor-time, and the same labor-time is realized in unequal volumes of use-values with the change in the productive power of concrete labor. In estimating all commodities in gold it is only assumed that gold represents a given quantity of labor at a given moment, as was done when the exchange value of any commodity was expressed in terms of the use-value of any other commodity. As for the variations of the value of gold, the law of exchange value formulated above holds good in its case as well. If the exchange value of commodities remains unchanged, then a general rise in their gold prices is possible only in the case of a fall in the exchange value of gold. If the exchange value of gold remains unchanged, a general rise of gold prices is possible only when the exchange value of all commodities rises. The reverse is true in case of a general fall in the prices of commodities. If the value of an ounce of gold falls or rises in consequence of a change in the labor-time required for its production, then the values of all other commodities fall or rise to an equal extent. Thus, the ounce of gold represents after the change, as it did before, a *given* quantity of labor-time with regard to all commodities. The same exchange values are now estimated in greater or smaller quantities of gold than before, but they are estimated in proportion to the magnitude of their values, and consequently retain the same proportion to each other. The ratio  $2 \div 4 \div 8$  remains the same when expressed as  $1 \div 2 \div 4$  or as  $4 \div 8 \div 16$ . The change in the quantity of gold in which exchange values are estimated with a variation in the value of gold, interferes as little with the function of gold as a measure of value, as the fifteen times smaller value of silver as compared with that of gold interferes with the performance of that function by the latter. Since labor-time is the common measure of gold and

commodities, and since gold figures as the measure of value only in so far as all commodities are measured by it, the idea that money makes commodities commensurable, is therefore a mere fiction of the process of circulation.<sup>39</sup> It is rather the commensurability of commodities as incorporated labor-time, that turns gold into money.

Commodities enter the process of exchange in the concrete form of use-values. They are yet to be turned into the real universal equivalent through their alienation. The determination of their prices merely amounts to their ideal transformation into the universal equivalent, a process of equation to gold which is yet to be realized. But since commodities are, in their prices, transformed into gold only in imagination, or are converted only into imaginary gold, and since their money form is not differentiated as yet from their concrete selves, it follows that gold has also been turned into money only in imagination; it appears so far but as a measure of value, and in fact definite quantities of gold serve merely as names for certain quantities of labor-time. The form in which gold is crystallized in money always depends upon the way in which commodities express their own exchange value to each other.

Commodities now confront one another in a double capacity: actually as use-values, ideally as exchange values. The twofold aspect of labor contained in them is reflected in their mutual relations; the special concrete labor being virtually present as their use-value, while universal abstract labor-time is ideally represented in their price in which commodities appear as commensurable embodiments of the same value — substance differing merely in quantity.

The difference between exchange value and price appears to be merely nominal or, as Adam Smith says, labor is the real price, and money the nominal price of commodities. Instead of estimating the value of one quarter of wheat in thirty days of labor, it is estimated in one ounce of gold if one ounce of gold is the product of thirty days 'labor. However, far from this difference being merely nominal, all the storms which threaten commodities in the actual process of circulation center about it. Thirty days of labor are contained in a quarter of wheat and it need not, therefore, be expressed in terms of labor-time. But gold is a commodity distinct from wheat, and only in circulation it can be ascertained, whether the quarter of wheat can be actually turned into an ounce of gold as is anticipated in its price. That will depend on whether or not it proves to be a use-value,

whether or not the quantity of labor-time contained in it is the quantity necessarily required by society for the production of a quarter of wheat. The commodity as such *is* an exchange value, it *has* a price. In this difference between exchange value and price lies the demonstration of the fact that the particular individual labor contained in a commodity has first to be expressed through the process of alienation in terms of its counterpart, i.e. as impersonal, abstract, universal and, only in that form, social labor, viz. money. Whether it can be so expressed seems to be a matter of chance. Thus, although the exchange value of a commodity finds only ideally a distinct expression in price, and the twofold character of labor contained in the commodity exists as yet merely as two distinct forms of expression, and, although in consequence thereof, the embodiment of universal labor-time, gold, confronts actual commodities only as an imaginary measure of value, yet the fact that exchange value exists as price, or that gold exists as a measure of value implies the necessity of the alienation of commodities for hard cash and the possibility of their non-alienation. In short, here lies latent the entire contradiction which is inherent in the fact that products are commodities or that the particular work of a private individual can be of no account in society until it has taken the very opposite form of abstract universal labor. For that reason, the utopians, who want to have commodities but not money, who want a system of production based on private exchange without the necessary conditions underlying such a system, are consistent when they “destroy” money not in its tangible form but in its nebulous illusory form of a measure of value. Under the invisible measure of value there lurks the hard cash.

The process by which gold has become the measure of value and exchange value has been turned into price, being once assumed, all commodities express in their prices but imagined quantities of gold of various magnitudes. As such various quantities of the same thing, gold, they are equated, compared and measured with each other, and thus arises the technical necessity of referring them to a definite quantity of gold as a unit of measure, a unit which develops into a standard measure by virtue of its divisibility into aliquot parts, which in their turn can be sub-divided into aliquot parts.<sup>40</sup> But quantities of gold as such are measured by weight.

The standard of measure is thus found ready in the general measures of weight of metals and, therefore, where-ever metallic circulation is in vogue,

these measures serve originally as standards of price. Since commodities no more relate to each other as exchange values to be measured by labor-time, but as magnitudes of the same denomination measured in gold, the latter is transformed from a *measure of value* into a *standard of price*. The comparison of prices with each other as different quantities of gold is thus crystallized in figures which correspond to an assumed quantity of gold and represent it as a standard of aliquot parts. Gold as measure of value and as standard of price has entirely different forms of manifestation and the confusing of the two has resulted in the wildest of theories. Gold is a measure of value as incorporated labor-time; it is the standard of price as certain weight of metal. Gold becomes the measure of value by virtue of its relation as exchange value to commodities as exchange values; as standard of price, a definite quantity of gold serves as a unit for other quantities of gold. Gold is the measure of value, because its value is variable; it is the standard of price, because it is fixed as a constant unit of weight. In this case, as in all cases of measuring quantities of the same denomination, the establishment of a definite and unvarying unit of measure is all-important. The necessity of settling upon a quantity of gold as a unit of measure and upon its aliquot parts as subdivisions of that unit, has given rise to the notion that a certain quantity of gold which has naturally a variable value had been assigned a fixed ratio of value to the exchange values of all commodities; the fact is overlooked that exchange values of commodities are transformed into prices, i.e. into quantities of gold, before gold develops as a standard of price. No matter how the value of gold may vary, the ratios between the values of different quantities of gold remain constant. Let the fall in the value of gold amount to 1000 per cent., still twelve ounces of gold will have a twelve times greater value than one ounce of gold; and in prices the only thing considered is the ratio between different quantities of gold. Since, on the other hand, no rise or fall in the value of an ounce of gold can alter its weight, no alteration can take place in the weight of its aliquot parts. Thus gold always renders the same service as an invariable standard of price, no matter how much its value may vary.<sup>41</sup>

An historical process which, as we shall explain later, was determined by the nature of metallic circulation, led to the result that the same denomination of weight was retained for a constantly changing and decreasing weight of precious metals in their function of a standard of price. Thus the English pound sterling denotes less than one-third of its original

weight; the pound Scot, before the Union, only 1-36; the French livre, 1-74; the Spanish Maravedi, less than 1-1000; the Portuguese Rei, a still smaller fraction. Such was the historical origin of the discrepancy between the current money names of various weights of metals and their weight denominations.<sup>42</sup> Since the determination of the unit of measure, of its aliquot parts, and of their names is purely conventional, and since they should possess within the sphere of circulation the character of universality and compulsion, they had to be settled *by law*. The purely formal operation thus devolved upon the government.<sup>43</sup> The metal which was to serve as the money material, was found already adopted in the community. In different countries the legal standard of price is naturally different. In England e. g. the ounce as a weight of metal is divided into pennyweights, grains and carats Troy, but the ounce of gold as the unit of money is divided into 3 7-8 sovereigns, the sovereign into 20 shillings, the shilling into 12 pence, so that 100 pounds of 22 carat gold (1200 ounces) = 4672 sovereigns and 10 shillings. In the world market, however, where national boundaries disappear, these national characteristics of the measure of money also disappear and give place to the general measures of weight of metals.

The price of a commodity or the quantity of gold into which it is ideally transformed, is, therefore, now expressed in the names of coins of the gold standard. Thus, instead of saying: a quarter of wheat is worth an ounce of gold, it is said in England to be worth 3£ 17s. 10-1/2d. All prices are thus expressed in the same denominations. The peculiar form which commodities lend to their exchange values is transformed into a *money-denomination* by which commodities tell each other how much they are worth. Money in its turn becomes *money of account*.<sup>44</sup>

We transform commodities into money of account, in our mind, on paper, in conversation, whenever it is a question of expressing any kind of wealth in terms of exchange value.<sup>45</sup> For that transformation we need the gold substance, but only in imagination. In order to estimate the value of a thousand bales of cotton in a certain number of ounces of gold and then to express this number of ounces in the denominations of the ounce, £. s. d., not a single atom of gold is required. Thus, not a single ounce of gold was in circulation in Scotland before Robert Peel's Bank Act of 1845, although the gold ounce, expressed in its English standard of account, 3£ 17s. 10-1/2d., served as the legal standard of price. In a similar manner silver serves as standard of price in the trade between Siberia and China, although that

trade virtually amounts to barter. It is, therefore, immaterial to money, as money of account, whether or not its entire unit of measure or the fractions thereof are really coined. In England, at the time of William the Conqueror, 1£, then a pound of pure silver, and the shilling, 1-20 of a pound, existed only as money of account, while the penny, 1-240 of a pound of silver, was the largest silver coin in existence. On the other hand, there are no shillings and pence in England to-day, although they are legal denominations for certain parts of an ounce of gold. Money as money of account may exist exclusively in idea, while the money in actual existence may be coined according to an entirely different standard. Thus the money in circulation in many English colonies of North America consisted until late in the eighteenth century of Spanish and Portuguese coins, although the money of account was throughout the same as in England.<sup>46</sup>

Owing to the fact that money, when serving as the standard of price, appears under the same reckoning names as do the prices of commodities, and that, therefore, the sum of 3£ 17s. 10-1/2d. may signify, on the one hand, an ounce weight of gold, and on the other, the value of a ton of iron, this reckoning name of money has been called its *mint-price*. Hence, there sprang up the extraordinary notion that the value of gold is estimated in its own material, and that, in contradistinction to all other commodities, its price is *fixed* by the State. It was erroneously thought that the giving of reckoning names to definite weights of gold is the same thing as fixing the value of those weights.<sup>47</sup> In so far as gold serves as one of the elements in determining price, i.e., where it performs the function of money of account, it not only has no *fixed* price, but has *no* price whatever. In order to have a price, i.e., in order to express itself in a *specific* commodity as a *universal* equivalent that other commodity would have to play the same exclusive role in the process of circulation as gold. But two commodities excluding all other commodities mutually exclude each other. Therefore, wherever gold and silver have by law been made to perform side by side the function of money or of a measure of value it has always been tried, but in vain, to treat them as one and the same material. To assume that there is an invariable ratio between the quantities of gold and silver in which a given quantity of labor-time is incorporated, is to assume, in fact, that gold and silver are of one and the same material, and that a given mass of the less valuable metal, silver, is a constant fraction of a given mass of gold. From the reign of

Edward III to the time of George II, the history of money in England consists of one long series of perturbations caused by the clashing of the legally fixed ratio between the values of gold and silver, with the fluctuations in their real values. At one time gold was too high; at another, silver. The metal that for the time being was estimated below its value was withdrawn from circulation, melted and exported. The ratio between the two metals was then again altered by law, but the new nominal ratio soon came into conflict again with the real one. In our own times, the slight and transient fall in the value of gold compared with silver, which was a consequence of the Indo-Chinese demand for silver, produced on a far more extended scale in France the same phenomena, export of silver, and its expulsion from circulation by gold. During the years 1855, 1856 and 1857, the excess in France of gold imports over gold exports amounted to £41,580,000, while the excess of silver exports over silver imports was £14,04,000. In fact, in those countries in which both metals are legally measures of value, and therefore both legal tender, so that every one has the option of paying in either metal, the metal that rises in value is at a premium, and, like every other commodity, measures its price in the over-estimated metal which alone serves in reality as the standard of value. The result of all experience and history with regard to this question is simply that, where two commodities perform by law the functions of a measure of value, in practice one alone maintains that position.<sup>48</sup>

## B. THEORIES OF THE UNIT OF MEASURE OF MONEY.

The circumstance that commodities are converted into gold only in ideas as prices and that gold is therefore turned into money only in idea, gave rise to the theory of the *ideal unit of measure of money*. Since, in the determination of prices, gold and silver serve only ideally as money of account, it was asserted that the names pound, shilling, pence, thaler, franc, etc., instead of denoting certain weights of gold and silver or labor incorporated in some way, stood rather for ideal atoms of value. Thus, if, e. g., the value of an ounce of silver should rise it would contain more such atoms and would therefore have to be estimated and coined in a greater number of shillings. This doctrine, revived again during the last commercial crisis in England and even voiced in Parliament in two separate reports attached to the report of the select Committee on the Bank Acts sitting in July, 1858, dates from the end of the seventeenth century.

At the time of the accession of William III., the English mint-price of an ounce of silver was 5s. 2d., or 1-62 of an ounce of silver was equal to a penny; 12 of these pence were called a shilling. According to that standard, a piece of silver weighing, say, 6 ounces, would be coined into thirty-one coins, each called a shilling. But the *market price* of an ounce of silver rose above its *mint price*, from 5s. 2d. to 6s. 3d., or, in order to buy an ounce of silver bullion 6s. 3d. had to be paid. How could the market price of an ounce of silver rise above its mint price, when the mint price is merely a reckoning name for aliquot parts of an ounce of silver? The riddle was easily solved. Out of £5,600,000 of silver money which was in circulation at that time, four millions were worn out, clipped and debased. A trial disclosed that £57,000 of silver which were supposed to weigh 220,000 ounces, weighed only 141,000 ounces. The mint went on coining according to the same standard, but light-weighted shillings in actual circulation represented smaller parts of an ounce than their name implied. Hence, a greater quantity of these light-weighted shillings had to be paid in the market for an ounce of silver bullion. When a general recoinage was decided upon in consequence of the derangement that had been produced, LOWNDES, the Secretary of the Treasury, declared that the value of an

ounce of silver had risen and therefore it must henceforth be coined into 6s. 3d. instead of into 5s. 2d. as heretofore. His argument practically amounted to the assertion that the rise in the value of the ounce caused a fall in the value of its aliquot parts. His false theory, however, served merely as an embellishment for a just, practical purpose. The government debts were contracted in light shillings, were they to be paid in heavy ones? Instead of saying pay back four ounces of silver, when you had received nominally five ounces but virtually only four, he said pay back nominally five ounces but reduce the metallic contents to four ounces and call a shilling what you had called four-fifths of a shilling heretofore. Thus Lowndes practically adhered to the metallic weight while theoretically he clung to the reckoning name. His adversaries who clung only to the name and therefore declared the 25 to 50 per cent. lighter shilling to be identical with the full-weight shilling maintained on the contrary that they adhered to the metallic weight.

JOHN LOCKE, who was an advocate of the new bourgeoisie in all forms, the manufacturers against the working classes and paupers, the commercial class against the old fashioned usurers, the financial aristocracy against the state debtors, and who went so far as to prove in his own work that the bourgeois reason is the normal human reason, also took up the challenge against Lowndes. John Locke carried the day and money borrowed at ten or fourteen shillings to a guinea was repaid in guineas of twenty shillings.<sup>49</sup> SIR JAMES STEUART sums up the entire transaction as follows: “ ... the state gained considerably upon the score of taxes, as well as the creditors upon their capitals and interest; and the nation, which was the principal loser, was pleased; because their *standard* (The standard of their own value) was not debased.”<sup>50</sup> Steuart thought that the nation would prove more alert with the further development of commerce. He was mistaken. About 120 years later the same *quid pro quo* was repeated.

It was just in the order of things that Bishop BERKELEY, the representative of a mystical idealism in English philosophy, should have given a theoretical turn to the doctrine of the ideal unit of measure of money, something which the practical “Secretary to the Treasury” had failed to do. He asks: “Whether the terms Crown, Livre, Pound Sterling, etc., are not to be considered as Exponents or Denominations of such Proportion? [namely proportions of abstract value as such.] And whether Gold, Silver, and Paper are not Tickets or Counters for Reckoning, Recording and Transferring thereof? (of the proportion of value). Whether

*Power* to command the Industry of others be not real Wealth? And whether Money be not in Truth, Tickets or Tokens for conveying and recording such Power, and whether it be of great consequence what Materials the Tickets are made of?”<sup>51</sup> Here we find a confusion, first of the measure of value and the standard of price, and secondly of gold and silver as measures on the one hand and mediums of circulation on the other. Because precious metals can be replaced by tokens in the process of circulation Berkeley comes to the conclusion that these tokens represent nothing, i.e., only the abstract idea of value.

SIR JAMES STEUART had so fully developed the theory of the ideal unit of measure of money, that his successors — unconscious successors since they do not know him — have added to it neither a new version nor even a new example. “Money, which I call of account, is no more than an arbitrary scale of equal parts, invented for measuring the respective value of things vendible. Money of account, therefore, is quite a different thing from money coin, which is price<sup>52</sup> and might exist, although there was no such thing in the world as any substance which could become an adequate and proportional equivalent, for every commodity.... Money of account ... performs the same office with regard to the value of things, that degrees, minutes, seconds, etc., do with regard to angles, or as scales do to geographical maps, or to plans of any kind. In all these inventions, there is constantly some denomination taken for the unit. ... The usefulness of all those inventions being solely confined to the marking of proportion. Just so the unit in money can have no invariable determinate proportion to any part of value, that is to say, it cannot be fixed to any particular quantity of gold, silver, or any other commodity whatsoever. The unit once fixed, we can, by multiplying it, ascend to the greatest value.... The value of commodities, therefore, depending upon a general combination of circumstances relative to themselves and to the fancies of men, their value ought to be considered as changing only with respect to one another; consequently, anything which troubles or perplexes the ascertaining those changes of proportion by the means of a general, determinate and invariable scale, must be hurtful to trade.... Money ... is an ideal scale of equal parts. If it be demanded what ought to be the standard value of one part? I answer by putting another question: What is the standard length of a degree, a minute, a second? It has none ... but so soon as one part becomes determined by the nature of a scale, all the rest must follow in proportion. Of this kind of money ... we

have two examples. The bank of Amsterdam presents us with the one, the coast of Angola with the other.”<sup>53</sup>

Steuart speaks here simply of the part money plays in circulation as the *standard of price* and *money of account*. If different commodities are marked in the price-list at 15s., 20s., 36s., respectively, then I care, in fact, neither for the silver substance, nor for the name of the shilling when comparing the magnitudes of their values. The ratios between the numbers 15, 20, 36, tell everything, and the number 1 has become the only unit of measure. Only the abstract proportion of numbers can at all serve as a purely abstract expression of proportion. In order to be consistent, Steuart should have dropped not only gold and silver, but their legal baptismal names as well. Since he does not understand the nature of the transformation of the measure of value into a standard of price, he naturally believes that the definite quantity of gold which serves as a unit of measure relates as a measure not to other quantities of gold, but to values as such. Since commodities appear as quantities of the same denomination through the conversion of their exchange values into prices, he denies that property of the measure which reduces them to one denomination; and since in this comparison of different quantities of gold the quantity of gold which serves as a unit of measure is conventional, he does not see the necessity of fixing it at all. Instead of calling 1-360 part of a circle degree, he might give that name to 1-180th part; the right angle would then be measured by 45 degrees instead of 90, and acute and obtuse angles would be measured accordingly. Nevertheless, the measure of the angle would remain, then, as before, first a qualitatively definite mathematical figure, the circle, and second a quantitatively definite part of the circle. As for Steuart’s economic illustrations, he refutes his own argument with one and does not prove anything with the other. The bank money of Amsterdam was, in fact, merely the reckoning name for Spanish doubloons, which retained their full weight by lying idly in the bank vaults, while the circulating coins became thinner from hard rubbing against the outer world. And as for the African idealists we have to abandon them to their fate until critical travelers will tell us more about them.<sup>54</sup> The French assignat could be called an almost ideal money in Steuart’s sense: “*National property. Assignment of 100 francs.*” To be sure, the use-value which the assignation was supposed to represent, namely, the confiscated land, was indicated here, but the quantitative definition of the unit of measure was forgotten and “the franc”

became a meaningless word. How much or how little land the assignation franc represented depended on the results of the public auctions. In practice, however, the assignation franc circulated as a token of value of silver money and its depreciation was, therefore, measured by this silver standard.

The period of the suspension of cash payments by the Bank of England was hardly more fruitful of war-bulletins than of money theories. The depreciation of bank notes and the rise of the market price of gold above its mint price called forth again the doctrine of the ideal unit of money on the part of some of the advocates of the Bank. Lord Castlereagh found the classical confused expression for the confused idea by speaking of the unit of measure of money as “a sense of value in reference to currency as compared with commodities.” When a few years after the peace of Paris conditions permitted the resumption of cash payments, the same question which had been stirred up by Lowndes under William III., came up, hardly changed in form. An enormous government debt, as well as a mass of private debts, accumulated in twenty years, fixed obligations, etc., had been contracted on the basis of depreciated bank notes. Were they to be paid back in bank notes of which £4672, 10s. nominal, actually represented 100 pounds of 22 carat gold? THOMAS ATTWOOD, a banker of Birmingham, came forth as *Lowndes redivivus*. The creditors were to receive nominally as many shillings as had been nominally borrowed, but if about 1-78 of an ounce of gold constituted a shilling according to the old standard of coinage, then say 1-90 of an ounce should now be christened a shilling. Attwood’s adherents are known as the Birmingham school of “little shillingmen.” The controversy over the ideal money unit, which had started in 1819, still went on in 1845 between Sir Robert Peel and Attwood, whose own wisdom, as far as the function of money as a measure is concerned, is exhaustively summed up in the following passage, in which, referring to Sir Robert Peel’s controversy with the Birmingham Chamber of Commerce, he says: “The substance of your queries is ... in what sense is the word pound to be used?... To what will the sum one pound be equivalent?... Before I venture a reply I must enquire what constitutes a standard of value?... Is £3 17s. 10-1/2d. an *ounce* of gold, or is it only of the *value* of an ounce of gold? If £3 17s. 10-1/2d. be an ounce of gold, why not call things by their proper names, and, dropping the terms pounds, shillings and pence, say ounces, pennyweights and grains?... If we adopt the terms ounces, pennyweights and grains of gold, as our monetary system, we should pursue

a direct system of barter.... But if gold be estimated as of the *value* of £3 17s. 10-1/2d. per ounce ... how is this ... that much difficulty has been experienced at different periods to check gold from rising to £5 4s. per ounce, and we now notice that gold is quoted at £3 17s. 9d. per ounce?... The expression *pound* has reference to value, but not a fixed standard value.... The term pound is the *ideal unit*.... Labour is the parent of cost and gives the relative value to gold or iron. *Whatever denomination of words are used to express the daily or weekly labour of a man*, such words express the cost of the commodity produced.”<sup>55</sup>

In the last words the hazy conception of the ideal money measure melts away and its real meaning breaks through. The reckoning names of gold, pound sterling, shilling, etc., should be names for definite quantities of labor-time. Since labor-time constitutes the substance and the intrinsic measure of values, these names would then actually represent definite proportions of value. In other words, labor-time is maintained to be the true unit of measure of money. With this we leave the Birmingham school, but should add in passing that the doctrine of the ideal measure of money acquired new importance in the controversy over the question of the convertibility or non-convertibility of bank notes. If paper receives its name from gold or silver, then the convertibility of a note or its exchangeability for gold or silver remains an economic law, no matter what the civil law may be. Thus a Prussian paper thaler, although legally inconvertible, would immediately depreciate if it were worth less than a silver thaler in ordinary trade, i.e., if it were not practically convertible. The consistent advocates of inconvertible paper money in England, therefore, sought refuge in the ideal measure of money. If the reckoning names of money, £, s., etc., are names of certain quantities of atoms of value, of which a commodity absorbs or loses now more, now less in exchange for other commodities, then an English £5 note, e. g., is just as independent of its relation to gold as of that to iron and cotton. Since its title would no more imply its theoretical equality with a certain quantity of gold or any other commodity, the demand for its convertibility, i.e., for its practical equality with a definite quantity of a specified thing would be excluded by the very conception of the note.

The theory of labor-time as the direct measure of money was first systematically developed by JOHN GRAY.<sup>56</sup> He makes a National Central Bank ascertain through its branches the labor-time consumed in the production of various commodities. The producer receives an official

certificate of value in exchange for his commodity. i.e., he gets a receipt for as much labor-time as his commodity contains,<sup>57</sup> and these bank notes of one week's labor, one day's labor, one hour's labor, etc., serve at the same time as a check for an equivalent in all other commodities stored in the bank warehouses.<sup>58</sup> This is the fundamental principle carefully worked out in detail and based throughout on existing English institutions. Under this system, says Gray, "to sell for money may be rendered, at all times, precisely as easy as it now is to buy with money; ... production would become the uniform and never-failing cause of demand."<sup>59</sup> The precious metals would lose their "privilege" as against other commodities and "take their proper place in the market beside butter and eggs, and cloth and calico, and then the value of the precious metals will concern us just as little ... as the value of the diamond."<sup>60</sup> "Shall we retain our fictitious standard of value, gold, and thus keep the productive resources of the country in bondage? or, shall we resort to the natural standard of value, labour, and thereby set our productive resources free?"<sup>61</sup>

Labor-time being the intrinsic measure of value, why should there be another external measure side by side with it? Why does exchange value develop into price? Why do all commodities estimate their value in one exclusive commodity, which is thus converted into a special embodiment of exchange value into money? That was the problem which Gray had to solve. Instead of solving it, he imagined that commodities could be related directly to each other as products of social labor. But they can relate to each other only in their capacity of commodities. Commodities are the direct products of isolated independent private labors, which have to be realized as universal social labor through their alienation in the process of private exchange, that is to say, labor based on the production of commodities becomes social labor only through universal alienation of individual labors. But by assuming that the labor-time contained in commodities is *directly social* labor-time, Gray assumes it to be common labor-time or labor-time of directly associated individuals. Under such conditions a specific commodity like gold or silver could not confront other commodities as the incarnation of universal labor, and exchange value would not be turned into price; but, on the other hand, use-value would not become exchange value, products would not become commodities and thus the very foundation of the capitalistic system of production would be removed. But that is not what Gray has in mind. *Products are to be produced as commodities, but are not*

*to be exchanged as commodities.* He entrusts a national bank with the carrying out of this pious wish. On the one hand, society, through the bank, makes individuals independent of the conditions of private exchange, and on the other, it allows them to go on producing on the basis of private exchange. The logic of things, however, compels Gray to do away with one condition of capitalistic production after another, although he wishes to “reform” only the money system which results from the exchange of commodities. Thus he transforms capital into national capital,<sup>62</sup> land into national property,<sup>63</sup> and if his bank is to be watched closely, it will be found that it not only receives commodities with one hand and issues certificates for work delivered with the other, but that it regulates production as well. In his last work, “Lectures on Money,” in which Gray is anxious to demonstrate that his labor-money is a purely bourgeois reform, he gets tangled up in even more glaring contradictions.

Every commodity is directly money. That was Gray’s theory deduced from his incomplete and, therefore, false analysis of commodities. The “organic” structure of “labor money,” the “national bank” and the “ware-docks” are mere fantastic visions in which the dogma is made by a legerdemain to appear to us as a universal law. The dogma that a commodity is money or that the isolated labor of the individual contained in it is direct social labor, will of course not become true through the mere fact that a bank believes in it and carries on operations accordingly. It is more likely that bankruptcy would play in that case the part of the practical critic. What remains concealed in Gray’s writings and hidden from himself as well, namely, that labor-money is a well-sounding economic phrase for the pious wish to get rid of money, and with money, of exchange value, and with exchange value, of commodities, and with commodities, of the capitalistic mode of production, was clearly expressed by some English socialists of whom a few preceded and others followed Gray.<sup>64</sup>

But it remained for Mr. Proudhon and his school to preach in all earnest the degradation of *money* and the exaltation of the *commodity* as the gist of socialism and thus to reduce socialism to an elementary misconception of the necessary connection between commodity and money.<sup>65</sup>

## 2. THE MEDIUM OF CIRCULATION.

After the commodity has received in the process of price determination the form in which it becomes capable of circulation, and after gold has acquired the character of money in the same process, circulation will both present and solve the contradictions which are inherent in the process of exchange of commodities. The actual exchange of commodities, i.e., the social interchange of matter consists of a change of form in which is unfolded the double character of the commodity as use-value and exchange value, and at the same time its own change of form is crystallized in distinct forms of money. To describe this change of form is to describe circulation. As we have seen, given a world of commodities and with it a system of division of labor, commodity is but a developed form of exchange value; in the same manner, circulation implies a steady stream of exchange transactions which are being continually renewed on all sides. The second assumption we make is that commodities enter the process of exchange with a *definite price* or that they appear to each other in that process in a double capacity, really as use-values, ideally — in price — as exchange values.

The liveliest streets of London are crowded with stores whose show windows are filled with the riches of the world, Indian shawls, American revolvers, Chinese porcelain, Parisian corsets, Russian furs and tropical spices, but all of these things of joy bear fatal white labels marked with Arabian figures with the laconic characters £, s., d. Such is the picture of the commodity appearing in circulation.

## a. THE METAMORPHOSIS OF COMMODITIES.

On close examination the process of circulation is seen to consist of two distinct cycles. If we denote commodity by the letter C and money by the letter M we can express these two forms as follows:

C — M — C  
M — C — M.

In this chapter we are interested exclusively in the first form, i.e., in the form which serves as the direct expression of the circulation of commodities.

The process C — M — C consists of the movement C — M, the exchange of the commodity for money, or *selling*; the opposite movement M — C, exchange of money for a commodity, or *buying*; and of the unity of the two movements C — M — C, exchange of the commodity for money in order to exchange the money for a commodity, or *selling* in order to *buy*. But the result which marks the end of the process is C — C, exchange of commodity for commodity, real interchange of matter.

If we look at it from the extreme end of the first commodity, C — M — C represents its transformation into gold and its retransformation from gold into a commodity; a movement in which the commodity exists first as a particular use-value, then divests itself of that character, acquires the character of exchange value or universal equivalent, in which capacity it has nothing in common with its natural form, then throws off the last form as well to remain finally an actual use-value for the satisfaction of particular wants. In this last form it falls out of the sphere of circulation into that of consumption. The entire process of circulation C — M — C thus includes the combined series of metamorphoses, which every single commodity undergoes in order to become a direct use-value to its possessor. The first metamorphosis is accomplished in the first phase of the circulation process, C — M; the second in the last phase, M — C; and the entire process constitutes the *curriculum vitae* of the commodity. But the process C — M — C represents the combined metamorphosis of a single commodity and

constitutes at the same time the sum of certain one-sided metamorphoses of other commodities, since every metamorphosis of the first commodity constitutes its transformation into another commodity and therefore the transformation of the other commodity into it; hence it constitutes a twofold transformation which takes place at the same stage of circulation. We must then consider separately each of the two processes of exchange into which circulation  $C — M — C$  breaks up.

$C — M$  or *sale*: commodity  $C$  enters the process of circulation not only as a particular use-value, e. g., a ton of iron, but as a use-value of a certain price, say, £3 17s. 10-1/2d., or an ounce of gold. While this price is on the one hand the exponent of the quantity of labor-time contained in a ton of iron, i.e., of the magnitude of its value, it at the same time expresses the pious wish of the iron to become gold, i.e., to give to the labor-time it contains the aspect of universal social labor-time. Unless this transubstantiation takes place, the ton of iron not only ceases to be a commodity, but even a product, for it is a commodity only because it is a non-use-value to its owner; that is to say, his labor counts as actual labor only in so far as it is labor useful to others, and the thing is useful to him only as abstract universal labor. It is, therefore, the business of iron, or of its owner, to find that point in the world of commodities where iron attracts gold. But this difficulty, the *salto mortale* of the commodity, is overcome when the sale actually takes place, as is assumed here on the analysis of simple circulation. When the ton of iron is realized as a use-value through its alienation, i.e., by passing from the hands in which it is a non-use-value to hands in which it is a use-value, it at the same time realizes its price and from mere imaginary gold it becomes real gold. In place of the name one ounce of gold or £3 17s. 10-1/2d., an ounce of real gold has appeared, but the ton of iron has cleared that place. Not only does the commodity — which in its price had been ideally converted into gold — actually turn into gold through the sale  $C — M$ , but gold, which as a measure of value had been only ideal money and in fact figured merely as a money name of commodities — is now turned into actual money<sup>66</sup> by the same process. Just as gold became the ideal universal equivalent, because all commodities measured their values by it, so does it now become the absolutely alienable commodity, real money, because it is the product of the universal alienation of commodities for it — and the sale  $C — M$  is the process by means of which that universal alienation takes place. But gold becomes real money

only through sale, because the exchange values of commodities were already ideal gold in their prices.

In the sale  $C — M$ , as well as in the purchase  $M — C$ , two commodities, entities of exchange value and use-value, confront each other, but the exchange value of the commodity exists only ideally as price; while as regards gold, although it is really a use-value, its use-value is confined only to its being the bearer of exchange value and is, therefore, merely a formal use-value, having no relation to a real individual want. The antithesis of use-value and exchange value is thus distributed at the two extreme poles of  $C — M$ , so that the commodity confronts gold as a use-value which has yet to realize in gold its exchange value or its price, while gold confronts the commodity as an exchange value, whose formal use-value is yet to be realized in the commodity. Only through this duplication of the commodity as commodity and gold, and, further, through the twofold and polar relation by virtue of which each extreme represents but ideally what its opposite is in reality and is in reality what its opposite is only ideally — in short, only through the appearance of commodities as two-sided polar opposites are the contradictions solved that are inherent in the process of exchange.

So far we have considered  $C — M$  as sale, as the conversion of commodity into money. But if we look at it from the other end, the same process will assume the form  $M — C$ , or purchase, i.e., the conversion of money into commodity. Sale is necessarily its opposite at the same time; it is the former if we look at the process from one end, and the latter if we regard the process from the other end. In practice this process differs only in that the initiative in  $C — M$  originates at the commodity end or with the seller, while in  $M — C$  it comes from the money end or the buyer. In describing the first metamorphosis of the commodity, its conversion into money as a result of the completion of the first phase of circulation  $C — M$ , we assume at the same time that another commodity has been converted into money and is now in its second phase of circulation,  $M — C$ . Thus we get into a vicious circle of assumptions. Circulation itself constitutes such a vicious circle. If we did not consider  $M$  in  $M — C$  as the result of a metamorphosis of another commodity, we would thereby take exchange out of the process of circulation. But outside of the latter the form  $C — M$  disappears and only two different  $C$ s confront each other, say iron and gold, the exchange of which does not constitute a part of the process of circulation, being direct barter. Gold, at the source of its production, is a

commodity like any other commodity. Its relative value and that of iron or of any other commodity is expressed here in quantities in which they are mutually exchanged. But in the process of circulation this operation is implied, the value of gold being already given in the prices of commodities. Nothing can, therefore, be more erroneous than the idea that gold and commodity enter into the relation of direct barter *within the process of circulation* and that their relative values are ascertained through their exchange as simple commodities. The illusion that gold is bartered as a simple commodity for other commodities in the process of circulation is due to the fact that prices represent equations in which certain quantities of commodities are made equal to certain quantities of gold, i.e., that the commodities are made to relate to gold in its capacity of money, as a universal equivalent, and, therefore, appear to be directly exchangeable for it. In so far as the price of a commodity is *realized* in gold, it is exchanged for gold as a commodity, as a particular embodiment of labor-time; but in so far as it is the *price* that is realized in gold, the commodity is exchanged for gold in its capacity of money and not of a commodity, i.e., it is exchanged for gold as a universal embodiment of labor-time. But in either case the quantity of gold for which the commodity is exchanged in the process of circulation is not determined by exchange, but the exchange is determined by the price of the commodity, i.e., by its exchange value estimated in gold.<sup>67</sup>

Within the process of circulation gold appears in everybody's hands as the result of sale C — M. But since C — M, sale, is at the same time M — C, purchase, it is apparent that while C, the commodity from which the process starts, is passing through its first metamorphosis, another commodity, which confronts it as the opposite pole M, is completing its second metamorphosis and is, therefore, passing through the second phase of circulation, while the first commodity is still in the first phase of its course.

As a result of the first phase of circulation, the sale, we get money which is the starting point of the second phase. In place of the commodity in its first form appears its golden equivalent. This result may now form a resting point, since the commodity in this second form possesses a lasting existence of its own. The commodity, a non-use-value in the hands of its possessor, is now on hand in an always useful, since always exchangeable, form, and it depends upon circumstances when and at what point of the surface of the

commodity world it will again enter circulation. Its formation into a gold chrysalis constitutes an independent period in its life which may last a greater or less length of time. While in the case of barter the exchange of one particular use-value is directly bound up with the exchange of another particular use-value, the universal character of labor which creates exchange value is manifested in the separation and lack of coincidence of acts of purchase and sale.

$M — C$ , *purchase*, is the inverted movement of  $C — M$  and at the same time the second or final metamorphosis of the commodity. As gold, i.e., in the form of the universal equivalent, the commodity can be directly represented in the use-values of all other commodities; the latter aspire to gold as their hereafter, but at the same time indicate in their prices the key in which it must sound in order that their bodies, their use-values, may take the place of money, while their souls, their exchange-values, may enter gold. The universal product of the alienation of commodities is the absolutely alienable commodity. There is no qualitative and only a quantitative limit to the transformation of gold into commodity, namely, the limit of its own quantity or magnitude of its value. “Everything is to be had for cash.” While in the movement  $C — M$ , the commodity, through its alienation as a use-value, realizes its own price and the use-value of somebody else’s money; it realizes in the movement  $M — C$ , through its alienation as an exchange value, its own use-value and the price of the other commodity. While through the realization of its price the commodity transforms gold into actual money, it turns gold into its merely fleeting money-form, through its own retransformation. Since the circulation of commodities implies an extensive division of labor and consequently a diversity of wants on the part of individuals, a diversity which bears an inverse ratio to the specialization of their own products, the purchase  $M — C$  may appear as an equation with one commodity equivalent or split up into a series of commodity-equivalents limited by the variety of the demands of the purchaser and by the amount of money in his possession. Just as a sale is a purchase, so is a purchase a sale.  $M — C$  is at the same time  $C — M$ , but the initiative belongs in this case to gold or the purchaser.

Coming back now to  $C — M — C$ , or to circulation as a whole, it is apparent that it contains the combined series of metamorphoses through which a commodity passes. But at the same time as one commodity enters the first phase of its circulation and completes its first metamorphosis,

another commodity enters the second phase of circulation, completes its second metamorphosis and falls out of circulation; the first commodity enters at the same time the second phase of circulation completes its second metamorphosis and falls out of circulation, while a third commodity enters circulation, passes through the first phase of its course completing the first metamorphosis.

Thus, the combined circulation  $C — M — C$ , as a complete metamorphosis of a commodity always constitutes at the same time the end of the complete metamorphosis of another commodity and the beginning of a complete metamorphosis of a third commodity, i.e., a series without beginning or end. To illustrate this let us call  $C$  in either extreme  $C'$  and  $C''$  respectively, in order to distinguish the commodities, the series reading thus:  $C' — M — C''$ . The first member,  $C' — M$ , presupposes in fact that  $M$  is the result of another transaction  $C — M$ , and is thus itself merely the last member of a series  $C — M — C'$ , while the second part  $M — C''$  is merely a result of  $C'' — M$ , or appears as the first part of  $C'' — M — C'''$ , and so on. Furthermore, although  $M$  is the result of only *one* sale, it appears that the last part  $M — C$ , may be represented as  $M — C' + M — C'' + M — C'''$ , etc., i.e., it may be split up into a number of purchases, and consequently a number of sales, or into a number of first members of new complete metamorphoses of commodities. Since the complete metamorphosis of a single commodity thus appears as a link not only of one endless chain of metamorphoses, but of many such chains, the process of circulation in the world of commodities presents a hopeless confusion of intertwined movements constantly ending and starting anew at a countless number of points. But every single sale or purchase stands as an independent isolated act, whose supplemental act may be separated from it in time and place, and therefore does not need to follow it directly as its continuation. Every separate process of circulation,  $C — M$  or  $M — C$ , as a transformation of one commodity into use-value and of another into money, i.e., as the first and second phases of circulation respectively forms an independent halting point from either direction; but, on the other hand, all commodities commence their second metamorphosis in the common form of the universal equivalent, gold, and stop at the starting point of the second phase of circulation; for that, reason any  $M — C$  dovetails in actual circulation with any  $C — M$ ; the second chapter in the life-course of one

commodity with the first chapter of that of another commodity. A, e. g., sells £2 worth of iron. He thus completes the transaction  $C — M$  or the first metamorphosis of commodity iron, but postpones his purchase until some other time. At the same time B, who sold 2 quarters of wheat for £6 a fortnight since, buys with the same £6 a coat and trousers of Moses & Son, thus completing  $M — C$  or the second metamorphosis of the commodity, wheat.

The two transactions  $M — C$  and  $C — M$  appear here merely as links of one chain, because a commodity expressed in gold looks like any other commodity, and one cannot tell by the looks of the gold whether it is transformed iron or transformed wheat.  $C — M — C$  appears, therefore, in the actual process of circulation as a jumble of countless accidentally coinciding or successively following members of different complete metamorphoses. The actual process of circulation thus appears not as a complete metamorphosis of a commodity, not as its movement through opposite phases, but as a mere agglomeration of many accidentally coinciding or successive purchases and sales. The process thus loses all clearness of outline which is so much more the case since every single act of circulation, e. g., sale, is at the same time its opposite, purchase, and vice versa. On the other hand, the process of circulation is nothing but the movement of metamorphoses in the world of commodities and, therefore, must reflect them also in its movement as a whole. How that reflection takes place we shall consider in the following chapter. It may be added here that in  $C — M — C$  the two extreme Cs constitute two forms of commodities which do not bear the same relation to M. The first C relates to money as a commodity of a special class to a universal commodity, while money relates to the second C as a universal commodity to an individual commodity.  $C — M — C$  can, therefore, be reduced by abstract logic to the final form  $S — U — I$  in which S, standing for species, forms the first extreme; U, signifying universality, forms the connecting medium, and I, individuality, constitutes the last extreme.

The owners of commodities entered the sphere of circulation simply as guardians of commodities. Within that sphere they confront each other in the opposite roles of buyer and seller, one as a personified sugar-loaf, the other as personified gold. As soon as the sugar-loaf is turned into gold, the seller becomes a buyer. These definite social functions are no outgrowths of human nature, but are the products of relations of exchange between men

who produce their goods in the form of commodities. They are so far from being purely individual relations between buyer and seller that both enter this relation only to the extent that their individual labor is disregarded and is turned into money as labor of *no* individual. Just as it is, therefore, childish to consider these economic bourgeois roles of buyer and seller as eternal social forms of human individuality, so it is on the other hand, preposterous to lament in them the extinction of individuality.<sup>68</sup> They are the necessary manifestations of individuality at a certain stage of the social system of production. Moreover, in the opposition of buyer and seller the antagonistic nature of capitalistic production is expressed as yet so superficially and as mere matter of form, that this opposition belongs also to precapitalistic forms of society, since it merely requires that the mutual relations of individuals should be those of owners of commodities.

Now, if we consider the result of  $C — M — C$ , it comes down to mere interchange of matter,  $C — C$ . A commodity has been exchanged for a commodity, a use-value for a use-value, and the transformation of the commodity into money, or the commodity in its form of money, serves merely as a means of effecting this interchange of matter. Money thus appears merely as a *medium of exchange* of commodities; not as a medium of exchange in general, but as a means of exchange in the sphere of circulation, i.e., a *medium of circulation*.<sup>69</sup>

We have seen that the process of circulation of commodities comes to a completion in  $C — C$ , appearing as mere barter carried on by means of money; further, that  $C — M — C$  represents in general not only two isolated processes, but their dynamic union as well; but to draw from that the conclusion that purchase and sale form an indivisible unit, is a mode of thinking the criticism of which belongs to the domain of logic, and not to that of economics. The separation of purchase and sale in the process of exchange destroys all local, primitive, patriarchal and naively genial barriers to interchange of matter in society. It is, moreover, the general form of the separation of the points of coincidence and opposition in this interchange, carrying within it the possibility of commercial crises, because the antagonism of commodity and money is the abstract and general form of all antagonisms with which the capitalistic system of labor is pregnant. Hence, circulation of money is possible without crises, but crises can not occur without money circulation. In other words, where labor based on the

system of private exchange has not reached the stage marked by the existence of money, it is less capable of producing those phenomena which presuppose the full development of the capitalistic mode of production. Bearing this in mind we can appreciate the depth of the criticism which proposes to do away with the “shortcomings” of capitalistic production by abolishing the “privilege” enjoyed by the precious metals and introducing a so-called “rational monetary system.” As a sample of economic defence of an opposite character may serve the following piece of reasoning which has been proclaimed exceedingly keen. JAMES MILL, the father of the well-known English economist, John Stuart Mill, says: “Whatever ... be the amount of the annual produce, it never can exceed the amount of the annual demand.... Of two men who perform an exchange, the one does not come with only a supply, the other with only a demand; each of them comes with both a demand and a supply.... The supply which he brings is the instrument of his demand; and his demand and supply are of course exactly equal to one another. It is therefore, impossible that there should ever be in any country a commodity or commodities in quantity greater than the demand, without there being, to an equal amount, some other commodity or commodities in quantity less than the demand.”<sup>70</sup>

Mill restores the balance by turning the process of circulation into direct barter and then smuggling into direct barter the character of buyer and seller borrowed by him from the process of circulation. To put it in his own confused language, during certain periods when all commodities are unsaleable there are really more buyers than sellers of one commodity, *money*, and more sellers than buyers of *all other money*, commodities; such was, e. g., the case at certain moments during the commercial crisis of 1857-58 in London and Hamburg. The metaphysical balance of purchases and sales amounts to this, that every purchase is a sale and every sale is a purchase, which is a poor consolation to the guardian of the commodity who can not bring about its sale and therefore can not buy.<sup>71</sup>

The separation of sale and purchase makes possible a large number of fictitious transactions side by side with genuine trade before the final exchange between the producer and the consumer of commodities takes place. It enables a host of parasites to penetrate the process of production and exploit the separation. But this, again, means that with money as the

universal form of labor under the capitalist system, there is *the possibility* of the development of its contradictions.

## b. THE CIRCULATION OF MONEY.

Actual circulation appears at first sight as a mass of purchases and sales accidentally taking place side by side. In buying as in selling, commodities and money always stand in the same mutual relation: the seller, on the side of the commodity; the buyer, on that of money. Money as a medium of circulation always appears therefore as *a means of purchase*; and in that way the difference in its destinations in the opposite phases of the metamorphosis of the commodity becomes indistinguishable.

Money passes into the hands of the seller in the same transaction in which the commodity passes into the hands of the buyer. Commodities and money thus flow in opposite directions and this change of place in which the commodity passes over to one side and money to the other side, occurs simultaneously at an indefinitely large number of points on the entire surface of bourgeois society. But the first step which the commodity makes in the sphere of circulation is also its last step.<sup>72</sup> Whether it leaves its place on account of its attraction for gold (C — M), or on account of its attraction by gold (M — C), with one move, with one change of place it falls out of the sphere of circulation into that of consumption. Circulation is a continuous flow of commodities, but different commodities all the time, since each commodity makes but one move. Every commodity enters upon the second phase of its circulation not as the same commodity, but as another commodity, gold. Hence the movement of a metamorphosed commodity is the movement of gold. The same piece of gold or the identical gold coin which changed places with one commodity in the act C — M, reappears from the opposite end as the starting point for M — C and thus changes places for the second time with another commodity. Just as it passed from the hands of buyer B into those of seller A, it now leaves A's hands who has become a buyer and passes into C's hands. The path described by a commodity in its transformation into money and its retransformation from money, i.e., the movement of a complete metamorphosis of a commodity assumes the aspect of an apparent movement of the same coin that changes places twice with two different commodities. No matter in how scattered and haphazard fashion purchases and sales may take place near each other, there is always in actual circulation a seller for each buyer and the money which moves into the

place of the commodity sold, before it came into the hands of the buyer, must have already changed places with another commodity. Sooner or later it again leaves the hands of the seller, who turns buyer, to pass into the hands of a new seller and this frequently repeated change of place forms the interlacing of the metamorphoses of commodities. The same coins are moving, some more, others less frequently, from one place in the sphere of circulation to another, always in the direction opposite to that of the commodities moved, thus describing a longer or shorter circulation-curve. The different movements of the same coin can follow each other in point of time only, and on the contrary, the many scattered purchases and sales which appear as so many separate changes of place between commodities and money, occur simultaneously separated only in point of space.

The circulation of commodities  $C — M — C$  in its elementary form is completely described in the transition of money from the hands of the buyer into those of the seller and from the hands of the latter, as soon as he has turned buyer, into those of a new seller. This completes the metamorphosis of the commodity and with it the movement of money in so far as that movement is the expression of the metamorphosis. But since new use-values are continually produced in the shape of new commodities and must thus be constantly thrown anew into circulation, the process  $C — M — C$  is repeatedly renewed by the same commodity owners. The money which they have spent as buyers gets back into their hands as soon as they appear again as vendors of commodities. The constant renewal of the circulation of commodities finds its reflection in the continual circulation over the entire surface of bourgeois society of a quantity of money which, passing from hand to hand, describes at the same time a number of different small cycles starting from numberless points and returning each to its own starting point, to repeat the same movement over again.

The change of form on the part of commodities appears as a mere change of place on the part of money and the continuity of the circulation movement is all on the side of money, since the commodity always makes but one step in the direction opposite to money, while the latter makes in each case the second step for the commodity; the entire movement seems, therefore, to proceed from money, although in the case of a sale the commodity draws money out of its place, i.e., it circulates money as much as it is circulated by the latter in the case of a purchase. Furthermore, owing to the fact that money always confronts commodities in its capacity of a

means of purchase, and in that capacity moves commodities only by realizing their price, the entire movement of circulation appears as a change of place between money and commodities, the former realizing the prices of the latter either by separate acts of circulation taking place simultaneously and side by side, or by successive transactions when the same coin realizes the prices of different commodities one after another. If we consider, e. g., the series  $C — M — C' — M — C'' — M — C'''$ , etc., without regard to the qualitative aspects which become indistinguishable in the process of circulation, we witness the same monotonous operation. After realizing the price of  $C$ ,  $M$  successively realizes those of  $C'$ ,  $C''$ , etc., and commodities  $C'$ ,  $C''$ ,  $C'''$ , etc., constantly take the place which money has left. Money thus appears to keep commodities in circulation by realizing their prices. In discharging this function of realization of prices, money is itself constantly circulating, now changing its place, now describing a curve of circulation, now completing a small circuit where the starting and returning points coincide. As a medium of circulation, money is subject to a circulation of its own. The change of form of the circulating commodities appears, therefore, as a movement of money which furthers the exchange of commodities, motionless in themselves. The movement of the circulation process of commodities thus takes on the form of the movement of gold as a medium of circulation, i.e. of the *circulation of money*.

Since owners of commodities give the products of their individual labor the appearance of products of social labor by turning one object, viz. gold, into the direct expression of universal labor-time and therefore into money, their own movement by which all of them effect the interchange of the material products of their labor now appears to them as the direct movement of that one object, as the circulation of gold. The social movement itself appears to the owners of commodities partly as an outward necessity and partly as a mere formal intermediary process which enables every individual who puts any use-value into circulation to get other use-values out of it of an equal value. The use-value of commodities comes into play with their disappearance from the sphere or circulation, while the use-value of money as a medium of circulation is in its very circulation. The movement of a commodity in the sphere of circulation is of a transitory kind, while ceaseless motion in that sphere constitutes the function of money. Through this special function which it performs within the sphere of

circulation money acquires a new capacity, which we have to consider now more closely.

In the first place, we see that the circulation of money forms an endlessly split up movement, since it reflects the splitting up of the process of circulation into an infinitely large number of purchases and sales and the independent separation of the mutually supplementary phases of metamorphoses of commodities. In the small cycles described by money, where the starting and returning points coincide, we do find a return movement, i.e., an actual circular movement, but the fact that there are as many starting points as there are commodities and that the number of these cycles is infinitely large puts them beyond all control, measurement, or computation. The time between the start and the return of a commodity is just as indefinite. Moreover, it is immaterial whether or not such a circuit has been actually described in a given case. No economic fact is more generally known than that one can spend money with one hand without getting it back with the other. Money proceeds from an endless number of points and returns to as many different points, but the coincidence of the starting and returning points is a matter of chance, because in the movement  $C — M — C$  the turning of the buyer again into a seller is not a necessary condition. Still less does the circulation of money resemble a movement radiating from a common centre to all points of the periphery and back from the peripheral points to the centre. The so-called cycle described by money, as it is pictured, amounts simply to this, that at all points we observe its appearance and disappearance, its never ceasing transition from place to place. In a higher, more involved form of money circulation, e. g. bank-note circulation, we shall find that the conditions of emission of money include those for its return. But in the simple money circulation it is a matter of chance for the same buyer to become again a seller. Where we really see constant cycle motions taking place, they are only reflections of deeper forces in the sphere of production, e. g., the manufacturer draws money from his banker on Friday, pays it out to his working-men on Saturday, the men immediately pay out the greater part of it to the storekeepers, etc., and the latter turn it in on Monday back to the banker.

We have seen that money realizes simultaneously a certain number of prices in the variegated purchases and sales which take place side by side at the same time. On the other hand, in so far as its movement represents the movement of the combined metamorphoses of commodities and the

interlacing of these metamorphoses, the same coin realizes the prices of different commodities and thus makes a larger or smaller number of moves. If we take the circulation of a country for a given length of time, say a day, the quantity of gold required for the realization of prices and, consequently, for the circulation of commodities, will be determined by two conditions: first, the sum total of the prices; second, the average number of moves made by one coin. This number of moves or the rapidity of circulation of money is in its turn determined by or expresses the average rapidity with which commodities go through the different phases of their metamorphoses, the rapidity with which these metamorphoses succeed one another, and with which those commodities that have gone through their metamorphoses are replaced by new commodities in the process of circulation. We have seen that in the process of the determination of prices the exchange value of all commodities is ideally converted into a certain quantity of gold of the same value and that the same amount of value is present in a double form in either of the isolated acts of circulation  $M - C$  and  $C - M$ , first embodied in the commodity, and second, in gold; yet gold enjoys the capacity of a medium of circulation not by virtue of its isolated relation to separate commodities in a state of rest, but owing to its active presence in the dynamic world of commodities, viz., its function of expressing the change of form of commodities by its change of place and expressing the rapidity of their change of form by the rapidity of its change of place. The extent to which it is present in the sphere of circulation, i.e., the actual quantity of gold in circulation, is thus determined by the extent to which it is discharging its function throughout the entire process.

The circulation of money implies the circulation of commodities; money circulates commodities which have prices, i.e., which are beforehand ideally equated to certain quantities of gold. In the determination of the prices of commodities, the value of the quantity of gold which serves as a unit of measure, or the value of gold, is assumed to be given. Under that assumption the quantity of gold necessary for circulation is determined first of all by the sum total of the prices of commodities that are to be realized. But this sum is itself determined: 1. By the level of prices, the relatively high or low exchange value of commodities estimated in gold; and 2. By the mass of commodities circulating at fixed prices, i.e. by the number of purchases and sales at given prices.<sup>73</sup> If one quarter of wheat is worth 60 shillings, then twice as much gold is required to circulate it or to realize its

price as would be the case if it were worth only 30 shillings. To circulate 500 quarters of wheat at 60 shillings, twice as much gold is necessary as for the circulation of 250 quarters at the same price. Finally, to circulate 10 quarters at 100 shillings only half as much money is necessary as when circulating 40 quarters at 50 shillings. It follows that the quantity of gold required for circulation may fall in spite of a rise in price, if the mass of commodities in circulation declines in a greater ratio than the rise of the combined sum of prices; and, inversely, the quantity of the circulating medium may rise in spite of a decline of the mass of commodities in circulation, if the sum total of prices rises in a greater ratio. Thorough and minute English investigations have demonstrated e. g. that in the early stages of a dearth of grain in England the quantity of money in circulation increases, because the total price of the diminished supply of grain is greater than the former total price of a larger supply of grain, while the circulation of the other commodities continues undisturbed for some time at their old prices. At a later stage of the dearth of grain, there is a decline in the quantity of circulating money, either because less goods are sold at old prices besides grain, or the same quantity of those goods is sold at lower prices.

But, as we have seen, the quantity of money in circulation is determined not only by the sum total of prices of commodities that are to be realized, but also by the rapidity with which money circulates or with which it completes this work of realization. If the same sovereign makes ten purchases a day, each of a commodity having a price of one sovereign, and thus changes hands ten times, it does as much work as would be accomplished by ten sovereigns each performing but a single act of circulation a day.<sup>74</sup> Consequently, rapidity of gold circulation can make up for its quantity, or the presence of gold in the sphere of circulation is determined not only by its presence as an equivalent of a commodity side by side with it, but also by its participation in the movement of metamorphoses of commodities. The rapidity of the circulation of money, however, can serve as a substitute for its quantity only to a limited extent, since at any given moment an endless number of isolated purchases and sales takes places in different localities.

If the total price of the commodities in circulation rises, but in a smaller ratio than the increase in the rapidity of circulation of money, the volume of the circulating medium will diminish. If on the contrary the rapidity of

circulation decreases in a greater ratio than the total price of the commodities in circulation, the volume of currency will increase. An increasing volume of currency combined with a general fall of prices or a diminishing volume of currency in connection with a general rise of prices is one of the best known phenomena in the history of prices. But the consideration of the causes which bring about a simultaneous rise in the level of prices and a still greater rise in the rate of velocity of circulation of money, or the opposite phenomenon, falls outside of the sphere of simple circulation. By way of illustration, it may be mentioned that in periods of prevailing credit, the rapidity of circulation of money grows faster than the prices of commodities, while in times of declining credit the prices of commodities fall slower than the rapidity of circulation. The shallow and artificial character of the simple circulation of money is manifested in the fact that all the elements which have a determining influence on the volume of currency, such as the volume of commodities in circulation, prices, the rise or fall of prices, the number of simultaneous purchases and sales, the rapidity of the circulation of money, — depend on the metamorphic process which takes place in the world of commodities, and that again depends on the general character of the methods of production, the size of population, the relation between city and country, the development of the means of transportation, the greater or less division of labor, credit, etc.; in short, on circumstances all of which lie *outside* of the sphere of simple circulation of money and are only reflected in it.

The rapidity of circulation being given, the volume of currency is simply determined by the prices of commodities. Hence, prices are not high or low, because there is more or less money in circulation, but on the contrary, there is more or less money in circulation, because prices are high or low. This is one of the most important laws, whose demonstration in detail by means of the history of prices constitutes perhaps the only merit of the post-Ricardian English Political Economy. If experience shows, that the level of metallic circulation or the mass of gold and silver in circulation in a given country is subject to temporary ebbs and tides and very violent ones at times,<sup>75</sup> but on the whole remains stationary for long periods, the deviations forming but small oscillations about the average level, this is explained by the antagonistic nature of the circumstances which determine the quantity of money in circulation. Their simultaneous modifications neutralize their effects and leave everything where it was before.

The law, that with a given rapidity of circulation of money and a given total sum of prices of commodities the quantity of the circulating medium is determined, may also be expressed as follows. If the exchange values of commodities and the average rapidity of their metamorphoses are given, the quantity of gold in circulation depends on its own value. If, therefore, the value of gold, i.e. the labor-time necessary for its production, should rise or fall, the prices of commodities will rise or fall in inverse ratio, and corresponding to that rise or fall of prices, the rapidity of circulation remaining the same, a larger or smaller quantity of gold would be required to keep the same volume of commodities in circulation. The same change would occur, if the old standard of value were superseded by a more or less valuable metal. Thus, Holland required from fourteen to fifteen times as much silver as it had previously required gold, in order to circulate the same volume of commodities, when out of tender regard for the government creditors and out of fear of the effects of the discoveries in California and Australia it substituted silver for gold money.

From the fact that the quantity of gold in circulation depends on the variable sum total of prices of commodities and the varying rapidity of circulation, it follows that the volume of the circulating medium must be capable of contraction and expansion; in short, that according to the requirements of circulation, gold must now enter, now leave the sphere of circulation in its capacity of a medium of circulation. How the circulation process itself realizes these conditions, we shall see later on.

## c. COIN AND SYMBOLS OF VALUE.

In its capacity of a medium of circulation, gold acquires a shape of its own, it becomes *coin*. In order to prevent any technical difficulties in the way of its circulation, it is coined according to the standard of the money of account. Gold pieces whose imprints and legends show that they contain certain weights of gold corresponding to the reckoning names of money, £, s., etc., are coins. The establishment of a mint-price, as well as the technical work of coining, are the business of the state. Both as money of account and as coin, money acquires a *local and political character*; it speaks different languages and wears different national uniforms. The sphere in which money circulates as coin, is distinguished as an *internal* sphere of circulation which is separated from the *universal* sphere of circulation in the commodity world by national boundaries.

Yet, the only difference between gold bullion and gold coin is that between coin denomination and weight denomination. What seems to be a difference in name in the latter case appears as a difference in shape in the former. Gold coin can be thrown into the melting-pot and thus be converted again into gold *sans phrase*, just as, on the contrary, gold bars only have to be sent to the mint to receive the shape of coins. The conversion and reconversion from one form into another appears to be a purely technical matter.

For 100 pounds or 1200 ounces troy of 22 carat gold one can get £4,672-1/2 or gold sovereigns at the English mint; if these sovereigns be put on one side of the weighing scale and one hundred pounds of gold bullion on the other, the two will balance each other, which proves that the sovereign is nothing but a piece of gold of certain weight bearing this name in English coinage and having a shape and stamp of its own. The 4,672-1/2 sovereigns are put into circulation at different points, and once in its grasp they make a certain number of moves per day, some sovereigns more, others less. If the average number of moves per day of each ounce be ten, the 1200 ounces of gold would realize 12,000 ounces or 46,725 sovereigns as the total price of commodities. You may turn and toss an ounce of gold in any way you like, and it will never weigh ten ounces. But here in the process of circulation one ounce practically does weigh ten ounces. The work performed by a coin in the sphere of circulation is equivalent to the quantity of gold it contains

multiplied by the number of its moves. Besides the actual importance which a coin possesses by virtue of its being an individual piece of gold of a definite weight, it acquires an ideal significance due to its function. But whether the sovereign circulates once or ten times, in each particular purchase or sale it acts only as one sovereign. It is like a general who by timely appearance at ten different points on the battle field does the work of ten generals, but still remains the same identical general at each point. The idealization of the means of circulation which is due to the supplanting of quantity by rapidity in money circulation, affects only the function of the coin within the sphere of circulation, but not the nature of the individual coin.

The circulation of money is a movement through the outside world, and the sovereign, though it *non olet*, keeps rather mixed company. In the course of its friction against all kinds of hands, pouches, pockets, purses, money-belts, bags, chests and strong-boxes, the coin rubs off, loses one gold atom here and another one there and thus, as it wears off in its wanderings over the world, it loses more and more of its intrinsic substance. By being used it gets used up. Let us take up a sovereign at the moment when its natural, inborn character has been slightly affected. A baker, says Dodd,<sup>76</sup> who receives from the bank to-day a brand new sovereign and pays it to-morrow to the miller, does not pay the same veritable sovereign; the latter has become lighter than it was at the time he received it. It is clear, says an anonymous writer,<sup>77</sup> that in the very nature of things, coins must depreciate one by one as a result of ordinary and unavoidable friction. It is a physical impossibility to entirely exclude light coins from circulation at any time, even for one day. Jacob estimates that of the 380 million pounds sterling which were in existence in Europe in 1809, nineteen million pounds sterling entirely disappeared by 1829, i.e., within a period of twenty years.<sup>78</sup> Thus, while a commodity at its first step into the sphere of circulation, falls out of it, a coin, after a couple of steps within that sphere represents more metal than it actually contains. The longer a coin remains in circulation, the rapidity of circulation remaining the same, or the greater its rapidity of circulation within the same period of time, the greater the discrepancy between its form as coin and its actual gold or silver substance. What remains is *magni nominis umbra*. The body of the coin becomes but a shadow. If at first it became heavier through the process of circulation, it now becomes lighter on account of it, but continues to represent the original

quantity of gold in each single purchase or sale. The sovereign, as a fictitious sovereign, as fictitious gold, continues to perform the function of a legitimate coin. While other beings lose their idealism in contact with the outer world, the coin is idealized by practice, being gradually transformed into a mere phantom of its golden or silver body. This second idealization of metal money springing from the very process of circulation, or from the discrepancy between its nominal weight and its real weight is exploited in all kinds of coin counterfeiting practiced partly by governments, partly by private adventurers. The entire history of coinage from the beginning of the middle ages until late in the eighteenth century is nothing but a history of these two-fold and antagonistic adulterations, and Custodi's voluminous collection of writings of Italian economists turns mostly about this point.

But the fictitious importance of gold due to its function, comes in conflict with its real substance. One gold coin has lost more, another, less of its metal substance in the course of circulation, and one of them is, as a matter of fact, worth more now than the other. But since in the discharge of their function of coins they are taken at the same value, the sovereign weighing a quarter of an ounce passing for no more than the sovereign which only stands for a quarter of an ounce, the full-weight sovereigns are subjected in the hands of unscrupulous owners to surgical operations which produce artificially what the circulation process has caused in a natural way to their more light-weighted brothers. They are clipped and reduced and the superfluous gold fat lands in the melting pot. If 4,672-1/2 gold sovereigns when put on one side of the weighing scale weigh on an average only 800 ounces instead of 1200, they will buy when brought to the gold market only 800 ounces of gold; that is, the market price of gold would rise above its mint price. Every coin, even if of full weight would pass in its mint form for less than in bullion form. The full weight sovereigns would be reconverted into bullion, a form in which a greater quantity of gold is always worth more than a smaller quantity. As soon as this decline of metallic weight would affect a sufficiently large number of sovereigns to bring about a permanent rise of the market price of gold above its mint price, the reckoning names of the coins, though remaining the same, would begin to denote a smaller quantity of gold. That is to say, the standard of money would change and gold would be coined in the future according to this new standard. By virtue of its idealization as a medium of circulation, gold would react upon and change the legally determined ratios under which it

acted as the standard of price. The same revolution would be repeated after a certain length of time and thus gold would be subject to constant change both as a standard of price and as a medium of circulation, a change under one of these forms leading to a change under the other and vice versa. This explains the phenomenon mentioned above, namely that in the history of all modern nations the same money-name stands for a constantly diminishing quantity of metal. The contradiction between gold as coin and gold as standard of price becomes also one between gold as coin and gold as the universal equivalent; in the latter capacity it circulates not only within the limits of national boundaries, but in the world market. As a measure of value gold was always of full weight, because it served only as ideal gold. In its capacity of equivalent in the isolated transaction C — M it passes at once from a state of motion to a state of rest; but in its capacity of coin its natural substance comes in constant conflict with its function. The transformation of the gold sovereign into fictitious gold can not be wholly avoided, but legislation seeks to prevent its unlimited circulation as coin by prescribing its withdrawal from circulation as soon as its shortage of metallic substance reaches a certain degree. According to the English law, e. g., a sovereign which lacks more than 0.747 grains of its weight ceases to be legal tender. The Bank of England which weighed forty-eight million gold sovereigns in the short period between 1844 and 1848, possesses in Mr. Cotton's gold weighing scale a machine which not only detects a difference of 1-100 part of a grain between two sovereigns, but like a sensible being, immediately throws out the light-weight coin on a board where it lands under another machine which cuts it up with oriental cruelty.

That being the case, gold coins could not circulate at all were not their circulation confined to definite spheres in which they do not wear off so rapidly. In so far as a gold coin weighing only one-fifth of an ounce passes in circulation for a quarter of an ounce of gold, it is practically merely a sign or a symbol for one-twentieth of an ounce of gold, and in that way all gold coins are transformed by the very process of circulation into more or less of a mere sign or symbol of their substance. But no thing can be its own symbol. Painted grapes are no symbol of real grapes, they are imaginary grapes. Still less can a light-weight sovereign be a symbol of a full-weighted one, just as a lean horse can not serve as a symbol of a fat one. Since gold thus becomes a symbol of its own self, but at the same time can not serve in that capacity, it receives a symbolical, silver or copper

substitute in those spheres of circulation in which it is most subject to wear and tear, namely where purchases and sales are constantly taking place on the smallest scale. In these spheres, even if not the same identical coins, still a certain part of the entire supply of gold money would constantly circulate as coin. To that extent gold is substituted by silver or copper tokens. Thus, while only a specific commodity can perform in a given country the function of a measure of value and therefore of money, different commodities can serve as coin side by side with gold. These subsidiary mediums of circulation, such as silver or copper coins, represent definite fractions of a gold coin within the sphere of circulation. Their own silver or copper weight is, therefore, not determined by the proportions of the respective values of silver and copper to that of gold, but is arbitrarily fixed by law. They may be issued only in such quantities in which the diminutive fractions of gold coin which they represent would constantly circulate either for purposes of change for gold coins of higher denominations, or for realizing equally small prices of commodities. In retail trade silver and copper tokens belong to distinct spheres of circulation. In the nature of things, the rapidity of their circulation is in inverse ratio to the price which they realize in each separate purchase or sale, or to the size of the fraction of gold coin which they represent. If we consider how immense the volume of the daily retail trade in a country like England is, we will understand from the comparatively insignificant proportions of its combined volume how rapid and steady the circulation of the subsidiary coin must be. From a parliamentary report of recent date we see, e. g., that in 1857 the English mint coined £4,859,000 worth of gold, £733,000 of silver nominal value which contained metal actually worth £363,000. The total amount of gold coined in the ten years ending December 31, 1857, was £55,239,000, and of silver only £2,434,000. The supply of copper coin in 1857 amounted only to £6,720 nominal value containing £3,492 worth of copper; of this £3,136 was in pennies, £2,464 in half-pennies, and £1,120 in farthings. The total value of copper coined in the ten years was £141,477 nominal, the metallic value being £73,503. Just as gold coin is prevented from permanently retaining its function of coin by the legal provision of the loss of weight which demonetizes it, so are the silver and copper tokens prevented from passing from their spheres of circulation into that of gold coin and acquiring the character of money by the provision of the maximum amount for which they are legal tender. In England e. g. copper is legal tender only to the

amount of six pence and silver up to forty shillings. If silver and copper tokens were to be issued in greater quantities than the requirements of their spheres of circulation call for, prices of commodities would not rise as a result, but the accumulation of these tokens in the hands of retail dealers would reach such an extent that they would be finally compelled to sell them as metal. Thus in 1798 English copper coins, issued by private individuals, accumulated in the hands of small traders to the amount of £20,350 which they tried in vain to put again in circulation, being finally compelled to throw them as metal on the copper market.<sup>79</sup>

The silver and copper tokens which represent gold coin in certain spheres of circulation in the interior of the country, contain a definite quantity of silver and copper prescribed by law, but after they get into circulation, they wear off like gold coins and become even more rapidly mere phantoms, according to the rapidity and steadiness of their circulation. To draw again a line of demonetization beyond which silver and copper tokens would lose their character of coins, they would have to be replaced in turn within certain spheres of their own circulation by some other symbolic money, say iron and lead, and such representation of one kind of symbolic money by another kind would form an endless process. In all countries with a well developed circulation the very requirements of money circulation make it necessary that the character of silver and copper tokens as money be made independent of any loss of weight in those coins. Thus, as it was in the nature of things, it appears that they serve as symbols of gold coin not because they are symbols made of silver or copper, not because they have certain value, but only in so far as they have no value.

Relatively worthless things, such as *paper*, can consequently perform the function of symbols of gold money. That subsidiary currency consists of metal tokens, such as silver, copper, etc., is mainly due to the fact that in most countries the less valuable metals such as silver in England, copper in ancient Rome, Sweden, Scotland, etc., had circulated as money before they were degraded by the process of circulation to the rank of small change and replaced by a more precious metal. Besides, it is natural that the money symbol which grows directly out of metallic circulation, should itself be a metal. Just as that portion of gold which would always have to circulate as small change, is replaced by metal tokens; so can the other portion of gold which is constantly absorbed as coin by circulation in the interior of the country and, therefore, must continually circulate, be replaced with

worthless tokens. The level below which the mass of circulating coin never sinks is determined in each country by experience. Thus, the originally imperceptible difference between the nominal weight and the metallic weight of a metal coin can grow apace until it reaches the point of absolute separation. The mint name of money parts company with its substance and exists outside of it in worthless slips of paper. Just as the exchange value of commodities is crystallized by their process of exchange into gold money, so is gold money sublimated in its currency into its own symbol first in the form of worn coin, then in the form of subsidiary metal currency, and finally in the form of a worthless token, paper, mere *sign of value*.

Gold coin has produced its substitutes, first metallic and then paper, only because in spite of its loss of metallic weight it continued to perform the function of coin. It did not circulate because of its wear and tear; on the contrary, it wore out to a symbol because it continued to circulate. Only in so far as gold money becomes simply a token of its own value in the process of circulation, can mere tokens of value take its place.

In so far as the movement  $C - M - C$  represents a dynamic unity of two processes  $C - M$  and  $M - C$  which pass directly one into the other, or in so far as a commodity passes through the complete process of its metamorphosis, it expresses its exchange value in price and in money only to discard that form at once and to become again a commodity or, rather, a use-value. That is to say, it develops *only an apparent assertion of the independence* of its exchange value. On the other hand, we have seen that gold, in so far as it performs the function of coin or in so far as it continually circulates, actually forms only a connecting link between the metamorphoses of commodities and constitutes *but their transitory money form*; furthermore, that it realizes the price of one set of commodities only in order to realize that of another, but in no case does it constitute a stable form of exchange value or appear itself as a commodity in a state of rest. The reality which the exchange value of commodities acquires in the process and which is represented by gold in its circulation, is the reality of an electric spark. Although real gold, it plays the part of fictitious gold, and can, therefore, be replaced in this function by a token of itself.

The token of value, say paper, which plays the part of coin, is the token of a quantity of gold expressed in its currency name, i.e., it is a gold token. Just as a certain quantity of gold does not in itself express a value ratio, so is that true of the token which takes its place. In so far as a certain quantity

of gold, as embodied labor-time, has a value of a certain magnitude, the gold token represents value. But the magnitude of the value which it represents depends all the time on the value of the quantity of gold for which it stands. As regards commodities the token of value expresses *the reality of their price*, it is *signum pretii* and sign of their value only because their value is expressed in their price. In the process C — M — C, in so far as it represents the dynamic unity or direct alternation of the two metamorphoses — and that is the aspect it assumes in the sphere of circulation in which the token of value discharges its function — the exchange value of commodities acquires in price only an ideal expression and in money only an imaginary symbolic existence. Exchange value thus acquires *only* an imaginary though material expression, but it has no real existence except in the commodities themselves, in so far as a certain quantity of labor-time is embodied in them. It *appears*, therefore, that the token of value represents *directly* the value of commodities, by figuring not as a token of gold but as a token of the value which exists in the commodity alone and is only expressed in price. But it is a false appearance. The token of value is directly only *a token of price*, i.e., *a token of gold*, and only indirectly a token of value of a commodity. Unlike Peter Shlemihl, gold has not sold its shadow, but buys with its shadow. The token of value operates only in so far as it represents the price of one commodity as against that of another within the sphere of circulation, or in so far as it *represents gold* to every owner of commodities. A certain comparatively worthless object such as a piece of leather, a slip of paper, etc., becomes by force of custom a token of money material, but maintains its existence in that capacity only so long as its character as a symbol of money is guaranteed by the general acquiescence of the owners of commodities, i.e., so long as it enjoys a legally established conventional existence and compulsory circulation. Paper money issued by the state and circulating as legal tender is the perfected form of the token of value, and the only form of paper money, which has its immediate origin in metallic circulation or even in the simple circulation of commodities. *Credit money* belongs to a higher sphere of the social process of production and is governed by entirely different laws. Symbolic paper money does not in fact, differ in the least from subsidiary metal coin, except that it reaches wider spheres of circulation. We have seen that the mere technical development of the standard of price or of the mint price and later the shaping of gold bullion into coin have called forth the

interference of the state; this circumstance brought about a visible separation of national circulation from the world circulation of commodities: this separation is completed by the evolution of coin into a token of value. As a mere medium of circulation money can assume an independent existence only within the sphere of national circulation.<sup>80</sup>

Our presentation has shown that the coin form of gold as a token of value differentiated from the gold substance itself, has its direct origin in the process of circulation and not in any agreement or state interference. Russia offers a striking example of the natural origin of the token of value. At the time when hides and furs played there the part of money, the conflict between the perishable and bulky nature of the material and its function as a medium of circulation resulted in the custom of replacing it by small pieces of stamped leather which thus became a kind of draft payable in hides and furs. Later on they became under the name of copecs mere tokens for fractions of the silver rouble and remained in use in some parts until 1700, when Peter the Great ordered their withdrawal in exchange for small copper coins issued by the state. Ancient writers who could observe the phenomena of exclusively metallic circulation, already took the view of coin as a symbol or token of value. That is true both of *Plato*<sup>81</sup> and *Aristotle*.<sup>82</sup> In countries where credit is not developed, as e. g. in China, legal tender paper money is found at an early date<sup>83</sup>. Early advocates of paper money expressly point out the fact that metallic coin is transformed into a token of value in the very process of circulation. So Benjamin Franklin<sup>84</sup> and Bishop Berkeley.<sup>85</sup>

How many reams of paper cut up into bills can circulate as money? Put in that way, the question would be absurd. The worthless tokens are signs of value only in so far as they represent gold within the sphere of circulation and they represent it only to the extent to which it would itself be absorbed as coin by the process of circulation; this quantity is determined by its own value, the exchange values of the commodities and the rapidity of their metamorphoses being given. Bills of a denomination of £5 could circulate in a quantity five times less than those of £1 denomination, and if all payments were made in shilling bills, then twenty times as many shilling bills would have to be in circulation as are one pound bills. If the gold currency were represented by bills of different denominations, e. g. five pound, one pound and ten shilling bills, then the quantity of these different tokens of value would be determined not only by the quantity of gold

necessary for circulation as a whole, but also by that required in the sphere of circulation of each kind of bills. If fourteen million pounds sterling (this is the provision of the English Bank Law, not for the entire currency but only for credit money) were the level below which the circulation of a country never sank, then fourteen million paper bills, each a token of value of one pound, could circulate. If the value of gold fell or rose because the labor-time necessary for its production had fallen or risen, then, the exchange value of the same volume of commodities remaining the same, the number of one pound bills in circulation would rise or fall in inverse ratio to the change in the value of gold. If gold were replaced by silver as a measure of value, the ratio of the respective values of silver and gold being 1:15, and if each bill were to represent now the same quantity of silver as it represented gold before, then there would be 210 million one pound bills in circulation instead of the previous fourteen million. The number of paper bills is thus determined by the quantity of gold money which they represent in circulation, and since they are tokens of value only in so far as they represent it, their value is simply determined by their *quantity*. Thus, while the quantity of gold in circulation is determined by the prices of commodities, the value of the paper bills in circulation, on the contrary, depends exclusively on their own quantity.

The interference of the state which issues paper money as legal tender — and we are treating of paper money of that kind only — seems to do away with the economic law. The state which in its mint price gave a certain name to a piece of gold of certain weight, and in the act of coinage only impressed its stamp on gold, seems now to turn paper into gold by the magic of its stamp. Since paper bills are legal tender, no one can prevent the state from forcing as large a quantity of them as it desires into circulation and from impressing upon it any coin denomination, such as £1, £5, £20. The bills which have once gotten into circulation can not be removed, since on the one hand their course is hemmed in by the frontier posts of the country and on the other they lose all value, use-value, as well as exchange-value, outside of circulation. Take away from them their function and they become worthless rags of paper. Yet this power of the state is a mere fiction. It may throw into circulation any desired quantity of paper bills of whatever denomination, but with this mechanical act its control ceases. Once in the grip of circulation and the token of value or paper money becomes subject to its intrinsic laws.

If fourteen million pounds sterling were the quantity of gold required for the circulation of commodities and if the state were to put into circulation two hundred and ten million bills each of the denomination of £1, then these two hundred and ten millions would become the representatives of gold to the amount of fourteen million pounds sterling. It would be the same as if the state were to make the one pound bills represent a fifteen times less valuable metal or a fifteen times smaller weight of gold. Nothing would be changed but the nomenclature of the standard of price, which by its very nature is conventional, no matter whether such change takes place as a direct result of a change of the mint standard or indirectly owing to an increase of paper bills to an extent required by a new lower standard. Since the name £ would stand now for a fifteen times smaller quantity of gold, the prices of all commodities would increase fifteen times and two hundred and ten million one pound bills would now be actually as necessary as fourteen million had been before. To the same extent to which the combined quantity of tokens of value would increase now, the quantity of gold which each of them represents would decrease. The rise of prices would constitute but a reaction on the part of the process of circulation which forcibly equates the tokens of value to the quantity of gold which they are supposed to replace.

In the history of the debasement of money in England and France by their governments, we find repeatedly that prices had not risen in the same proportion in which the silver coinage had been debased. That was simply due to the fact that the proportion in which the currency was increased did not correspond to the proportion in which it had been debased; that is to say, because an inadequate quantity of coins of the poorer metallic composition was issued, if the exchange values of commodities were to be estimated in the future in the new coin as a measure of value and be realized in coins corresponding to this smaller unit of measure. This solves the difficulty left unsettled in the controversy between Locke and Lowndes. The ratio which a token of value, whether made of paper or of debased gold or silver, bears to certain weights of gold or silver estimated according to the mint price, depends not on its own composition but on the quantity in which it is found in circulation. The difficulty in understanding this is due to the fact that money in its two functions of a measure of value and a medium of circulation is subject to two not only opposite but apparently contradictory laws corresponding to the difference in the two functions. In the discharge of its function of a measure of value where money serves merely as money

of account and gold only as ideal gold, everything depends on the natural substance of money. Estimated in silver or expressed in silver prices exchange values are naturally estimated quite differently than when measured in gold or as gold prices. On the contrary, in its function of a medium of circulation, where gold is not only imagined but is actually present side by side with other commodities, its substance is immaterial and everything depends on its quantity. For the unit of measure the determining factor is whether it consists of a pound of gold, silver or copper; while in the case of coin, no matter what its own composition is, it will become the embodiment of each of these units of measure in accordance with its quantity. But it goes against common sense that in the case of mere imaginary money everything should depend on its material substance, while in that of the palpably present coin all should be determined by an ideal ratio of numbers.

The rise or fall of prices of commodities following a rise or fall of the quantity of paper notes — the latter only where paper currency constitutes the exclusive medium of circulation — is thus nothing but an assertion through the process of circulation of a law mechanically violated from without; namely, that the quantity of gold in circulation is determined by the prices of commodities, and the quantity of tokens of value in circulation is determined by the quantity of gold coin which it represents. For that reason any desired number of paper notes will be absorbed and equally digested by the process of circulation, because the token of value, no matter with what gold title it may enter circulation, will be compressed within the latter to a token of that quantity of gold which could actually circulate in its place.

In the case of the circulation of tokens of value all laws pertaining to the circulation of real money appear to be reversed and standing on their heads. While gold circulates because it has value, paper has value because it circulates. While with a given exchange value of commodities, the quantity of gold in circulation depends on its own value, the value of paper depends on its own quantity in circulation. While the quantity of gold in circulation rises or falls with the rise or fall of prices of commodities, the prices of commodities seem to rise or fall with the change in the quantity of paper in circulation. While the circulation of commodities can absorb only a definite quantity of gold coin and as a result of that the alternating contraction and expansion of the currency appears as a necessary law, paper money seems to enter circulation in any desired amount. While the state is guilty of

debasement of gold and silver coin and of disturbing their function of a medium of circulation, if it turns out a coin, only 1-100 of a grain below its nominal weight; it performs a perfectly proper operation by issuing absolutely worthless paper notes which contain nothing of the metal except its mint denomination. While gold coin apparently represents the value of commodities only in so far as that value is itself estimated in gold or is expressed in price, the token of value seems to represent directly the value of commodities. It is, therefore, clear why students who examined one-sidedly the phenomena of circulation of money by confining their observations to the circulation of legal tender paper money, should have failed to grasp the intrinsic laws governing the circulation of money. As a matter of fact, these laws appear not only reversed but extinct in the circulation of tokens of value, since paper currency, if issued in the right quantity, goes through certain movements which are not in its nature as a token of value, while its proper movement instead of growing directly out of the metamorphosis of commodities, springs from the violation of its proper proportion to gold.

### 3. MONEY.

Money as distinguished from coin, the result of the circulation process  $C — M — C$ , forms the starting point of the circulation process  $M — C — M$ , i.e. the exchange of money for commodity in order to exchange commodity for money. In the form  $C — M — C$ , commodity forms the starting and final points of the movement; in the form  $M — C — M$ , money plays that part. In the former case money is the medium of exchange of commodities, in the latter the commodity helps money to become money. Money which appears merely as a means of circulation in the first form becomes an end in the second form; while commodity which appeared first as the end, now becomes but a means. Since money is itself the result of circulation  $C — M — C$ , the result of circulation appears at the same time as its starting point in the form  $M — C — M$ . While in the case of  $C — M — C$  the interchange of matter constituted the real import of the process, the form of the commodity resulting from this first process constitutes the import of the second process  $M — C — M$ .

In the form  $C — M — C$  the two extreme members are commodities of the same value, but qualitatively different use-values. Their mutual exchange  $C — C$  constitutes actual interchange of matter. In the form  $M — C — M$  the two extremes are gold and at the same time gold of equal value. To exchange gold for a commodity in order to exchange the commodity for gold, or if we consider the final result  $M — M$ , to exchange gold for gold, seems absurd. But if we translate the formula  $M — C — M$  into the expression: *to buy* in order *to sell*, which means nothing but to exchange gold for gold through an intervening movement, we recognize at once the prevailing form of capitalist production. In actual practice, however, people do not buy in order to sell, but they buy cheap in order to sell dear. Money is exchanged for a commodity in order to exchange the same commodity for a larger amount of money, so that the extremes  $M, M$  are, if not qualitatively, then quantitatively different. Such a quantitative difference presupposes the *exchange of non-equivalents*, yet commodity and money as such are only opposite forms of the same commodity, i.e. they are different forms of the same magnitude of value. The circuit  $M — C — M$  thus conceals under the forms of money and commodity more highly developed relations of production, and is but a reflection within the sphere of simple

circulation of a movement of a more advanced character. Money, as distinguished from the medium of circulation, must therefore be developed from the direct form of circulation of commodities, C — M — C.

Gold, i.e., the specific commodity which serves as a measure of value and a medium of circulation, becomes money without any further assistance on the part of society. In England, where silver is neither the measure of value nor the prevailing medium of circulation, it does not become money, just as gold in Holland, as soon as it had been dethroned as a measure of value, ceased to be money. A commodity thus becomes money only in its combined capacity of a measure of value and medium of circulation; or, the unity of the measure of value and medium of circulation is money. As such a unity, however, gold has a separate existence independent of its existence in the two functions. As a measure of value it is only ideal money and ideal gold; as a mere medium of circulation it is symbolic money and symbolic gold; but in its plain metallic bodily form gold is money or money is real gold.

Let us now consider for a moment the commodity gold when it is in a state of rest, and plays the part of money in its relation to other commodities. All commodities represent in their prices a certain quantity of gold, that is to say, they are merely imaginary gold or imaginary money, representatives of gold, just as, on the other hand, money in the form of a token of value appeared as a mere representative of prices of commodities.<sup>86</sup> Since all commodities are thus but imaginary money, money is the only real commodity. Contrary to commodities, which only represent the independently existing exchange value, i.e., universal social labor, or abstract wealth, gold is the *material form of abstract wealth*. Through its use-value, every commodity, by its relation to some particular want, expresses only one aspect of material wealth, but one side of wealth. Money, however, satisfies every want since it can be directly converted into the object of any want. Its own use-value is realized in the endless series of use-values which form its equivalents. In its virgin metallic state it holds locked up all the material wealth which lies unfolded in the world of commodities. Thus, while commodities represent in their prices the universal equivalent or abstract wealth, viz., gold, the latter represents in its use-value the use-values of all commodities. Gold is, therefore, *the bodily representative of material wealth*. It is the “*precis de toutes les choses*” (Boisguillebert), the compendium of the wealth of society. At one and the

same time, it is the direct incarnation of universal labor in its form, and the aggregate of all concrete labor in its substance. It is universal wealth individualized.<sup>87</sup> As a medium of circulation it underwent all kinds of injury, was clipped, and even reduced to the condition of a mere symbolic paper rag. As money it is restored to its golden glory.<sup>88</sup> From a serve it becomes a lord. From a mere understrapper it rises to the position of Lord of commodities.<sup>89</sup>

## a. HOARDING.

Gold separates itself as money from the process of circulation whenever a commodity interrupts the process of its metamorphosis and remains in its form of a gold chrysalis. This occurs every time a sale is not immediately followed by purchase. The independent isolation of gold as money is, thus, a material expression of the disintegration of the process of circulation, or of the metamorphosis of commodities, into two separate acts independent of each other. The coin itself becomes money as soon as its course is interrupted. In the hands of the seller who takes it in exchange for his commodity, it is money and not coin; as soon as it passes out of his hands it is again coin. Everybody is a seller of the one commodity which he produces, but a buyer of all other commodities which he needs for his existence in society. While his selling is determined by the labor-time required for the production of his commodity, his buying is determined by the continual renewal of the wants of life. In order to be able to buy without having sold anything, he must sell without buying. In fact, the circulation process  $C — M — C$  is a dynamic unity of sale and purchase only in so far as it constitutes at the same time the constant process of its separation. In order that money should flow continuously as coin, coin must constantly coagulate as money. The continuous flow of coin depends on its constant accumulations in the form of reserve-funds of coin which spring up throughout the sphere of circulation and form sources of supply; the formation, distribution, disappearance, and reformation of these reserve funds is constantly changing, their existence constantly disappears, their disappearance constantly exists. Adam Smith expressed this never-ceasing transformation of coin into money and of money into coin by saying that every owner of commodities must always keep in supply besides the particular commodity which he sells, a certain quantity of the universal commodity with which he buys. We saw, that in the process  $C — M — C$  the second member  $M — C$  splits up into a series of purchases which do not take place at once, but at intervals of time, so that one part of  $M$  circulates as money while the other rests as money. Money is in that case only *suspended coin* and the separate parts of the circulating mass of coins appear now in one form, now in another, constantly changing. This first

transformation of the medium of circulation into money represents, therefore, but a technical aspect of money circulation.<sup>90</sup>

The primitive form of wealth is that of a surplus or superabundance, i.e., that part of the products which are not immediately required as use-values, or the possession of such products whose use-value falls outside the sphere of mere necessities. When considering the transition of commodity into money we saw that this surplus or superabundance of products constitutes the proper sphere of exchange at a low stage of development of production. Superfluous products become exchangeable products or commodities. The adequate form of this surplus is gold and silver, the first form in which wealth as abstract social wealth is preserved. Commodities can not only be stored up in the form of gold and silver, i.e., in the substance of money, but gold and silver are wealth in preserved form. While every use-value performs its service as such by being consumed, i.e., destroyed, the use-value of gold as money consists in its being the bearer of exchange value, in embodying universal labor-time as a shapeless raw material. As shapeless metal, exchange value possesses an indestructible form. Gold or silver thus brought to rest as money, forms a *hoard*. Among nations with an exclusively metallic circulation, such as the ancients were, hoarding is practiced universally from the individual to the state which guards its state hoard. In more ancient times, in Asia and Egypt, these hoards under the protection of kings and priests appear rather as a mark of their power. In Greece and Rome it was part of public policy to accumulate state hoards as the safest and most available form of surplus. The quick transfer of such hoards by conquerors from one country to another and the sudden outpour of a part of these hoards into the general circulation constitute a peculiar feature of ancient economy.

As the incarnation of labor-time gold is a pledge for its own value, and since it is the embodiment of *universal* labor-time, the process of circulation pledges gold its constant rôle of exchange value. Owing to the mere fact that the owner of commodities can retain his commodity in the form of exchange value or retain the exchange-value as a commodity, the exchange of commodities for the purpose of retaining them in the transformed shape of gold becomes circulation's own motive. The metamorphosis C — M takes place for the sake of the metamorphosis, i.e., in order to transform it from particular natural wealth into universal social wealth. Instead of change of matter, change of form becomes its own purpose. From a mere

form of the movement exchange value becomes its substance. Commodity is preserved as wealth, as commodity, only in so far as it keeps within the sphere of circulation, and it keeps in that fluent state only in so far as it solidifies in the form of silver and gold. It remains in the stream of circulation as its crystal. At the same time gold and silver themselves become money only in so far as they do not play the part of mediums of circulation. *As non-mediums of circulation they become money.* The withdrawal of a commodity from circulation in the form of gold is therefore the only means of keeping it constantly within the sphere of circulation.

The owner of commodities can receive money from circulation only in return for a commodity which he gives to it. Constant selling, continual throwing of commodities into circulation is, therefore, the first condition of hoarding from the standpoint of the circulation of commodities. On the other hand, money as a medium of circulation constantly disappears in the very process of circulation by being realized all the time in use-values and becoming dissolved in fleeting pleasures. It must, therefore, be taken out of the all-consuming stream of circulation or the commodity must be kept up in its first metamorphosis, so that money is prevented from performing its function of a means of purchase. The commodity owner who has now become a hoarder, must sell as much as possible and buy as little as possible, as old Cato had taught: “patrem familias vendacem, non emacem esse.” While industry constitutes the positive condition of hoarding, saving forms the negative one. The less the equivalent of a commodity is withdrawn from circulation in the form of particular commodities or use-values, the more it is withdrawn in the shape of money or exchange value.<sup>91</sup> The acquisition of wealth in its universal form thus requires abstinence from wealth in its material reality. Thus the stimulating impulse for hoarding is *greed*, the objects of which are not commodities as use-values, but exchange value as commodity. In order to get possession of the surplus in its universal form, the particular wants must be treated as so much luxury and excess. Thus the Cortes presented a report to Philipp II., in 1593, in which, among other things, was said: “The Cortes of Valladolid in the year 1586 petitioned Your Majesty not to allow the further importation into the Kingdom of candles, glassware, jewelry, knives and similar articles; these things useless to human life come from abroad to be exchanged for gold, as though the Spaniards were Indians.” The hoarder despises the worldly, temporary and transitory enjoyments in his hunt after the eternal treasure,

which neither moth nor rust can eat, which is perfectly celestial and earthly at the same time. “The general remote cause of our want of money is the great excess of this Kingdom in consuming the Commodities of Forreine Countries, which prove to us discommodities, in hindering us of so much treasure, which otherwise would bee brought in, in lieu of those toyes.... Wee ... consume amongst us, that great abundance of the Wines of Spaine, of France, of the Rhene, of the Levant ... the Raisins of Spaine, the Corints of the Levant, the Lawnes and Cambricks of Hannaults ... the Silkes of Italie, the Sugers and Tobacco of the West Indies, the Spices of the East Indies: All which are of no necessitie unto us and yet are bought with ready mony.”<sup>92</sup>

In the form of gold and silver, wealth is indestructible, both because exchange value is preserved in the shape of indestructible metal, and, especially, because gold and silver are prevented from becoming, as mediums of circulation, mere vanishing money forms of the commodity. The destructible substance is thus sacrificed for the indestructible form. “If money be taken (by means of taxation) from him, who spendeth the same ... upon eating and drinking, or any other perishing Commodity; and the same transferred to one that bestoweth it on Cloaths; I say that even in this case the Commonwealth hath some little advantage; because Cloaths do not altogether perish so soon as Meats and Drinks. But if the same be spent in Furniture of Houses, the advantage is yet a little more; if in Building of Houses, yet more; if in improving of Lands, working of Mines, Fishing, etc., yet more; but most of all, in bringing Gold and Silver into the Country; because those things are not only not perishable, but are esteemed for Wealth at all times and everywhere; whereas other Commodities which are perishable, or whose value depends upon the Fashion; or which are contingently scarce and plentiful, are Wealth, but pro hic et nunc.”<sup>93</sup> The withdrawal of money from the stream of circulation and the saving of it from the social interchange of matter reaches its extreme form in the *burying* of money, so that social wealth is brought as an underground indestructible treasure into a perfectly secret private relation with the owner of commodities. Dr. Bernier, who stayed for some time at the court of Aurenzeb at Delhi, tells us how the merchants, especially the Mohammedan heathens, who control nearly all the trade and all money, secretly bury their money deep in the ground, “being imbued with the faith that the gold and silver which they put away during their lives will serve them after death in

the next world.”<sup>94</sup> However, in so far as the asceticism of the hoarder is combined with active industry, he is rather a Protestant by religion and still more a Puritan. “It can not be denied that buying and selling are necessary, that one can not get along without them, and that one can buy like a Christian especially things that serve in need and in honor; for the patriarchs had also bought and sold cattle, wool, grain, butter, milk and other goods. They are gifts of God which He gives out of the earth and divides among men. But foreign trade which brings over from Calcutta, India and other such places commodities consisting of costly silks, and gold ware, and spices which only serve for luxury and are of no use, draining the land and the people of their money, should not be tolerated if we but had a government of princes. Yet I do not wish to write of that now, for I believe it will have to stop of itself, when we have no money any longer; and so will luxury and gluttony; for no writing or teaching will help until want and poverty will force us.”<sup>95</sup>

In times of disturbance in the process of the social interchange of matter, the burying of money takes place even in bourgeois societies which are at a high stage of development. The social bond in its compact form is being saved from the social movement (with the owner of commodities this bond is the commodity and the adequate form of the commodity is money). The social *nervus rerum* is buried next to the body whose nerve it is.

The hoard would now become mere useless metal, its money soul would depart from it and it would remain as the burnt ashes of circulation, as its *caput mortuum*, if it did not constantly tend to get back into circulation. Money, or crystallized exchange value, is, according to its nature, the form of abstract wealth; but, on the other hand, any given sum of money is a quantitatively limited magnitude of value. The quantitative limitation of exchange value is in contradiction with its qualitative universality and the hoarder conceives in it a barrier which turns, in fact, into a qualitative barrier as well and makes of the hoard merely a limited representative of material wealth. Money, in its capacity of a universal equivalent, appears, as we have seen, as a member of an equation, the other member of which consists of an endless series of commodities. It depends on the magnitude of the exchange value to what extent money will be realized in such an endless series, i.e., to what degree it corresponds to the conception of it as an exchange value. The automatic movement of exchange value as exchange value can only tend to its passing beyond its quantitative limits.

But by exceeding the quantitative limits of the hoard a new limit is created which must be removed in its turn. There is no definite limit which appears as a barrier to further hoarding, every limit plays that part. Hoard accumulation has, therefore, no inherent limits, no inherent measure; it is an endless process which finds in each successive result an impulse for a new beginning. While the hoard is increased only by being preserved, it is preserved only by being increased.

Money is not only *an* object of the passion for riches; it is *the* object of that passion. The latter is essentially *auri sacra fames*. The passion for riches, contrary to that for special kinds of natural wealth or use-values, such as clothing, ornaments, herds, etc., is possible only when universal wealth has been individualized as such in a particular object and can, therefore, be retained in the form of a single commodity. Money appears then no less as an object than as a source of the passion for riches.<sup>96</sup> The underlying fact of the matter is that exchange value as such and with it its increase become the final aim. Greed holds the hoard fast by not allowing the money to become a medium of circulation, but the thirst for gold saves the money soul of the hoard by keeping up the lasting affinity of gold for circulation.

To sum up, the activity by which hoards are built up resolves itself into withdrawal of money from circulation by continually repeated sales, and simple hoarding or *accumulation*. In fact, it is only in the sphere of simple circulation and, especially, in the form of hoarding, that accumulation of wealth as such takes place, while, as we shall see later, in the case of other so-called forms of accumulation it is only a misnomer to call them by that name in mere recollection of the simple accumulation of money. All other commodities are hoarded either as use-values, in which case the manner of storing them up is determined by the peculiarities of their use-value: the storing of grain, e. g., requires special equipment; the accumulation of sheep makes one a shepherd; the accumulation of slaves and land creates relations of master and servant, etc.; the accumulation of particular kinds of wealth requires special processes different from the simple act of hoarding, and develops special individual traits. Or, wealth in the form of commodities is hoarded as exchange-value and in that case hoarding appears as a commercial or a specific economic operation. The one who carries on such operations becomes a dealer in corn, in cattle, etc. Gold and silver are money not through some activity of the individual who

accumulates it, but as crystals of the process of circulation which goes on without any aid on his part. He has nothing to do but to put them aside, adding new weights of metal to his hoard, a perfectly senseless operation which, if applied to all other commodities, would deprive them of all value.<sup>97</sup>

Our hoarder appears as a martyr of exchange value, a holy ascetic crowning the metal pillar. He cares for wealth only in its social form and therefore he buries it away from society. He wants to have the commodity in the form in which it is always capable of entering circulation and therefore he withdraws it from circulation. He dreams of exchange value and therefore does not exchange. The fluid form of wealth and its petrification, the elixir of life and the stone of wisdom madly haunt each other in alchemic fashion. In his imaginary unlimited passion for enjoyment he denies himself all enjoyment. Because he wishes to satisfy all social wants, he barely satisfies his elementary natural wants. While holding fast to his wealth in its metallic bodily form, the latter escapes him as a phantom. As a matter of fact, however, the hoarding of money for the sake of money is the barbaric form of production for production's sake, i.e., the development of the productive forces of social labor beyond the limits of ordinary wants. The less the production of commodities is developed, the more important is the first crystallization of exchange value into money, or hoarding, which plays, therefore, an important part among the ancient nations, in Asia until the present day, and among modern agricultural nations where exchange value has not as yet taken hold of all the relations of production. Before taking up the consideration of the specific economic function of hoarding within the sphere of metallic circulation, let us mention another form of hoarding.

Quite apart from their aesthetic properties, silver and gold commodities are convertible into money, since the material of which they are made is a money material; and, inversely, gold money and gold bullion can be converted into commodities. Because gold and silver constitute the material of abstract wealth, the greatest display of wealth consists of the utilization of these metals as concrete use-values, and if the owner of commodities hides his treasure at certain stages of production, he is very anxious to appear before other owners of commodities as *rico hombre* whenever he can do so with safety. He gilds himself and his house.<sup>98</sup> In Asia, especially in India, where, unlike under the capitalist system, the hoarding of wealth

appears not as a subordinate function of the system of production, but as an end in itself, gold and silver commodities are practically but aesthetic forms of hoards. In mediaeval England gold and silver commodities were considered before the law as mere forms of treasure, since their value was but slightly increased by the crude labor spent upon them. They were destined to re-enter circulation and their fineness was therefore prescribed in the same manner as that of coin. The increasing use of gold and silver as objects of luxury with the growth of wealth is such a simple matter that it was perfectly clear to the ancients,<sup>99</sup> while modern economists have advanced the erroneous proposition that the use of silver and gold articles increases not in proportion to the growth of wealth, but in proportion to the fall in value of the precious metals. Their otherwise accurate references to the use of Californian and Australian gold are inconclusive, since the increased consumption of gold as a raw material does not find justification, according to their theory, in any corresponding decline in its value. From 1810 to 1830, in consequence of the struggle of the American colonies against Spain and the interruption of mining caused by revolutions, the annual average production of precious metals declined by more than one-half. The decline of coin in circulation in Europe amounted to nearly one-sixth, comparing the years 1829 and 1809. Although the quantity produced had thus declined and the cost of production, if it had changed at all, had increased, yet the consumption of precious metals as objects of luxury increased to an extraordinary extent in England during the very war and on the continent after the Peace of Paris. The consumption increased with the general growth of wealth.<sup>100</sup> It may be stated as a general law that the conversion of gold and silver money into articles of luxury prevails in times of peace, while their reconversion into bullion or even coin takes place in stormy periods.<sup>101</sup> How considerable the proportion is of the gold and silver treasure in the form of articles of luxury to the quantity of precious metals serving as money may be seen from the fact that in 1829 the proportion in England, according to Jacob, was two to one, and in entire Europe and America the precious metals in the form of articles of luxury exceeded those in the form of money by one-fourth.

We have seen that the circulation of money is but the manifestation of the metamorphoses of commodities, or of the form under which the social interchange of matter takes place. With the change in the total price of commodities in circulation or in the volume of their simultaneous

metamorphoses, the rapidity of their change of form in each case being given, the total quantity of gold in circulation must always expand or contract. That is possible only under the condition that the total quantity of money in the country continually bear a varying ratio to the quantity of money in circulation. This condition is met by the process of hoarding. With a fall in prices or rise in the rapidity of circulation, the hoard-reservoirs absorb that part of money which is thrown out of circulation; with a rise in price or a decline in the rapidity of circulation, the hoards open up and return a part of their contents to the stream of circulation. The solidification of circulating money into hoards and the outpouring of hoards into circulation is a constantly oscillating movement in which the prevalence of the one or the other tendency is determined exclusively by fluctuations in the circulation of commodities. Hoards thus serve as conduits for the supply and withdrawal of money to or from circulation, so that every time only that quantity of money circulates as coin which is required by the immediate needs of circulation. If the volume of the entire circulation suddenly expands and the fluent unity of sale and purchase assumes such dimensions that the total sum of prices to be realized increases more rapidly than the rapidity of the circulation of money, the hoards decrease perceptibly; but when the combined movement slackens to an unusual extent, or the movement of buying and selling steadies itself, the medium of circulation solidifies into money in large measure, and the treasure reservoirs fill up far above their average level. In countries with an exclusively metallic circulation or where production is at a low stage of development, the hoards are endlessly split up and scattered all over the land, while in countries where the capitalist system is developed they are concentrated in bank reservoirs. Hoards are not to be confounded with coin reservoirs, which form a constituent part of the total supply of money in circulation, while the interaction between hoards and currency implies the decline or rise of its total supply. Gold and silver commodities form, as we have seen, both conduits for the withdrawal of precious metals, as well as sources of their supply. In ordinary times only their former function is of importance to the economy of metallic circulation.<sup>102</sup>

## b. MEANS OF PAYMENT.

The two forms which have so far distinguished money from the circulating medium are those of *suspended coin* and of the *hoard*. The temporary transformation of coin into money in the case of the former means that the second phase of  $C — M — C$ , namely purchase  $M — C$ , must break up within a certain sphere of circulation into a series of successive purchases. As to hoarding, it is simply based on the isolation of the act  $C — M$  when it does not immediately pass into  $M — C$ , or is but an independent development of the first metamorphosis of a commodity; it represents money as the result of the alienation of all commodities in contradistinction to the medium of circulation as the embodiment of commodities in their always alienable form. Coin reserves and hoards are money only as non-circulating mediums and are non-circulating mediums only because they do not circulate. In the capacity in which we consider money now, it circulates or enters circulation, but does not perform the function of a circulating medium. As a medium of circulation money is always a means of purchase, now it does not act in that capacity.

As soon as money develops through the process of hoarding into the embodiment of abstract social wealth and the tangible representative of material wealth, it assumes in that capacity special functions within the process of circulation. If money circulates merely as a medium of circulation and therefore as a means of purchase, it is understood that commodity and money confront each other at the same time, i.e., that the same value is present in a double form: at one pole, as a commodity in the hands of the seller; at the other pole as money in the hands of the buyer. This simultaneous existence of the two equivalents at opposite poles and their simultaneous change of places or mutual alienation presupposes in its turn that seller and buyer enter into relations as owners of equivalents that are on hand. But in the course of time, the process of the metamorphosis of commodities which produces the different forms of money, transforms also the owners of commodities or changes the character in which they appear before each other in the community. In the process of metamorphosis of the commodity the guardian of the latter changes his skin as often as the commodity changes place or as the money assumes new forms. Thus, the owners of commodities originally confronted each other only as commodity

owners, but later on they became one a buyer, the other a seller; then each became alternately buyer and seller, then hoarders, and finally rich men. In that manner, the owners of commodities do not come out of the process of circulation the same men that they entered. In fact the different forms which money assumes in the process of circulation are but crystallized changes of form of the commodities themselves, which in their turn are but concrete expressions of the changing social relations in which commodity owners carry on the interchange of matter with one another. New trade relations spring up in the process of circulation, and, as representatives of these changed relations, commodity owners assume new economic roles. Just as gold becomes idealized within the process of circulation and plain paper, in its capacity of a representative of gold, performs the function of money, so does the same process of circulation lend the weight of actual seller and buyer to the buyer and seller who enter it merely as representatives of future money and future commodities.

All the forms in which gold develops into money, are but the unfolding of potentialities which the metamorphosis of commodities bears within itself. These forms did not become distinctly differentiated in the process of simple money circulation where money appears as coin and the movement  $C — M — C$  forms a dynamic unity; at most, they appeared as mere potentialities as, e. g., in the case of the break in the metamorphosis of a commodity. We have seen that in the process  $C — M$  the relations between the commodity and money were those of an actual use-value and ideal exchange-value to an actual exchange value and only ideal use-value. By alienating his commodity as a use-value the seller realized its own exchange value and the use-value of money. On the contrary, the buyer, by alienating his money as exchange value, realized its own use-value and the price of the commodity. Commodity and money changed places accordingly. When it comes to a realization in actual life of this bi-polar contrast, a new break occurs. The seller actually alienates his commodity, but realizes its price only in idea: he has sold his commodity at its price, which is to be realized, however, only subsequently, at a time agreed upon. The purchaser buys as the representative of future money, while the vender sells as the owner of present goods. On the part of the vender, the commodity as use-value is actually alienated, without the price being actually realized; on the part of the purchaser, money is actually realized in the use-value of the commodity, without being actually alienated as exchange value. Instead of a token of

value representing money symbolically as was the case before, the purchaser himself performs that part now. And just as in the former case the symbolic nature of the token of value called forth the guarantee of the state which has made it legal tender, so does the personal symbolism of the buyer bring about legally enforceable private contracts among commodity owners.

The contrary may happen in the process  $M — C$ , where the money can be alienated as a real means of purchase, and in that way the price of the commodity can be realized before the use-value of the money is realized and the commodity actually delivered. This occurs constantly under the everyday form of pre-payments. And it is under this form that the English government purchases opium from the ryots of India, or, foreign merchants residing in Russia mostly buy agricultural products. In these cases, however, the money always acts in its well known role of a means of purchase and therefore, does not assume any new forms.<sup>103</sup> We need not dwell, therefore, on this case any longer; but with reference to the changed form which the two processes  $M — C$  and  $C — M$  assume now, we may note that the difference between purchase and sale which appeared but imaginary in the direct process of circulation, now becomes a real difference, since in the former case only the money is present and in the latter only the commodity, and in either case only that extreme is present from which the initiative comes. Besides, the two forms have this in common: that in either, one of the equivalents is present only in the common will of the buyer and seller, — a will that is binding on both and assumes definite legal forms.

Seller and buyer become creditor and debtor. While the commodity owner looked comical as the guardian of a treasure, he now becomes awe-inspiring, since he no longer identifies himself but his neighbor with a certain sum of money and makes him and not himself a martyr of exchange value. From a believer he becomes a creditor, for religion he substitutes law.

“I stay here on my bond!”

Thus, in the modified form  $C — M$  in which the commodity is present and money is only represented, money plays first of all the part of a measure of value. The exchange value of the commodity is estimated in money as its measure; but as exchange value, established by contract, price exists not only in the mind of the seller, but also as a measure of obligation on the part of the buyer. Besides serving as a measure of value, money plays here the part of a means of purchase, although in that capacity it only casts

ahead the shadow of its future existence. It attracts the commodity from its position in the hand of the seller into that of the buyer. As soon as the term of the contract expires, money enters circulation, since it changes its position by passing from the hands of the former buyer into those of the former seller. But it does not enter circulation as a circulating medium or as a means of purchase. It performed those functions before it was present and it appears after it has ceased to perform them. It now enters circulation as the only adequate equivalent of the commodity, as the absolute form of existence of exchange value, as the last word of the process of exchange, in short as money, and money in its distinct role of a *universal means of payment*. In this capacity of a means of payment money appears as the absolute commodity, but within the sphere of circulation and not without it as was the case with hoards. The difference between the means of purchase and the means of payment makes itself unpleasantly felt in periods of commercial crises.<sup>104</sup>

Originally, the conversion of the product into money in the sphere of circulation appears only as an individual necessity for the commodity owner in so far as his own product has no use-value to him, but has to acquire it first by being alienated. But in order to pay at the expiration of the contract, he must have sold commodities before that. Thus, entirely apart from his individual wants, the movement of the circulation process makes selling a social necessity with every owner of commodities. As a former buyer of a commodity he is compelled to become a seller of another commodity in order to get money not as a means of purchase but as a means of payment, as the absolute form of exchange value. The conversion of commodity into money as a final act, or the first metamorphosis of a commodity as an end in itself which in the case of hoarding seemed to be a matter of caprice on the part of the commodity owner, becomes now an economic function. The motive and essence of sale for the sake of payment becomes from a mere form of the process of circulation its self emanating substance.

In this form of sale the commodity completes its change of position; it circulates while it postpones its first metamorphosis, viz. its transformation into money. On the contrary, on the part of the buyer the second metamorphosis is completed, i.e. money is reconverted into a commodity before the first metamorphosis has taken place, i.e., before the commodity has been turned into money. The first metamorphosis thus takes place after the second in point of time; and thereby, money i.e. the form of the

commodity in its first metamorphosis, acquires a new destination. Money or the spontaneous development of exchange value, is no longer a mere intermediary form of the circulation of commodities, but its final result.

That such *time sales* in which the two poles of the sale are separated in point of time, have their natural origin in the simple circulation of commodities, requires no elaborate proof. In the first place, the development of circulation leads to a continual repetition of the mutual transactions between the same commodity owners who confront each other as seller and buyer. The repetition is not accidental; on the contrary, goods are ordered, let us say, for a certain date in the future when they are to be delivered and paid for. In that case the sale is ideal, i.e. it is legally accomplished without the actual presence of the goods and money. Both forms of money, those of a medium of circulation and of a means of payment still coincide here, since in the first place, commodity and money change places simultaneously, and secondly, the money does not buy the commodity, but realizes the price of the commodity purchased before. In the second place, the nature of a great many use-values makes the simultaneous alienation and delivery of the goods impossible, and delivery has to be postponed for a certain time; e. g., when the use of a house is sold for one month, the use-value of the house is delivered only at the expiration of the month, although it changes hands at the beginning of the month. Since the actual transfer of the use-value and its virtual alienation are separated here in point of time, the realization of its price occurs also after its change of place. Finally, the difference in the seasons and in the length of time required for the production of various commodities brings about a situation where one tries to sell his goods, while the other is not ready to buy; and with the repeated purchases and sales between the same commodity owners the two ends of sale fall apart according to the conditions of production of the respective commodities. Thus arises a relation of creditor and debtor between the owners of commodities which, though constituting the natural foundation of the credit system, may be fully developed before the latter comes into existence. It is clear that with the extension of the credit system, and, consequently, with the development of the capitalist system of production in general, the function of money as a means of payment will extend at the expense of its function as a means of purchase and, still more, as an element of hoarding. In England, e. g., money as coin has been almost completely banished into the sphere of retail

and petty trade between producers and consumers, while it dominates the sphere of large commercial transactions as a means of payment.<sup>105</sup>

As the universal means of payment money becomes the *universal commodity* of all contracts, at first only in the sphere of circulation of commodities.<sup>106</sup> But with the development of this function of money, all other forms of payment are gradually converted into money payments. The extent to which money is developed as the exclusive means of payment indicates the degree to which exchange value has taken hold of production in its depth and breadth.<sup>107</sup>

The volume of money in circulation, as a means of payment, is determined in the first place, by the amount of payments, i.e. by the sum total of the prices of the commodities alienated, but not about to be alienated, as in the case of the simple circulation of money. The quantity thus determined is subject, however, to two modifications. The first modification is due to the rapidity with which the same piece of money repeats the same function, i.e. with which the several payments succeed one another. A pays B, whereupon B pays C, and so forth. The rapidity with which the same coin repeats its function as a means of payment, depends first, upon the continuity of the relation of creditor and debtor among the owners of commodities, the same commodity owner being the creditor of one person and the debtor of another, etc., and secondly, upon the interval which separates the times of various payments. This chain of payments or of supplementary first metamorphoses of commodities is qualitatively different from the chain of metamorphoses which is formed by the circulation of money as a circulating medium. The latter not only makes its appearance gradually, but is even formed in that manner. A commodity is first converted into money, then again into a commodity, thereby enabling another commodity to become money, etc.; or, seller becomes buyer, whereby another commodity owner turns seller. This successive connection is accidentally formed in the very process of the exchange of commodities. But when the money which A has paid to B is passed on from B to C, from C to D, etc., and that, too, at intervals rapidly succeeding one another, then this external connection reveals but an already existing social connection. The same money passes through different hands not because it appears as a means of payment; it passes as a means of payment because the different hands have already clasped each other. The rapidity with which money circulates as a means of payment thus shows that individuals have been

drawn into the process of circulation much deeper than would be indicated by the same rapidity of the circulation of money as coin or as a means of purchase.

The sum total of prices made up by all the purchases and sales taking place at the same time, and, therefore, side by side, constitutes the limit for the substitution of the volume of coin by the rapidity of its circulation. If the payments that are to be made simultaneously are concentrated at one place — which naturally arises at first at points where the circulation of commodities is largest — the payments balance each other as negative and positive quantities: A is under obligations to pay B, while he has to be paid by C. etc. The quantity of money required as a means of payment will, therefore, be determined not by the total amount of payments which have to be made simultaneously, but by the greater or less concentration of the same and by the magnitude of the balance remaining after their mutual neutralization as negative and positive quantities. Special arrangements are made for settlements of this kind even where the credit system is not developed at all, as was the case e. g. in ancient Rome. The consideration of these arrangements, however, as well as that of the general time limits of payment, which are everywhere established among certain elements in the community, does not belong here. We may add that the specific influence which these time settlements exert on the periodic fluctuations in the quantity of money in circulation, has been scientifically investigated but lately.

In so far as the payments mutually balance as positive and negative quantities, no money actually appears on the scene. It figures here only in its capacity of a measure of value: first, in the prices of commodities, and second, in the magnitude of mutual obligations. Aside from its ideal form, exchange value does not exist here independently, not even in the form of a token of value; that is to say, money plays here only the part of ideal money of account. The function of money as a means of payment thus implies a contradiction. On the one hand, in so far as payments balance, it serves only ideally as a measure of value. On the other hand, in so far as a payment has actually to be made, money enters circulation not as a transient circulating medium, but as the final resting form of the universal equivalent, as the absolute commodity, in a word, as money. Therefore, whenever such a thing as a chain of payments and an artificial system of settling them, is developed, money suddenly changes its visionary nebulous shape as a

measure of value, turning into hard cash or means of payment, as soon as some shock causes a violent interruption of the flow of payments and disturbs the mechanism of their settlement. Thus, under conditions of fully developed capitalist production, where the commodity owner has long become a capitalist, knows his Adam Smith, and condescendingly laughs at the superstition that gold and silver alone constitute money or that money differs at all from other commodities as the absolute commodity, money suddenly reappears not as a medium of circulation, but as the only adequate form of exchange value, as the only form of wealth, exactly as it is looked upon by the hoarder. In its capacity of such an exclusive form of wealth, it reveals itself, unlike under the monetary system, not in mere imaginary, but in actual depreciation and worthlessness of all material wealth. That is what constitutes the particular phase of crises of the world market which is known as a money crisis. The *summum bonum* for which everybody is crying at such times as for the only form of wealth, is cash, hard cash; and by the side of it all other commodities just because they are use-values, appear useless like so many trifles and toys, or, as our Dr. Martin Luther says, as mere objects of ornament and gluttony. This sudden reversion from a system of credit to a system of hard cash heaps theoretical fright on top of the practical panic; and the dealers by whose agency circulation is affected shudder before the impenetrable mystery in which their own economical relations are involved.<sup>108</sup>

Payments, in their turn, require the formation of reserve funds, the accumulation of money as a means of payment. The building up of reserve funds appears no longer as a practice carried on outside of the sphere of circulation, as in the case of hoarding; nor as a mere technical accumulation of coin, as in the case of coin reserves; on the contrary, money must now be gradually accumulated to be available on certain future dates when payments become due. While hoarding, in its abstract form as a means of enrichment, declines with the development of the capitalist system of production, that species of hoarding which is directly called for by the process of production, increases; or, to put it differently, a part of the treasure which is generally formed in the sphere of circulation of commodities, is absorbed as a reserve fund of means of payment. The more developed the capitalist system of production, the more these reserve funds are limited to the necessary minimum. Locke, in his work “On the Lowering of Interest”<sup>109</sup> furnishes interesting data with reference to the size

of these reserve funds in his time. They show what a considerable part of the total money in circulation the reservoirs for means of payment absorbed in England just at the time when banking began to develop.

The law as to quantity of money in circulation, as it has been formulated in the analysis of the simple circulation of money, receives an essential modification when the circulation of the means of payment is taken into account. The rapidity of the circulation of money whether as circulating medium or as means of payment — being given, the total amount of money in circulation at a given time will be determined by the sum total of the prices of commodities to be realized, *plus* the total amount of payments falling due at the same time, *minus* the amount of payments balancing each other. The general law that the volume of money in circulation depends on the prices of commodities is not affected by this in the least, since the extent of the payments is itself determined by the prices stipulated in contracts. What is, however, strikingly demonstrated, is that even if the rapidity of circulation and the economy of payments be assumed to remain the same, the sum total of the prices of the commodities circulating in a given period of time, say one day, and the volume of money in circulation on the same day are by no means equal, because there is a large number of commodities in circulation whose prices have yet to be realized in money at a future date, and there is a quantity of money in circulation which constitutes the payment for commodities which have long gone out of circulation. The latter amount will depend on the sum of payments falling due on the same day although contracted for at entirely different periods.

We have seen that a change in the values of gold and silver does not affect their function as measures of value or money of account. But this change is of decisive importance for money as a hoard, since with the rise or fall of value of gold and silver, the total value of a gold or silver hoard will also rise or fall. Of still greater importance is the effect of this change on money as a means of payment. The payment takes place after the sale of the commodity, or the money serves in two different capacities at two different periods; first, as a measure of value, then as a means of payment corresponding to the measurement. If, during this interval, the value of the precious metals or the labor-time necessary for their production undergoes a change, the same quantity of gold or silver will be worth more or less when it appears as a means of payment than what it was when it served as a measure of value, i.e., when the contract was concluded. The function of a

particular commodity, like gold or silver, to serve as money or independent exchange value comes here in conflict with the nature of the particular commodity whose magnitude of value depends on changes in the cost of its production. The great social revolution which caused the fall in value of the precious metals in Europe, is as well known as the revolution of an opposite character which had been brought about at an early period in the history of the ancient Roman republic by the rise in value of copper in terms of which the debts of the plebeians had been contracted. Without attempting here to follow any further the fluctuations of value of the precious metals and their effect on the system of bourgeois political economy, it is at once apparent that a fall in the value of the precious metals favors the debtors at the expense of the creditors, while a rise in their value favors the creditors at the expense of the debtors.

## c. WORLD MONEY.

Gold becomes money as distinguished from coin only after it is withdrawn from circulation in the shape of a hoard; it then enters circulation as a non-medium of circulation, and finally breaks through the barriers of home circulation to assume the part of a universal equivalent in the world of commodities. It becomes *world money*.

While the general measures of weight of the precious metals served as their original measures of value, the reverse process takes place now in the world market, and the reckoning names of money are turned back into corresponding weight names. In the same way, while shapeless crude metal (*aes rude*) was the original form of the medium of circulation and the coin form constituted but the official stamp certifying that a given piece of metal was of a certain weight, now the precious metal in its capacity of a world coin throws off its stamp and shape and reassumes the indistinguishable bullion form; and even if national coins, such as Russian imperials, Mexican dollars, and English sovereigns, do circulate abroad, their name is of no importance, and only their contents count. Finally, as international money, the precious metals come again to perform their original function of mediums of exchange, which, like the exchange of commodities, arose first not within the various primitive communities, but at their points of contact with one another. As world money, money thus reassumes its primitive form. On leaving the sphere of home circulation, it strips off the particular forms which it has acquired in the course of the development of the process of exchange within that particular national sphere, those local garbs of standard of price, of coin, of auxiliary coin, and of token of value.

We have seen that in the home circulation of a country, only one commodity serves as a measure of value. Since, however, that function is performed by gold in some countries and by silver in others, there is a double standard of value in the world market and money assumes two forms in all its other functions. The translation of the values of commodities from gold prices into silver prices and vice versa depends in each case upon the relative value of the two metals, which is constantly changing and, therefore, appears to be constantly in the process of determination. Commodity owners in every national sphere of circulation have to use gold

and silver alternately for foreign circulation and thus to exchange the metal which is accepted as money at home for the metal which they happen to need as money abroad. Every nation is, therefore, utilizing both metals, gold and silver, as world money.

In the international circulation of commodities, gold and silver appear not as mediums of circulation, but as universal mediums of exchange. The universal medium of exchange performs its function only under its two developed forms of a means of purchase and of a means of payment, whose mutual relation in the world market is the very reverse of what it is at home. In the sphere of home circulation, money in the form of coin, played exclusively the part of a means of purchase, either as the intermediary in the dynamic unity  $C — M — C$  or as the representative of the transient form of exchange value in the unceasing change of positions by commodities. In the world market it is just the contrary. Gold and silver appear here as a means of purchase when the exchange of matter is but one-sided, and purchase and sale do not coincide. The frontier trade at Kiachta e. g. is both actually and according to treaty, one of barter, in which silver plays only the part of a measure of value. The war of 1857-58 compelled the Chinese to sell without buying. Silver suddenly appeared now as a means of purchase. Out of regard to the letter of the treaty, the Russians made up the French five frank coins into crude silver commodities, which were made to serve as a means of exchange. Silver has always served as a means of purchase between Europe and America on one side and Asia on the other, where it settles down in the form of hoards. Furthermore, the precious metals serve as international means of purchase whenever the ordinary balance of exchange of matter between two nations is suddenly upset, as e. g. when a failure of crops forces one of them to buy on an extraordinary scale. Finally, the precious metals are international means of purchase in the hands of gold and silver producing countries, in which case they directly constitute a product and commodity and not merely a converted form of a commodity. The more the exchange of commodities between different national spheres of circulation is developed, the more important becomes the function of world money to serve as a *means of payment* for the settlement of international balances.

Like home circulation, international circulation requires a constantly changing quantity of gold and silver. A part of the accumulated hoards serves therefore, in each country as a reserve fund of world money, which

now declines, now rises, according to the fluctuations of the exchange of commodities.<sup>110</sup> Besides the special movements which take place between national spheres of circulation, world-money possesses a universal movement, whose starting points are at the sources of production from which gold and silver streams spread out in different directions all over the world market. Here gold and silver enter the world circulation as commodities and are exchanged for commodity equivalents in proportion to the labor-time contained in them, before they penetrate national spheres of circulation. In the latter, they appear now with a given magnitude of value. Every fall or rise in the cost of their production equally affects, therefore, their relative value throughout the world market; on the other hand, that value is entirely independent of the extent to which the different national spheres of circulation absorb gold or silver. The part of the metal stream which is caught up by every separate sphere in the world of commodities, partly enters directly the home circulation of money to make up for worn out coin; partly is dammed up in the different reservoirs containing hoards of coin, means of payment and world-money; partly is turned into articles of luxury, while the rest simply forms a treasure. At an advanced stage of development of the capitalist system of production the formation of hoards is reduced to the minimum required by the various processes of circulation for the free play of their mechanism. The hoard as such becomes idle wealth, unless it appears as a temporary form of a surplus resulting from a favorable balance of payments or as the result of an interrupted exchange of matter, i.e. as the solidification of a commodity in its first metamorphosis.

Gold and silver, in their capacity of money, being by conception universal commodities, assume in their capacity of world money the form adapted to a universal commodity. To the extent to which all commodities are exchanged for them, they become the transformed impersonation of all commodities and, therefore, universally alienable commodities. Their function of serving as the embodiment of universal labor-time is realized more and more as the interchange of matter produced by concrete labor embraces increasing parts of the world. They become universal equivalents to the extent to which the series of particular equivalents which constitute their spheres of exchange, increases. Since in the sphere of world circulation commodities unfold their own exchange value on a universal scale, they assume the form of world money when transformed into gold and silver. As commodity owning nations are thus turning gold into money

by their diversified industry and universal trade, industry and trade appear to them only as a means of getting money out of the world market in the shape of gold and silver. Gold and silver, as world money, are, therefore, as much products of the universal circulation of commodities as they are means of widening its sphere. Like chemistry which grew up behind the backs of the alchemists who tried to find a way of making gold, so do the sources of world industry and world trade spring up behind the backs of the owners of commodities, while they are hunting for the commodity in its magic form. Gold and silver help to create the world market by anticipating its existence in their conception of money. That this magic effect of the precious metals is by no means confined to the period of infancy of capitalist society but is a necessary outgrowth of the perverse conception which the representatives of the commodity world have of their own work in society, is shown by the extraordinary influence exerted in the middle of the nineteenth century by the discovery of new gold fields.

Just as money develops into world-money, so the commodity owner develops into a cosmopolitan. The cosmopolitan relation of men is originally only a relation of commodity owners. The commodity as such rises above all religious, political, national, and language barriers. Price is its universal language and money, its common form. But with the development of world-money as distinguished from national coin, there develops the cosmopolitanism of the commodity owner as the faith of practical reason opposed to traditional, religious, national and other prejudices which hinder the interchange of matter among mankind. As the identical gold that lands in England in the form of American eagles, turns there into sovereigns and three days later circulates in Paris in the form of Napoleons, only to emerge in Venice in a few weeks as so many ducats, retaining all the while the same value, it becomes clear to the commodity owner that nationality “is but the guinea’s stamp.” The lofty idea which he conceives of the entire world is that of a market, the *world market*.<sup>111</sup>

## 4. THE PRECIOUS METALS.

The process of capitalist production first of all takes hold of the metallic circulation as of a ready, transmitted organ which, though undergoing a gradual transformation, always retains its fundamental structure. The question as to why gold and silver and not other commodities serve as money material falls outside the limits of the capitalist system. We shall, therefore, confine ourselves to summing up the most essential points.

Since universal labor-time admits of quantitative differences only, the object which is to serve as its specific incarnation must be capable of representing purely quantitative differences, i.e., it must be homogeneous and uniform in quality throughout. That is the first condition a commodity must satisfy to perform the function of a measure of value. If commodities were estimated in oxen, hides, grain, etc., they would really have to be estimated in an ideal average ox, or average hide, since there are qualitative differences between an ox and an ox, grain and grain, hide and hide. On the contrary, gold and silver, as elementary substances, are always the same, and equal quantities of them represent, therefore, values of equal magnitude.<sup>112</sup> The other condition which a commodity that is to serve as a universal equivalent must satisfy and which follows directly from its function of representing purely quantitative differences, is that it must be capable of being divided and re-united at will, so that money of account may be represented materially as well. Gold and silver possess these properties to a superior degree.

As mediums of circulation, gold and silver have this advantage over other commodities, that their high specific gravity which condenses much weight in little space, corresponds to their economic specific gravity which condenses relatively much labor-time, i.e. a great quantity of exchange value in a small volume. This insures facility of transport, of transition from hand to hand and from one country to another, the ability to appear as rapidly as to disappear, in short, that material mobility which constitutes the *sine qua non* of the commodity that is to serve as the *perpetuum mobile* of the process of circulation.

The high specific value of the precious metals, their durability, comparative indestructibility, insusceptibility of oxidation through the action of the air, in the case of gold insolubility in acids except in aqua

regia, — all these natural properties make the precious metals the natural material for hoarding. Peter Martyr who seems to have been a great lover of chocolate, remarks, therefore, of the cacao-bags which formed a species of Mexican gold: “O felicem monetam, quae suavem utilemque praebet humano generi potum, et a tartarea peste avaritiae suos immunes servat possessores, quod suffodi aut diu servari nequeat.”<sup>113</sup>

The great importance of metals in general in the direct process of production is due to the part they play as instruments of production. Apart from their scarcity, the great softness of gold and silver as compared with iron and even copper (in the hardened state in which it was used by the ancients), makes them unfit for that application and deprives them, therefore, to a great extent, of that property on which the use-value of metals is generally based. Useless as they are in the direct process of production, they are easily dispensed with as means of existence, as articles of consumption. For that reason any desired quantity of them may be absorbed by the social process of circulation without disturbing the processes of direct production and consumption. Their individual use-value does not come in conflict with their economic function. Furthermore, gold and silver are not only negatively superfluous, i.e. dispensable articles, but their aesthetic properties make them the natural material of luxury, ornamentation, splendor, festive occasions, in short, the positive form of abundance and wealth. They appear, in a way, as spontaneous light brought out from the underground world, since silver reflects all rays of light in their original combination, and gold only the color of highest intensity, viz. red light. The sensation of color is, generally speaking, the most popular form of aesthetic sense. The etymological connection between the names of the precious metals, and the relations of colors, in the different Indo-Germanic languages has been established by Jacob Grimm (see his History of the German Language).

Finally, the susceptibility of gold and silver of being turned from coin into bullion, from bullion into articles of luxury and vice versa, i.e. the advantage they possess as against other commodities in not being tied down to a definite, exclusive form in which they can be used, makes them the natural material of money, which must constantly change from one form to another.

Nature no more produces money than it does bankers or discount rates. But since the capitalist system of production requires the crystallization of wealth as a fetich in the form of a single article, gold and silver appear as its appropriate incarnation. Gold and silver are not money by nature, but money is by nature gold and silver. In the first place, the silver or gold money crystal is not only the product of the process of circulation, but in fact its only final product. In the second place, gold and silver are ready and direct products of nature, not distinguished by any difference of form. The universal product of the social process or the social process itself as a product is a peculiar natural product, a metal hidden in the bowels of the earth and extracted therefrom.<sup>114</sup>

We have seen that gold and silver are unable to fulfill the requirements which they are expected to meet in their capacity of money, viz. to remain values of unvarying magnitude. Still, as Aristotle had already observed, they possess a more constant value than the average of other commodities. Apart from the universal effect of an appreciation or depreciation of the precious metals, the fluctuations in the ratio between the values of gold and silver has a special importance, since both serve side by side in the world market as money material. The purely economic causes of this change of value must be traced to the change in the labor-time required for the production of these metals; conquests and other political upheavals which exercised a great influence on the value of metals in the ancient world, have nowadays only a local and transitory effect. The labor-time required for the production of the metals will depend on the degree of their natural scarcity, as well as on the greater or less difficulty with which they can be obtained in a purely metallic state. As a matter of fact, gold is the first metal discovered by man. This is due to the fact that nature itself furnishes it partly in pure crystalline form, individualized, free from chemical combination with other substances, or, as the alchemists used to say, in a virgin state; and so far as it does not appear in that state, nature does the technical work in the great gold washeries of rivers. Only the crudest kind of labor is thus required of man in the extraction of gold, either from rivers or from alluvial deposits; while the extraction of silver presupposes the development of mining and a comparatively high degree of technical skill generally. For that reason the value of silver is originally greater than that of gold in spite of the lesser absolute scarcity of the former. Strabo's assertion that a certain Arabian tribe gave ten pounds of gold for one pound of iron

and two pounds of gold for one pound of silver, seems by no means incredible. But as the productive powers of labor in society are developed and the product of unskilled labor rises in value as compared with the product of skilled labor; as the earth's crust is more thoroughly broken up and the original superficial sources of gold supply give out, the value of silver begins to fall in proportion to that of gold. At a given stage of development of engineering and of the means of communication, the discovery of new gold or silver fields become the decisive factor. In ancient Asia the ratio of gold to silver was 6 to 1 or 8 to 1; the latter ratio prevailed in China and Japan as late as the beginning of the nineteenth century; 10 to 1, the ratio in Xenophon's time, may be considered as the average ratio of the middle period of antiquity. The exploitation of the Spanish silver mines by Carthage and later by Rome had about the same effect in antiquity, as the discovery of the American mines in modern Europe. For the period of the Roman empire 15 or 16 to 1 may be assumed as a rough average, although we frequently find cases of still greater depreciation of silver in Rome. The same movement beginning with the relative depreciation of gold and concluding with the fall in the value of silver, is repeated in the following epoch which has lasted from the Middle Ages to the present time. As in Xenophon's times the average ratio in the Middle Ages was 10 to 1, changing to 16 or 15 to 1 in consequence of the discovery of the American mines. The discovery of the Australian, Californian and Columbian gold sources makes a new fall in the value of gold probable.<sup>115</sup>

## C. THEORIES OF THE MEDIUM OF CIRCULATION AND OF MONEY.

As the universal thirst for gold prompted nations and princes in the sixteenth and seventeenth centuries, the period of infancy of modern bourgeois society, to crusades beyond the sea in search of the golden grail,<sup>116</sup> the first interpreters of the modern world, the founders of the monetary system, of which the mercantile system is but a variation, proclaimed gold and silver, i.e. money, as the only thing that constitutes wealth. They were quite right when, from the point of view of the simple circulation of commodities, they declared that the mission of bourgeois society was to make money, i.e. to build up everlasting treasures which neither moth nor rust could eat. It is no argument with the monetary system to say that a ton of iron whose price is £3 constitutes a value of the same magnitude as £3 worth of gold. The point here is not the magnitude of the exchange value, but as to what constitutes its adequate form. If the monetary and mercantile systems single out international trade and the particular branches of national industry directly connected with that trade as the only true sources of wealth or money, it must be borne in mind, that in that period the greater part of national production was still carried on under forms of feudalism and was the source from which producers drew directly their means of subsistence. Products, as a rule, were not turned into commodities nor, therefore, into money; they did not enter into the general social interchange of matter; did not, therefore, appear as embodiments of universal abstract labor; and did not, in fact, constitute bourgeois wealth. Money as the end and object of circulation is exchange value or abstract wealth, but it is no material element of wealth and does not form the directing goal and impelling motive of production. True to the conditions as they prevailed in that primitive stage of bourgeois production, those unrecognized prophets held fast to the pure, tangible, and resplendent form of exchange value, to its form of a universal commodity as against all special commodities. The proper bourgeois economic sphere of that period was the sphere of the circulation of commodities. Hence, they judged the entire complex process of bourgeois production from the point of view of that elementary sphere and confounded money with capital. The unceasing

war of modern economists against the monetary and mercantile system is mostly due to the fact that this system blabs out in brutally naive fashion, the secret of bourgeois production, viz. its subjection to the domination of exchange value. Ricardo, though wrong in the application he makes of it, remarks somewhere that even in times of famine, grain is imported not because the nation is starving, but because the grain dealer is making money. In its criticism of the monetary and mercantile system, political economy, by attacking that system as a mere illusion and as a false theory, fails to recognize in it the barbaric form of its own fundamental principles. Furthermore, this system has not only an historic justification, but within certain spheres of modern economy retains until now the full rights of citizenship. At all stages of the bourgeois system of production in which wealth assumes the elementary form of a commodity, exchange value assumes the elementary form of money and in all phases of the process of production wealth reassumes for a moment the universal elementary commodity form. Even at the most advanced stage of bourgeois economy, the specific functions of gold and silver to serve as money, in contradistinction to their function of mediums of circulation — a function which distinguishes them from all other commodities — is not done away with, but only limited, hence the monetary and mercantile system retains its right of citizenship. The Catholic fact that gold and silver are contrasted with other profane commodities as the direct incarnation of social labor, that is as the expression of abstract wealth, naturally offends the Protestant point d'honneur of bourgeois economy, and out of fear of the prejudices of the monetary system it had lost for a long time its grasp of the phenomena of money circulation, as will be shown presently.

It was quite natural that, contrary to the monetary and mercantile system which knew money only in its form of a crystallized product of circulation, classical political economy should have conceived money first of all in its fluent form of exchange value arising and disappearing within the process of the metamorphosis of commodities. And since the circulation of commodities is regarded exclusively in the form of  $C — M — C$  and the latter in its turn, exclusively in its aspect of a dynamic unity of sale and purchase, money comes to be regarded in its capacity of a medium of circulation as opposed to its capacity of money. And when that medium of circulation is isolated in its function of coin, it turns, as we have seen, into a token of value. But since classical political economy had to deal with

metallic circulation as the prevailing form of circulation, it defined metallic money as coin, and metallic coin as a mere token of value. In accordance with the law governing the circulation of tokens of value, the proposition was advanced that the prices of commodities depend on the quantity of money in circulation instead of the opposite principle that the quantity of money in circulation depends on the prices of commodities. We find this view more or less clearly expressed by the Italian economists of the seventeenth century; LOCKE now asserts, now denies that principle; it is clearly elaborated in the “Spectator” (of October 19, 1711) by MONTESQUIEU AND HUME. Since Hume was by far the most important representative of this theory in the eighteenth century, we shall commence our review with him.

Under certain assumptions, an increase or decrease in the quantity either of the metallic money in circulation, or of the tokens of value in circulation seems to affect *uniformly* the prices of commodities. With each fall or rise of the *value* of gold or silver in which the exchange values of commodities are estimated as prices, there is a rise or fall of prices, because of the change in their measure of value; as a result of the rise or fall of prices, a greater or smaller quantity of gold and silver is circulating as coin. But the apparent phenomenon is the fall in prices — the exchange value of commodities remaining the same — accompanied by an increased or diminished quantity of the medium of circulation. On the other hand, if the quantity of tokens of value rises above or falls below its required level, it is forcibly reduced to the latter by a fall or rise of prices. In either case the same effect seems to be brought about by the same cause, and Hume holds fast to this semblance.

Every scientific inquiry into the relation between the volume of the circulating medium and the movement of prices must assume the value of the money material as given. Hume, on the contrary, considers exclusively periods of revolution in the value of the precious metals, i.e. revolutions in the measure of value. The rise of prices which occurred simultaneously with the increase of metallic money after the discovery of the American mines forms the historical background of his theory, while his polemic against the monetary and mercantile system furnishes its practical motive. The importation of precious metals can naturally increase while their cost of production remains the same. On the other hand, a decrease in their value, i.e. in the labor-time required for their production will reveal itself first of all in their increased imports. Hence, said the later followers of Hume, a

decrease in the value of the precious metals, reveals itself in an increased volume of the circulating medium, and the increased volume of the latter is shown in the rise of prices. As a matter of fact, however, the rise in price affects only exported commodities, which are exchanged for gold and silver as commodities and not as mediums of circulation. Thus, the prices of these commodities, which are now estimated in gold and silver of lower value, rise as compared with the prices of all other commodities whose exchange value continues to be estimated in gold or silver according to the standard of their old cost of production. This two-fold appraisal of the exchange values of commodities in the same country can naturally be only temporary, and the gold and silver prices must become equalized in the proportions determined by the exchange values themselves, so that finally the exchange values of all commodities come to be estimated according to the new value of the money material. The development of this process, as well as the ways and means in which the exchange value of commodities asserts itself within the limits of the fluctuations of market prices, do not fall within the scope of this work. But that this equalization takes place but gradually in the early periods of development of bourgeois production and extends over long periods of time, never keeping pace with the increase of cash in circulation, has been strikingly demonstrated by new critical investigations of the movement of prices of commodities in the sixteenth century.<sup>117</sup> The favorite references of Hume's followers to the rise of prices in ancient Rome in consequence of the conquests of Macedonia, Egypt and Asia Minor, are quite irrelevant. The characteristic method of antiquity of suddenly transferring hoarded treasures from one country to another, which was accomplished by violence and thus brought about a temporary reduction of the cost of production of precious metals in a certain country by the simple process of plunder, affects just as little the intrinsic laws of money circulation, as the gratuitous distribution of Egyptian and Sicilian grain in Rome affected the universal law governing the price of grain. Hume, as well as all other writers of the eighteenth century, was not in possession of the material necessary for the detailed observation of the circulation of money. This material, which first becomes available with the full development of banking, includes in the first place a critical history of prices of commodities, and in the second, official and current statistics relating to the expansion and contraction of the circulating medium, the imports and exports of the precious metals, etc. Hume's theory of

circulation may be summed up in the following propositions: 1. The prices of commodities in a country are determined by the quantity of money existing there (real or symbolic money); 2. The money current in a country represents all the commodities to be found there. In proportion “as there is more or less of this representation,” i.e. of money, “there goes a greater or less quantity of the thing represented to the same quantity of it”; 3. If commodities increase in quantity, their price falls or the value of money rises. If money increases in quantity, then, on the contrary, the price of commodities rises and the value of money declines.<sup>118</sup>

“The dearness of everything,” says Hume, “from plenty of money, is a disadvantage, which attends an established commerce, and sets bounds to it in every country, by enabling the poorer states to undersell the richer in all foreign markets.”<sup>119</sup> “Where coin is in greater plenty; as a greater quantity of it is required to represent the same quantity of goods; it can have no effect, either good or bad, taking a nation within itself; any more than it would make an alteration on a merchant’s books, if, instead of the Arabian method of notation, which requires few characters, he should make use of the Roman, which requires a great many. Nay, the greater quantity of money, like the Roman characters, is rather inconvenient, and requires greater trouble both to keep and transport it.”<sup>120</sup> In order to prove anything, Hume should have shown that under a *given* system of notation the quantity of characters used does not depend on the magnitude of the numbers, but that on the contrary, the magnitude of the numbers depends on the quantity of the characters used. It is perfectly true that there is no advantage in estimating or “counting” values of commodities in depreciated gold and silver, and that is the reason why nations have always found it more convenient with the growth of the value of the commodities in circulation to count in silver in preference to copper, and in gold rather than in silver. In proportion as the nations became richer, they converted the less valuable metals into subsidiary coin and the more valuable ones into money. Furthermore, Hume forgets that in order to count values in gold and silver, it is not necessary that either gold or silver should be “on hand.” Money of account and the medium of circulation are identical with him and both are “coin.” Hume concludes that a rise or fall of prices depends on the quantity of money in circulation, because a change in the value of the measure of value, i.e. of the precious metals which serve as money of account, causes a rise or fall of prices and, consequently, also a change in the amount of

money in circulation, the rapidity of the latter remaining the same. That not only the quantity of gold and silver increased in the sixteenth and seventeenth centuries, but that the cost of their production had declined at the same time, Hume could know from the closing up of the European mines. In the sixteenth and seventeenth centuries the prices of commodities increased in Europe with the influx of the mass of American gold and silver; hence the prices of commodities in every land are determined by the mass of gold and silver to be found there. This was Hume's first "necessary consequence."<sup>121</sup> In the sixteenth and seventeenth centuries prices had not risen uniformly with the increase of the quantity of precious metals; more than half a century passed before *any* change in prices became perceptible, and even then it took a long time before the exchange values of commodities came to be generally estimated according to the depreciated value of gold and silver, i.e. before the revolution affected the general price level. Hence, concludes Hume, who, quite contrary to the principles of his philosophy, generalizes indiscriminately from imperfectly observed facts, prices of commodities or the value of money depend not on the total amount of money to be found in the country, but rather on the quantity of gold and silver which is actually in circulation; but in the long run all the gold and silver in the country must be absorbed by circulation in the form of coin.<sup>122</sup> It is clear that if gold and silver have a value of their own, then, apart from all other laws of circulation, only a definite quantity of gold and silver can circulate as the equivalent of commodities of a given value. If, therefore, every quantity of gold and silver which happens to be in a country must enter the sphere of exchange of commodities as a medium of circulation without regard to the total value of the commodities, then gold and silver have no intrinsic value and are in fact no real commodities. That is Hume's third "necessary consequence." He makes commodities enter the process of circulation without price and gold and silver without value. That is the reason why he never speaks of the value of commodities and of gold, but only of their relative quantities. Locke had already said that gold and silver had merely an imaginary or conventional value; the first brutal expression of opposition to the assertion of the monetary "system" that gold and silver alone have true value. That gold and silver owe their character of money to the function they perform in the social process of exchange is interpreted to the effect that they owe their own value and therefore the magnitude of their value to a social function.<sup>123</sup> Gold and silver are thus

worthless things, which, however, acquire a fictitious value within the sphere of circulation *as representatives of commodities*. They are converted by the process of circulation not into money, but into value. This value of theirs is determined by the proportion between their own volume and that of the commodities, since the two must balance each other. Thus, Hume makes gold and silver enter the world of commodities as non-commodities; but as soon as they appear in the form of coin, he turns them, on the contrary, into mere commodities, which must be exchanged for other commodities by simple barter. In that manner, if the world of commodities consisted of but one commodity, say one million quarters of grain, the idea would work itself out very simply; viz., one quarter of grain would be exchanged for two ounces of gold if there were altogether two million ounces of gold, and for twenty ounces of gold, if there were a total of twenty million ounces, the price of the commodity and the value of money rising or falling in inverse ratio to the quantity of gold in existence.<sup>124</sup> But the world of commodities consists of an endless variety of use-values, whose relative values are by no means determined by their relative quantities. How, then, does Hume conceive this exchange of the volume of commodities for the volume of gold? He contents himself with the meaningless, hollow idea that every commodity is exchanged as an aliquot part of the entire volume of commodities for a corresponding aliquot part of the volume of gold. The process of the movement of commodities due to the antagonism between exchange value and use-value which commodities bear within themselves, and which manifests itself in the circulation of money, becoming crystallized in different forms of the latter, is thus done away with, giving place to the imaginary mechanical equalization process between the quantity of precious metals to be found in a country and the volume of commodities existing there at the same time.

SIR JAMES STEUART opens his inquiry into the nature of coin and money with an elaborate criticism of Hume and Montesquieu.<sup>125</sup> He is really the first to ask this question: is the quantity of current money determined by the prices of commodities, or are the prices of commodities determined by the quantity of current money? Although his analysis is obscured by his fantastic conception of the measure of value, his vacillating view of exchange value and by reminiscences of the mercantile system, he discovers the essential forms of money and the general laws of the circulation of money, because he makes no attempt at a mechanical

separation of commodities from money, but proceeds to develop its different functions from the different aspects of the exchange of commodities. Money is used, he says, for two principal purposes: for the payment of debts and for the purchase of what one needs; the two together form “ready money demands.” The state of trade and industry, the mode of living, the customary expenditures of the people, taken all together regulate and determine the volume of “ready money demands,” i.e. the number of “alienations.” In order to effect this multitude of payments, a certain proportion of money is required. This proportion may increase or decrease according to circumstances, even while the number of alienations remains the same. At any rate, the circulation of a country can absorb only a definite quantity of money.<sup>126</sup> “It is the complicated operations of demand and competition which determines the standard price of everything”; the latter “does not in the least depend on the quantity of gold and silver in the country.”<sup>127</sup> What then will become of the gold and silver that is not required as coin? They are hoarded or used in the manufacture of articles of luxury. If the quantity of gold and silver fall below the level required for circulation, symbolic money or other substitutes take its place. If a favorable rate of exchange brings about a surplus of money in the country and cuts off at the same time the demand for its shipment abroad, it will accumulate in strong-boxes, where the “riches will remain without producing more effect than if they had remained in the mine.”

The second law discovered by Steuart is that of the reflux of credit circulation to its starting point. Finally, he works out the effects which the disparity of the rates of interest in different countries produces upon the international export and import of precious metals. The last two points we mention here only for the sake of completeness, since they have but a remote bearing on the subject of our discussion.<sup>128</sup> Symbolic money or credit money — Steuart does not as yet distinguish between the two forms of money — may take the place of precious metals as a means of purchase or means of payment in the sphere of home circulation, but never in the world market. Paper notes are therefore “money of the society,” while gold and silver are “money of the world.”<sup>129</sup>

It is characteristic of nations with an “historical” development, in the sense in which the term is used by the historical school of law, to keep forgetting their own history. Although the controversy as to the relation of prices of commodities to the volume of the circulating medium has been

continually agitating Parliament for the last half a century, and has precipitated in England thousands of pamphlets, large and small, Steuart has remained even more of a “dead dog” than Spinoza seemed to be to Moses Mendelson in Lessing’s time. Even the latest writer on the history of “currency,” Maclaren, makes Adam Smith the original author of Steuart’s theory, and Ricardo of Hume’s theory.<sup>130</sup>

While Ricardo elaborated Hume’s theory, Adam Smith registered the results of Steuart’s investigations as dead facts. Adam Smith applied the Scotch saying that “mony mickles mak a muckle” even to his spiritual wealth, and therefore concealed with petty care the sources to which he owed the little out of which he tried to make so much. More than once he prefers to break off the point of the discussion, whenever he feels that an attempt on his part clearly to formulate the question would compel him to settle his accounts with his predecessors. So in the case of the money theory. He tacitly adopts Steuart’s theory when he says that the gold and silver existing in a country is partly utilized as coin; partly accumulated in the form of reserve funds for merchants in countries without banks, or of bank reserves in countries with a credit currency; partly serves as a hoard for the settling of international payments; partly is turned into articles of luxury. He passes over without remark the question as to the quantity of coin in circulation, treating money quite wrongly as a mere commodity.<sup>131</sup> His vulgarizer, the dull J. B. Say, whom the French have proclaimed *prince de la science* — like Johann Christoph Gottsched, who proclaimed his Schönaich a Homer and himself a Pietro Aretino to the *terror principum and lux mundi* — has with great pomp raised this not altogether innocent oversight of Adam Smith to a dogma.<sup>132</sup> It must be said, however, that his hostile attitude to the illusions of the mercantile system prevented Adam Smith from taking an objective view of the phenomena of metallic circulation, while his views on credit money are original and deep. As in the eighteenth century petrification theories there is always felt the presence of an undercurrent which springs from either a critical or apologetic attitude toward the biblical tradition of the flood, so there is concealed behind all the money theories of the eighteenth century a secret struggle with the monetary system, the ghost which had stood guard over the cradle of bourgeois economy and continued to throw its shadow over legislation.

In the nineteenth century, inquiries into the nature of money were not prompted directly by phenomena of metallic circulation, but rather by those of banknote circulation. The former was touched upon only in order to discover the laws governing the latter. The suspension of specie payments by the Bank of England in 1797, the rise of prices of many commodities which followed it, the fall of the mint price of gold below its market price, the depreciation of bank-notes, especially since 1809, furnished the direct practical occasion for a party struggle in parliament and a theoretical tournament outside of it, both conducted with like passion. The historical background for the controversy was furnished by the history of paper money during the eighteenth century: the fiasco of Law's bank; the depreciation of the provincial bank-notes of the English Colonies in North America from the beginning to the middle of the eighteenth century which went hand in hand with the increase in the number of tokens of value; further, the Continental bills issued as legal tender by the American government during the War of Independence; and finally, the experiment with the French *assignats* carried out on a still larger scale. Most of the English writers of that period confound the circulation of bank-notes, which is governed by quite different laws, with the circulation of tokens of value or government legal tender paper money; and while they claim to explain the phenomena of this legal tender circulation by the laws of metallic circulation, they proceed, as a matter of fact, just the opposite way, viz., deducting laws for the latter from phenomena observed in connection with the former. We omit all the numerous writers of the period of 1800-1809 and turn directly to RICARDO, both because he embodies the views of his predecessors, which he formulates with greater precision, and because the shape he gave to the theory of money governs English bank legislation until this moment. Ricardo, like his predecessors, confounds the circulation of bank-notes, or credit money, with the circulation of mere tokens of value. The fact which impresses him most is the depreciation of paper currency accompanied by the rise of prices of commodities. What the American mines had been to Hume, the paper-bill presses in Threadneedle street were to Ricardo, and he himself expressly identifies the two factors at some place in his works. His first writings, which dealt exclusively with the money question belong to the time of the most violent controversy between the Bank of England, which had on its side the ministers and the war party, and its opponents about whom were centered the parliamentary opposition, the

Whigs and the Peace party. They appeared as immediate forerunners of the famous Report of the Bullion Committee of 1810, in which Ricardo's views were adopted.<sup>133</sup> The singular circumstance, that Ricardo and his adherents, who held money to be merely a token of value, are called bullionists, is due not only to the name of that committee, but also to the nature of their theory. In his work on political economy, Ricardo repeated and developed further the same views, but nowhere has he investigated the nature of money as such, as he had done in the case of exchange value, profit, rent, etc.

To begin with, Ricardo determines the value of gold and silver, like that of all other commodities, by the quantity of labor-time embodied in them.<sup>134</sup> By means of them, as commodities of a given value, the values of all other commodities are measured.<sup>135</sup> The volume of the circulating medium in a country is determined by the value of the unit of measure of money on the one hand, and by the sum total of the exchange values of commodities, on the other. This quantity is modified by economy in the method of payment.<sup>136</sup> Since the quantity of money, of a given value, which can be absorbed by circulation, is thus determined and since the value of money within the sphere of circulation manifests itself only in its quantity, it follows that mere tokens of value, if issued in proportions determined by the value of money, may replace it in circulation, and in fact, "a currency is in its most perfect state when it consists wholly of paper money, but of paper money of an equal value with the gold which it professes to represent."<sup>137</sup> So far Ricardo determines the volume of the circulating medium by the prices of commodities, assuming the value of money to be given; money as a token of value means with him a token of a definite quantity of gold and not a mere worthless representative of commodities as was the case with Hume.

When Ricardo suddenly gets off the straight path of his presentation and takes the very opposite view, he does so to turn his attention to the international circulation of precious metals and thus brings confusion into the problem by introducing considerations that are foreign to the subject. Let us follow his own course of reasoning, and, in order to remove everything that is artificial and incidental, let us assume that the gold and silver mines are located in the interior of the countries in which the precious metals circulate as money. The only inference which follows from Ricardo's reasoning as so far developed, is that, the value of gold being

given, the quantity of money in circulation will be determined by the prices of commodities. Thus, at a given moment, the quantity of gold in circulation in a country is simply determined by the exchange value of the commodities in circulation. Let us suppose now that the sum total of these exchange values has declined either because there are less commodities produced at the old exchange values, or because, in consequence of an increased productivity of labor, the same quantity of commodities has a smaller value. Or, we may assume on the contrary that the sum total of exchange values has increased, either because the quantity of commodities has increased while the cost of their production has remained the same, or because the value of the same or of a smaller quantity of commodities has risen in consequence of a diminished productivity of labor. What becomes in either case of the *given* quantity of metal in circulation? If gold is money merely because it is current as a medium of circulation; if it is compelled to remain in circulation like government legal tender paper money (and that is what Ricardo has in mind), then the quantity of money in circulation will rise above the normal level, as determined by the exchange value of the metal, in the former case, and fall below that level in the latter. Although possessing a value of its own, gold will become in the former case a token of a metal of lower exchange value than its own, and in the latter, a token of a metal of higher value. In the former case it will remain as a token of value less than its own, in the latter greater than its own (again an abstract deduction from legal tender paper money). In the former case it is the same as though commodities were estimated in a metal of lower value than gold, in the latter, as though they were estimated in a metal of higher value. In the former case, prices of commodities would rise therefore, in the latter they would fall. In either case the movement of prices, their rise or fall, would appear as the effect of a relative expansion or contraction of the volume of gold in circulation above or below the level corresponding to its own value, i.e. above or below the normal quantity which is determined by the proportion between its own value and that of the commodities in circulation.

The same process would take place if the sum total of the prices of the commodities in circulation remained unchanged, while the volume of gold in circulation came to be below or above the right level: the former in case the gold coin worn out in the course of circulation were not replaced by the production of a corresponding quantity of gold in the mines; the latter, if the

output of the mines exceeded the requirements of circulation. In either case it is assumed that the cost of production of gold or its value remain the same.

To sum up: the money in circulation is at its normal level, when its volume is determined by its own bullion value, the exchange value of commodities being given. It rises above that level, bringing about a fall in the value of gold below its own bullion value and a rise of prices of commodities, whenever the sum total of the exchange values of commodities declines, or the output of gold from the mines increases. It sinks below its right level, leading to a rise of gold above its own bullion value and to a fall of prices of commodities, whenever the sum total of the exchange values of the commodities or the gold output of the mines is not sufficient to replace the quantity of outworn gold. In either case the gold in circulation becomes a token of value greater or smaller than that it really possesses. It may become an appreciated or depreciated token of itself. As soon as all commodities would come to be estimated in gold of this new value and the general price level would accordingly rise or fall, the quantity of current gold would again answer the requirements of circulation (a consequence which Ricardo emphasizes with great pleasure), but would be at variance with the cost of production of the precious metals and, therefore, with their relation as commodities to all other commodities. According to the general Ricardian theory of exchange value, the rise of gold above its exchange value, i.e., above the value as determined by the labor-time contained in it, would cause an increase in the production of gold until the increased output of it would reduce its value to the proper magnitude. And in the same manner, a fall of gold below its value would cause a decline in its production until its value rose again to its proper magnitude. By these opposite movements the discrepancy between the bullion value of gold and its value as a medium of circulation would disappear, the normal level of the volume of gold in circulation would be restored, and the price level would again correspond to the measure of value. These fluctuations in the value of gold in circulation would to the same extent affect gold in the form of bullion, because by assumption, all gold that is not utilized as an article of luxury, is supposed to be in circulation. Since gold itself may become, both as coin and bullion, a token of value of greater or smaller magnitude than its bullion value, it is self understood that convertible bank-notes in circulation have to share the same fate. Although bank-notes are

convertible, i.e. their real value and nominal value agree, “the aggregate currency consisting of metal and of convertible notes” may appreciate or depreciate according as to whether it rises or falls, for reasons already stated, above or below the level determined by the exchange value of the commodities in circulation and the bullion value of gold. Inconvertible paper money, has, from this point of view, only that advantage as against convertible paper money, that it may depreciate in a two-fold manner. It may fall below the value of the metal which it is supposed to represent, because it has been issued in too great quantity, or it may depreciate because the metal it represents has itself fallen in value. This depreciation, not of paper as compared with gold, but of gold and paper together, or of the aggregate currency of a country, is one of the principal discoveries of Ricardo, which Lord Overstone and Co. pressed into their service and made a fundamental principle of Sir Robert Peele’s Bank legislation of 1844 and 1845.

What should have been proven was that the price of commodities or the value of gold depends on the quantity of gold in circulation. The proof consists in the assumption of what is to be proven, viz. that any quantity of the precious metal employed as money must become a medium of circulation or coin, and thereby a token of value for the commodities in circulation, no matter in what proportion to its own intrinsic value and no matter what the total value of those commodities may be. To put it differently, the proof consists in overlooking all the other functions which money performs besides its function of a medium of circulation. When hard pressed, as in his controversy with Bosanquet, Ricardo, completely under the influence of the phenomenon of depreciated tokens of value caused by their quality, takes recourse to dogmatic assurances.<sup>138</sup>

If Ricardo had built up this theory by abstract reasoning, as we have done it here, without introducing concrete facts and incidental matters which only distract his attention from the main question, its hollowness would be striking. But he takes up the entire subject in its *international* aspect. It will be easy to prove, however, that the apparent magnitude of scale does not make his fundamental ideas less diminutive.

His first proposition was as follows: the volume of metallic currency is normal when it is determined by the total value of the commodities in circulation estimated in its bullion value. Expressed so as to apply to international conditions, it reads thus: in a normal state of circulation every

country possesses a quantity of money “according to the state of its commerce and wealth.” Money circulates at a value corresponding to its real value or to its cost of production, i.e. it has the same value *in all countries*.<sup>139</sup> That being the case, “there could be no temptation offered to either for their importation or exportation.”<sup>140</sup> There would thus be established a balance of currencies between the different countries. The normal level of a national currency is now expressed in terms of an international balance of currencies, which practically amounts to the statement that nationality does not change anything in a universal economic law. We have reached again the same fatal point as before. How is the normal level disturbed? Or, speaking in terms of the new terminology, how is the international balance of currencies disturbed? Or, how does money cease to have the same value in all countries? Or, finally, how does it cease to pass at its own value in every country? We have seen that the normal level was disturbed by an increase or decrease of the volume of money in circulation while the total value of commodities remained the same; or, because the quantity of money in circulation remained the same while the exchange values of commodities rose or fell. In the same manner, the international level, determined by the value of the metal itself, is disturbed by an increase in the quantity of gold in a country brought about by the discovery of new gold mines,<sup>141</sup> or by an increase or decrease of the total exchange-value of the circulating commodities in any particular country. Just as in the former case the output of the precious metals decreased or increased according as to whether it was necessary to contract or expand the currency and thereby to lower or raise prices, so are the same effects produced now by export and import from one country to another. In the country in which prices would rise or the value of gold would fall below the bullion value in consequence of a redundant currency, gold would be depreciated, and the prices of commodities would rise as compared with other countries. Gold would, therefore, be exported, while commodities would be imported, and vice versa. Just as in the former case the output of gold, so now the import or export of gold and, with it, the rise or fall of prices of commodities would continue until, as we would have said before, the right value relation would be restored between the metal and commodities, or as we shall say now, the international balance of currencies would be restored. Just as in the former case the production of gold increased or decreased because gold stood above or below its value, so now

the international migration of gold would take place for the same reason. Just as in the former case, every change in the production of the circulating metal affected its quantity and, thereby, prices, so would the same effect be produced now by international import and export. As soon as the relative values of gold and commodities or the normal quantity of currency would be restored, no further production would take place in the former case, and no further export or import in the latter, except in so far as would be necessary to replace outworn coin and to meet the demand of manufacturers of articles of luxury. It follows “that the temptation to export money in exchange for goods, or what is termed an unfavorable balance of trade, never arises but from a redundant currency.”<sup>142</sup> “The exportation of the coin is caused by its cheapness, and is not the effect, but the cause of an unfavourable balance.”<sup>143</sup> Since the increase or decrease in the production of gold in the former case and the importation or exportation of gold in the latter, take place only whenever its volume rises above or sinks below its normal level, i.e. whenever gold appreciates or depreciates in comparison with its bullion value, or whenever prices of commodities are too high or too low; it follows that every such movement works as a corrective,<sup>144</sup> since, through the resultant expansion or contraction of the currency, prices are restored to their true level: in the former case this level represents the balance between the respective values of gold and of commodities; in the latter, the international balance of currencies. To put it in other words: money circulates in different countries only in so far as it circulates as coin in every country. Money is but coin and all the gold existing in a country must therefore enter circulation, i.e. it can rise above or fall below its value as a token of value. Thus we safely land again, by the round-about way of this international complication, at the simple dogma which constituted our starting point.

With what violence to actual facts Ricardo has to explain them in the sense of his abstract theory, a few illustrations will suffice to show. He maintains, e. g. that in years of poor crops, which happened frequently in England during 1800-1820, gold is exported not because corn is needed and gold as money is at all times an effectual means of purchase in the world market, but because gold is in such cases depreciated in its value as compared with other commodities and, therefore, the currency of the country in which there has been a failure of crops is depreciated with respect to other national currencies. “In consequence of a bad harvest, a

country having been deprived of a part of its commodities ... the currency which was before at its just level ... become(s) redundant,” and prices of all commodities rise in consequence.<sup>145</sup> Contrary to this paradoxical interpretation it has been proven statistically that from 1793 to the present time, whenever England had a bad harvest the available supply of currency not only did not become superabundant, but became inadequate and that, therefore, more money circulated and had to circulate on such occasions.<sup>146</sup>

In the same manner, Ricardo maintained, with reference to Napoleon's Continental System and the English Blockade Decree, that the English exported gold instead of commodities to the Continent, because their money was depreciated with respect to the money on the Continent, that their commodities were, therefore, more high priced, which made it a more profitable commercial speculation to export gold than goods. According to him England was a market in which commodities were dear and money was cheap, while on the Continent commodities were cheap and money was dear. The trouble, according to an English writer, was “the ruinously low prices of our manufactures and of our colonial productions under the operation ... of the ‘Continental System ‘during the last six years of the war.... The prices of sugar and coffee, for instance, on the Continent, computed in gold, were four or five times higher than their prices in England, computed in bank-notes. I am speaking ... of the times in which the French chemists discovered sugar in beet-root, and a substitute for coffee in chicory; and when the English grazier tried experiments upon fattening oxen with treacle and molasses — of the times when we took possession of the island of Heligoland, in order to form there a depot of goods to facilitate, if possible, the smuggling of them into the north of Europe; and when the lighter descriptions of British manufactures found their way into Germany through Turkey.... Almost all the merchandise of the world accumulated in our warehouses, where they became impounded, except when some small quantity was released by a French License, for which the merchants at Hamburgh and Amsterdam had, perhaps, given Napoleon such a sum as forty or fifty thousand pounds. They must have been strange merchants ... to have paid so large a sum for liberty to carry a cargo of goods from a dear market to a cheap one. What was the ostensible alternative the merchant had?... Either to buy coffee at 6d. a pound in bank-notes, and send it to a place where it would instantly sell at 3s. or 4s. a pound in gold, or to buy gold with bank-notes at £5 an ounce, and send it to

a place where it would be received at £3 17s. 10-1/2d. an ounce.... It is too absurd, of course, to say ... that the gold was remitted instead of the coffee, as a preferable mercantile operation.... There was not a country in the world in which so large a quantity of desirable goods could be obtained, in return for an ounce of gold, as in England.... Bonaparte ... was constantly examining the English Price Current.... So long as he saw that gold was dear and coffee was cheap in England, he was satisfied that his 'Continental System' 'worked well.'<sup>147</sup>

At the very time when Ricardo first formulated his theory of money, and the Bullion Committee embodied it in its parliamentary report, namely in 1810, a ruinous fall of prices of all English commodities as compared with those of 1808 and 1809 took place, while gold rose in value accordingly. Only agricultural products formed an exception, because their importation from abroad met with obstacles and their domestic supply was decimated by unfavorable crop conditions.<sup>148</sup> Ricardo so utterly failed to comprehend the rôle of precious metals as an international means of payment, that in his testimony before the Committee of the House of Lords in 1819 he could say "that drains for exportation would cease altogether so soon as cash payments should be resumed, and the currency be restored to its metallic level." He died just in time, on the very eve of the crisis of 1825, which belied his prophecies.

The time when Ricardo wrote was generally little adapted for the observation of the function of precious metals as world money. Before the introduction of the Continental System, the balance of trade had almost always been in favor of England, and while that system lasted, the commercial intercourse with the European continent was too insignificant to affect the English rate of exchange. The money transmissions were mostly of a political nature and Ricardo seems to have utterly failed to grasp the part which subsidy payments played at that time in English gold exports.<sup>149</sup>

Among the contemporaries of Ricardo who formed the school which adopted his economic principles, JAMES MILL was the most important one. He attempted to work out Ricardo's theory of money on the basis of simple metallic circulation, without the irrelevant international complications which served Ricardo to hide the inadequacy of his theory, and without any controversial regard for the operations of the Bank of England. His main arguments are as follows:

“By value of money, is here to be understood the proportion in which it exchanges for other commodities, or the quantity of it which exchanges for a certain quantity of other things.... It is the total quantity of the money in any country, which determines what portion of that quantity shall exchange for a certain portion of the goods or commodities of that country. If we suppose that all the goods of the country are on one side, all the money on the other, and that they are exchanged at once against one another, it is evident ... that the value of money would depend wholly upon the quantity of it. It will appear that the case is precisely the same in the actual state of the facts. The whole of the goods of a country are not exchanged at once against the whole of the money; the goods are exchanged in portions, often in very small portions, and at different times, during the course of the whole year. The same piece of money which is paid in one exchange to-day, may be paid in another exchange tomorrow. Some of the pieces will be employed in a great many exchanges, some in very few, and some, which happen to be hoarded, in none at all. There will, amid all these varieties, be a certain average number of exchanges, the same which, if all the pieces had performed an equal number, would have been performed by each; that average we may suppose to be any number we please; say, for example, ten. If each of the pieces of the money in the country perform ten purchases, that is exactly the same thing as if all the pieces were multiplied by ten, and performed only one purchase each. The value of all the goods in the country is equal to ten times the value of all the money.... If the quantity of money instead of performing ten exchanges in the year, were ten times as great, and performed only one exchange in the year, it is evident that whatever addition were made to the whole quantity, would produce a proportional diminution of value, in each of the minor quantities taken separately. As the quantity of goods, against which the money is all exchanged at once, is supposed to be the same, the value of all the money is no more, after the quantity is augmented, than before it was augmented. If it is supposed to be augmented one-tenth, the value of every part, that of an ounce for example, must be diminished one-tenth.... In whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion, the value of the whole, and of every part, is reciprocally diminished or increased. This, it is evident, is a proposition universally true. Whenever the value of money has either risen or fallen (the quantity of goods against which it is exchanged and the rapidity of

circulation remaining the same), the change must be owing to a corresponding diminution or increase of the quantity; and can be owing to nothing else. If the quantity of goods diminish, while the quantity of money remains the same, it is the same thing as if the quantity of money had been increased;" and vice versa.... "Similar changes are produced by any alteration in the rapidity of circulation.... An increase in the number of these purchases has the same effect as an increase in the quantity of money; a diminution the reverse.... If there is any portion of the annual produce which is not exchanged at all, as what is consumed by the producer; or which is not exchanged for money; that is not taken into the account, because what is not exchanged for money is in the same state with respect to the money, as if it did not exist.... Whenever the coining of money ... is free, its quantity is regulated by the value of the metal.... Gold and silver are in reality commodities.... It is cost of production ... which determines the value of these, as of other ordinary productions."<sup>150</sup>

The whole wisdom of Mill resolves itself into a series of arbitrary and absurd assumptions. He wishes to prove that the price of commodities or the value of money is determined by "the total quantity of the money in any country." *Assuming* that the quantity and the exchange value of the commodities in circulation remain unchanged and that the same be true of the rapidity of circulation and of the value of precious metals as determined by the cost of production, and *assuming* at the same time that the quantity of the metallic currency increases or decreases in proportion to the quantity of money *existing* in a country, it becomes really "evident" that what was to have been proven has been assumed. Mill falls, moreover, into the same error as Hume by assuming that use-values and not commodities with a given exchange value are in circulation, and that vitiates his statement, even if we grant all of his "assumptions." The rapidity of circulation may remain the same; this may also be true of the value of the precious metals and of the *quantity* of commodities in circulation; and yet a change in the exchange value of the latter may require now a larger and now a smaller quantity of money for their circulation. Mill sees that a part of the money in a country is in circulation, while another is idle. With the aid of a most absurd average calculation he *assumes* that, although it really appears to be different, yet all the gold in a country does circulate. Assuming that ten million silver thalers circulate in a country twice a year, there could be twenty million such coins in circulation, if each circulated but once. And if the entire quantity of silver

to be found in a country in any form amounts to one hundred million thalers, it may be supposed that the entire one hundred million can enter circulation, if each piece of money should circulate once in five years. One could as well assume that all the money of the world circulate in Hempstead, but that each piece of money instead of being employed three times a year, is employed once in 3,000,000 years. The one assumption is as relevant as the other for the purpose of determining the relation between the sum total of prices of commodities and the volume of currency. Mill feels that it is a matter of decisive importance to him to bring the commodities in direct contact not with the money in circulation, but with the entire supply of money existing in a country. He admits that "the whole of the goods of a country are not exchanged at once against the whole of the money," but that the goods are exchanged in different portions and at different times of the year for different portions of money. To do away with this difficulty he *assumes* that it does not exist. Moreover, this entire idea of direct contact of commodities and money and direct exchange is a mere abstraction from the movement of simple purchase and sale or the function of money as a means of purchase. Already in the movement of money as a means of payment, commodity and money cease to appear simultaneously.

The commercial crises of the nineteenth century, namely, the great crises of 1825 and 1836, did not result in any new developments in the Ricardian theory of money, but they did furnish new applications for it. They were no longer isolated economic phenomena, such as the depreciation of the precious metals in the sixteenth and seventeenth centuries which interested Hume, or the depreciation of paper money in the eighteenth and early nineteenth centuries which confronted Ricardo; they were the great storms of the world market in which the conflict of all the elements of the capitalist process of production discharge themselves, and whose origin and remedy were sought in the most superficial and abstract sphere of this process, the sphere of money circulation. The theoretical assumption from which the school of economic weather prophets proceeds, comes down in the end to the illusion that Ricardo discovered the laws governing the circulation of purely metallic currency. The only thing that remained for them to do was to subject to the same laws the circulation of credit and bank-note currency.

The most general and most palpable phenomenon in commercial crises is the sudden, general decline of prices following a prolonged general rise. The general decline of prices of commodities may be expressed as a rise in

the relative value of money with respect to all commodities, and the general rise of prices as a decline of the relative value of money. In either expression the phenomenon is described but not explained. Whether I put the question thus: explain the general periodic rise of prices followed by a general decline of the same, or formulate the same problem by saying: explain the periodic decline and rise of the relative value of money with respect to commodities; the different wording leaves the problem as little changed as would its translation from German into English. Ricardo's theory of money was exceedingly convenient, because it lends a tautology the semblance of a statement of causal connection. Whence comes the periodic general fall of prices? From the periodic rise of the relative value of money. Whence the general periodic rise of prices? From the periodic decline of the relative value of money. It might have been stated with equal truth that the periodic rise and fall of prices is due to their periodic rise and fall. The problem itself is stated under the assumption that the intrinsic value of money, i.e., its value as determined by the cost of production of precious metals remains *unchanged*. If it is more than a tautology then it is based on a misconception of the most elementary principles. If the exchange value of A measured in terms of B, declines, we know that this may be caused by a decline of the value of A as much as by a rise of the value of B; the same being true of the case of a rise of the exchange value of A measured in terms of B. The tautology once admitted as a statement of cause, the rest follows easily. A rise of prices of commodities is caused by a decline of the value of money and a decline of the value of money is caused, as we know from Ricardo, by a redundant currency, i.e., by a rise of the volume of currency over the level determined by its own intrinsic value and the intrinsic value of the commodities. In the same manner, the general decline of prices of commodities is explained by the rise of the value of money above its intrinsic value in consequence of an inadequate currency. Thus, prices rise and fall periodically, because there is periodically too much or too little money in circulation. Should a rise of prices happen to coincide with a contracted currency, and a fall of prices with an expanded one, it may be asserted in spite of those facts that in consequence of a contraction or expansion of the volume of commodities in the market, which can not be proven statistically, the quantity of money in circulation has, although not absolutely, yet relatively increased or declined. We have seen that according to Ricardo these universal fluctuations must take place

even with a purely metallic currency, but that they balance each other through their alternations; thus, e. g., an inadequate currency causes a fall of prices, the fall of prices leads to the export of commodities abroad, this export causes again an import of gold from abroad, which, in its turn, brings about a rise of prices; the opposite movement taking place in case of a redundant currency, when commodities are imported and money is exported. But, since in spite of these universal fluctuations of prices which are in perfect accord with Ricardo's theory of metallic currency, their acute and violent form, their crisis-form, belongs to the period of advanced credit, it is perfectly clear that the issue of bank-notes is not exactly regulated by the laws of metallic currency. Metallic currency has its remedy in the import and export of precious metals which immediately enter circulation and thus, by their influx or efflux, cause the prices of commodities to fall or rise. The same effect on prices must now be exerted by banks by the artificial imitation of the laws of metallic currency. If gold is coming in from abroad it proves that the currency is inadequate, that the value of money is too high and the prices of commodities too low, and, consequently, that bank notes must be put in circulation in proportion to the newly imported gold. On the contrary, notes have to be withdrawn from circulation in proportion to the export of gold from the country. That is to say, the issue of bank notes must be regulated by the import and export of the precious metals or by the rate of exchange. Ricardo's false assumption that gold is only coin, and that therefore all imported gold swells the currency, causing prices to rise, while all exported gold reduces the currency leading to a fall of prices, this theoretical assumption is turned into a practical experiment of putting in every case an amount of currency in circulation equal to the amount of gold in existence. Lord Overstone (the banker Jones Loyd), Colonel Torrens, Norman, Clay, Arbuthnot and a host of other writers, known in England as the adherents of the "currency principle," not only preached this doctrine, but with the aid of Sir Robert Peel succeeded in 1844 and 1845 in making it the basis of the present English and Scotch bank legislation. Its ignominious failure, theoretical as well as practical, following upon experiments on the largest national scale, can be treated only after we take up the theory of credit.<sup>151</sup> So much can be seen, however, that the theory of Ricardo which isolates money in its fluent form of currency, ends by ascribing to the ebbs and tides in the supply of precious metals an influence on bourgeois economy such as the believers in

the superstitions of the monetary system had never dreamt of. Thus did Ricardo, who proclaimed paper currency as the most perfect form of money, become the prophet of the bullionists.

After Hume's theory or the abstract opposition to the monetary system was thus developed to its ultimate conclusions, Steuart's concrete conception of money was finally restored to its rights by THOMAS TOOKE.<sup>152</sup> Tooke arrives at his principles not from any theory, but by a conscientious analysis of the history of prices of commodities from 1793 to 1856. In the first edition of his *History of Prices* which appeared in 1823, Tooke is still under the complete influence of the Ricardian theory, and vainly tries to reconcile it with actual facts. His pamphlet "On the Currency," which appeared after the crisis of 1825 might even be considered as the first consistent presentation of the views which were later given the force of law by Overstone. Continued studies in the history of prices forced him, however, to the conclusion that the direct connection between prices and the volume of currency, as it is pictured by the theory, is a mere illusion; that the expansion and contraction of currency which takes place while the value of the precious metals remains unchanged, is always the effect but never the cause of price fluctuations; that the circulation of money is in any event but a secondary movement; and that money assumes quite different forms in the actual process of production in addition to that of a circulating medium. His detailed investigations belong to a sphere outside of that of simple metallic circulation and can be discussed here as little as the investigations of WILSON and FULLARTON which belong to the same class.<sup>153</sup> None of these writers takes a one-sided view of money, but treat it in its various aspects; the treatment, however, is mechanical, without an attempt to establish an organic connection either between these various aspects themselves, or between them and the combined system of economic categories. They fall, therefore, into the error of confusing *money* as distinguished from *medium of circulation* with *capital* or even with commodity, although they are forced elsewhere to differentiate it from both.<sup>154</sup> When gold, e. g., is shipped abroad, it practically means that capital is sent abroad, but the same thing takes place when iron, cotton, grain, or any other commodity is exported. Both are capital and are distinguished not as capital, but as money and commodity. The function of gold as the international medium of exchange springs, therefore, not from its being capital, but from its specific character of money. Similarly, when gold, or

bank notes in its place, circulate in the home trade as means of payment, they constitute capital at the same time. But they could not be replaced by capital in the form of commodities, as has been demonstrated very palpably by crises, for instance. That is to say, it is the fact that gold is distinguished from commodities in its capacity of money and not in that of capital, that makes it the means of payment. Even when capital is exported directly as capital, as, e. g., when it is done for the purpose of lending abroad a certain amount on interest, it depends on circumstances, whether it will be exported in the form of commodities or in that of gold, and if in the latter form, it is due to the specific destination of the precious metals as distinguished from commodities to serve as money. In general, these writers do not consider money in its abstract form, as it is developed within the sphere of simple circulation of commodities, and as it spontaneously grows out of the relation of the circulating commodities. As a result, they constantly vacillate between the abstract forms of money which distinguish it from commodity and those forms of it beneath which are concealed concrete relations, such as capital, revenue, etc. [155](#)

*Introduction  
to the  
Critique of Political Economy.* [156](#)

# 1. PRODUCTION IN GENERAL.

The subject of our discussion is first of all *material* production by individuals as determined by society, naturally constitutes the starting point. The individual and isolated hunter or fisher who forms the starting point with Smith and Ricardo, belongs to the insipid illusions of the eighteenth century. They are Robinsonades which do not by any means represent, as students of the history of civilization imagine, a reaction against over-refinement and a return to a misunderstood natural life. They are no more based on such a naturalism than is Rousseau's "contrat social," which makes naturally independent individuals come in contact and have mutual intercourse by contract. They are the fiction and only the aesthetic fiction of the small and great Robinsonades. They are, moreover, the anticipation of "bourgeois society," which had been in course of development since the sixteenth century and made gigantic strides towards maturity in the eighteenth. In this society of free competition the individual appears free from the bonds of nature, etc., which in former epochs of history made him a part of a definite, limited human conglomeration. To the prophets of the eighteenth century, on whose shoulders Smith and Ricardo are still standing, this eighteenth century individual, constituting the joint product of the dissolution of the feudal form of society and of the new forces of production which had developed since the sixteenth century, appears as an ideal whose existence belongs to the past; not as a result of history, but as its starting point.

Since that individual appeared to be in conformity with nature and [corresponded] to their conception of human nature, [he was regarded] not as a product of history, but of nature. This illusion has been characteristic of every new epoch in the past. Steuart, who, as an aristocrat, stood more firmly on historical ground, contrary to the spirit of the eighteenth century, escaped this simplicity of view. The further back we go into history, the more the individual and, therefore, the producing individual seems to depend on and constitute a part of a larger whole: at first it is, quite naturally, the family and the clan, which is but an enlarged family; later on, it is the community growing up in its different forms out of the clash and the amalgamation of clans. It is but in the eighteenth century, in "bourgeois society," that the different forms of social union confront the individual as a mere means to his private ends, as an outward necessity. But the period in

which this view of the isolated individual becomes prevalent, is the very one in which the interrelations of society (general from this point of view) have reached the highest state of development. Man is in the most literal sense of the word a *zoon politikon*, not only a social animal, but an animal which can develop into an individual only in society. Production by isolated individuals outside of society — something which might happen as an exception to a civilized man who by accident got into the wilderness and already dynamically possessed within himself the forces of society — is as great an absurdity as the idea of the development of language without individuals living together and talking to one another. We need not dwell on this any longer. It would not be necessary to touch upon this point at all, were not the vagary which had its justification and sense with the people of the eighteenth century transplanted in all earnest into the field of political economy by Bastiat, Carey, Proudhon and others. Proudhon and others naturally find it very pleasant, when they do not know the historical origin of a certain economic phenomenon, to give it a quasi historico-philosophical explanation by going into mythology. Adam or Prometheus hit upon the scheme cut and dried, whereupon it was adopted, etc. Nothing is more tediously dry than the dreaming *locus communis*.

Whenever we speak, therefore, of production, we always have in mind production at a certain stage of social development, or production by social individuals. Hence, it might seem that in order to speak of production at all, we must either trace the historical process of development through its various phases, or declare at the outset that we are dealing with a certain historical period, as, e. g., with modern capitalistic production which, as a matter of fact, constitutes the subject proper of this work. But all stages of production have certain landmarks in common, common purposes. *Production in general* is an abstraction, but it is a rational abstraction, in so far as it singles out and fixes the common features, thereby saving us repetition. Yet these general or common features discovered by comparison constitute something very complex, whose constituent elements have different destinations. Some of these elements belong to all epochs, others are common to a few. Some of them are common to the most modern as well as to the most ancient epochs. No production is conceivable without them; but while even the most completely developed languages have laws and conditions in common with the least developed ones, what is characteristic of their development are the points of departure from the

general and common. The conditions which generally govern production must be differentiated in order that the essential points of difference be not lost sight of in view of the general uniformity which is due to the fact that the subject, mankind, and the object, nature, remain the same. The failure to remember this one fact is the source of all the wisdom of modern economists who are trying to prove the eternal nature and harmony of existing social conditions. Thus they say, e. g., that no production is possible without some instrument of production, let that instrument be only the hand; that none is possible without past accumulated labor, even if that labor consist of mere skill which has been accumulated and concentrated in the hand of the savage by repeated exercise. Capital is, among other things, also an instrument of production, also past impersonal labor. Hence capital is a universal, eternal natural phenomenon; which is true if we disregard the specific properties which turn an “instrument of production” and “stored up labor” into capital. The entire history of production appears to a man like Carey, e. g., as a malicious perversion on the part of governments.

If there is no production in general, there is also no general production. Production is always some special branch of production or an aggregate, as, e. g., agriculture, stock raising, manufactures, etc. But political economy is not technology. The connection between the general destinations of production at a given stage of social development and the particular forms of production, is to be developed elsewhere (later on).

Finally, production is not only of a special kind. It is always a certain body politic, a social personality that is engaged on a larger or smaller aggregate of branches of production. The connection between the real process and its scientific presentation also falls outside of the scope of this treatise. [We must thus distinguish between] production in general, special branches of production and production as a whole.

It is the fashion with economists to open their works with a general introduction, which is entitled “production” (see, e. g., John Stuart Mill) and deals with the general “requisites of production.”

This general introductory part treats or is supposed to treat:

1. Of the conditions without which production is impossible, i.e., of the most essential conditions of production. As a matter of fact, however, it dwindles down, as we shall see, to a few very simple definitions, which flatten out into shallow tautologies;

2. Of conditions which further production more or less, as, e. g., Adam Smith's [discussion of] a progressive and stagnant state of society.

In order to give scientific value to what serves with him as a mere summary, it would be necessary to study the *degree of productivity* by periods in the development of individual nations; such a study falls outside of the scope of the present subject, and in so far as it does belong here is to be brought out in connection with the discussion of competition, accumulation, etc. The commonly accepted view of the matter gives a general answer to the effect that an industrial nation is at the height of its production at the moment when it reaches its historical climax in all respects. Or, that certain races, climates, natural conditions, such as distance from the sea, fertility of the soil, etc., are more favorable to production than others. That again comes down to the tautology that the facility of creating wealth depends on the extent to which its elements are present both subjectively and objectively. As a matter of fact a nation is at its industrial height so long as its main object is not gain, but the process of gaining. In that respect the Yankees stand above the English.

But all that is not what the economists are really after in the general introductory part. Their object is rather to represent production in contradistinction to distribution — see Mill, e. g. — as subject to eternal laws independent of history, and then to substitute bourgeois relations, in an underhand way, as immutable natural laws of society *in abstracto*. This is the more or less conscious aim of the entire proceeding. On the contrary, when it comes to distribution, mankind is supposed to have indulged in all sorts of arbitrary action. Quite apart from the fact that they violently break the ties which bind production and distribution together, so much must be clear from the outset: that, no matter how greatly the systems of distribution may vary at different stages of society, it should be possible here, as in the case of production, to discover the common features and to confound and eliminate all historical differences in formulating *general human* laws. E. g., the slave, the serf, the wage-worker — all receive a quantity of food, which enables them to exist as slave, serf, and wage-worker. The conqueror, the official, the landlord, the monk, or the levite, who respectively live on tribute, taxes, rent, alms, and the tithe, — all receive [a part] of the social product which is determined by laws different from those which determine the part received by the slave, etc. The two main points which all economists place under this head, are: first, property; second, the protection

of the latter by the administration of justice, police, etc. The objections to these two points can be stated very briefly.

1. All production is appropriation of nature by the individual within and through a definite form of society. In that sense it is a tautology to say that property (appropriation) is a condition of production. But it becomes ridiculous, when from that one jumps at once to a definite form of property, e. g. private property (which implies, besides, as a prerequisite the existence of an opposite form, viz. absence of property). History points rather to common property (e. g. among the Hindoos, Slavs, ancient Celts, etc.) as the primitive form, which still plays an important part at a much later period as communal property. The question as to whether wealth grows more rapidly under this or that form of property, is not even raised here as yet. But that there can be no such a thing as production, nor, consequently, society, where property does not exist in any form, is a tautology. Appropriation which does not appropriate is a *contradictio in subjecto*.

2. Protection of property, etc. Reduced to their real meaning, these commonplaces express more than what their preachers know, namely, that every form of production creates its own legal relations, forms of government, etc. The crudity and the shortcomings of the conception lie in the tendency to see but an accidental reflective connection in what constitutes an organic union. The bourgeois economists have a vague notion that it is better to carry on production under the modern police, than it was, e. g. under club-law. They forget that club law is also law, and that the right of the stronger continues to exist in other forms even under their "government of law."

When the social conditions corresponding to a certain stage of production are in a state of formation or disappearance, disturbances of production naturally arise, although differing in extent and effect.

To sum up: all the stages of production have certain destinations in common, which we generalize in thought; but the so-called general conditions of all production are nothing but abstract conceptions which do not go to make up any real stage in the history of production.

## 2. THE GENERAL RELATION OF PRODUCTION TO DISTRIBUTION, EXCHANGE, AND CONSUMPTION.

Before going into a further analysis of production, it is necessary to look at the various divisions which economists put side by side with it. The most shallow conception is as follows: By production, the members of society appropriate (produce and shape) the products of nature to human wants; distribution determines the proportion in which the individual participates in this production; exchange brings him the particular products into which he wishes to turn the quantity secured by him through distribution; finally, through consumption the products become objects of use and enjoyment, of individual appropriation. Production yields goods adapted to our needs; distribution distributes them according to social laws; exchange distributes further what has already been distributed, according to individual wants; finally, in consumption the product drops out of the social movement, becoming the direct object of the individual want which it serves and satisfies in use. Production thus appears as the starting point; consumption as the final end; and distribution and exchange as the middle; the latter has a double aspect, distribution being defined as a process carried on by society, while exchange, as one proceeding from the individual. In production the person is embodied in things, in [consumption<sup>157</sup>] things are embodied in persons; in distribution, society assumes the part of go-between of production and consumption in the form of generally prevailing rules; in exchange this is accomplished by the accidental make-up of the individual.

Distribution determines what proportion (quantity) of the products the individual is to receive; exchange determines the products in which the individual desires to receive his share allotted to him by distribution.

Production, distribution, exchange, and consumption thus form a perfect connection, production standing for the general, distribution and exchange for the special, and consumption for the individual, in which all are joined together. To be sure this is a connection, but it does not go very deep. Production is determined [according to the economists] by universal natural laws, while distribution depends on social chance: distribution can, therefore, have a more or less stimulating effect on production: exchange

lies between the two as a formal (?) social movement, and the final act of consumption which is considered not only as a final purpose, but also as a final aim, falls, properly, outside of the scope of economics, except in so far as it reacts on the starting point and causes the entire process to begin all over again.

The opponents of the economists — whether economists themselves or not — who reproach them with tearing apart, like barbarians, what is an organic whole, either stand on common ground with them or are *below* them. Nothing is more common than the charge that the economists have been considering production as an end in itself, too much to the exclusion of everything else. The same has been said with regard to distribution. This accusation is itself based on the economic conception that distribution exists side by side with production as a self-contained, independent sphere. Or [they are accused] that the various factors are not treated by them in their connection as a whole. As though it were the text books that impress this separation upon life and not life upon the text books; and the subject at issue were a dialectic balancing of conceptions and not an analysis of real conditions.

*a. Production is at the same time also consumption.* Twofold consumption, subjective and objective. The individual who develops his faculties in production, is also expending them, consuming them in the act of production, just as procreation is in its way a consumption of vital powers. In the second place, production is consumption of means of production which are used and used up and partly (as e. g. in burning) reduced to their natural elements. The same is true of the consumption of raw materials which do not remain in their natural form and state, being greatly absorbed in the process. The act of production is, therefore, in all its aspects an act of consumption as well. But this is admitted by economists. Production as directly identical with consumption, consumption as directly coincident with production, they call productive consumption. This identity of production and consumption finds its expression in Spinoza's proposition, *Determinatio est negatio*. But this definition of productive consumption is resorted to just for the purpose of distinguishing between consumption as identical with production and consumption proper, which is defined as its destructive counterpart. Let us then consider consumption proper.

Consumption is directly also production, just as in nature the consumption of the elements and of chemical matter constitutes production of plants. It is clear, that in nutrition, e. g., which is but one form of consumption, man produces his own body; but it is equally true of every kind of consumption, which goes to produce the human being in one way or another. [It is] consumptive production. But, say the economists, this production which is identical with consumption, is a second production resulting from the destruction of the product of the first. In the first, the producer transforms himself into things; in the second, things are transformed into human beings. Consequently, this consumptive production — although constituting a direct unity of production and consumption — differs essentially from production proper. The direct unity in which production coincides with consumption and consumption with production, does not interfere with their direct duality.

Production is thus at the same time consumption, and consumption is at the same time production. Each is directly its own counterpart. But at the same time an intermediary movement goes on between the two. Production furthers consumption by creating material for the latter which otherwise would lack its object. But consumption in its turn furthers production, by providing for the products the individual for whom they are products. The product receives its last finishing touches in consumption. A railroad on which no one rides, which is, consequently not used up, not consumed, is but a potential railroad, and not a real one. Without production, no consumption; but, on the other hand, without consumption, no production; since production would then be without a purpose. Consumption produces production in two ways.

In the first place, in that the product first becomes a real product in consumption; e. g., a garment becomes a real garment only through the act of being worn; a dwelling which is not inhabited, is really no dwelling; consequently, a product as distinguished from a mere natural object, proves to be such, first *becomes* a product in consumption. Consumption gives the product the finishing touch by annihilating it, since a product is the [result] of production not only as the material embodiment of activity, but also as a mere object for the active subject.

In the second place, consumption produces production by creating the necessity for new production, i.e. by providing the ideal, inward, impelling cause which constitutes the prerequisite of production. Consumption

furnishes the impulse for production as well as its object, which plays in production the part of its guiding aim. It is clear that while production furnishes the material object of consumption, consumption provides the ideal object of production, as its image, its want, its impulse and its purpose. It furnishes the object of production in its subjective form. No wants, no production. But consumption reproduces the want.

In its turn, production:

First, furnishes consumption<sup>158</sup> with its material, its object. Consumption without an object is no consumption, hence production works in this direction by producing consumption.

Second. But it is not only the object that production provides for consumption. It gives consumption its definite outline, its character, its finish. Just as consumption gives the product its finishing touch as a product, production puts the finishing touch on consumption. For the object is not simply an object in general, but a definite object, which is consumed in a certain definite manner prescribed in its turn by production. Hunger is hunger; but the hunger that is satisfied with cooked meat eaten with fork and knife is a different kind of hunger from the one that devours raw meat with the aid of hands, nails, and teeth. Not only the object of consumption, but also the manner of consumption is produced by production; that is to say, consumption is created by production not only objectively, but also subjectively. Production thus creates the consumers.

Third. Production not only supplies the want with material, but supplies the material with a want. When consumption emerges from its first stage of natural crudeness and directness — and its continuation in that state would in itself be the result of a production still remaining in a state of natural crudeness — it is itself furthered by its object as a moving spring. The want of it which consumption experiences is created by its appreciation of the product. The object of art, as well as any other product, creates an artistic and beauty-enjoying public. Production thus produces not only an object for the individual, but also an individual for the object.

Production thus produces consumption: first, by furnishing the latter with material; second, by determining the manner of consumption; third, by creating in consumers a want for its products as objects of consumption. It thus produces the object, the manner, and the moving spring of consumption. In the same manner, consumption [creates] the *disposition* of

the producer by setting (?) him up as an aim and by stimulating wants. The identity of consumption and production thus appears to be a three fold one.

First, direct identity: production is consumption; consumption is production. Consumptive production. Productive consumption. Economists call both productive consumption, but make one distinction by calling the former reproduction, and the latter productive consumption. All inquiries into the former deal with productive and unproductive labor; those into the latter treat of productive and unproductive consumption.

Second. Each appears as the means of the other and as being brought about by the other, which is expressed as their mutual interdependence; a relation, by virtue of which they appear as mutually connected and indispensable, yet remaining outside of each other.

Production creates the material as the outward object of consumption; consumption creates the want as the inward object, the purpose of production. Without production, no consumption; without consumption, no production; this maxim figures (?) in political economy in many forms.

Third. Production is not only directly consumption and consumption directly production; nor is production merely a means of consumption and consumption the purpose of production. In other words, not only does each furnish the other with its object; production, the material object of consumption; consumption, the ideal object of production. On the contrary, either one is not only directly the other, not (?) only a means of furthering the other, but while it is taking place, creates the other as such for itself (?). Consumption completes the act of production by giving the finishing touch to the product as such, by destroying the latter, by breaking up its independent material form; by bringing to a state of readiness, through the necessity of repetition, the disposition to produce developed in the first act of production; that is to say, it is not only the concluding act through which the product becomes a product, but also [the one] through which the producer becomes a producer. On the other hand, production produces consumption, by determining the manner of consumption, and further, by creating the incentive for consumption, the very ability to consume, in the form of want. This latter identity mentioned under point 3, is much discussed in political economy in connection with the treatment of the relations of demand and supply, of objects and wants, of natural wants and those created by society.

Hence, it is the simplest matter with a Hegelian to treat production and consumption as identical. And this has been done not only by socialist writers of fiction but even by economists, e. g. Say; the latter maintained that if we consider a nation as a whole, or mankind *in abstracto* — her production is at the same time her consumption. Storch pointed out Say's error by calling attention to the fact that a nation does not entirely consume her product, but also creates means of production, fixed capital, etc. To consider society as a single individual is moreover a false mode of speculative reasoning. With an individual, production and consumption appear as different aspects of one act. The important point to be emphasized here is that if production and consumption be considered as activities of one individual or of separate individuals, they appear at any rate as aspects of one process in which production forms the actual starting point and is, therefore, the predominating factor. Consumption, as a natural necessity, as a want, constitutes an internal factor of productive activity, but the latter is the starting point of realization and, therefore, its predominating factor, the act into which the entire process resolves itself in the end. The individual produces a certain article and turns again into himself by consuming it; but he returns as a productive and a self-reproducing individual. Consumption thus appears as a factor of production.

In society, however, the relation of the producer to his product, as soon as it is completed, is an outward one, and the return of the product to the individual depends on his relations to other individuals. He does not take immediate possession of it. Nor does the direct appropriation of the product constitute his purpose, when he produces in society. Between the producer and the product distribution steps in, which determines by social laws his share in the world of products; that is to say, distribution steps in between production and consumption.

Does distribution form an independent sphere standing side by side with and outside of production?

*b. Production and Distribution.* In perusing the common treatises on economics one can not help being struck with the fact that everything is treated there twice; e. g., under distribution, there figure rent, wages, interest, and profit; while under production we find land, labor, and capital as agents of production. As regards capital, it is at once clear that it is counted twice: first, as an agent of production; second, as a source of income; as determining factors and definite forms of distribution, interest

and profit figure as such also in production, since they are forms, in which capital increases and grows, and are consequently factors of its own production. Interest and profit, as forms of distribution, imply the existence of capital as an agent of production. They are forms of distribution which have for their prerequisite capital as an agent of production. They are also forms of reproduction of capital.

In the same manner, wages is wage-labor when considered under another head; the definite character which labor has in one case as an agent of production, appears in the other as a form of distribution. If labor were not fixed as wage-labor, its manner of participation in distribution<sup>159</sup> would not appear as wages, as is the case e. g. under slavery. Finally, rent — to take at once the most developed form of distribution — by means of which landed property receives its share of the products, implies the existence of large landed property (properly speaking, agriculture on a large scale) as an agent of production, and not simply land, no more than wages represents simply labor. The relations and methods of distribution appear, therefore, merely as the reverse sides of the agents of production. An individual who participates in production as a wage laborer, receives his share of the products, i.e. of the results of production, in the form of wages. The subdivisions and organization of distribution are determined by the subdivisions and organization of production. Distribution is itself a product of production, not only in so far as the material goods are concerned, since only the results of production can be distributed; but also as regards its form, since the definite manner of participation in production determines the particular form of distribution, the form under which participation in distribution takes place. It is quite an illusion to place land under production, rent under distribution, etc.

Economists, like Ricardo, who are accused above all of having paid exclusive attention to production, define distribution, therefore, as the exclusive subject of political economy, because they instinctively<sup>160</sup> regard the forms of distribution as the clearest forms in which the agents of production find expression in a given society.

To the single individual distribution naturally appears as a law established by society determining his position in the sphere of production, within which he produces, and thus antedating production. At the outset the individual has no capital, no landed property. From his birth he is assigned to wage-labor by the social process of distribution. But this very condition

of being assigned to wage-labor is the result of the existence of capital and landed property as independent agents of production.

From the point of view of society as a whole, distribution seems to antedate and to determine production in another way as well, as a pre-economic fact, so to say. A conquering people divides the land among the conquerors establishing thereby a certain division and form of landed property and determining the character of production; or, it turns the conquered people into slaves and thus makes slave labor the basis of production. Or, a nation, by revolution, breaks up large estates into small parcels of land and by this new distribution imparts to production a new character. Or, legislation perpetuates land ownership in large families or distributes labor as an hereditary privilege and thus fixes it in castes.

In all of these cases, and they are all historic, it is not distribution that seems to be organized and determined by production, but on the contrary, production by distribution.

In the most shallow conception of distribution, the latter appears as a distribution of products and to that extent as further removed from and quasi-independent of production. But before distribution means distribution of products, it is first, a distribution of the means of production, and second, what is practically another wording of the same fact, it is a distribution of the members of society among the various kinds of production (the subjection of individuals to certain conditions of production). The distribution of products is manifestly a result of this distribution, which is bound up with the process of production and determines the very organization of the latter. To treat of production apart from the distribution which is comprised in it, is plainly an idle abstraction. Conversely, we know the character of the distribution of products the moment we are given the nature of that other distribution which forms originally a factor of production. Ricardo, who was concerned with the analysis of production as it is organized in modern society and who was the economist of production *par excellence*, for that very reason declares *not* production but distribution as the subject proper of modern economics. We have here another evidence of the insipidity of the economists who treat production as an eternal truth, and banish history to the domain of distribution.

What relation to production this distribution, which has a determining influence on production itself, assumes, is plainly a question which falls within the province of production. Should it be maintained that at least to

the extent that production depends on a certain distribution of the instruments of production, distribution in that sense precedes production and constitutes its prerequisite; it may be replied that production has in fact its prerequisite conditions, which form factors of it. These may appear at first to have a natural origin. By the very process of production they are changed from natural to historical, and if they appear during one period as a natural prerequisite of production, they formed at other periods its historical result. Within the sphere of production itself they are undergoing a constant change. E. g., the application of machinery produces a change in the distribution of the instruments of production as well as in that of products, and modern land ownership on a large scale is as much the result of modern trade and modern industry, as that of the application of the latter to agriculture.

All of these questions resolve themselves in the last instance to this: How do general historical conditions affect production and what part does it play at all in the course of history? It is evident that this question can be taken up only in connection with the discussion and analysis of production.

Yet in the trivial form in which these questions are raised above, they can be answered just as briefly. In the case of all conquests three ways lie open. The conquering people may impose its own methods of production upon the conquered (e. g. the English in Ireland in the nineteenth century, partly also in India); or, it may allow everything to remain as it was contenting itself with tribute (e. g. the Turks and the Romans); or, the two systems by mutually modifying each other may result in something new, a synthesis (which partly resulted from the Germanic conquests). In all of these conquests the method of production, be it of the conquerors, the conquered, or the one resulting from a combination of both, determines the nature of the new distribution which comes into play. Although the latter appears now as the prerequisite condition of the new period of production, it is in itself but a product of production, not of production belonging to history in general, but of production relating to a definite historical period. The Mongols with their devastations in Russia e. g. acted in accordance with their system of production, for which sufficient pastures on large uninhabited stretches of country are the main prerequisite. The Germanic barbarians, with whom agriculture carried on with the aid of serfs was the traditional system of production and who were accustomed to lonely life in the country, could introduce the same conditions in the Roman provinces so

much easier since the concentration of landed property which had taken place there, died away completely with the older systems of agriculture. There is a prevalent tradition that in certain periods robbery constituted the only source of living. But in order to be able to plunder, there must be something to plunder, i.e. there must be production.<sup>161</sup> And even the method of plunder is determined by the method of production. A stockjobbing nation<sup>162</sup> e. g. can not be robbed in the same manner as a nation of shepherds.

In the case of the slave the instrument of production is robbed directly. But then the production of the country in whose interest he is robbed, must be so organized as to admit of slave labor, or (as in South America, etc.) a system of production must be introduced adapted to slavery.

Laws may perpetuate an instrument of production, e. g. land, in certain families. These laws assume an economic importance if large landed property is in harmony with the system of production prevailing in society, as is the case e. g. in England. In France agriculture had been carried on on a small scale in spite of the large estates, and the latter were, therefore, broken up by the Revolution. But how about the legislative attempt to perpetuate the minute subdivision of the land? In spite of these laws land ownership is concentrating again. The effect of legislation on the maintenance of a system of distribution and its resultant influence on production are to be determined elsewhere.

*c. Exchange and Circulation.* Circulation is but a certain aspect of exchange, or it may be defined as exchange considered as a whole. Since *exchange* is an intermediary factor between production and its dependent, distribution, on the one hand, and consumption, on the other; and since the latter appears but as a constituent of production, exchange is manifestly also a constituent part of production.

In the first place, it is clear that the exchange of activities and abilities which takes place in the sphere of production falls directly within the latter and constitutes one of its essential elements. In the second place, the same is true of the exchange of products, in so far as it is a means of completing a certain product, designed for immediate consumption. To that extent exchange constitutes an act included in production. Thirdly, the so-called exchange between dealers and dealers<sup>163</sup> is by virtue of its organization determined by production, and is itself a species of productive activity. Exchange appears to be independent of and indifferent to production only in

the last stage when products are exchanged directly for consumption. But in the first place, there is no exchange without a division of labor, whether natural or as a result of historical development; secondly, private exchange implies the existence of private production; thirdly, the intensity of exchange, as well as its extent and character are determined by the degree of development and organization of production, as e. g. exchange between city and country, exchange in the country, in the city, etc. Exchange thus appears in all its aspects to be directly included in or determined by production.

The result we arrive at is not that production, distribution, exchange, and consumption are identical, but that they are all members of one entity, different sides of one unit. Production predominates not only over production itself in the opposite sense of that term, but over the other elements as well. With it the process constantly starts over again. That exchange and consumption can not be the predominating elements is self evident. The same is true of distribution in the narrow sense of distribution of products; as for distribution in the sense of distribution of the agents of production, it is itself but a factor of production. A definite [form of] production thus determines the [forms of] consumption, distribution, exchange, and *also the mutual relations between these various elements*. Of course, production *in its one-sided form* is in its turn influenced by other elements; e. g. with the expansion of the market, i.e. of the sphere of exchange, production grows in volume and is subdivided to a greater extent.

With a change in distribution, production undergoes a change; as e. g. in the case of concentration of capital, of a change in the distribution of population in city and country, etc. Finally, the demands of consumption also influence production. A mutual interaction takes place between the various elements. Such is the case with every organic body.

### 3. THE METHOD OF POLITICAL ECONOMY.

When we consider a given country from a politico-economic standpoint, we begin with its population, then analyze the latter according to its subdivision into classes, location in city, country, or by the sea, occupation in different branches of production; then we study its exports and imports, annual production and consumption, prices of commodities, etc. It seems to be the correct procedure to commence with the real and concrete aspect of conditions as they are; in the case of political economy, to commence with population which is the basis and the author of the entire productive activity of society. Yet, on closer consideration it proves to be wrong. Population is an abstraction, if we leave out e. g. the classes of which it consists. These classes, again, are but an empty word, unless we know what are the elements on which they are based, such as wage-labor, capital, etc. Those imply, in their turn, exchange, division of labor, prices, etc. Capital, e. g. does not mean anything without wage-labor, value, money, price, etc. If we start out, therefore, with population, we do so with a chaotic conception of the whole, and by closer analysis we will gradually arrive at simpler ideas; thus we shall proceed from the imaginary concrete to less and less complex abstractions, until we get at the simplest conception. This once attained, we might start on our return journey until we would finally come back to population, but this time not as a chaotic notion of an integral whole, but as a rich aggregate of many conceptions and relations. The former method is the one which political economy had adopted in the past at its inception. The economists of the seventeenth century, e. g., always started out with the living aggregate: population, nation, state, several states, etc., but in the end they invariably arrived, by means of analysis, at certain leading, abstract general principles, such as division of labor, money, value, etc. As soon as these separate elements had been more or less established by abstract reasoning, there arose the systems of political economy which start from simple conceptions, such as labor, division of labor, demand, exchange value, and conclude with state, international exchange and world market. The latter is manifestly the scientifically correct method. The concrete is concrete, because it is a combination of many objects with different destinations, i.e. a unity of diverse elements. In our thought, it therefore appears as a process of synthesis, as a result, and not as a starting point,

although it is the real starting point and, therefore, also the starting point of observation and conception. By the former method the complete conception passes into an abstract definition; by the latter, the abstract definitions lead to the reproduction of the concrete subject in the course of reasoning. Hegel fell into the error, therefore, of considering the real as the result of self-coordinating, self-absorbed, and spontaneously operating thought, while the method of advancing from the abstract to the concrete is but a way of thinking by which the concrete is grasped and is reproduced in our mind as a concrete. It is by no means, however, the process which itself generates the concrete. The simplest economic category, say, exchange value, implies the existence of population, population that is engaged in production under certain conditions; it also implies the existence of certain types of family, clan, or state, etc. It can have no other existence except as an abstract one-sided relation of an already given concrete and living aggregate.

As a category, however, exchange value leads an antediluvian existence. And since our philosophic consciousness is so arranged that only the image of the man that it conceives appears to it as the real man and the world as it conceives it, as the real world; it mistakes the movement of categories for the real act of production (which unfortunately (?) receives only its impetus from outside) whose result is the world; that is true — here we have, however, again a tautology — in so far as the concrete aggregate is a thought aggregate, in so far as the concrete subject of our thought is in fact a product of thought, of comprehension; not, however, in the sense of a product of a self-emanating conception which works outside of and stands above observation and imagination, but of a mental consummation of observation and imagination. The whole, as it appears in our heads as a thought-aggregate, is the product of a thinking mind which grasps the world in the only way open to it, a way which differs from the one employed by the artistic, religious, or practical mind. The concrete subject continues to lead an independent existence after it has been grasped, as it did before, outside of the head, so long as the head contemplates it only speculatively, theoretically. So that in the employment of the theoretical method [in political economy], the subject, society, must constantly be kept in mind as the premise from which we start.

But have these simple categories no independent historical or natural existence antedating the more concrete ones? *Ça depend*. For instance, in his Philosophy of Law Hegel rightly starts out with possession, as the

simplest legal relation of individuals. But there is no such thing as possession before the family or the relations of lord and serf, which are a great deal more concrete relations, have come into existence. On the other hand, one would be right in saying that there are families and clans which only *possess*, but do not *own* things. The simpler category thus appears as a relation of simple family and clan communities with respect to property. In earlier society the category appears as a simple relation of a developed organism, but the concrete substratum from which springs the relation of possession, is always implied. One can imagine an isolated savage in possession of things. But in that case possession is no legal relation. It is not true that the family came as the result of the historical evolution of possession. On the contrary, the latter always implies the existence of this "more concrete category of law." Yet so much may be said, that the simple categories are the expression of relations in which the less developed concrete entity may have been realized without entering into the manifold relations and bearings which are mentally expressed in the concrete category; but when the concrete entity attains fuller development it will retain the same category as a subordinate relation.

Money may exist and actually had existed in history before capital, or banks, or wage-labor came into existence. With that in mind, it may be said that the more simple category can serve as an expression of the predominant relations of an undeveloped whole or of the subordinate relations of a more developed whole, [relations] which had historically existed before the whole developed in the direction expressed in the more concrete category. In so far, the laws of abstract reasoning which ascends from the most simple to the complex, correspond to the actual process of history.

On the other hand, it may be said that there are highly developed but historically unripe forms of society in which the highest economic forms are to be found, such as co-operation, advanced division of labor, etc., and yet there is no money in existence, e. g. Peru.

In Slavic communities also, money, as well as exchange to which it owes its existence, does not appear at all or very little within the separate communities, but it appears on their boundaries in their inter-communal traffic; in general, it is erroneous to consider exchange as a constituent element originating within the community. It appears at first more in the mutual relations between different communities, than in those between the members of the same community. Furthermore, although money begins to

play its part everywhere at an early stage, it plays in antiquity the part of a predominant element only in one-sidedly developed nations, viz. trading nations, and even in most cultured antiquity, in Greece and Rome, it attains its full development, which constitutes the prerequisite of modern bourgeois society, only in the period of their decay. Thus, this quite simple category attained its culmination in the past only at the most advanced stages of society. Even then it did not pervade (?) all economic relations; in Rome e. g. at the time of its highest development taxes and payments in kind remained the basis. As a matter of fact, the money system was fully developed there only so far as the army was concerned; it never came to dominate the entire system of labor.

Thus, although the simple category may have existed historically before the more concrete one, it can attain its complete internal and external development only in complex (?) forms of society, while the more concrete category has reached its full development in a less advanced form of society.

Labor is quite a simple category. The idea of labor in that sense, as labor in general, is also very old. Yet, "labor" thus simply defined by political economy is as much a modern category, as the conditions which have given rise to this simple abstraction. The monetary system, e. g. defines wealth quite objectively, as a thing (?)<sup>164</sup> in money. Compared with this point of view, it was a great step forward, when the industrial or commercial system came to see the source of wealth not in the object but in the activity of persons, viz. in commercial and industrial labor. But even the latter was thus considered only in the limited sense of a money producing activity. The physiocratic system [marks still further progress] in that it considers a certain form of labor, viz. agriculture, as the source of wealth, and wealth itself not in the disguise of money, but as a product in general, as the general result of labor. But corresponding to the limitations of the activity, this product is still only a natural product. Agriculture is productive, land is the source of production *par excellence*. It was a tremendous advance on the part of Adam Smith to throw aside all limitations which mark wealth-producing activity and [to define it] as labor in general, neither industrial, nor commercial, nor agricultural, or one as much as the other. Along with the universal character of wealth-creating activity we have now the universal character of the object defined as wealth, viz. product in general, or labor in general, but as past incorporated labor. How difficult and great

was the transition, is evident from the way Adam Smith himself falls back from time to time into the physiocratic system. Now, it might seem as though this amounted simply to finding an abstract expression for the simplest relation into which men have been mutually entering as producers from times of yore, no matter under what form of society. In one sense this is true. In another it is not.

The indifference as to the particular kind of labor implies the existence of a highly developed aggregate of different species of concrete labor, none of which is any longer the predominant one. So do the most general abstractions commonly arise only where there is the highest concrete development, where one feature appears to be jointly possessed by many, and to be common to all. Then it can not be thought of any longer in one particular form. On the other hand, this abstraction of labor is but the result of a concrete aggregate of different kinds of labor. The indifference to the particular kind of labor corresponds to a form of society in which individuals pass with ease from one kind of work to another, which makes it immaterial to them what particular kind of work may fall to their share. Labor has become here, not only categorically but really, a means of creating wealth in general and is no longer grown together with the individual into one particular destination. This state of affairs has found its highest development in the most modern of bourgeois societies, the United States. It is only here that the abstraction of the category “labor,” “labor in general,” labor *sans phrase*, the starting point of modern political economy, becomes realized in practice. Thus, the simplest abstraction which modern political economy sets up as its starting point, and which expresses a relation dating back to antiquity and prevalent under all forms of society, appears in this abstraction truly realized only as a category of the most modern society. It might be said that what appears in the United States as an historical product, — viz. the indifference as to the particular kind of labor — appears among the Russians e. g. as a natural disposition. But it makes all the difference in the world whether barbarians have a natural predisposition which makes them applicable alike to everything, or whether civilized people apply themselves to everything. And, besides, this indifference of the Russians as to the kind of work they do, corresponds to their traditional practice of remaining in the rut of a quite definite occupation until they are thrown out of it by external influences.

This example of labor strikingly shows how even the most abstract categories, in spite of their applicability to all epochs — just because of their abstract character — are by the very definiteness of the abstraction a product of historical conditions as well, and are fully applicable only to and under those conditions.

The bourgeois society is the most highly developed and most highly differentiated historical organization of production. The categories which serve as the expression of its conditions and the comprehension of its own organization enable it at the same time to gain an insight into the organization and the conditions of production which had prevailed under all the past forms of society, on the ruins and constituent elements of which it has arisen, and of which it still drags along some unsurmounted remnants, while what had formerly been mere intimation has now developed to complete significance. The anatomy of the human being is the key to the anatomy of the ape. But the intimations of a higher animal in lower ones can be understood only if the animal of the higher order is already known. The bourgeois economy furnishes a key to ancient economy, etc. This is, however, by no means true of the method of those economists who blot out all historical differences and see the bourgeois form in all forms of society. One can understand the nature of tribute, tithes, etc., after one has learned the nature of rent. But they must not be considered identical.

Since, furthermore, bourgeois society is but a form resulting from the development of antagonistic elements, some relations belonging to earlier forms of society are frequently to be found in it but in a crippled state or as a travesty of their former self, as e. g. communal property. While it may be said, therefore, that the categories of bourgeois economy contain what is true of all other forms of society, the statement is to be taken *cum grano salis*. They may contain these in a developed, or crippled, or caricatured form, but always essentially different. The so-called historical development amounts in the last analysis to this, that the last form considers its predecessors as stages leading up to itself and perceives them always one-sidedly, since it is very seldom and only under certain conditions that it is capable of self-criticism; of course, we do not speak here of such historical periods which appear to their own contemporaries as periods of decay. The Christian religion became capable to assist us to an objective view of past mythologies as soon as it was ready for self-criticism to a certain extent, *dynamei* so-to-say. In the same way bourgeois political economy first came

to understand the feudal, the ancient, and the oriental societies as soon as the self-criticism of the bourgeois society had commenced. So far as bourgeois political economy has not gone into the mythology of purely (?) identifying the bourgeois system with the past, its criticism of the feudal system against which it still had to wage war resembled Christian criticism of the heathen religions or Protestant criticism of Catholicism.

In the study of economic categories, as in the case of every historical and social science, it must be borne in mind that as in reality so in our mind the subject, in this case modern bourgeois society, is given and that the categories are therefore but forms of expression, manifestations of existence, and frequently but one-sided aspects of this subject, this definite society; and that, therefore, the origin of [political economy] *as a science* does not by any means date from the time to which it is referred *as such*. This is to be firmly held in mind because it has an immediate and important bearing on the matter of the subdivisions of the science.

For instance, nothing seems more natural than to start with rent, with landed property, since it is bound up with land, the source of all production and all existence, and with the first form of production in all more or less settled communities, viz. agriculture. But nothing would be more erroneous. Under all forms of society there is a certain industry which predominates over all the rest and whose condition therefore determines the rank and influence of all the rest.

It is the universal light with which all the other colors are tinged and are modified through its peculiarity. It is a special ether which determines the specific gravity of everything that appears in it.

Let us take for example pastoral nations (mere hunting and fishing tribes are not as yet at the point from which real development commences). They engage in a certain form of agriculture, sporadically. The nature of land-ownership is determined thereby. It is held in common and retains this form more or less according to the extent to which these nations hold on to traditions; such e. g. is land-ownership among the Slavs. Among nations whose agriculture is carried on by a settled population — the settled state constituting a great advance — where agriculture is the predominant industry, such as in ancient and feudal societies, even the manufacturing industry and its organization, as well as the forms of property which pertain to it, have more or less the characteristic features of the prevailing system of land ownership; [society] is then either entirely dependent upon agriculture,

as in the case of ancient Rome, or, as in the middle ages, it imitates in its city relations the forms of organization prevailing in the country. Even capital, with the exception of pure money capital, has, in the form of the traditional working tool, the characteristics of land ownership in the Middle Ages.

The reverse is true of bourgeois society. Agriculture comes to be more and more merely a branch of industry and is completely dominated by capital. The same is true of rent. In all the forms of society in which land ownership is the prevalent form, the influence of the natural element is the predominant one. In those where capital predominates the prevailing element is the one historically created by society. Rent can not be understood without capital, nor can capital, without rent. Capital is the all dominating economic power of bourgeois society. It must form the starting point as well as the end and be developed before land-ownership is. After each has been considered separately, their mutual relation must be analyzed.

It would thus be impractical and wrong to arrange the economic categories in the order in which they were the determining factors in the course of history. Their order of sequence is rather determined by the relation which they bear to one another in modern bourgeois society, and which is the exact opposite of what seems to be their natural order or the order of their historical development. What we are interested in is not the place which economic relations occupy in the historical succession of different forms of society. Still less are we interested in the order of their succession "in idea" (*Proudhon*), which is but a hazy (?) conception of the course of history. We are interested in their organic connection within modern bourgeois society.

The sharp line of demarkation (abstract precision) which so clearly distinguished the trading nations of antiquity, such as the Phenicians and the Carthagenians, was due to that very predominance of agriculture. Capital as trading or money capital appears in that abstraction, where capital does not constitute as yet the predominating element of society. The Lombardians and the Jews occupied the same position among the agricultural nations of the middle ages.

As a further illustration of the fact that the same category plays different parts at different stages of society, we may mention the following: one of the latest forms of bourgeois society, viz. stock companies, appear also at its beginning in the form of the great chartered monopolistic trading

companies. The conception of national wealth which is imperceptibly formed in the minds of the economists of the seventeenth century, and which partly continues to be entertained by those of the eighteenth century, is that wealth is produced solely for the state, but that the power of the latter is proportional to that wealth. It was as yet an unconsciously hypocritical way in which wealth announced itself and its own production as the aim of modern states considering the latter merely as a means to the production of wealth.

The order of treatment must manifestly be as follows: first, the general abstract definitions which are more or less applicable to all forms of society, but in the sense indicated above. Second, the categories which go to make up the inner organization of bourgeois society and constitute the foundations of the principal classes; capital, wage-labor, landed property; their mutual relations; city and country; the three great social classes, the exchange between them; circulation, credit (private). Third, the organization of bourgeois society in the form of a state, considered in relation to itself; the “unproductive” classes; taxes; public debts; public credit; population; colonies; emigration. Fourth, the international organization of production; international division of labor; international exchange; import and export; rate of exchange. Fifth, the world market and crises.

#### 4. PRODUCTION, MEANS OF PRODUCTION, AND CONDITIONS OF PRODUCTION, THE RELATIONS OF PRODUCTION AND DISTRIBUTION. [165](#)

# THE CONNECTION BETWEEN FORM OF STATE AND PROPERTY ON THE ONE HAND AND RELATIONS OF PRODUCTION AND DISTRIBUTION(1) ON THE OTHER. LEGAL RELATIONS. FAMILY RELATIONS.

Notes on the points to be mentioned here and not to be omitted:<sup>166</sup>

1. *War* attains complete development before peace; how certain economic phenomena, such as wage-labor, machinery, etc., are developed at an earlier date through war and in armies than within bourgeois society. The connection between productive force and the means of communication is made especially plain in the case of the army.

2. The relation between the idealistic and realistic methods of writing history; namely, the so-called history of civilization which is all a history of religion and states.

In this connection something may be said of the different methods hitherto employed in writing history. The so-called objective [method]. The subjective. (The moral and others). The philosophic.

3. *Secondary and tertiary*. Conditions of production which have been taken over or transplanted; in general, those that are not original. Here [is to be treated] the effect of international relations.

4. Objections to the materialistic character of this view. Its relation to naturalistic materialism.

5. The dialectics of the conceptions productive force (means of production) and relation of production, dialectics whose limits are to be determined and which does not do away with the concrete difference.

6. The unequal relation between the development of material production and art, for instance. In general, the conception of progress is not to be taken in the sense of the usual abstraction. In the case of art, etc., it is not so important and difficult to understand this disproportion as in that of practical social relations, e. g. the relation between education in the United States and Europe. The really difficult point, however, that is to be discussed here is that of the unequal (?) development of relations of

production as legal relations. As, e. g., the connection between Roman civil law (this is less true of criminal and public law) and modern production.

7. This conception of development appears to imply necessity. On the other hand, justification of accident. *Varia*. (Freedom and other points). (The effect of means of communication). World history does not always appear in history as the result of world history.

8. The starting point [is to be found] in certain facts of nature embodied subjectively and objectively in clans, races, etc.

4. Produktion, Produktionsmittel und Produktionsverhältnisse. Produktionsverhältnis und Verkehrsverhältnisse. Staats- und Eigentumsformen im Verhältnis zu den Produktions- und Verkehrsverhältnissen. Rechtsverhältnisse. Familienverhältnisse.

Notabene in bezug auf Punkte, die hier zu erwähnen und nicht vergessen werden dürfen:

1. Der Krieg ist früher ausgebildet, wie der Frieden: [Auszuführen wäre] die Art, wie durch den Krieg und in den Armeen etc. gewisse ökonomische Verhältnisse wie Lohnarbeit, Maschinerie etc. früher entwickelt [werden] als im Inneren der bürgerlichen Gesellschaft. Auch das Verhältnis von Produktivkraft und Verkehrsverhältnissen wird besonders anschaulich in der Armee.

2. Verhältnis der bisherigen idealen Geschichtsschreibung zur realen. Namentlich die sogenannte Kulturgeschichte, die alle Religions- und Staatengeschichte.

Bei der Gelegenheit kann auch etwas gesagt werden über die verschiedenen Arten der bisherigen Geschichtsschreibung. Sogenannte objektive. Subjektive. (Moralische und andere.) Philosophische.

3. Sekundäres und Tertiäres. Ueberhaupt abgeleitete, übertragene, nicht ursprüngliche Produktionsverhältnisse. Hier [ist das] Einspielen der internationalen Verhältnisse [zu behandeln].

4. Vorwürfe über Materialismus dieser Auffassung. Verhältnis zum naturalistischen Materialismus.

5. Dialektik der Begriffe Produktivkraft (Produktionsmittel) und Produktionsverhältnis, eine Dialektik, deren Grenzen zu bestimmen sind und den realen Unterschied nicht aufhebt.

6. Das unegale Verhältnis der Entwicklung der materiellen Produktion zum Beispiel zur künstlerischen. Ueberhaupt ist der Begriff des Fortschritts nicht in der gewöhnlichen Abstraktion zu fassen. Bei der Kunst etc. ist diese

Disproportion noch nicht so wichtig und schwierig zu fassen als innerhalb praktisch-sozialer Verhältnisse selbst, zum Beispiel das Bildungsverhältnis der Vereinigten Staaten zu Europa. Der eigentlich schwierige Punkt, der hier zu erörtern, ist aber der, wie die Produktionsverhältnisse als Rechtsverhältnisse in ungleiche (?) Entwicklung treten. Also zum Beispiel das Verhältnis des römischen Privatrechts (im Kriminalrecht und öffentlichen ist das wenige der Fall) zur modernen Produktion.

7. Diese Auffassung erscheint als notwendige Entwicklung. Aber Berechtigung des Zufalls. Varia.<sup>167</sup> (Die Freiheit und anderes noch.) (Einwirkung der Kommunikationsmittel.) Weltgeschichte eigentlich<sup>168</sup> nicht immer in der Geschichte als weltgeschicht[liches] Resultat.

8. Der Ausgangspunkt [ist] natürlich von der Naturbestimmtheit [zu nehmen]; subjektiv und objektiv, Stämme, Rassen etc.

It is well known that certain periods of highest development of art stand in no direct connection with the general development of society, nor with the material basis and the skeleton structure of its organization. Witness the example of the Greeks as compared with the modern nations or even Shakespeare. As regards certain forms of art, as e. g. the epos, it is admitted that they can never be produced in the world-epoch making form as soon as art as such comes into existence; in other words, that in the domain of art certain important forms of it are possible only at a low stage of its development. If that be true of the mutual relations of different forms of art within the domain of art itself, it is far less surprising that the same is true of the relation of art as a whole to the general development of society. The difficulty lies only in the general formulation of these contradictions. No sooner are they specified than they are explained. Let us take for instance the relation of Greek art and of that of Shakespeare's time to our own. It is a well known fact that Greek mythology was not only the arsenal of Greek art, but also the very ground from which it had sprung. Is the view of nature and of social relations which shaped Greek imagination and Greek [art] possible in the age of automatic machinery, and railways, and locomotives, and electric telegraphs? Where does Vulcan come in as against Roberts & Co.; Jupiter, as against the lightning rod; and Hermes, as against the Credit Mobilier? All mythology masters and dominates and shapes the forces of nature in and through the imagination; hence it disappears as soon as man gains mastery over the forces of nature. What becomes of the Goddess Fame side by side with Printing House Square?<sup>169</sup> Greek art presupposes the

existence of Greek mythology, i.e. that nature and even the form of society are wrought up in popular fancy in an unconsciously artistic fashion. That is its material. Not, however, any mythology taken at random, nor any accidental unconsciously artistic elaboration of nature (including under the latter all objects, hence [also] society). Egyptian mythology could never be the soil or womb which would give birth to Greek art. But in any event [there had to be] *a* mythology. In no event [could Greek art originate] in a society which excludes any mythological explanation of nature, any mythological attitude towards it and which requires from the artist an imagination free from mythology.

Looking at it from another side: is Achilles possible side by side with powder and lead? Or is the Iliad at all compatible with the printing press and steam press? Does not singing and reciting and the muses necessarily go out of existence with the appearance of the printer's bar, and do not, therefore, disappear the prerequisites of epic poetry?

But the difficulty is not in grasping the idea that Greek art and epos are bound up with certain forms of social development. It rather lies in understanding why they still constitute with us a source of aesthetic enjoyment and in certain respects prevail as the standard and model beyond attainment.

A man can not become a child again unless he becomes childish. But does he not enjoy the artless ways of the child and must he not strive to reproduce its truth on a higher plane? Is not the character of every epoch revived perfectly true to nature in child nature? Why should the social childhood of mankind, where it had obtained its most beautiful development, not exert an eternal charm as an age that will never return? There are ill-bred children and precocious children. Many of the ancient nations belong to the latter class. The Greeks were normal children. The charm their art has for us does not conflict with the primitive character of the social order from which it had sprung. It is rather the product of the latter, and is rather due to the fact that the unripe social conditions under which the art arose and under which alone it could appear can never return.

(End of Manuscript.)

# ENDNOTES

<sup>1</sup> Cf. Seligman, “The Economic Interpretation of History.” MacMillan. 1902.

<sup>2</sup> Aristotle, d. Rep. L. 1, c. 9 (edit. I Bekkeri Oxonii, 1837)

“ἐκαστου γὰρ κτήματος διττὴ ἡ χρῆσις ἐστίν ... ἡ μὲν οἰκεία, ἡ δὲ οὐκ οἰκεία τοῦ ‘πράγματος, οἷον ὑποδηματος ἢ τε ὑπόδησις καὶ ἡ μεταβλητικὴ. Ἀμφότεραι γὰρ ὑποδηματος χρήσεις· καὶ γὰρ ἢ ἀλλαττομενος τῷ δεομένῳ ὑποδηματος ἀντὶ νομίματος ἢ τροφῆς χρῆται τῷ ὑποδηματι ἢ ὑπόδημα, ἀλλ’ οὐ τὴν οἰκείαν χρῆσιν· οὐ γὰρ ἀλλαγῆς ἕνεκεν γέγονεν. Τὸν αὐτὸν δὲ τρόπον ἔχει καὶ περὶ τῶν ἄλλων κτημάτων.”

(“Of everything which we possess there are two uses: — one is the proper, and the other the improper or secondary use of it. For example, a shoe is used for wear, and is used for exchange; both are uses of the shoe. He who gives a shoe in exchange for money or food to him who wants one, does indeed use the shoe as a shoe, but this is not its proper or primary purpose, for a shoe is not made to be an object of barter. The same may be said of all possessions.” The Politics of Aristotle, translated into English by B. Jowett, Oxford, 1885, v. I., page 15.)

<sup>3</sup> That is the reason why German compilers are so fond of dwelling on use-value, calling it a “good.” See e. g. L. Stein, “System der Staatswissenschaften,” v. I., chapter on “goods” (Güter). For intelligent information on “goods” one must turn to treatises on commodities.

<sup>4</sup> A ridiculous presumption has gained currency of late to the effect that common property in its primitive form is specifically a Slavonian, or even exclusively Russian form. It is the primitive form which we can prove to have existed among Romans, Teutons, and Celts; and of which numerous examples are still to be found in India, though in a partly ruined state. A closer study of the Asiatic, especially of Indian forms of communal ownership would show how from the different forms of primitive communism different forms of its dissolution have been developed. Thus e. g. the various original types of Roman and Teutonic private property can be traced back to various forms of Indian communism.

<sup>5</sup> “La Ricchezza è una ragione tra due persone.” (“Value is a relation between two persons”) Galiani, “Della Moneta,” page 220 in vol. II. of Custodi’s collection of “Scrittori classici Italiani di Economia Politica. Parte Moderna,” Milano, 1803.

<sup>6</sup> “In its natural state, matter ... is always destitute of value.” McCulloch, “A Discourse on the Rise, Progress, Peculiar Objects, and Importance of Political Economy,” 2nd edition, Edinburgh, 1825, pg. 48. It is evident how even a McCulloch stands above the fetishism of German “thinkers”, who declare “matter” and half a dozen other foreign things to be elements of value. Cf. e. g. L. Stein, l. c. v. I., page 110.

<sup>7</sup> Berkeley, *The Querist*, London, 1750.

<sup>8</sup> Thomas Cooper, Lectures on the Elements of Political Economy, London, 1831, page 99.

<sup>9</sup> F. List could never grasp the difference between labor as a source of use-value and labor as the creator of certain social form of wealth or exchange value, because comprehension was altogether foreign to his practical mind; he therefore saw in the modern English economists mere plagiarists of Moses, the Egyptian.

<sup>10</sup> It can be readily understood what kind of “service” is rendered by the category “service” to economists of the type of J. B. Say and F. Bastiat, whose pondering sagacity, as Malthus has justly remarked, always abstracts from the specially definite forms of economic relations.

<sup>11</sup> “Egli è proprio ancora delle misure d’aver si fatta relazione colle cose misurate, che in certo modo la misurata divien misura della misurante.” Montanari, Della Moneta, page 48 in v. III of Custodi’s “Scrittori classici Italiani di Economia Politica. Parte Antica.” (“It is the property of measure to be in such a relation to the things measured, that in a certain way the thing measured becomes the measure of the measuring thing.”)

<sup>12</sup> It is in that sense that Aristotle (see the passage quoted at the beginning of this chapter) conceives exchange value.

<sup>13</sup> This expression is used by Genovesi.

<sup>14</sup> Aristotle makes the same remark with reference to the private family as the primitive community. But the primitive form of family is the tribal family, from the historical dissolution of which the private family develops. ἐν μὲν οὖν τῇ πρώτῳ κοινωσίᾳ (τοῦτο δ’ ἐστὶν οἰκία) φανερόν ὅτι οὐδὲν ἐστὶν ἔργον αὐτῆς (namely τῆς ἀλλαγῆς) “And in the first community, which is the family, this art is obviously of no use.” Jowett’s transl. l. c.)

<sup>15</sup> “Money is, in fact, only the instrument for carrying on buying and selling (but, if you please, what do you understand by buying and selling?) and the consideration of it no more forms a part of the science of political economy, than the consideration of ships, or steam engines, or of any other instrument employed to facilitate the production and distribution of wealth.” Th. Hodgskin, Popular Political Economy, etc. London, 1827, page 178, 179.

<sup>16</sup> A comparative study of the writings and characters of Petty and Boisguillebert, outside of the light which it would throw upon the difference of French and English society at the end of the seventeenth and the beginning of the eighteenth centuries, would disclose the origin of the national contrast between English and French Political Economy. The same contrast reasserts itself in Ricardo and Sismondi.

<sup>17</sup> Petty had illustrated the productive power inherent in the division of labor on a much grander scale than that was done later by Adam Smith. See his “Essay concerning the multiplication of mankind, etc.,” 3rd edition, 1686, page 35-36. He not only brings out the advantages of the division of labor on the example of the manufacture of a watch, as Adam Smith did later on that of a needle, but considers also a city and an entire country from the point of view of a large manufacturing establishment. The Spectator, of November 26, 1711, refers to this “illustration of the admirable Sir William Petty.”

McCulloch is, therefore, mistaken when he supposes that the Spectator confounded Petty with a writer forty years his junior. See McCulloch, "The Literature of Political Economy, a classified catalogue," London, 1845, page 105. Petty is conscious of being the founder of a new science. His method, he says, "is not yet very usual, for instead of using only comparative and superlative Words, and intellectual Arguments," he has undertaken to speak "in Terms of Number, Weight or Measure; to use only Arguments of Sense, and to consider only such Causes, as have visible Foundations in Nature; leaving those that depend upon the mutable Minds, Opinions, Appetites, and Passions of particular Men, to the Consideration of others." (Political Arithmetick, etc., London, 1699. Preface.) (A new edition of "The Economic Writings of Sir William Petty," edited by Chas. Henry Hull, has been published by the University Press at Cambridge, 1899. The above passage will be found in vol. I., page 244. The further references are given to this new, more accessible edition. Translator.) His wonderful keenness shows itself e. g. in the proposal to transport "all the moveables and people of Ireland, and of the Highlands of Scotland ... into the rest of Great Britain." Thereby much labor-time would be saved, the productivity of labor increased, and "the King and his Subjects would thereby become more Rich and Strong." (Political Arithmetick, ch. 4, page 285.) Or in the chapter of his Political Arithmetic in which he proves that England's mission is the conquest of the world's market at a time when Holland still played the leading part as a trading nation and France seemed to be on the way of becoming the ruling trading Power: "That the King of England's Subjects, have Stock competent and convenient, to drive the Trade of the whole Commercial World" (l. c., ch. 10, page 311). "That the Impediments of England's greatness are but contingent and removable" (l. c., ch. 5, page 298). A singular humor pervades all his writings. Thus, he shows that it was by material means that Holland — at that time the model country with English economists, just as England is with continental economists to-day — conquered the world market "without such Angelical Wits and Judgments, as some attribute to the Hollanders" (l. c., page 258). He advocates "Liberty of Conscience" as a condition of trade, because "Dissenters ... are ... patient Men, and such as believe that Labour and Industry is their Duty towards God," and "They believe that ... for those who have less Wealth, to think they have the more Wit and Understanding, especially of the things of God which they think chiefly belong to the Poor." "From whence it follows that Trade is not fixt to any species of Religion as such; but rather ... to the Heterodox part of the whole" (l. c., page 262-264). He advocates an "allowance by Publick Tax" for those "who live by begging, cheating, stealing, gaming, borrowing without intention of restoring," because "it were more for the publick profit" to tax the country for such persons "than to suffer them to spend extravagantly, at the only charge of careless, credulous, and good natured People" (-270). But he is opposed to taxes which transfer the wealth from industrious people "to such as do nothing at all, but eat and drink, sing, play, and dance; nay such as study the Metaphysicks" (ibid.). Petty's writings are rarities of the bookseller's trade and are to be found only in scattered poor old editions, which is the more surprising since William Petty was not only the father of English Political Economy, but also the ancestor of Henry Petty, alias Marquis of Lansdowne, the nestor of the English Whigs. However, the Lansdowne family could hardly bring out a complete edition of Petty's works without prefacing it with his biography, and what can be said of most origins of the great Whig families holds good also in this case, viz., "the less said of them the better." The keen-witted but cynical army surgeon who was as ready to plunder in Ireland under the shield of Cromwell as to crawl before Charles II. to get the title of baron which he needed for his plunderings, is a model hardly fit for public exhibition. Besides that, Petty seeks to prove in most of his writings which he published in his lifetime, that England's prosperity reached its climax under Charles II., a heterodox view for the hereditary exploiters of the "glorious revolution."

<sup>18</sup> In contrast with the "black art of finance" of his time, Boisguillebert says: "La science financière n'est que la connaissance approfondie des intérêts de l'agriculture et du commerce." *Le Détail de la France*, 1697. Eugène Daire's edition of *Economistes financiers du XVIII. siècle*, Paris, 1843, vol. I., page 241.

<sup>19</sup> But not *Romance Political Economy*, since the Italians reproduce the contrast between the English and French economists in the two respective schools of Naples and Milan, while the Spaniards of the earlier period are either pure Mercantilists; modified mercantilists like Ustariz; or, like Jovellanos (see his *Obras*, Barcelona, 1839-40), hold to the “golden mean” with Adam Smith.

<sup>20</sup> “La véritable richesse ... jouissance entière, non seulement des besoins de la vie, mais même de tous les superflus et de tout, ce qui peut faire plaisir à la sensualité,” Boisguillebert, “Dissertation sur la nature de la richesse,” etc., l. c., page 403. But while Petty was a frivolous, rapacious and unprincipled adventurer, Boisguillebert, though an intendant under Louis XIV, championed the interests of the oppressed classes with a daring that was equal to his keenness of mind.

<sup>21</sup> The French Socialism of the Proudhon type suffers from the same national hereditary disease.

<sup>22</sup> “Benjamin Franklin, *The Works of*, etc.,” ed. by I. Sparks, vol. II., Boston, 1836. “A Modest Inquiry into the Nature and Necessity of a Paper Currency.”

<sup>23</sup> L. c., page 265.

<sup>24</sup> L. c., page 267.

<sup>25</sup> L. c., “Remarks and Facts relative to the American Paper Money,” 1764.

<sup>26</sup> See “Papers on American Politics; Remarks and Facts relative to the American Paper Money,” 1764, l. c.

<sup>27</sup> See e. g. Galiani, “Della Moneta,” in vol. 3 of *Scrittori Classici italiani di Economia politica* (Published by Custodi). Parte Moderna, Milano, 1803. “La fatica, he says, è l’unica che dà valore alla cosa” (“only effort can give value to any thing”). The designation of labor as “fatica,” strain, effort, is characteristic of the southerner.

<sup>28</sup> Steuart’s work, “An Inquiry into the Principles of Political Economy, being an Essay on the Science of Domestic Policy in Free Nations,” appeared first in London in two quarto volumes in the year 1767, ten years before Adam Smith’s “Wealth of Nations.” I quote from the Dublin edition of 1770. (The references to pages are the same for the standard London edition of 1767, except where otherwise stated. Translator.)

<sup>29</sup> Steuart, l. c., vol. I., page 181-183.

<sup>30</sup> Steuart, l. c., vol. I., page 361-362.

<sup>31</sup> See chapter I., book II., vol. I. “of the reciprocal connections between Trade and Industry” (Translator).

<sup>32</sup> He declares, therefore, the patriarchal form of agriculture which is devoted to the direct production of use-values for the owner of the land, to be an “abuse,” not in Sparta, or Rome, or even in Athens,

but in the industrial countries of the eighteenth century. This “abusive agriculture” is not “trade,” but a “direct means of subsisting.” Just as capitalistic agriculture clears the country of superfluous mouths, so does the capitalistic mode of manufacture clear the factory of superfluous hands.

<sup>33</sup> Thus e. g., Adam Smith says: “Equal quantities of labour, at all times and places, may be said to be of equal value to the labourer. In his ordinary state of health, strength and spirits, in the ordinary degree of his skill and dexterity, he must always lay down the same portion of his ease, his liberty, and his happiness. The price which he pays must always be the same, whatever may be the quantity of goods which he receives in return for it. Of these, indeed, it may sometimes purchase a greater and sometimes a smaller quantity; but it is their value which varies, not that of the labour which purchases them.... Labour alone, therefore, never varying in its own value ... is their [commodities’] real price, etc. Adam Smith (Book I., ch. V., page 34, Oxford, 1869. Translator.)

<sup>34</sup> David Ricardo, “On the Principles of Political Economy and Taxation,” 3rd edition, London, 1821, page 3.

<sup>35</sup> Sismondi, “Etudes sur l’Economie Politique,” t. II., Bruxelles, 1837. “C’est l’opposition entre la valeur usuelle ... et la valeur échangeable à laquelle le commerce a réduit toute chose,” page 161. [Paris edition, page 229, Transl.]

<sup>36</sup> Sismondi l. c., page 163-166 seq. [Paris edition, 230 etf. Transl.]

<sup>37</sup> Perhaps the silliest to be found are the annotations of J. B. Say to the French translation of Ricardo, made by Constancio, and the most pedantically arrogant are the remarks of Mr. MacLeod in his newly published “Theory of Exchange,” London, 1858.

<sup>38</sup> This objection raised against Ricardo by bourgeois economists was taken up later by the socialists. Having assumed the correctness of the formula, they charged the practice with contradiction to the theory and appealed to bourgeois society to realize in practice the conclusions which were supposed to follow from its theoretical principles. That was at least the way in which the English socialists turned Ricardo’s formula of exchange value against political economy. It remained for Mr. Proudhon not only to proclaim the fundamental principle of old society as the principle of the new, but also to declare himself the discoverer of the formula in which Ricardo summed up the combined results of classical English political economy. It has been proven that the utopian interpretation of the Ricardian formula was about forgotten in England when Mr. Proudhon “discovered” it on the other side of the Canal. (Cf. my work: “Misère de la Philosophie,” etc., Paris, 1847, paragraph on la valeur constituée.)

<sup>39</sup> True, Aristotle sees that the exchange value of commodities underlies their prices: “ὅτι ἡ ἀλλαγή ἦν πρὶν τὸ νόμισμα εἶναι, ὁῦλον· διαφέρει γὰρ οὐδὲν ἢ εἰ κλῖναι πέντε ἀντι οἰκίας, ἢ ὅσου αἱ πέντε κλῖναι.” (“It is clear that exchange existed before coin. For it does not make any difference whether you give five beds for a house, or as much money as five beds are worth”). On the other hand, since commodities acquire only in price the form of exchange value with respect to one another, he makes them commensurable through money. “Διὸ δεῖ πάντα τετιμῆσθαι· οὕτω γὰρ ἀεὶ ἔσται ἀλλαγή, εἰ δὲ τοῦτο, κοινωμία. Τὸ δὲ νόμισμα ὥσπερ μέτρον σύμμετρα ποιῆσαν ἰσάζει, οὔτε γὰρ ἂν μὴ οὔσης ἀλλαγῆς κοινωμία ἦν, οὔτ’ ἀλλαγῆ ἰσότητος μὴ οὔτ’ ἰσότης, μὴ οὔσης συμμετρίας.” (“Therefore all has to be appraised. In that way exchange may always take place, and, with it, society can exist.

Coin, like measure, makes everything commensurable and equal, for without exchange there would be no society, without equality there would be no exchange, and without commensurability, no equality.”) He does not conceal from himself that these different objects measured by money are entirely incommensurable quantities. What he is after is the common unit of commodities as exchange values, which as an ancient Greek he was unable to find. He gets out of the difficulty by making commensurable through money what is in itself incommensurable, so far as it is necessary for practical purposes. “Τῆ μὲν οὖν ἀληθείᾳ ἀδύνατον τὰ τοσοῦτον διαφέροντα σύμμετρα γενέσθαι, πρὸς δὲ τὴν χρείαν ἐνδέχεται ἰκανῶς.” (“In truth it is impossible to make things that are so different, commensurable, but for practical purposes it is permissible.”) Aristotle, *Ethica Nicomachea*. I. 5, c. 8, edit. Bekkeri. Oxonii, 1837.

<sup>40</sup> The peculiar circumstance that, while the ounce of gold serves in England as the unit of the standard of money, it is not divided into aliquot parts has been explained as follows: “Our coinage was originally adapted to the employment of silver only — hence an ounce of silver can always be divided into a certain adequate number of pieces of coin; but as gold was introduced at a later period into a coinage adapted only to silver, an ounce of gold cannot be coined into an adequate number of pieces.” Maclaren: “A Sketch of the History of the Currency,” page 16, London, 1858.

<sup>41</sup> “Money may continually vary in value and yet be as good a measure of value as if it remained perfectly stationary. Suppose, for instance, it is reduced in value.... Before the reduction, a guinea would purchase three bushels of wheat or 6 days’ labour; subsequently it would purchase only 2 bushels of wheat, or 4 days’ labour. In both cases, the relations of wheat and labour to money being given, their mutual relations can be inferred; in other words, we can ascertain that a bushel of wheat is worth 2 days’ labour. This, which is all that measuring value implies, is as readily done after the reduction as before. The excellence of a thing as a measure of value is altogether independent of its own variableness in value” (, Bailey, “Money and its Vicissitudes.” London, 1837).

<sup>42</sup> “Le monete lequali oggi sono ideali sono le piu antiche d’ogni nazione, e tutte furono un tempo reali (the latter assertion is too sweeping), e perchè erano reali con esse si contava.” Galiani, “Della Moneta,” I. c., page 153 (“Coins which are ideal to-day [i.e., whose names no longer correspond to their value] are among the more ancient with every nation; at one time they were all real, and for that reason served for the purpose of counting.”)

<sup>43</sup> The romantic A. Müller says: “According to our idea every independent sovereign has the right to name the metal money, and to give it a nominal social value, rank, standing and title (, v. II., A. H. Müller, “Die Elemente der Staatskunst,” Berlin, 1809). As far as title is concerned the Hon. Hofrath is right; but he forgets the *substance*. How confused his “ideas” were, may be seen, e. g., from the following passage: “Everybody understands how much depends upon the right determination of the mint-price, especially in a country like England, where the government with *magnificent liberality* coins money gratuitously (Herr Müller seems to think that the members of the English government defray the mint expenses out of their own pockets), where it does not charge any mintage, etc., and thus if the mint-price of gold were set considerably above its market price, if instead of paying as now £3 17s. 10-1/2d. per 1 oz. of gold, it would set the price of an ounce of gold at £3 19s., all money would flow into the mint and exchanging for the silver contained there bring it into the market to be exchanged there for the cheaper gold; the latter would in the same manner be brought again to the mint and the entire coinage system would be upset” (I. c., page 280-281). To preserve order in English coinage, Müller falls back on “disorder.” While shilling and pence are mere names of certain parts of an ounce of gold represented by signs of silver and copper, he imagines that an ounce of gold is estimated in gold, silver and copper and thus confers upon the Englishmen the blessing of a triple

standard of value. Silver as a measure of money, next to gold, was formally abolished only in 1816 by 56 George III., c. 68. As a matter of fact, it was legally abolished as early as 1734 by 14 George II., c. 42, and still earlier by actual practice. There were two circumstances that made A. Müller capable of a so-called higher conception of political economy: first, his wide ignorance of economic facts; second, his dilettanti-like visionary attitude toward philosophy.

<sup>44</sup> “*Ἀνάχαρσις, πυνθανομένου τινός, πρὸς τί οἱ Ἕλληνας χρῶνται τῷ ἀργυρίῳ ἔειπε πρὸς τὸ ἀριθμεῖν.*” (Athen. Deipn. I. IV. 49. v. 2, ed. Schweighäuser, 1802.) (When Anacharsis was asked for what purpose the Greeks used money, he replied, “For reckoning.”)

<sup>45</sup> G. Garnier, one of the early French translators of Adam Smith, conceived the queer notion of fixing a proportion between the use of money of account and that of actual money. His proportion is 10 to 1. (G. Garnier, “*Histoire de la Monnaie depuis les temps de la plus haute antiquité,*” etc., t. 1, page 78.)

<sup>46</sup> The act of Maryland in 1723 by which tobacco was made the legal standard, but its value reduced to terms of English gold money, namely one penny equal to one pound of tobacco, reminds of the “*leges barbarorum,*” in which, inversely, certain sums of money were expressed in terms of oxen, cows, etc. In that case neither gold nor silver, but the ox and the cow were the actual material of the money of account.

<sup>47</sup> Thus, we read, e. g., in the “Familiar Words” of Mr. David Urquhart: “The value of gold is to be measured by itself; how can any substance be the measure of its own worth in other things? The worth of gold is to be established by its own weight, under a false denomination of that weight — and an ounce is to be worth so many pounds and fractions of pounds. This is falsifying a measure, not establishing a standard.”

<sup>48</sup> “Money is the measure of Commerce, and of the rate of everything, and therefore ought to be kept (as all other measures) as steady and invariable as may be. But this cannot be, if your money be made of two Metals, whose proportion ... constantly varies in respect of one another.” John Locke: *Some Considerations on the Lowering of Interest, etc.*, 1691 (, page 65 in his *Works* 7 ed., London, 1768, vol. III.)

<sup>49</sup> Locke says among other things: “... call that a Crown now, which before ... was but a part of a Crown.... An equal quantity of Silver is always the same Value with an equal quantity of Silver.... For if the abating 1-20 of the quantity of Silver of any Coin does not lessen its Value, the abating 19-20 of the quantity of the Silver of any Coin will not abate its Value. And so a single Penny, being called a Crown, will buy as much Spice, or Silk, or any other Commodity, as a Crown-Piece, which contains 20 times as much Silver.... Now [all that may be done] is giving a less quantity of Silver the Stamp and Denomination of a greater.... But 'tis Silver and not Names that pay Debts and purchase Commodities” (l. c., page 135-145 passim). If to raise the value of money means nothing but to give any desired name to an aliquot part of a silver coin, e. g., to call an eighth part of an ounce of silver a penny, then money may really be rated as high as you please. At the same time, Locke answered Lowndes that the rise of the market price above the mint price was due not to the rise of the value of silver, but to the lighter silver coins. Seventy-seven clipped shillings do not weigh a particle more than 62 full-weighted ones. Finally he pointed out with perfect right that, aside from the loss of weight in the circulating coin, the market price of silver bullion in England could rise to some extent above its mint price, since the export of silver bullion was allowed while that of silver coin was

prohibited (l. c., page 54-116 passim). Locke was exceedingly careful not to touch upon the burning question of public debts, and no less carefully avoided the discussion of the delicate economic question, viz., the depreciation of the currency out of proportion to its real loss of silver, as was shown by the rate of exchange and the ratio of silver bullion to silver coin. We shall return to this question in its general form in the chapter on the Medium of Circulation. Nicholas Barbon in “A Discourse Concerning Coining the New Money Lighter, in Answer to Mr. Locke’s Considerations, etc.,” London, 1696, tried in vain to entice Locke to difficult ground.

<sup>50</sup> Stuart, l. c., v. II., page 154.

<sup>51</sup> The Querist, l. c., (-6-7.) The “Queries on Money” are generally clever. Among other things Berkeley is perfectly right in saying that by their progress the North American colonies “make it plain as daylight, that gold and silver are not so necessary for the wealth of a nation, as the vulgar of all ranks imagine.”

<sup>52</sup> Price means here real equivalent in the sense commonly employed by English economic writers in the seventeenth century.

<sup>53</sup> Stuart, l. c., v. II., page 154, 299 [1st London edition, of 1767, v. I., page 526-531. Transl.].

<sup>54</sup> On the occasion of the last commercial crisis the ideal African money received loud praise from certain English quarters, after its seat was this time moved from the coast to the heart of Barbary. The freedom of the Berbers from commercial and industrial crises was ascribed to the ideal unit of measure of their bars. Would it not have been simpler to say that trade and industry are the *conditio sine qua non* of commercial and industrial crises?

<sup>55</sup> The Currency Question, The Gemini Letters, London, 1844, page 260-272, passim.

<sup>56</sup> John Gray: “The Social System. A Treatise on the Principle of Exchange, Edinburgh, 1831.” Compare with “Lectures on the Nature and Use of Money, Edinburgh, 1848,” by the same author. After the February revolution Gray sent a memorial to the provisional French government, in which he instructs the latter that France is not in need of an “organization of labour,” but of an “organization of exchange” of which the plan is fully worked out in his money system. Honest John did not suspect that sixteen years after the appearance of his “Social System” a patent for the same discovery would be taken out by the ingenious Proudhon.

<sup>57</sup> Gray, “The Social System,” etc., page 63: “Money should be merely a receipt, an evidence that the holder of it has either contributed certain value to the national stock of wealth or that he has acquired a right to the same value from some one who has contributed to it.”

<sup>58</sup> An estimated value being previously put upon produce, let it be lodged in a bank, and drawn out again, whenever it is required, merely stipulating, by common consent, that he who lodges any kind of property in the proposed National Bank, may take out of it an equal value of whatever it may contain, instead of being obliged to draw out the self-same thing that he put in.” L. c., page 68.

<sup>59</sup> L. c., page 16.

<sup>60</sup> Gray: "Lectures on Money, etc.," page 182.

<sup>61</sup> L. c., page 169.

<sup>62</sup> "The business of every country ought to be conducted on a national capital." John Gray, "The Social System," etc., page 171.

<sup>63</sup> "The land to be transformed into national property." L. c., page 298.

<sup>64</sup> See e. g. W. Thompson: "An Inquiry into the Distribution of Wealth, etc.," London, 1827. Bray, "Labour's Wrongs and Labour's Remedy," Leeds, 1839.

<sup>65</sup> Alfred Darimont's "De la Reforme des banques," Paris, 1856, may be considered as a compendium of this melodramatic theory of money.

<sup>66</sup> "Di due sorte è la moneta, ideale e reale; e a dui diversi usi è adoperata, a valutare le cose e a comperarle. Per valutare è buona la moneta ideale, così come la reale e forse anche più. L'altro uso della moneta è di comperare quelle cose istesse, ch'ella apprezza ... i prezzi e i contratti si valutano in moneta ideale e si eseguiscono in moneta reale." Galiani, l. c., page 112 sq. ("Money is of two kinds, ideal and real; and is adapted to two different uses: to determine the value of things and to buy them. For the purpose of valuation ideal money is as good as real and perhaps even better. The other use of money is to buy the same things which it appraises ... prices and contracts are determined in ideal money and are executed in real money.")

<sup>67</sup> This, of course, does not prevent the market price of commodities to be above or below their value. However, this consideration is foreign to simple circulation and belongs to quite another sphere to be considered later, when we shall investigate the relation between value and market price.

<sup>68</sup> How deeply some beautiful souls are wounded by the merely superficial aspect of the antagonism which asserts itself in buying and selling, may be seen from the following abstract from M. Isaac Pereire's: "Leçons sur l'industrie et les finances," Paris, 1832. The fact that the same Isaac in his capacity of inventor and dictator of the "Credit mobilier" has acquired the reputation of the wolf of the Paris Bourse shows what lurks behind the sentimental criticism of economics. Says Mr. Pereire at the time an apostle of St. Simons: "C'est parceque tous les individus sont isolés, séparés les uns des autres, soit dans leur travaux, soit pour la consommation, qu'il y a échange entre eux des produits de leur industrie respective. De la nécessité de l'échange est dérivée la nécessité de déterminer la valeur relative des objets. Les idées de la valeur et de l'échange sont donc intimement liées, et toutes deux dans leur forme actuelle exprime l'individualisme et l'antagonisme.... Il n'y a lieu à fixer la valeur des produits que parcequ'il y a vente et achat, en d'autres termes, antagonisme entre les divers membres de la société. Il n'y a lieu à s'occuper du prix, de valeur que là où il y avait vente et achat, c'est à dire, où chaque individu était obligé de lutter, pour se procurer les objets nécessaires à l'entretien de son existence" (l. c., page 2, 3 passim). ("Since individuals are isolated and separated from one another both in their labors and in consumption, exchange takes place between them in the products of their respective industries. From the necessity of exchange arises the necessity of determining the relative value of things. The ideas of value and exchange are thus intimately connected and both express in their actual form individualism and antagonism.... The determination of values of products takes place only because there are sales and purchases, or, to put it differently,

because there is an antagonism between different members of society. One has to occupy himself with price and value only where there is sale and purchase, that is to say, where every individual is obliged to struggle to procure for himself the objects necessary for the maintenance of his existence.”)

<sup>69</sup> “L’argent n’est que le moyen et l’acheminement, au lieu que les denrées utiles à la vie sont la fin et le but.” (“Money is but the ways and means, while the things useful in life are the end and object.”) Boisguillebert: “Le Détail de la France,” 1697, in Eugene Daires “Economistes financiers du XVIIIeme siècle, vol. I., Paris, 1843, page 210.

<sup>70</sup> In November, 1807, William Spence published a pamphlet in England under the title: “Britain Independent of Commerce.” The principle set forth in this pamphlet was further elaborated by William Cobbet in his “Political Register” under the virulent title, “Perish Commerce.” To this James Mill replied in 1808 in his “Defence of Commerce” which contains the passage quoted above from his “Elements of Political Economy” (-193, Transl.). In his controversy with Sismondi and Malthus on commercial crises, J. B. Say appropriated this clever device, and as it would be difficult to point out with what new idea this comical “prince de la science” had enriched political economy, his continental admirers have trumpeted him as the man who had unearthed the treasure of the metaphysical balance of purchases and sales; as a matter of fact, his merits consisted rather of the impartiality with which he equally misunderstood his contemporaries, Malthus, Sismondi and Ricardo.

<sup>71</sup> The manner in which economists explain the different aspects of the commodity may be seen from the following examples:

“With money in possession, we have but one exchange to make in order to secure the object of desire, while with other surplus products we have two, the first of which (procuring the money) is infinitely more difficult than the second.” (G. Opdyke, “A Treatise on Political Economy,” New York, 1851, page 277-278.)

“The superior saleableness of money is the exact effect or natural consequence of the less saleableness of commodities.” (Th. Corbet, “An Inquiry into the Causes and Modes of the Wealth of Individuals.” etc., London, 1841, page 117.)

“Money has the quality of being always exchangeable for what it measures.” (Bosanquet, “Metallic, Paper and Credit Currency,” etc., London, 1842, page 100.)

“Money can always buy other commodities, whereas other commodities can not always buy money.” (Th. Tooke, “An Inquiry into the Currency Principle,” 2d ed., London, 1844, page 10.)

<sup>72</sup> The same commodity can be bought and resold many times. It circulates, then, not merely as a commodity, but in a capacity which does not exist from the point of view of simple circulation, of the simple contrast of commodity and money.

<sup>73</sup> The quantity of money is immaterial “pourvu qu’il y en ait assez pour maintenir les prix contractés par les denrées” (as long as it is sufficient to maintain the existing prices of commodities). Boisguillebert, l. c. page 210.

“If the circulation of commodities of four hundred millions required a currency of forty millions, and ... this proportion of one-tenth was the due level, estimating both currency and commodities in gold; then, if the value of commodities to be circulated increased to four hundred and fifty millions, from natural causes ... I should say the currency, in order to continue at its level, must be increased to forty-five millions.” (William Blake, “Observations on the Effects Produced by the Expenditure of Government, etc.,” London, 1823, page 80.)

<sup>74</sup> “E la velocità del giro del danaro, non la quantità dei metalli che fa apparir molto a poco il danaro.” (Galiani, l. c. page 99.) (“It is the rapidity of the circulation of money and not the quantity of metals that causes a greater or smaller amount of money to appear.”)

<sup>75</sup> An example of an extraordinary decline of metallic circulation from its average level was furnished by England in 1858, as may be seen from the following extract from the London Economist: “From the nature of the case (namely, the isolated nature of simple circulation) very exact data cannot be procured as to the amount of cash that is fluctuating in the market, and in the hands of the not banking classes. But, perhaps, the activity or the inactivity of the mints of the great commercial nations is one of the most likely indications in the variations of that amount. Much will be manufactured when it is wanted; and little when little is wanted.... At the English mint the coinage was in 1855 £9,245,000; 1856, £6,476,000; 1857, £5,293,855. During 1858 the mint had scarcely anything to do.” (Economist, July 10, 1858.) But at the same time about eighteen million pounds sterling were lying in the bank vaults.

<sup>76</sup> Dodd, “Curiosities of Industry,” etc., London, 1854.

<sup>77</sup> “The Currency Question Reviewed, etc., by a Banker.” (Edinburgh, 1845, page 69.)

“Si un écu un peu usé était réputé valoir quelque chose de moins qu’un écu tout neuf, la circulation se trouverait continuellement arrêtée, et il n’y aurait pas un seul paiement qui ne fut matière à contestation.” (G. Garnier, l. c. t. I., page 24.) (“If an ecu slightly used would pass for a little less than an entirely new ecu, circulation would be continually interfered with, and not a payment would take place that would not give rise to controversy.”)

<sup>78</sup> W. Jacob, “An Inquiry Into the Production and Consumption of the Precious Metals.” (London, 1831, vol. II., ch. XXVI.)

<sup>79</sup> David Buchanan, “Observations on the Subjects Treated of in Dr. Smith’s Inquiry on the Wealth of Nations,” etc. (Edinburgh, 1841, page 3.)

<sup>80</sup> Henry Storch, “Cours d’Economic Politique.” etc., avec des notes par J. B Say. Paris, 1823, tom. IV., page 179. Storch published his work in French at St. Petersburg. J. B. Say immediately issued a Parisian reprint, supplemented with alleged “notes,” which as a matter of fact contain nothing but commonplaces. Storch (see his “Considerations sur la Nature du Revenu National,” Paris, 1824) took by no means kindly to this annexation of his work by the “prince de la science.”

<sup>81</sup> Plato de Rep. L. II “νόμισμα ζύμβολον τῆς ἀλλαγῆς.” (“Money symbol of exchange.”) Opera omnia, etc., ed. G. Stallbumius, London, 1850, page 304. Plato develops money only in two capacities — as a measure of value and a token of value, but demands, in addition to the token of

value serving for home circulation, another one for trade between Greece and foreign countries. (See also Book V of his Laws.)

<sup>82</sup> Aristotle, *Ethic. Nicom.*, I. 5., ch. 8, I. c.: οἷον δ' ὑπάλλαγμα τῆς χρείας τὸ νόμισμα γέγονον κατὰ συνθήκην καὶ διὰ τοῦτο τοῦνομα ἔχει νόμισμα. ὅτι οὐ φύσει ἀλλὰ νόμῳ, καὶ ἐφ' ἡμῖν μεταβαλεῖν καὶ ποιῆσαι ἄχρηστον." ("In the satisfaction of wants money became the medium of exchange by agreement. And for that reason it bears the name νόμισμα, because it owes its existence, not to nature, but to law (νόμῳ), and it is in our power to change it and make it void.") Aristotle had a far more comprehensive and deep view of money than Plato. In the following passage he beautifully shows how barter between different communities creates the necessity of assigning the character of money to a specific commodity, i.e., one which has itself an intrinsic value. "Ξενικωτέρας γὰρ γενομένης τῆς βοήθειας τῶν εισάγεσθαι ἢ ὧν ἐνδεεῖς καὶ ἔκπεμπειν ὧν ἐπλέοναζον, ἐξ ἀνάγκης ἢ τοῦ νομίματος ἐπορίσθη χρῆσις· διὸ πρὸς τὰς ἀλλαγὰς τοιοῦτόν τι συνέθεντο πρὸς σφᾶς αὐτοὺς διδόναι καὶ λαμβάνειν, δ' ἑὶ τῶν χρησίμων αὐτὸ ὃν εἶχε τὴν χρεῖαν εὐμεταχείριστον ... οἷον σίδηρος καὶ ἄργυρος κἂν εἴ τι τοιοῦτον ἕτερον". (Arist. *De Republica*, I. i. page 9, [secs. 7, 8] I. c.)

("When the inhabitants of one country became more dependent on those of another, and they imported what they needed and exported the surplus, money necessarily came into use ... and hence men agreed to employ in their dealings with each other something which was intrinsically useful and easily applicable to the purposes of life, for example, iron, silver and the like." Trans. by B. Jowett, "The Politics of Aristotle, Oxford, 1885, page 16). This passage is quoted by Michel Chevalier, who either has not read Aristotle or did not understand him, to prove that in Aristotle's opinion currency must consist of a substance having intrinsic value. On the contrary, Aristotle says expressly that money as a mere medium of circulation seems to owe its existence to agreement or law, as is shown by its name νόμισμα, and that in reality it owes its utility as coin to its function and not to any intrinsic use-value of its own. λῆρος εἶναι δοκεῖ τὸ νόμισμα καὶ νόμος παντάπασι, φύσει δ' οὐδὲν ὅτι μεταθεμένων τε τῶν χρωμένων οὐδενὸς ἄξιον οὐδὲ χρήσιμον πρὸς οὐδὲν τῶν ἀναγκαίων ἐστί. ("Others maintain that coined money is a mere sham, a thing not natural, but conventional only, which would have no value or use for any of the purposes of daily life if another commodity were substituted by the users." (I. c. sec. 11.)

<sup>83</sup> Mandeville, Sir John, "Voyages and Travels," London, 1705, page 105: "This Emperor (of Cattay or China) may dispense with much as he will without esteem. For he despends not, nor maketh no money, but of leather, copper, or of papyrus. And when that money hath runne so longe that it beginneth to waste, than men bring it to the Emperours Treasury, and then they take new Money for the old. And that money goeth through out all the countrey, and through out all his Provinces.... They make no money neither of Gold nor of Silver," and "therefore," thinks Mandeville, "he may dispense with new and outrageously."

<sup>84</sup> Benjamin Franklin, "Remarks and Facts Relative to the American Paper Money," 1764, page 348, I. c. "At this very time, even the silver money in England is obliged to the legal tender for part of its value; that part which is the difference between its real weight and its denomination. Great part of the shillings and sixpences now current are by wearing become 5, 10, 20, and some of the sixpences even 50 per cent., too light. For this difference between the *real* and the *nominal* you have no intrinsic value. You have not so much as paper, you have nothing. It is the legal tender, with the knowledge that it can easily be repassed for the same value, that makes three-pennyworth of silver pass for a sixpence."

<sup>85</sup> Berkeley, l. c., page 5-6. “Whether the denominations being retained, although the bullion were gone ... might not nevertheless ... a circulation of commerce (be) maintained?”

<sup>86</sup> “Non solo i metalli ricchi son segni delle cose ...; ma vicendevolmente le cose ... sono segni dell’oro e dell’argento.” (A. Genovesi, “Lezioni di Economia Civile,” 1765. page 281 in Custodi, Parte Mod. 1. VIII.) (“Not only are precious metals tokens of things, but vice versa, things are tokens of gold and silver.”)

<sup>87</sup> Petty. “Gold and silver are universal wealth.” (Political Arithmetic, l. c., page 242.)

<sup>88</sup> E. Misselden. “Free Trade, or the Means to Make Trade Flourish,” etc., London, 1622. “The natural matter of Commerce is Merchandise, which Merchants from the end of Trade have stiled Commodities. The Artificiall matter of Commerce is Money, which hath obtained the title of sinewes of warre and of State.... Money, though it be in nature and time after Merchandise, yet forasmuch as it is now in use become the chiefe.” (.) He compares his own treatment of merchandise and money with the manner of “Old Jacob, who, blessing his Grandchildren, crost his hands, and laide his right hand on the yonger, and his left hand on the elder.” (l. c.) Boisguillebert, “Dissert. sur la Nature Des Richesses,” etc. “Voilà donc l’esclave du commerce devenu son maître.... La misère des peuples ne vient que de ce qu’on a fait un maître, ou plutôt un tyran de ce qui était un esclave.” (, 399.)

<sup>89</sup> Boisguillebert, l. c. “On a fait une idole de ces métaux (l’or et l’argent) et laissant là, l’objet et l’intention pour lesquels ils avaient été appelés dans le commerce, savoir, pour y servir de gages dans l’échange et la tradition réciproque, on les a presque quittés de ce service pour en former des divinités, aux quelles on a sacrifié et sacrifie toujours plus de biens et de besoins précieux et même d’hommes, que jamais l’aveugle antiquité n’en immola à ces fausses divinités,” etc. (l. c., page 395.)

<sup>90</sup> In the first halt of the perpetuum mobile, *i.e.*, in the suspension of the function of money as a medium of circulation, Boisguillebert at once suspects its independent existence from commodities. Money, he says, must be “in constant motion, it can be money only by being mobile, but as soon as it becomes motionless all is lost.” (“Dans un mouvement continuuel, ce qui ne peut être que tant qu’il est meuble, mais sitôt qu’il devient immeuble tout est perdu.” (“Le Détail de la France,” page 231.) What he overlooks is that this halt constitutes the condition of its movement. What he really wants is that the value form of commodities should appear merely in the transitory form of their change of matter, but should never become an end in itself.

<sup>91</sup> “ ... The more the stock ... is ... encreased in wares, the more it decreaseth in treasure.” (E. Misselden, l. c., page 23.)

<sup>92</sup> l. c., page 11-13 passim.

<sup>93</sup> Petty, “Political Arith.,” l. c., page 196 (1899 edition, v. I, page 269. Transl.)

<sup>94</sup> Francois Bernier, “Voyage contenant la description des états du Grand Mogul.” (Paris edition, 1830, t. I., conf., page 312-314.

<sup>95</sup> Dr. Martin Luther, “Bücher vom Kaufhandel und Wucher,” 1524. In the same passage Luther says: “Gott hat uns Deutsche dahin geschleidert, dass wir unser gold und silber müssen in fremde Länder stossen, alle Welt reich machen und selbst Bettler Bleiben. England sollte wohl weniger Goldes haben, wenn Deutschland ihm sein Tuch liesse, und der König von Portugal sollte auch weniger haben, wenn wir ihm die Würze liessen. Rechne Du, wie viel eine Messe zu Frankfurt aus Deutschen Landen gefürt wird, ohne Not und Ursache: so wirst Du Dich wundern, wie es zugehe, dass noch ein heller in Deutschen Landen sei. Frankfurt ist das Silber- und Goldloch, dadurch aus Deutschem Lande fleisst, was nur guillet und wächst, gemünzt oder geschlagen wird bei uns; wäre das Loch zuegestopft, so dürft man itzt der Klage nicht hören, die allethalben eitel Schuld und kein Geld, alle Land und Städte ausgewuchert sind. Aber lass gehen, es will doch also gehen; wir Deutsche müssen Deutsche bleiben! wir lassen nicht ab, wir müssen denn.”

In the work quoted above Misselden wishes to retain the gold and silver at least within the confines of Christendom: “The other forreine remote causes of the want of money, are the Trades maintained out of Christendome to Turkey, Persia and the East Indies, which trades are maintained for the most part with ready money, yet in a different manner from the trades of Christendome within itselfe. For although the trades within Christendome are driven with ready monies, yet those monies are still contained and continued within the bounds of Christendome. There is indeede a fluxus and refluxus, a flood and ebbe of the monies of Christendome traded within it selfe; for sometimes there is more in one part of Christendome, sometimes there is lesse in another, as one Country wanteth and another aboundeth: It cometh and goeth, and whirleth about the Circle of Christendome, but is still contained within the compasse thereof. But the money that is traded out of Christendome into the parts aforesaid is continually issued out and never returneth againe.” (-20.)

<sup>96</sup> “A nummo prima origo avaritiae ... haec paulatim exarsit rabie quadam, non jam avaritia, sed fames auris.” (Plin., Hist. Nat., l. XXXIII., c. XIV.)

(“From money first springs avarice ... the latter gradually grows into a kind of madness, which is no more avarice, but a thirst for gold.”)

<sup>97</sup> Horace thus understands nothing of the philosophy of hoarding when he says (Satir. l. II., Satir. III): “Siquis emat citharas, emptas comportat in unum, Nec studio citharae nec musae deditus ulli; Si scalpra et formas non sutor; nautica vela Aversus mercaturis; delirus et amens, Undique dicatur merito. Qui discrepat istis, Qui nummos aurunque recondit nescius uti Compositis metuensque velut contingere sacrum?”

“If one buys fiddles, hoards them up when bought,

Though music’s study ne’er engaged his thought,

One lasts and awls, unversed in cobbler’s craft,

One sails for ships, not knowing fore from aft,

You’d call them mad: but tell me, if you please,

How that man’s case is different from these,

Who as he gets it, stows away his gain,

And thinks to touch a farthing were profane?"

(Transl. by John Covington, London, 1874, page 60.)

Mr. Senior understands the question much better: "L'argent paraît être la seule chose dont le désir est universel, et il en est ainsi parce que l'argent est *une richesse abstraite* et parce que les hommes, en la possédant peuvent satisfaire à tous leur besoins de quelque nature qu'ils soient." ("Principes Fondamentaux de l'Economie Politique, tirés de leçons editées et inédites de N. W. Senior, par Comte Jean Arrivabene," Paris, 1836, page 221. (The corresponding passage in the English edition of his Political Economy, London, 1863, is to be found on page 27. Translator.) So does Storch: "Since money represents all other forms of wealth, it is only necessary to accumulate it to provide for oneself all kinds of wealth existing in the world." (l. c., v. 2, page 134.)

<sup>98</sup> To what extent the inner man of the commodity owner remains unchanged, even when he has become civilized and has developed into a capitalist, is shown by the example of a London representative of a cosmopolitan banking house who adopted as a fitting coat of arms for his family a £100,000 bank note, which he had hung up in a glass frame. The point here is in the mocking contempt of the note for circulation.

<sup>99</sup> See the passage from Xenophon, quoted below.

<sup>100</sup> Jacob, l. c., v. 2, ch. 25 and 26.

<sup>101</sup> "In times of great agitation and insecurity, especially during internal commotions or invasions, gold and silver articles are rapidly converted into money; whilst during periods of tranquility and prosperity, money is converted into plate and jewelry." (l. c., v. 2, page 357.)

<sup>102</sup> In the following passage Xenophon develops money in its specific forms of money and hoard: "ἐν μόνῳ τούτῳ ὃν ἐγὼ οἶδα ἔργων οὐδὲ φθονεῖ οὐδεὶς τοῖς ἐπισκευαζομένοις ... ἀργυρίτις δὲ ὅσω ἂν πλείων φαίνεται, καὶ ἀργύριον πλείον γίνηται, τοσοῦτ' ἄλλοι ἐπὶ τὸ ἔργον τοῦτο ἔρχονται ... καὶ γὰρ δὴ ἐπιπλα μὲν ἐπειδὴν ἰκανὰ τις κτήσεται τῇ οἰκίᾳ, οὐ μάλ' αἰεὶ προσωοῦνται· ἀργύριον δὲ οὐδεὶς πω οὕτω πολὺ ἐκτήσατο ὥστε μὴ εἶτι προσθεῖσθαι, ἀλλ' ἦν τισι γένηται παμπληθὲς, τὸ περιττεῦδον κατορύττοντες οὐδὲν ἤττον ἡδονταὶ ἢ χρώμενοι αὐτῷ· καὶ μὲν ὅταν γε εὖ πράττωσιν αἱ πόλεις ἰσχυρῶς, οἱ ἄνθρωποι ἀργυρίου δέονται. Οἱ μὲν γὰρ ἄνδρες ἀμφὶ ὄπλα τε καλὰ καὶ ἵππους ἀγαρθοὺς καὶ οἰκίας καὶ κατασκευὰς μεγαλοπρεπεῖς βούλονται δαπανᾶν, αἰδὲ γυναῖκες εἰς ἐσθῆτα πολυτελῆ καὶ χρυσοῦν κόσμον τρέπονται· ὅταν δὲ αὐτῶν νοσήσῃσι πόλεις ἢ ἀφορίας καρπῶν ἢ πολέμῳ εἶτι καὶ πολὺ μᾶλλον τῆς γῆς ἀρουῶν γιγνομένης καὶ εἰς ἐπιτήδεια καὶ εἰς ἐπικουροὺς νομίσματος δέονται." (Xen. de Vectigalibus, c. IV.) ("Of all operations with which I am acquainted, this is the only one in which no sort of jealousy is felt at a further development of the industry ... the larger the quantity of ore discovered and the greater the amount of silver extracted, the greater the number of persons ready to engage in the operation.... No one when he has got sufficient furniture for his house dreams of making further purchases on this head, but of silver no one ever yet possessed so much that he was forced to cry "Enough." On the contrary, if ever anybody does become possessed of an immoderate amount he finds as much pleasure in digging a hole in the ground and hoarding it as an actual employment of it.... When a state is prosperous there is nothing which people so much desire as silver. The men want money to expend on beautiful armor and fine horses, and houses and

sumptuous paraphernalia of all sorts. The women betake themselves to expensive apparel and ornaments of gold. Or when states are sick, either through barrenness of corn and other fruits, or through war, the demand for current coin is even more imperative (whilst the ground lies unproductive), to pay for necessaries or military aid.” (Transl. by H. G. Dakyns, London, 1892, v. 2, Revenues, page 335-336.) Aristotle develops in Book I., ch. 9 of his Politics the two opposite movements of circulation. C-M-C and M-C-M, calling them “economics” and “chrematistics” respectively. The two forms are represented by the Greek tragedian Euripides as Sikn (right) and Keodos (profit).

[103](#) Of course, capital also is advanced in the shape of money, and the money thus advanced may be advanced capital, but this point of view does not fall within the horizon of simple circulation.

[104](#) “The difference between the means of purchase and the means of payment” is emphasized by Luther.

[105](#) Mr. MacLeod, in spite of his doctrinaire conceit about definitions, fails so utterly to grasp the most elementary economic relations that he tries to deduce the very origin of money from its crowning form, viz., that of a means of payment. He says among other things that since people do not always need each other’s services at the same time, and not to the same extent, “there would remain over a certain difference or amount of service due from the first to the second — debt.” The owner of this debt needs the services of a third person, who does not directly need those of the second, and “transfers to the third the debt due to him from the first. Evidence of debts changes so hands — currency... When a person received an obligation expressed by metallic currency, he is able to command the services not only of the original debtor, but of the whole of the industrious community.” (MacLeod, “Theory and Practice of Banking,” etc., London, 1855, v. I., ch. I.)

[106](#) Bailey, l. c., page 3. “Money is the general commodity of contracts, or that in which the majority of bargains about property, to be completed at a future time, are made.”

[107](#) Says Senior (in his Lectures, published by Comte Arrivabene, l. c., page 117): “Since the value of everything changes within a certain period of time, people select as a means of payment an article whose value changes least and which retains longest a given average ability to buy things. Thus, money becomes the expression or representative of values.” On the contrary: just because gold, silver, etc., have become money, i.e., the embodiment of independently existing exchange value, they become the universal means of payment. When the consideration as to the stability of the value of money mentioned by Mr. Senior comes into play, i.e., in periods when money asserts itself as the universal means of payment through the force of circumstances, then is just the time when fluctuations in the value of money are discovered. Such was the time of Elizabeth in England, when Lord Burleigh and Sir Thomas Smith, in view of the manifest depreciation of the precious metals, put through an act of parliament which obliged the universities of Oxford and Cambridge to stipulate the payment of one-third of their ground rents in wheat and malt.

[108](#) Boisguillebert, who would stem the development of bourgeois relations of production and violently attacks the bourgeois personally, has a soft heart for those forms of money in which it appears only ideally or transiently. Thus he speaks first of the medium of circulation and next of the means of payment. What he does not see is the direct transition of money from its ideal to the material form, since the hard cash is latently present in the ideal measure of value. That money is but another form of commodities, he says, is shown by wholesale trade, in which exchange takes place

without the intervention of money, after “les marchandises sont appréciés.” (“Le Detail de la France,” l. c. page 210.)

<sup>109</sup> Locke, l. c., page 17, 18.

<sup>110</sup> “Il danaro ammassato supplisce a quella somma, che per essere attualmente in circolazione, per l’eventuale promiscuità de ‘commerci si allontana e sorte della sfera della circolazione medesima.” (“The accumulated money supplements that amount which, in order to be actually in circulation and to meet all possible perturbations of trade, retires from that sphere of circulation.” (G. R. Carli, note to Berri’s “Meditazioni sulla Economia Politica,” page 196, t. XV. of Custodi’s l. c.)

<sup>111</sup> Montanari, “Della Moneta,” 1683, l. c., page 40. “È così fattamente diffusa per tutto il globo terrestre la comunicazione de ‘popoli insieme, che può quasi dirsi esser il mondo tutto divenuto una sola città in cui si fa perpetua fiera d’ogni mercanzia, e dove ogni uomo di tutto ciò che la terra, gli animali e l’umana industria altrove producono, può mediante il danaro stando in sua casa provvedersi e godere. Maravigliosa invenzione.” (“The communication of nations among themselves is so widely extended all over the globe that it may be almost said that the entire world has become one city in which a perpetual fair of merchandise is held and where every man may by means of money acquire and enjoy, while staying at home, all that the earth, the animals and human industry produce elsewhere. Marvelous invention.”)

<sup>112</sup> I metalli han questo di proprio e singulare che in essi soli tutte le ragioni si riducono ad una che è la loro quantità, non avendo ricevuto della natura diversa qualità nè nell’interna loro costituzione nè nell’externa forma e fattura.” (Galiani, l. c., page 130.) (“Metals have this singular property, that everything in them is reduced to one consideration, viz., that of quantity, since they are not endowed by nature with any differences in quality either in their internal structure or in their external form and shape.”)

<sup>113</sup> De Orbe Novo. “O, happy coin, which furnishes mankind with a pleasant and useful beverage and keeps its possessors immune from the hell-born pest of avarice, since it can not be either buried or preserved long.”

<sup>114</sup> In 760 a multitude of poor people emigrated to the south of Prague to wash the gold sand found there, and three men were able to extract three marks of gold a day. As a result of that the run on the “diggings” and the number of hands taken away from agriculture became so great that the country was visited by a famine the following year. See M. G. Körner, “Abhandlung von dem Alterthum des Böhmischen Bergwerks,” Schneeberg, 1758.

<sup>115</sup> So far the Australian and other discoveries have not affected the ratio of the values of gold and silver. The assertions to the contrary of Michel Chevalier are worth as much as the Socialism of this ex-St. Simonist. The quotations of silver on the London market prove, however, that the average gold price of silver during 1850-1858 is not quite 3 per cent. higher than the price during 1830-1850. But this rise in price is accounted for simply by the Asiatic demand for silver. In the course of the years 1852-1858 the price of silver was changing in certain years and months only with a change in this demand, and in no case with the importation of gold from the newly discovered sources. The following is a summary of the gold prices of silver on the London market.

PRICE OF SILVER PER OUNCE.

*Year — March. July. November.*

1852 60-1/8pence 60-1/4pence 61-7/8pence

1853 61-3/8 pence 61-1/2 pence 61-7/8 pence

1854 61-7/8 pence 61-3/4 pence 61-1/2 pence

1855 60-7/8 pence 61-1/2 pence 60-7/8 pence

1856 60pence 61-1/4 pence 62-1/8 pence

1857 61-3/4 pence 61-5/8 pence 61-1/2 pence

1858 61-5/8 pence

<sup>116</sup> “Gold is a wonderful thing! Whoever possesses it, is master of all that he desires. By means of gold even admission to Heaven may be gained for souls.” (Columbus in a letter from Jamaica in 1503).

<sup>117</sup> The slowness of the process was admitted by Hume, although it but little agrees with his principle. See David Hume “Essays and Treatises on several subjects.” London, 1777, v. I, page 300.

[118](#) Conf. Steuart, l. c. v. I, page 394-400.

[119](#) David Hume, l. c. page 300.

[120](#) David Hume, l. c. page 303.

[121](#) David Hume, l. c. page 303.

[122](#) David Hume, l. c. page 307, 308, 303: “It is evident, that the prices do not so much depend on the absolute quantity of commodities, and that of money, which are in a nation, as on that of the commodities, which can or may come to market, and of the money which circulates. If the coin be locked up in chests, it is the same thing with regard to prices, as if it were annihilated; if the commodities be hoarded in magazines and granaries, a like effect follows. As the money and commodities in these cases, never meet, they cannot affect each other. The whole (of prices) at last reaches *a just proportion with the new quantity of specie which is in the kingdom.*”

[123](#) See *Law* and *Franklin* about surplus value which gold and silver are supposed to acquire from their function of money. Also *Forbonnais*.

[124](#) This fiction is literally advanced by Montesquieu. [The passage from Montesquieu is quoted by Marx in his *Capital*, v. I. Part 1, Ch. III, section 2, b, foot-note. Note by K. Kautsky to 2nd German edition].

[125](#) Steuart, l. c. v. I., page 394 seq.

[126](#) Steuart, l. c., v. 2. page 377-379 passim (not found in the 1767 London edition. Translator).

[127](#) Steuart, l. c., page 379-380 passim (London, 1767 edition, v. I. page 400. Transl.).

[128](#) “The additional coin will be locked up, or converted into plate.... As for the paper money, so soon as it has served the first purpose of supplying the demand of him who borrowed it, it will return upon the debtor in it and become realized.... Let the specie of a country, therefore, be augmented or diminished in ever so great a proportion, commodities will still rise and fall according to the principles of demand and competition, and these will constantly depend upon the inclinations of those who have property or any kind of equivalent whatsoever to give, but never upon the quantity of coin they are possessed of.... Let it (namely, the quantity of specie in a country) be ever so low, while there is real property of any denomination in the country, a competition to consume in those who possess it, prices will be high, by the means of barter, symbolical money, mutual prestations and a thousand other inventions.... If this country has a communication with other nations, there must be a proportion between the prices of many kinds of merchandize there and elsewhere, and a sudden augmentation or diminution of the specie, supposing it could of itself operate the effects of raising or sinking prices, would be restrained in its operation by foreign competition.” l. c. v. 1, page 400-402. “The circulation of every country must be in proportion to the industry of the inhabitants producing the commodities which come to market.... If the coin of a country, therefore, falls below the proportion of the price of industry offered to sale, inventions, like symbolical money, will be fallen upon, to provide for an equivalent for it. But if the specie be found above the proportion of industry,

it will have no effect in raising prices, nor will it enter into circulation: it will be hoarded up in treasures.... Whatsoever be the quantity of money in a nation, in correspondence with the rest of the world, there never can remain in circulation, but the quantity nearly proportional to the consumption of the rich and to the labour and industry of the poor inhabitants,” and this proportion is not determined “by the quantity of money actually in the country” (l. c. page 403-408 passim.) “All nations will endeavor to throw their ready money, not necessary for their own circulation, into that country where the interest of money is high with respect to their own.” (l. c. v. 2. page 5). “The richest nation in Europe may be the poorest in circulating specie.” l. c., v. 2, page 6. For the polemics against Steuart see Arthur Young. [In his foot-note in *Capital*, v. 1, Part 1, ch. III., section 2, b. page 62, Humboldt ed., Marx says: The theory of Hume was defended against the attacks of J. Steuart and others, by A. Young, in his “Political Arithmetic,” London, 1774, in which work there is a special chapter entitled “Prices depend on quantity of money.” Note by K. Kautsky to 2nd German edition].

<sup>129</sup> Steuart, l. e., v. 2, page 370. Louis Blanc translates the expression “money of the society” which stands for home or national money, as socialist money, which is perfectly meaningless and makes a Socialist of John Law. (See the first volume of his *History of the French Revolution*).

<sup>130</sup> Maclaren, l. c. page 43 seq. Patriotism led Gustav Julius, a German writer who met with very early death, to hold up old Büsch as an authority as against the Ricardian school. Honest Büsch rendered Steuart’s elegant English into Hamburg Platt and by trying to improve upon the original spoiled it as often as he could.

<sup>131</sup> Note to the 2nd edition: This is not an exact statement. Adam Smith expresses the law correctly on many occasions. [See *Capital*, Humboldt edition, page 62, ft-note 1, where writing seven years later, Marx makes the following qualification: “This statement applies only in so far as Adam Smith, *ex officio*, treats of money. Now and then, however, as in his criticism of the earlier systems of political economy, he takes the right view. ‘The quantity of coin in every country is regulated by the value of the commodities which are to be circulated by it.... The value of the goods annually bought and sold in any country requires a certain quantity of money to circulate and distribute them to their proper consumers, and can give employment to no more. The channel of circulation necessarily draws to itself a sum sufficient to fill it, and never admits any more.’ *Wealth of Nations*, Book iv., ch. I.”

<sup>132</sup> The distinction between currency and money is therefore not found in “*Wealth of Nations*.” Deceived by the apparent impartiality of Adam Smith, who knew his Hume and Steuart very well, honest Maclaren remarks: “The theory of the dependence of prices on the extent of the currency had not as yet, attracted attention; and Doctor Smith, like Mr. Locke (Locke undergoes a change in his view), considers metallic money nothing but a commodity.” Maclaren, l. c. page 44.

<sup>133</sup> David Ricardo, “The High Price of Bullion, a Proof of the Depreciation of Bank-notes.” 4th edition, London, 1811. (The first edition appeared in 1809). Further, “Reply to Mr. Bosanquet’s Practical Observations on the Report of the Bullion Committee.” London, 1811.

<sup>134</sup> David Ricardo: “On the Principles of Political Economy, etc.” page 77. “Their value [of metals] [like that of all other commodities], depends on the total quantity of labour necessary to obtain the metal, and to bring it to market.”

[135](#) l. c. page 77, 180, 181.

[136](#) Ricardo, l. c. page 421. “The quantity of money that can be employed in a country must depend on its value: if gold alone were employed for the circulation of commodities, a quantity would be required, one fifteenth only of what would be necessary, if silver were made use of for the same purpose.” See also Ricardo’s: “Proposals for an Economical and Secure Currency,” London, 1816, page 89, where he says: “The amount of notes in circulation depends on the amount required for the circulation of the country; which is regulated ... by the value of the standard [of money], the amount of payments, and the economy practised in effecting them.”

[137](#) Ricardo, “Principles of Political Economy”, page 432.

[138](#) David Ricardo, “Reply to Mr. Bosanquet’s Practical Observations, etc.” page 49. “That commodities would rise or fall in price, in proportion to the increase or diminution of money, *I assume as a fact which is incontrovertible.*”

[139](#) David Ricardo, “The High Price of Bullion,” etc. “Money would have the same value in all countries.” page 4. In his Political Economy Ricardo modified this statement, but not in a way to affect what has been said here.

[140](#) l. c. page 3-4.

[141](#) l. c., page 4.

[142](#) Ricardo, l. c., page 11-12.

[143](#) Ricardo, l. c., page 14.

[144](#) l. c., page 17.

[145](#) Ricardo, l. c., page 74-75. “England, in consequence of a bad harvest, would come under the case of a country having been deprived of a part of its commodities, and, therefore, requiring a diminished amount of circulating medium. The currency which was before equal to her payments would now become super-abundant and relatively cheap, in proportion ... of her diminished production; the exportation of this sum, therefore, would restore the value of her currency to the value of the currencies of other countries.” His confusion of money and commodity, and of money and coin borders on the ludicrous in the following passage: “If we can suppose that after an unfavorable harvest, when England has occasion for an unusual importation of corn, another nation is possessed of a super-abundance of that article, but has no wants for any commodity whatever, it would unquestionably follow that such nation would not export its corn in exchange for commodities: *but neither would it export corn for money*, as that is a commodity which no nation ever wants absolutely, but relatively.” l. c., page 75. Pushkin in his hero poem makes the father of his hero incapable of comprehending that commodities are money. But that money is a commodity, the Russians have understood from times of yore as is proven not only by the English corn imports in 1838-1842, but by the entire history of their commerce.

<sup>146</sup> Conf. Thomas Tooke, “History of Prices,” and James Wilson, “Capital, Currency and Banking.” (The latter work is a reprint of a series of articles which appeared in the London Economist in 1844, 1845 and 1847.)

<sup>147</sup> James Deacon Hume: “Letters on the Corn Laws.” London, 1834, page 29-31. [Letter by H. B. T. on the Corn Laws and on the Rights of the Working Classes. Transl.]

<sup>148</sup> Thomas Tooke, “History of Prices,” etc. London, 1848, page 110.

<sup>149</sup> Conf. W. Blake’s above quoted “Observations etc.”

<sup>150</sup> James Mill: “Elements of Political Economy.” [London, 1821, page 95-101 passim. Transl.]

<sup>151</sup> A few months before the outbreak of the commercial crisis of 1857, a committee of the House of Commons was in session to inquire into the effect of the bank-laws of 1844 and 1845. Lord Overstone, the theoretical father of these laws, delivered himself of this boast in his testimony before the committee: “By strict and prompt adherence to the principles of the act of 1844, everything has passed off with regularity and ease; the monetary system is safe and unshaken, the prosperity of the country is undisputed, the public confidence in the wisdom of the act of 1844 is daily gaining strength; and if the committee wish for further practical illustration of the soundness of the principles on which it rests, or of the beneficial results which it has assured, the true and sufficient answer to the committee is, look around you; look at the present state of trade of the country, look at the contentment of the people; look at the wealth and prosperity which pervades every class of the community; and then, having done so, the committee may be fairly called upon to decide whether they will interfere with the continuance of an act under which these results have been developed.” Thus did Overstone blow his own horn on the fourteenth of July, 1857; on the twelfth of November of the same year the Ministry had to suspend on its own responsibility the wonderful law of 1844.

<sup>152</sup> Tooke was entirely ignorant of Stuart’s work, as may be seen from his “History of Prices for 1839-1847,” London, 1848. where he reviews the history of the theories of money.

<sup>153</sup> Tooke’s most important work besides the “History of Prices” which his co-worker Newmarch published in six volumes, is “An Inquiry into the Currency Principle, the Connection of the Currency with Prices” etc., 2nd edition, London, 1844. Wilson’s book we have already quoted. Finally there is to be mentioned John Fullerton’s “On the Regulation of Currencies,” 2d edition, London, 1845.

<sup>154</sup> “We ought to ... distinguish ... between gold ... as merchandise, *i.e.* as capital, and gold ... as currency” (Tooke, “An Inquiry into the Currency Principle, etc.” page 10). “Gold and silver may be counted upon to realize on their arrival nearly the exact sum required to be provided ... gold and silver possess an infinite advantage over all other description of merchandize ... from the circumstance of being universally in use as money.... It is not in tea, coffee, sugar or indigo that debts, whether foreign or domestic, are usually contracted to be paid, but in coin; and the remittance, therefore, either in the identical coin designated, or in bullion which can be promptly turned into that coin through the mint or market of the country to which it is sent, must always afford to the remitter, the most certain, immediate, and accurate means of affecting this object, without risk of disappointment from the failure of demand or fluctuation of price.” (Fullerton, l. c. page 132-133.)

“Any other article (except gold or silver) might in quantity or kind be beyond the usual demand of the country to which it is sent.” (Tooke: “An Inquiry, etc.”)

[155](#) The transformation of money into capital we shall consider in the third chapter which treats of capital and forms the end of the first book.

[156](#) This introduction was first published in the *Neue Zeit* (see Translator’s Preface, page 5) of March 7, 14 and 21, 1903, by Karl Kautsky, with the following explanation:

“This article has been found among the posthumous papers of Karl Marx. It is a fragmentary sketch of a treatise that was to have served as an introduction to his main work, which he had been writing for many years and whose outline was clearly formed in his mind. The manuscript is dated August 23, 1857.... As the idea is very often indicated only in fragmentary sentences, I have taken the liberty of introducing here and there changes in style, insertions of words, etc.... A mere reprint of the original would have made it unintelligible.... Not all the words in the manuscript are legible....

“Wherever there could be no doubt as to the necessity of corrections, I did so without indicating them in the text; in other cases I put all insertions in brackets. Wherever I am not certain as to whether I have deciphered a word correctly, I have put an interrogation point after it; other changes are specially noted. In all other respects this is an exact reprint of the original, whose fragmentary and incomplete passages serve to remind us only too painfully of the many treasures of thought which went down to the grave with Marx, treasures which would have sufficed for generations if Marx had not so anxiously avoided giving to the world any of his ideas until he had tested them repeatedly from every conceivable point of view and had given them a wording that would be incontrovertible. In spite of its fragmentary character it opens before us a wealth of new points of view.”

[157](#) The original reads “person.”

[158](#) The manuscript reads “production.”

[159](#) The manuscript reads “production.”

[160](#) The German text reads “instruktiv,” which I take to be a misprint of “instinktiv.” Translator.

[161](#) Compare this with foot-note 1, on page 34 of *Capital*, Humboldt edition, New York:

“Truly comical is M. Bastiat, who imagines that the ancient Greeks and Romans lived by plunder alone. But when people plunder for centuries, there must always be something at hand for them to seize; the objects of plunder must be continually reproduced.” K. Kautsky.

[162](#) The English expression is used by Marx in his German original. Transl.

[163](#) Marx evidently has in mind here a passage in Adam Smith’s *Wealth of Nations* (vol. 2, ch. 2) in which he speaks of the circulation of a country as consisting of two distinct parts: circulation between dealers and dealers, and that between dealers and consumers. The word dealer signifies here not only a merchant or shopkeeper, but also a producer. K. Kautsky.

[164](#) Here two words in the manuscript can not be deciphered. They look like “ausser sich” (“outside of itself”). K. Kautsky.

[165](#) Distribution (Verkehr) is used here in the sense of physical distribution of goods and not in sense of economic distribution of the shares of the products between the different factors of production. Translator.

[166](#) As the “notes” written down by Marx in the following eight paragraphs are extremely fragmentary, making translation in some cases impossible without a certain degree of interpretation, and as the original is not accessible in book-form, they are reproduced here in German for the benefit of the student who may feel interested in the original wording as it had been jotted down by Marx.

[167](#) Im Original ist zu lesenVa

[168](#) Im Original ist zu lesenegtl.

[169](#) The site of the “Times” building in London. K. K.

# MARX'S INAUGURAL ADDRESS



*Translated by Alick West*

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## Preface to the First Edition, 1884

The following chapters are, in a sense, the execution of a bequest. No less a man than Karl Marx had made it one of his future tasks to present the results of Morgan's researches in the light of the conclusions of his own — within certain limits, I may say our — materialistic examination of history, and thus to make clear their full significance. For Morgan in his own way had discovered afresh in America the materialistic conception of history discovered by Marx forty years ago, and in his comparison of barbarism and civilization it had led him, in the main points, to the same conclusions as Marx. And just as the professional economists in Germany were for years as busy in plagiarizing *Capital* as they were persistent in attempting to kill it by silence, so Morgan's *Ancient Society* received precisely the same treatment from the spokesmen of "prehistoric" science in England. My work can only provide a slight substitute for what my departed friend no longer had the time to do. But I have the critical notes which he made to his extensive extracts from Morgan, and as far as possible I reproduce them here.

According to the materialistic conception, the determining factor in history is, in the final instance, the production and reproduction of the immediate essentials of life. This, again, is of a twofold character. On the one side, the production of the means of existence, of articles of food and clothing, dwellings, and of the tools necessary for that production; on the other side, the production of human beings themselves, the propagation of the species. The social organization under which the people of a particular historical epoch and a particular country live is determined by both kinds of production: by the stage of development of labor on the one hand and of the family on the other.

The lower the development of labor and the more limited the amount of its products, and consequently, the more limited also the wealth of the society, the more the social order is found to be dominated by kinship groups. However, within this structure of society based on kinship groups the productivity of labor increasingly develops, and with it private property and exchange, differences of wealth, the possibility of utilizing the labor power of others, and hence the basis of class antagonisms: new social elements, which in the course of generations strive to adapt the old social

order to the new conditions, until at last their incompatibility brings about a complete upheaval. In the collision of the newly-developed social classes, the old society founded on kinship groups is broken up; in its place appears a new society, with its control centered in the state, the subordinate units of which are no longer kinship associations, but local associations; a society in which the system of the family is completely dominated by the system of property, and in which there now freely develop those class antagonisms and class struggles that have hitherto formed the content of all *written* history.

It is Morgan's great merit that he has discovered and reconstructed in its main lines this prehistoric basis of our written history, and that in the kinship groups of the North American Indians he has found the key to the most important and hitherto insoluble riddles of earliest Greek, Roman and German history. His book is not the work of a day. For nearly forty years he wrestled with his material, until he was completely master of it. But that also makes his book one of the few epoch-making works of our time.

In the following presentation, the reader will in general easily distinguish what comes from Morgan and what I have added. In the historical sections on Greece and Rome I have not confined myself to Morgan's evidence, but have added what was available to me. The sections on the Celts and the Germans are in the main my work; Morgan had to rely here almost entirely on secondary sources, and for German conditions — apart from Tacitus — on the worthless and liberalistic falsifications of Mr. Freeman. The treatment of the economic aspects, which in Morgan's book was sufficient for his purpose but quite inadequate for mine, has been done afresh by myself. And, finally, I am, of course, responsible for all the conclusions drawn, in so far as Morgan is not expressly cited.

# I. Stages of Prehistoric Culture

MORGAN is the first man who, with expert knowledge, has attempted to introduce a definite order into the history of primitive man; so long as no important additional material makes changes necessary, his classification will undoubtedly remain in force.

Of the three main epochs – savagery, barbarism, and civilization – he is concerned, of course, only with the first two and the transition to the third. He divides both savagery and barbarism into lower, middle, and upper stages according to the progress made in the production of food; for, he says:

Upon their skill in this direction, the whole question of human supremacy on the earth depended. Mankind are the only beings who may be said to have gained an absolute control over the production of food.... It is accordingly probable that the great epochs of human progress have been identified, more or less directly, with the enlargement of the sources of subsistence.

The development of the family takes a parallel course, but here the periods have not such striking marks of differentiation.

# 1. Savagery

(a.) LOWER STAGE. Childhood of the human race . Man still lived in his original habitat, in tropical or subtropical forests, and was partially at least a tree-dweller, for otherwise his survival among huge beasts of prey cannot be explained. Fruit, nuts and roots served him for food. The development of articulate speech is the main result of this period. Of all the peoples known to history none was still at this primitive level. Though this period may have lasted thousands of years, we have no direct evidence to prove its existence; but once the evolution of man from the animal kingdom is admitted, such a transitional stage must necessarily be assumed.

(b.) MIDDLE STAGE. Begins with the utilization of fish for food (including crabs, mussels, and other aquatic animals), and with the use of fire. The two are complementary, since fish becomes edible only by the use of fire. With this new source of nourishment, men now became independent of climate and locality; even as savages, they could, by following the rivers and coasts, spread over most of the earth. Proof of these migrations is the distribution over every continent of the crudely worked, unsharpened flint tools of the earlier Stone Age, known as “palaeoliths,” all or most of which date from this period. New environments, ceaseless exercise of his inventive faculty, and the ability to produce fire by friction, led man to discover new kinds of food: farinaceous roots and tubers, for instance, were baked in hot ashes or in ground ovens. With the invention of the first weapons, club and spear, game could sometimes be added to the fare. But the tribes which figure in books as living entirely, that is, exclusively, by hunting never existed in reality; the yield of the hunt was far too precarious. At this stage, owing to the continual uncertainty of food supplies, cannibalism seems to have arisen, and was practiced from now onwards for a long time. The Australian aborigines and many of the Polynesians are still in this middle stage of savagery today.

(c.) UPPER STAGE. Begins with the invention of the bow and arrow, whereby game became a regular source of food, and hunting a normal form of work. Bow, string, and arrow already constitute a very complex instrument, whose invention implies long, accumulated experience and sharpened intelligence, and therefore knowledge of many other inventions as well. We find, in fact, that the peoples acquainted with the bow and

arrow but not yet with pottery (from which Morgan dates the transition to barbarism) are already making some beginnings towards settlement in villages and have gained some control over the production of means of subsistence; we find wooden vessels and utensils, finger-weaving (without looms) with filaments of bark; plaited baskets of bast or osier; sharpened (neolithic) stone tools. With the discovery of fire and the stone ax, dug-out canoes now become common; beams and planks are also sometimes used for building houses. We find all these advances, for instance, among the Indians of northwest America, who are acquainted with the bow and arrow but not with pottery. The bow and arrow was for savagery what the iron sword was for barbarism and fire-arms for civilization – the decisive weapon.

## 2. Barbarism

(a.) LOWER STAGE. Dates from the introduction of pottery. In many cases it has been proved, and in all it is probable, that the first pots originated from the habit of covering baskets or wooden vessels with clay to make them fireproof; in this way it was soon discovered that the clay mold answered the purpose without any inner vessel.

Thus far we have been able to follow a general line of development applicable to all peoples at a given period without distinction of place. With the beginning of barbarism, however, we have reached a stage when the difference in the natural endowments of the two hemispheres of the earth comes into play. The characteristic feature of the period of barbarism is the domestication and breeding of animals and the cultivation of plants. Now, the Eastern Hemisphere, the so-called Old World, possessed nearly all the animals adaptable to domestication, and all the varieties of cultivable cereals except one; the Western Hemisphere, America, had no mammals that could be domesticated except the llama, which, moreover, was only found in one part of South America, and of all the cultivable cereals only one, though that was the best, namely, maize. Owing to these differences in natural conditions, the population of each hemisphere now goes on its own way, and different landmarks divide the particular stages in each of the two cases.

(b.) MIDDLE STAGE. Begins in the Eastern Hemisphere with domestication of animals; in the Western, with the cultivation, by means of irrigation, of plants for food, and with the use of adobe (sun-dried) bricks and stone for building.

We will begin with the Western Hemisphere, as here this stage was never superseded before the European conquest.

At the time when they were discovered, the Indians at the lower stage of barbarism (comprising all the tribes living east of the Mississippi) were already practicing some horticulture of maize, and possibly also of gourds, melons, and other garden plants, from which they obtained a very considerable part of their food. They lived in wooden houses in villages protected by palisades. The tribes in the northwest, particularly those in the region of the Columbia River, were still at the upper stage of savagery and acquainted neither with pottery nor with any form of horticulture. The so-

called Pueblo Indians of New Mexico, however, and the Mexicans, Central Americans, and Peruvians at the time of their conquest were at the middle stage of barbarism. They lived in houses like fortresses, made of adobe brick or of stone, and cultivated maize and other plants, varying according to locality and climate, in artificially irrigated plots of ground, which supplied their main source of food; some animals even had also been domesticated – the turkey and other birds by the Mexicans, the llama by the Peruvians. They could also work metals, but not iron; hence they were still unable to dispense with stone weapons and tools. The Spanish conquest then cut short any further independent development.

In the Eastern Hemisphere the middle stage of barbarism began with the domestication of animals providing milk and meat, but horticulture seems to have remained unknown far into this period. It was, apparently, the domestication and breeding of animals and the formation of herds of considerable size that led to the differentiation of the Aryans and Semites from the mass of barbarians. The European and Asiatic Aryans still have the same names for cattle, but those for most of the cultivated plants are already different.

In suitable localities, the keeping of herds led to a pastoral life: the Semites lived upon the grassy plains of the Euphrates and Tigris, and the Aryans upon those of India and of the Oxus and Jaxartes, of the Don and the Dnieper. It must have been on the borders of such pasture lands that animals were first domesticated. To later generations, consequently, the pastoral tribes appear to have come from regions which, so far from being the cradle of mankind, were almost uninhabitable for their savage ancestors and even for man at the lower stages of barbarism. But having once accustomed themselves to pastoral life in the grassy plains of the rivers, these barbarians of the middle period would never have dreamed of returning willingly to the native forests of their ancestors. Even when they were forced further to the north and west, the Semites and Aryans could not move into the forest regions of western Asia and of Europe until by cultivation of grain they had made it possible to pasture and especially to winter their herds on this less favorable land. It is more than probable that among these tribes the cultivation of grain originated from the need for cattle fodder and only later became important as a human food supply.

The plentiful supply of milk and meat and especially the beneficial effect of these foods on the growth of the children account perhaps for the

superior development of the Aryan and Semitic races. It is a fact that the Pueblo Indians of New Mexico, who are reduced to an almost entirely vegetarian diet, have a smaller brain than the Indians at the lower stage of barbarism, who eat more meat and fish. In any case, cannibalism now gradually dies out, surviving only as a religious act or as a means of working magic, which is here almost the same thing.

(c.) UPPER STAGE. Begins with the smelting of iron ore, and passes into civilization with the invention of alphabetic writing and its use for literary records . This stage (as we have seen, only the Eastern Hemisphere passed through it independently) is richer in advances in production than all the preceding stages together. To it belong the Greeks of the heroic age, the tribes of Italy shortly before the foundation of Rome, the Germans of Tacitus and the Norsemen of the Viking age.

Above all, we now first meet the iron plowshare drawn by cattle, which made large-scale agriculture, the cultivation of fields, possible, and thus created a practically unrestricted food supply in comparison with previous conditions. This led to the clearance of forest land for tillage and pasture, which in turn was impossible on a large scale without the iron ax and the iron spade. Population rapidly increased in number, and in small areas became dense. Prior to field agriculture, conditions must have been very exceptional if they allowed half a million people to be united under a central organization; probably such a thing never occurred.

We find the upper stage of barbarism at its highest in the Homeric poems, particularly in the Iliad. Fully developed iron tools, the bellows, the hand-mill, the potter's wheel, the making of oil and wine, metal work developing almost into a fine art, the wagon and the war-chariot, ship-building with beams and planks, the beginnings of architecture as art, walled cities with towers and battlements, the Homeric epic and a complete mythology – these are the chief legacy brought by the Greeks from barbarism into civilization. When we compare the descriptions which Caesar and even Tacitus give of the Germans, who stood at the beginning of the cultural stage from which the Homeric Greeks were just preparing to make the next advance, we realize how rich was the development of production within the upper stage of barbarism.

The sketch which I have given here, following Morgan, of the development of mankind through savagery and barbarism to the beginnings of civilization, is already rich enough in new features; what is more, they

cannot be disputed, since they are drawn directly from the process of production. Yet my sketch will seem flat and feeble compared with the picture to be unrolled at the end of our travels; only then will the transition from barbarism to civilization stand out in full light and in all its striking contrasts. For the time being, Morgan's division may be summarized thus:

***Savagery*** – the period in which man's appropriation of products in their natural state predominates; the products of human art are chiefly instruments which assist this appropriation.

***Barbarism*** – the period during which man learns to breed domestic animals and to practice agriculture, and acquires methods of increasing the supply of natural products by human activity.

***Civilization*** – the period in which man learns a more advanced application of work to the products of nature, the period of industry proper and of art.

## II. The Family

MORGAN, who spent a great part of his life among the Iroquois Indians – settled to this day in New York State – and was adopted into one of their tribes (the Senecas), found in use among them a system of consanguinity which was in contradiction to their actual family relationships. There prevailed among them a form of monogamy easily terminable on both sides, which Morgan calls the “pairing family.” The issue of the married pair was therefore known and recognized by everybody: there could be no doubt about whom to call father, mother, son, daughter, brother, sister. But these names were actually used quite differently. The Iroquois calls not only his own children his sons and daughters, but also the children of his brothers; and they call him father. The children of his sisters, however, he calls his nephews and nieces, and they call him their uncle. The Iroquois woman, on the other hand, calls her sisters’ children, as well as her own, her sons and daughters, and they call her mother. But her brothers’ children she calls her nephews and nieces, and she is known as their aunt. Similarly, the children of brothers call one another brother and sister, and so do the children of sisters. A woman’s own children and the children of her brother, on the other hand, call one another cousins. And these are not mere empty names, but expressions of actual conceptions of nearness and remoteness, of equality and difference in the degrees of consanguinity: these conceptions serve as the foundation of a fully elaborated system of consanguinity through which several hundred different relationships of one individual can be expressed. What is more, this system is not only in full force among all American Indians (no exception has been found up to the present), but also retains its validity almost unchanged among the aborigines of India, the Dravidian tribes in the Deccan and the Gaura tribes in Hindustan. To this day the Tamils of southern India and the Iroquois Seneca Indians in New York State still express more than two hundred degrees of consanguinity in the same manner. And among these tribes of India, as among all the American Indians, the actual relationships arising out of the existing form of the family contradict the system of consanguinity.

How is this to be explained? In view of the decisive part played by consanguinity in the social structure of all savage and barbarian peoples, the importance of a system so widespread cannot be dismissed with phrases.

When a system is general throughout America and also exists in Asia among peoples of a quite different race, when numerous instances of it are found with greater or less variation in every part of Africa and Australia, then that system has to be historically explained, not talked out of existence, as McLennan, for example, tried to do. The names of father, child, brother, sister are no mere complimentary forms of address; they involve quite definite and very serious mutual obligations which together make up an essential part of the social constitution of the peoples in question.

The explanation was found. In the Sandwich Islands (Hawaii) there still existed in the first half of the nineteenth century a form of family in which the fathers and mothers, brothers and sisters, sons and daughters, uncles and aunts, nephews and nieces were exactly what is required by the American and old Indian system of consanguinity. But now comes a strange thing. Once again, the system of consanguinity in force in Hawaii did not correspond to the actual form of the Hawaiian family. For according to the Hawaiian system of consanguinity all children of brothers and sisters are without exception brothers and sisters of one another and are considered to be the common children not only of their mother and her sisters or of their father and his brothers, but of all the brothers and sisters of both their parents without distinction. While, therefore, the American system of consanguinity presupposes a more primitive form of the family which has disappeared in America, but still actually exists in Hawaii, the Hawaiian system of consanguinity, on the other hand, points to a still earlier form of the family which, though we can nowhere prove it to be still in existence, nevertheless must have existed; for otherwise the corresponding system of consanguinity could never have arisen.

The family represents an active principle. It is never stationary, but advances from a lower to a higher form as society advances from a lower to a higher condition.... Systems of consanguinity, on the contrary, are passive; recording the progress made by the family at long intervals apart, and only changing radically when the family has radically changed.

“And,” adds Marx, “the same is true of the political, juridical, religious, and philosophical systems in general.” While the family undergoes living changes, the system of consanguinity ossifies; while the system survives by force of custom, the family outgrows it. But just as Cuvier could deduce from the marsupial bone of an animal skeleton found near Paris that it

belonged to a marsupial animal and that extinct marsupial animals once lived there, so with the same certainty we can deduce from the historical survival of a system of consanguinity that an extinct form of family once existed which corresponded to it.

The systems of consanguinity and the forms of the family we have just mentioned differ from those of today in the fact that every child has more than one father and mother. In the American system of consanguinity, to which the Hawaiian family corresponds, brother and sister cannot be the father and mother of the same child; but the Hawaiian system of consanguinity, on the contrary, presupposes a family in which this was the rule. Here we find ourselves among forms of family which directly contradict those hitherto generally assumed to be alone valid. The traditional view recognizes only monogamy, with, in addition, polygamy on the part of individual men, and at the very most polyandry on the part of individual women; being the view of moralizing philistines, it conceals the fact that in practice these barriers raised by official society are quietly and calmly ignored. The study of primitive history, however, reveals conditions where the men live in polygamy and their wives in polyandry at the same time, and their common children are therefore considered common to them all – and these conditions in their turn undergo a long series of changes before they finally end in monogamy. The trend of these changes is to narrow more and more the circle of people comprised within the common bond of marriage, which was originally very wide, until at last it includes only the single pair, the dominant form of marriage today.

Reconstructing thus the past history of the family, Morgan, in agreement with most of his colleagues, arrives at a primitive stage when unrestricted sexual freedom prevailed within the tribe, every woman belonging equally to every man and every man to every woman. Since the eighteenth century there had been talk of such a primitive state, but only in general phrases. Bachofen – and this is one of his great merits – was the first to take the existence of such a state seriously and to search for its traces in historical and religious survivals. Today we know that the traces he found do not lead back to a social stage of promiscuous sexual intercourse, but to a much later form – namely, group marriage. The primitive social stage of promiscuity, if it ever existed, belongs to such a remote epoch that we can hardly expect to prove its existence directly by discovering its social fossils among

backward savages. Bachofen's merit consists in having brought this question to the forefront for examination.

Lately it has become fashionable to deny the existence of this initial stage in human sexual life. Humanity must be spared this "shame." It is pointed out that all direct proof of such a stage is lacking, and particular appeal is made to the evidence from the rest of the animal world; for, even among animals, according to the numerous facts collected by Letourneau (*Evolution du manage et de la faults*, 1888), complete promiscuity in sexual intercourse marks a low stage of development. But the only conclusion I can draw from all these facts, so far as man and his primitive conditions of life are concerned, is that they prove nothing whatever. That vertebrates mate together for a considerable period is sufficiently explained by physiological causes – in the case of birds, for example, by the female's need of help during the brooding period; examples of faithful monogamy among birds prove nothing about man, for the simple reason that men are not descended from birds. And if strict monogamy is the height of all virtue, then the palm must go to the tapeworm, which has a complete set of male and female sexual organs in each of its 50-200 proglottides, or sections, and spends its whole life copulating in all its sections with itself. Confining ourselves to mammals, however, we find all forms of sexual life – promiscuity, indications of group marriage, polygyny, monogamy. Polyandry alone is lacking – it took human beings to achieve that. Even our nearest relations, the quadrumana, exhibit every possible variation in the grouping of males and females; and if we narrow it down still more and consider only the four anthropoid apes, all that Letourneau has to say about them is that they are sometimes monogamous, sometimes polygamous, while Saussure, quoted by Giraud-Teulon, maintains that they are monogamous. The more recent assertions of the monogamous habits of the anthropoid apes which are cited by Westermarck (*The History of Human Marriage*, London 1891), are also very far from proving anything. In short, our evidence is such that honest Letourneau admits: "Among mammals there is no strict relation between the degree of intellectual development and the form of sexual life." And Espinas (*Des societes animales*, 1877), says in so many words:

The herd is the highest social group which we can observe among animals. It is composed, so it appears, of families, but from the start the

family and the herd are in conflict with one another and develop in inverse proportion.

As the above shows, we know practically nothing definite about the family and other social groupings of the anthropoid apes; the evidence is flatly contradictory. Which is not to be wondered at. The evidence with regard to savage human tribes is contradictory enough, requiring very critical examination and sifting; and ape societies are far more difficult to observe than human. For the present, therefore, we must reject any conclusion drawn from such completely unreliable reports.

The sentence quoted from Espinas, however, provides a better starting point. Among the higher animals the herd and the family are not complementary to one another, but antagonistic. Espinas shows very well how the jealousy of the males during the mating season loosens the ties of every social herd or temporarily breaks it up.

When the family bond is close and exclusive, herds form only in exceptional cases. When on the other hand free sexual intercourse or polygamy prevails, the herd comes into being almost spontaneously.... Before a herd can be formed, family ties must be loosened and the individual must have become free again. This is the reason why organized flocks are so rarely found among birds.... We find more or less organized societies among mammals, however, precisely because here the individual is not merged in the family.... In its first growth, therefore, the common feeling of the herd has no greater enemy than the common feeling of the family. We state it without hesitation: only by absorbing families which had undergone a radical change could a social form higher than the family have developed; at the same time, these families were thereby enabled later to constitute themselves afresh under infinitely more favorable circumstances.

Here we see that animal societies are, after all, of some value for drawing conclusions about human societies; but the value is only negative. So far as our evidence goes, the higher vertebrates know only two forms of family – polygyny or separate couples; each form allows only one adult male, only one husband. The jealousy of the male, which both consolidates and isolates the family, sets the animal family in opposition to the herd. The jealousy of the males prevents the herd, the higher social form, from

coming into existence, or weakens its cohesion, or breaks it up during the mating period; at best, it attests its development. This alone is sufficient proof that animal families and primitive human society are incompatible, and that when primitive men were working their way up from the animal creation, they either had no family at all or a form that does not occur among animals. In small numbers, an animal so defenseless as evolving man might struggle along even in conditions of isolation, with no higher social grouping than the single male and female pair, such as Westermarck, following the reports of hunters, attributes to the gorillas and the chimpanzees. For man's development beyond the level of the animals, for the achievement of the greatest advance nature can show, something more was needed: the power of defense lacking to the individual had to be made good by the united strength and co-operation of the herd. To explain the transition to humanity from conditions such as those in which the anthropoid apes live today would be quite impossible; it looks much more as if these apes had strayed off the line of evolution and were gradually dying out or at least degenerating. That alone is sufficient ground for rejecting all attempts based on parallels drawn between forms of family and those of primitive man. Mutual toleration among the adult males, freedom from jealousy, was the first condition for the formation of those larger, permanent groups in which alone animals could become men. And what, in fact, do we find to be the oldest and most primitive form of family whose historical existence we can indisputably prove and which in one or two parts of the world we can still study today? Group marriage, the form of family in which whole groups of men and whole groups of women mutually possess one another, and which leaves little room for jealousy. And at a later stage of development we find the exceptional form of polyandry, which positively revolts every jealous instinct and is therefore unknown among animals. But as all known forms of group marriage are accompanied by such peculiarly complicated regulations that they necessarily point to earlier and simpler forms of sexual relations, and therefore in the last resort to a period of promiscuous intercourse corresponding to the transition from the animal to the human, the references to animal marriages only bring us back to the very point from which we were to be led away for good and all.

What, then, does promiscuous sexual intercourse really mean? It means the absence of prohibitions and restrictions which are or have been in force. We have already seen the barrier of jealousy go down. If there is one thing

certain, it is that the feeling of jealousy develops relatively late. The same is true of the conception of incest. Not only were brother and sister originally man and wife; sexual intercourse between parents and children is still permitted among many peoples today. Bancroft (*The Native Races of the Pacific States of North America*, 1875, Vol. I), testifies to it among the Kadiaks on the Behring Straits, the Kadiaks near Alaska, and the Tinneh in the interior of British North America; Letourneau compiled reports of it among the Chippewa Indians, the Cucus in Chile, the Caribs, the Karens in Burma; to say nothing of the stories told by the old Greeks and Romans about the Parthians, Persians, Scythians, Huns, and so on. Before incest was invented – for incest is an invention, and a very valuable one, too – sexual intercourse between parents and children did not arouse any more repulsion than sexual intercourse between other persons of different generations, and that occurs today even in the most philistine countries without exciting any great horror; even “old maids” of over sixty, if they are rich enough, sometimes marry young men in their thirties. But if we consider the most primitive known forms of family apart from their conceptions of incest – conceptions which are totally different from ours and frequently in direct contradiction to them – then the form of sexual intercourse can only be described as promiscuous – promiscuous in so far as the restrictions later established by custom did not yet exist. But in everyday practice that by no means necessarily implies general mixed mating. Temporary pairings of one man with one woman were not in any way excluded, just as in the cases of group marriages today the majority of relationships are of this character. And when Westermarck, the latest writer to deny the existence of such a primitive state, applies the term “marriage” to every relationship in which the two sexes remain mated until the birth of the offspring, we must point out that this kind of marriage can very well occur under the conditions of promiscuous intercourse without contradicting the principle of promiscuity – the absence of any restriction imposed by custom on sexual intercourse. Westermarck, however, takes the standpoint that promiscuity “involves a suppression of individual inclinations,” and that therefore “the most genuine form of it is prostitution.” In my opinion, any understanding of primitive society is impossible to people who only see it as a brothel. We will return to this point when discussing group marriage.

According to Morgan, from this primitive state of promiscuous intercourse there developed, probably very early:

# 1. The Consanguine Family, The First Stage of the Family

Here the marriage groups are separated according to generations: all the grandfathers and grandmothers within the limits of the family are all husbands and wives of one another; so are also their children, the fathers and mothers; the latter's children will form a third circle of common husbands and wives; and their children, the great-grandchildren of the first group, will form a fourth. In this form of marriage, therefore, only ancestors and progeny, and parents and children, are excluded from the rights and duties (as we should say) of marriage with one another. Brothers and sisters, male and female cousins of the first, second, and more remote degrees, are all brothers and sisters of one another, and precisely for that reason they are all husbands and wives of one another. At this stage the relationship of brother and sister also includes as a matter of course the practice of sexual intercourse with one another. In its typical form, such a family would consist of the descendants of a single pair, the descendants of these descendants in each generation being again brothers and sisters, and therefore husbands and wives, of one another.

The consanguine family is extinct. Even the most primitive peoples known to history provide no demonstrable instance of it. But that it must have existed, we are compelled to admit: for the Hawaiian system of consanguinity still prevalent today throughout the whole of Polynesia expresses degrees of consanguinity which could only arise in this form of family; and the whole subsequent development of the family presupposes the existence of the consanguine family as a necessary preparatory stage.

## 2. The Punaluan Family

If the first advance in organization consisted in the exclusion of parents and children from sexual intercourse with one another, the second was the exclusion of sister and brother. On account of the greater nearness in age, this second advance was infinitely more important, but also more difficult, than the first. It was effected gradually, beginning probably with the exclusion from sexual intercourse of own brothers and sisters (children of, the same mother) first in isolated cases and then by degrees as a general rule (even in this century exceptions were found in Hawaii), and ending with the prohibition of marriage even between collateral brothers and sisters, or, as we should say, between first, second, and third cousins. It affords, says Morgan, “a good illustration of the operation of the principle of natural selection.” There can be no question that the tribes among whom inbreeding was restricted by this advance were bound to develop more quickly and more fully than those among whom marriage between brothers and sisters remained the rule and the law. How powerfully the influence of this advance made itself felt is seen in the institution which arose directly out of it and went far beyond it — the gens, which forms the basis of the social order of most, if not all, barbarian peoples of the earth and from which in Greece and Rome we step directly into civilization.

After a few generations at most, every original family was bound to split up. The practice of living together in a primitive communistic household, which prevailed without exception till late in the middle stage of barbarism, set a limit, varying with the conditions but fairly definite in each locality, to the maximum size of the family community. As soon as the conception arose that sexual intercourse between children of the same mother was wrong, it was bound to exert its influence when the old households split up and new ones were founded (though these did not necessarily coincide with the family group). One or more lines of sisters would form the nucleus of the one household and their own brothers the nucleus of the other. It must have been in some such manner as this that the form which Morgan calls the punaluan family originated out of the consanguine family. According to the Hawaiian custom, a number of sisters, own or collateral (first, second or more remote cousins) were the common wives of their common husbands, from among whom, however, their own brothers were excluded; these

husbands now no longer called themselves brothers, for they were no longer necessarily brothers, but punalua – that is, intimate companion, or partner. Similarly, a line of own or collateral brothers had a number of women, not their sisters, as common wives, and these wives called one another punalua. This was the classic form of a type of family, in which later a number of variations was possible, but whose essential feature was: mutually common possession of husbands and wives within a definite family circle, from which, however, the brothers of the wives, first own and later also collateral, and conversely also the sisters of the husbands, were excluded.

This form of the family provides with the most complete exactness the degrees of consanguinity expressed in the American system. The children of my mother's sisters are still her children, just as the children of my father's brothers are also his children; and they are all my brothers and sisters. But the children of my mother's brothers are now her nephews and nieces, the children of my father's sisters are his nephews and nieces, and they are all my male and female cousins. For while the husbands of my mother's sisters are still her husbands, and the wives of my father's brothers are still his wives (in right, if not always in fact), the social ban on sexual intercourse between brothers and sisters has now divided the children of brothers and sisters, who had hitherto been treated as own brothers and sisters, into two classes: those in the one class remain brothers and sisters as before (collateral, according to our system); those in the other class, the children of my mother's brother in the one case and of my father's sister in the other, cannot be brothers and sisters any longer, they can no longer have common parents, neither father nor mother nor both, and therefore now for the first time the class of nephews and nieces, male and female cousins becomes necessary, which in the earlier composition of the family would have been senseless. The American system of consanguinity, which appears purely nonsensical in any form of family based on any variety of monogamy, finds, down to the smallest details, its rational explanation and its natural foundation in the punaluan family. The punaluan family or a form similar to it must have been at the very least as widespread as this system of consanguinity.

Evidence of this form of family, whose existence has actually been proved in Hawaii, would probably have been received from all over Polynesia if the pious missionaries, like the Spanish monks of former days

in America, had been able to see in such unchristian conditions anything more than a sheer "abomination."

Caesar's report of the Britons, who were at that time in the middle stage of barbarism, "every ten or twelve have wives in common, especially brothers with brothers and parents with children," is best explained as group marriage. Barbarian mothers do not have ten or twelve sons of their own old enough to keep wives in common, but the American system of consanguinity, which corresponds to the punaluan family, provides numerous brothers, because all a man's cousins, near and distant, are his brothers. Caesar's mention of "parents with children" may be due to misunderstanding on his part; it is not, however, absolutely impossible under this system that father and son or mother and daughter should be included in the same marriage group, though not father and daughter or mother and son. This or a similar form of group marriage also provides the simplest explanation of the accounts in Herodotus and other ancient writers about community of wives among savages and barbarian peoples. The same applies also to the reports of Watson and Kaye in their book, *The People of India*, about the Teehurs in Oudh (north of the Ganges): "Both sexes have but a nominal tie on each other, and they change connection without compunction; living together, almost indiscriminately, in many large families."

In the very great majority of cases the institution of the gens seems to have originated directly out of the punaluan family. It is true that the Australian classificatory system also provides an origin for it: the Australians have gentes, but not yet the punaluan family; instead, they have a cruder form of group marriage. In all forms of group family it is uncertain who is the father of a child; but it is certain who its mother is. Though she calls all the children of the whole family her children and has a mother's duties towards them, she nevertheless knows her own children from the others. It is therefore clear that in so far as group marriage prevails, descent can only be proved on the mother's side and that therefore only the female line is recognized. And this is in fact the case among all peoples in the period of savagery or in the lower stage of barbarism. It is the second great merit of Bachofen that he was the first to make this discovery. To denote this exclusive recognition of descent through the mother and the relations of inheritance which in time resulted from it, he uses the term "mother-right," which for the sake of brevity I retain. The term is, however, ill-chosen,

since at this stage of society there cannot yet be any talk of “right” in the legal sense.

If we now take one of the two standard groups of the punaluan family, namely a line of own and collateral sisters (that is, own sisters’ children in the first, second or third degree), together with their children and their own collateral brothers on the mother’s side (who, according to our assumption, are not their husbands), we have the exact circle of persons whom we later find as members of a gens, in the original form of that institution. They all have a common ancestral mother, by virtue of their descent from whom the female offspring in each generation are sisters. The husbands of these sisters, however, can no longer be their brothers and therefore cannot be descended from the same ancestral mother; consequently, they do not belong to the same consanguine group, the later gens. The children of these sisters, however, do belong to this group, because descent on the mother’s side alone counts, since it alone is certain. As soon as the ban had been established on sexual intercourse between all brothers and sisters, including the most remote collateral relatives on the mother’s side, this group transformed itself into a gens – that is, it constituted itself a firm circle of blood relations in the female line, between whom marriage was prohibited; and henceforward by other common institutions of a social and religious character it increasingly consolidated and differentiated itself from the other gentes of the same tribe. More of this later. When we see, then, that the development of the gens follows, not only necessarily, but also perfectly naturally from the punaluan family, we may reasonably infer that at one time this form of family almost certainly existed among all peoples among whom the presence of gentile institutions can be proved – that is, practically all barbarians and civilized peoples.

At the time Morgan wrote his book, our knowledge of group marriage was still very limited. A little information was available about the group marriages of the Australians, who were organized in classes, and Morgan had already, in 1871, published the reports he had received concerning the punaluan family in Hawaii. The punaluan family provided, on the one hand, the complete explanation of the system of consanguinity in force among the American Indians, which had been the starting point of all Morgan’s researches; on the other hand, the origin of the matriarchal gens could be derived directly from the punaluan family; further, the punaluan family represented a much higher stage of development than the Australian

classificatory system. It is therefore comprehensible that Morgan should have regarded it as the necessary stage of development before pairing marriage and should believe it to have been general in earlier times. Since then we have become acquainted with a number of other forms of group marriage, and we now know that Morgan here went too far. However, in his punaluan family he had had the good fortune to strike the highest, the classic form of group marriage, from which the transition to a higher stage can be explained most simply.

For the most important additions to our knowledge of group marriage we are indebted to the English missionary, Lorimer Fison, who for years studied this form of the family in its classic home, Australia. He found the lowest stage of development among the Australian aborigines of Mount Gambier in South Australia. Here the whole tribe is divided into two great exogamous classes or moieties, Kroki and Kumite. Sexual intercourse within each of these moieties is strictly forbidden; on the other hand, every man in the one moiety is the husband by birth of every woman in the other moiety and she is by birth his wife. Not the individuals, but the entire groups are married, moiety with moiety. And observe that there is no exclusion on the ground of difference in age or particular degrees of affinity, except such as is entailed by the division of the tribe into two exogamous classes. A Kroki has every Kumite woman lawfully to wife; but, as his own daughter according to mother-right is also a Kumite, being the daughter of a Kumite woman, she is by birth the wife of every Kroki, including, therefore, her father. At any rate, there is no bar against this in the organization into moieties as we know it. Either, then, this organization arose at a time when, in spite of the obscure impulse towards the restriction of inbreeding, sexual intercourse between parents and children was still not felt to be particularly horrible – in which case the moiety system must have originated directly out of a state of sexual promiscuity; or else intercourse between parents and children was already forbidden by custom when the moieties arose, and in that case the present conditions point back to the consanguine family and are the first step beyond it. The latter is more probable. There are not, to my knowledge, any instances from Australia of sexual cohabitation between parents and children, and as a rule the later form of exogamy, the matriarchal gens, also tacitly presupposes the prohibition of this relationship as already in force when the gens came into being.

The system of two moieties is found, not only at Mount Gambier in South Australia, but also on the Darling River further to the east and in Queensland in the northeast; it is therefore widely distributed. It excludes marriages only between brothers and sisters, between the children of brothers and between the children of sisters on the mother's side, because these belong to the same moiety; the children of sisters and brothers, however, may marry. A further step towards the prevention of inbreeding was taken by the Kamilaroi on the Darling River in New South Wales; the two original moieties are split up into four, and again each of these four sections is married en bloc to another. The first two sections are husbands and wives of one another by birth; according to whether the mother belonged to the first or second section, the children go into the third or fourth; the children of these last two sections, which are also married to one another, come again into the first and second sections. Thus one generation always belongs to the first and second sections, the next to the third and fourth, and the generation after that to the first and second again. Under this system, first cousins (on the mother's side) cannot be man and wife, but second cousins can. This peculiarly complicated arrangement is made still more intricate by having matriarchal gentes grafted onto it (at any rate later), but we cannot go into the details of this now. What is significant is how the urge towards the prevention of inbreeding asserts itself again and again, feeling its way, however, quite instinctively, without clear consciousness of its aim.

Group marriage which in these instances from Australia is still marriage of sections, mass marriage of an entire section of men, often scattered over the whole continent, with an equally widely distributed section of women – this group marriage, seen close at hand, does not look quite so terrible as the philistines, whose minds cannot get beyond brothels, imagine it to be. On the contrary, for years its existence was not even suspected and has now quite recently been questioned again. All that the superficial observer sees in group marriage is a loose form of monogamous marriage, here and there polygyny, and occasional infidelities. It takes years, as it took Fison and Howlett, to discover beneath these marriage customs, which in their actual practice should seem almost familiar to the average European, their controlling law: the law by which the Australian aborigine, wandering hundreds of miles from his home among people whose language he does not understand, nevertheless often finds in every camp and every tribe

women who give themselves to him without resistance and without resentment; the law by which the man with several wives gives one up for the night to his guest. Where the European sees immorality and lawlessness, strict law rules in reality. The women belong to the marriage group of the stranger, and therefore they are his wives by birth; that same law of custom which gives the two to one another forbids under penalty of outlawry all intercourse outside the marriage groups that belong together. Even when wives are captured, as frequently occurs in many places, the law of the exogamous classes is still carefully observed.

Marriage by capture, it may be remarked, already shows signs of the transition to monogamous marriage, at least in the form of pairing marriage. When the young man has captured or abducted a girl, with the help of his friends, she is enjoyed by all of them in turn, but afterwards she is regarded as the wife of the young man who instigated her capture. If, on the other hand, the captured woman runs away from her husband and is caught by another man, she becomes his wife and the first husband loses his rights. Thus while group marriage continues to exist as the general form, side by side with group marriage and within it exclusive relationships begin to form, pairings for a longer or shorter period, also polygyny; thus group marriage is dying out here, too, and the only question is which will disappear first under European influence: group marriage or the Australian aborigines who practice it. Marriage between entire sections, as it prevails in Australia, is in any case a very low and primitive form of group marriage, whereas the punaluan family, so far as we know, represents its highest stage of development. The former appears to be the form corresponding to the social level of vagrant savages, while the latter already presupposes relatively permanent settlements of communistic communities and leads immediately to the successive higher phase of development. But we shall certainly find more than one intermediate stage between these two forms; here lies a newly discovered field of research which is still almost completely unexplored.

### 3. The Pairing Family

A certain amount of pairing, for a longer or shorter period, already occurred in group marriage or even earlier; the man had a chief wife among his many wives (one can hardly yet speak of a favorite wife), and for her he was the most important among her husbands. This fact has contributed considerably to the confusion of the missionaries, who have regarded group marriage sometimes as promiscuous community of wives, sometimes as unbridled adultery. But these customary pairings were bound to grow more stable as the gens developed and the classes of “brothers” and “sisters” between whom marriage was impossible became more numerous. The impulse given by the gens to the prevention of marriage between blood relatives extended still further. Thus among the Iroquois and most of the other Indians at the lower stage of barbarism we find that marriage is prohibited between all relatives enumerated in their system – which includes several hundred degrees of kinship. The increasing complication of these prohibitions made group marriages more and more impossible; they were displaced by the pairing family. In this stage, one man lives with one woman, but the relationship is such that polygamy and occasional infidelity remain the right of the men, even though for economic reasons polygamy is rare, while from the woman the strictest fidelity is generally demanded throughout the time she lives with the man, and adultery on her part is cruelly punished. The marriage tie can, however, be easily dissolved by either partner; after separation, the children still belong, as before, to the mother alone.

In this ever extending exclusion of blood relatives from the bond of marriage, natural selection continues its work. In Morgan’s words:

The influence of the new practice, which brought unrelated persons into the marriage relation, tended to create a more vigorous stock physically and mentally.... When two advancing tribes, with strong mental and physical characters, are brought together and blended into one people by the accidents of barbarous life, the new skull and brain would widen and lengthen to the sum of the capabilities of both.

Tribes with gentile constitution were thus bound to gain supremacy over more backward tribes, or else to carry them along by their example.

Thus the history of the family in primitive times consists in the progressive narrowing of the circle, originally embracing the whole tribe, within which the two sexes have a common conjugal relation. The continuous exclusion, first of nearer, then of more and more remote relatives, and at last even of relatives by marriage, ends by making any kind of group marriage practically impossible. Finally, there remains only the single, still loosely linked pair, the molecule with whose dissolution marriage itself ceases. This in itself shows what a small part individual sex-love, in the modern sense of the word, played in the rise of monogamy. Yet stronger proof is afforded by the practice of all peoples at this stage of development. Whereas in the earlier forms of the family men never lacked women, but, on the contrary, had too many rather than too few, women had now become scarce and highly sought after. Hence it is with the pairing marriage that there begins the capture and purchase of women – widespread symptoms, but no more than symptoms, of the much deeper change that had occurred. These symptoms, mere methods of procuring wives, the pedantic Scot, McLennan, has transmogrified into special classes of families under the names of “marriage by capture” and “marriage by purchase.” In general, whether among the American Indians or other peoples (at the same stage), the conclusion of a marriage is the affair, not of the two parties concerned, who are often not consulted at all, but of their mothers. Two persons entirely unknown to each other are often thus affianced; they only learn that the bargain has been struck when the time for marrying approaches. Before the wedding the bridegroom gives presents to the bride’s gentile relatives (to those on the mother’s side, therefore, not to the father and his relations), which are regarded as gift payments in return for the girl. The marriage is still terminable at the desire of either partner, but among many tribes, the Iroquois, for example, public opinion has gradually developed against such separations; when differences arise between husband and wife, the gens relatives of both partners act as mediators, and only if these efforts prove fruitless does a separation take place, the wife then keeping the children and each partner being free to marry again.

The pairing family, itself too weak and unstable to make an independent household necessary or even desirable, in no wise destroys the communistic household inherited from earlier times. Communistic housekeeping, however, means the supremacy of women in the house; just as the exclusive recognition of the female parent, owing to the impossibility of recognizing

the male parent with certainty, means that the women – the mothers – are held in high respect. One of the most absurd notions taken over from eighteenth-century enlightenment is that in the beginning of society woman was the slave of man. Among all savages and all barbarians of the lower and middle stages, and to a certain extent of the upper stage also, the position of women is not only free, but honorable. As to what it still is in the pairing marriage, let us hear the evidence of Ashur Wright, for many years missionary among the Iroquois Senecas:

As to their family system, when occupying the old long-houses , it is probable that some one clan predominated, the women taking in husbands, however, from the other clans .... Usually, the female portion ruled the house.... The stores were in common; but woe to the luckless husband or lover who was too shiftless to do his share of the providing. No matter how many children, or whatever goods he might have in the house, he might at any time be ordered to pick up his blanket and budge; and after such orders it would not be healthful for him to attempt to disobey. The house would be too hot for him; and ... he must retreat to his own clan ; or, as was often done, go and start a new matrimonial alliance in some other. The women were the great power among the clans , as everywhere else. They did not hesitate, when occasion required, “to knock off the horns,” as it was technically called, from the head of a chief, and send him back to the ranks of the warriors.

The communistic household, in which most or all of the women belong to one and the same gens, while the men come from various gentes, is the material foundation of that supremacy of the women which was general in primitive times, and which it is Bachofen’s third great merit to have discovered. The reports of travelers and missionaries, I may add, to the effect that women among savages and barbarians are overburdened with work in no way contradict what has been said. The division of labor between the two sexes is determined by quite other causes than by the position of woman in society. Among peoples where the women have to work far harder than we think suitable, there is often much more real respect for women than among our Europeans. The lady of civilization, surrounded by false homage and estranged from all real work, has an infinitely lower social position than the hard-working woman of barbarism,

who was regarded among her people as a real lady (lady, frowa, Frau – mistress) and who was also a lady in character.

Whether pairing marriage has completely supplanted group marriage in America today is a question to be decided by closer investigation among the peoples still at the upper stage of savagery in the northwest, and particularly in South America. Among the latter, so many instances of sexual license are related that one can hardly assume the old group marriage to have been completely overcome here. At any rate, all traces of it have not yet disappeared. In at least forty North American tribes the man who marries an eldest sister has the right to take all her other sisters as his wives as soon as they are old enough – a relic of the time when a whole line of sisters had husbands in common. And Bancroft reports of the Indians of the California peninsula (upper stage of savagery) that they have certain festivals when several “tribes” come together for the purpose of promiscuous sexual intercourse. These “tribes” are clearly gentes, who preserve in these feasts a dim memory of the time when the women of one gens had all the men of the other as their common husbands, and conversely. The same custom still prevails in Australia. We find among some peoples that the older men, the chieftains and the magician-priests, exploit the community of wives and monopolize most of the women for themselves; at certain festivals and great assemblies of the people, however, they have to restore the old community of women and allow their wives to enjoy themselves with the young men. Westermarck (*History of Human Marriage*, 1891, pp. 28, 29) quotes a whole series of instances of such periodic Saturnalian feasts, when for a short time the old freedom of sexual intercourse is again restored: examples are given among the Hos, the Santals, the Punjas and Kotars in India, among some African peoples, and so forth. Curiously enough, Westermarck draws the conclusion that these are survivals, not of the group marriage, which he totally rejects, but of the mating season which primitive man had in common with the other animals.

Here we come to Bachofen’s fourth great discovery – the widespread transitional form between group marriage and pairing. What Bachofen represents as a penance for the transgression of the old divine laws – the penance by which the woman purchases the right of chastity – is in fact only a mystical expression of the penance by which the woman buys herself out of the old community of husbands and acquires the right to give herself to one man only. This penance consists in a limited surrender: the

Babylonian women had to give themselves once a year in the temple of Mylitta; other peoples of Asia Minor sent their girls for years to the temple of Anaitis, where they had to practice free love with favorites of their own choosing before they were allowed to marry. Similar customs in religious disguise are common to almost all Asiatic peoples between the Mediterranean and the Ganges. The sacrifice of atonement by which the woman purchases her freedom becomes increasingly lighter in course of time, as Bachofen already noted:

Instead of being repeated annually, the offering is made once only; the hetaerism of the matrons is succeeded by the hetaerism of the maidens; hetaerism during marriage by hetaerism before marriage; surrender to all without choice by surrender to some.

(Mutterrecht, p. xix.)

Among other peoples the religious disguise is absent. In some cases – among the Thracians, Celts, and others, in classical times, many of the original inhabitants of India, and to this day among the Malayan peoples, the South Sea Islanders and many American Indians – the girls enjoy the greatest sexual freedom up to the time of their marriage. This is especially the case almost everywhere in South America, as everyone who has gone any distance into the interior can testify. Thus Agassiz (*A Journey in Brazil*, Boston and New York, 1868, p. 266) tells this story of a rich family of Indian extraction: when he was introduced to the daughter, he asked after her father, presuming him to be her mother's husband, who was fighting as an officer in the war against Paraguay; but the mother answered with a smile: "Nao tem pai, e filha da fortuna" (She has no father. She is a child of chance):

It is the way the Indian or half-breed women here always speak of their illegitimate children . . . without an intonation of sadness or of blame.... So far is this from being an unusual case, that... the opposite seems the exception. Children are frequently quite ignorant of their parentage. They know about their mother, for all the care and responsibility falls upon her, but they have no knowledge of their father; nor does it seem to occur to the woman that she or her children have any claim upon him.

What seems strange here to civilized people is simply the rule according to mother-right and in group marriage.

Among other peoples, again, the friends and relatives of the bridegroom, or the wedding guests, claim their traditional right to the bride at the

wedding itself, and the bridegroom's turn only comes last; this was the custom in the Balearic Islands and among the Augilers of Africa in ancient times; it is still observed among the Bareas of Abyssinia. In other cases, an official personage, the head of the tribe or the gens, cacique, shaman, priest, prince or whatever he may be called, represents the community and exercises the right of the first night with the bride. Despite all necromantic whitewashing, this *jus prime noctis* still persists today as a relic of group marriage among most of the natives of the Alaska region (Bancroft, *Native Races*, I, p. 81), the Tahus of North Mexico (*Ibid.*, P. 584) and other peoples; and at any rate in the countries originally Celtic, where it was handed down directly from group marriage, it existed throughout the whole of the middle ages, for example, in Aragon. While in Castile the peasants were never serfs, in Aragon there was serfdom of the most shameful kind right up till the decree of Ferdinand the Catholic in 1486. This document states:

We judge and declare that the aforementioned lords (senors, barons) ... when the peasant takes himself a wife, shall neither sleep with her on the first night; nor shall they during the wedding-night, when the wife has laid herself in her bed, step over it and the aforementioned wife as a sign of lordship; nor shall the aforementioned lords use the daughter or the son of the peasant, with payment or without payment, against their will.

(Quoted in the original Catalan by Sugenheim, *Serfdom*, Petersburg, 1861, p. 35)

Bachofen is also perfectly right when he consistently maintains that the transition from what he calls "Hetaerism" or "Sumpfzeugung" to monogamy was brought about primarily through the women. The more the traditional sexual relations lost the native primitive character of forest life, owing to the development of economic conditions with consequent undermining of the old communism and growing density of population, the more oppressive and humiliating must the women have felt them to be, and the greater their longing for the right of chastity, of temporary or permanent marriage with one man only, as a way of release. This advance could not in any case have originated with the men, if only because it has never occurred to them, even to this day, to renounce the pleasures of actual group marriage. Only when the women had brought about the transition to pairing

marriage were the men able to introduce strict monogamy – though indeed only for women.

The first beginnings of the pairing family appear on the dividing line between savagery and barbarism; they are generally to be found already at the upper stage of savagery, but occasionally not until the lower stage of barbarism. The pairing family is the form characteristic of barbarism, as group marriage is characteristic of savagery and monogamy of civilization. To develop it further, to strict monogamy, other causes were required than those we have found active hitherto. In the single pair the group was already reduced to its final unit, its two-atom molecule: one man and one woman. Natural selection, with its progressive exclusions from the marriage community, had accomplished its task; there was nothing more for it to do in this direction. Unless new, social forces came into play, there was no reason why a new form of family should arise from the single pair. But these new forces did come into play.

We now leave America, the classic soil of the pairing family. No sign allows us to conclude that a higher form of family developed here, or that there was ever permanent monogamy anywhere in America prior to its discovery and conquest. But not so in the Old World.

Here the domestication of animals and the breeding of herds had developed a hitherto unsuspected source of wealth and created entirely new social relations. Up to the lower stage of barbarism, permanent wealth had consisted almost solely of house, clothing, crude ornaments and the tools for obtaining and preparing food – boat, weapons, and domestic utensils of the simplest kind. Food had to be won afresh day by day. Now, with their herds of horses, camels, asses, cattle, sheep, goats, and pigs, the advancing pastoral peoples – the Semites on the Euphrates and the Tigris, and the Aryans in the Indian country of the Five Streams (Punjab), in the Ganges region, and in the steppes then much more abundantly watered of the Oxus and the Jaxartes – had acquired property which only needed supervision and the rudest care to reproduce itself in steadily increasing quantities and to supply the most abundant food in the form of milk and meat. All former means of procuring food now receded into the background; hunting, formerly a necessity, now became a luxury.

But to whom did this new wealth belong? Originally to the gens, without a doubt. Private property in herds must have already started at an early period, however. It is difficult to say whether the author of the so-called first

book of Moses regarded the patriarch Abraham as the owner of his herds in his own right as head of a family community or by right of his position as actual hereditary head of a gens. What is certain is that we must not think of him as a property owner in the modern sense of the word. And it is also certain that at the threshold of authentic history we already find the herds everywhere separately owned by heads of families, as are the artistic products of barbarism – metal implements, luxury articles and, finally, the human cattle – the slaves.

For now slavery had also been invented. To the barbarian of the lower stage, a slave was valueless. Hence the treatment of defeated enemies by the American Indians was quite different from that at a higher stage. The men were killed or adopted as brothers into the tribe of the victors; the women were taken as wives or otherwise adopted with their surviving children. At this stage human labor-power still does not produce any considerable surplus over and above its maintenance costs. That was no longer the case after the introduction of cattle-breeding, metalworking, weaving and, lastly, agriculture. Just as the wives whom it had formerly been so easy to obtain had now acquired an exchange value and were bought, so also with the forces of labor, particularly since the herds had definitely become family possessions. The family did not multiply so rapidly as the cattle. More people were needed to look after them; for this purpose use could be made of the enemies captured in war, who could also be bred just as easily as the cattle themselves.

Once it had passed into the private possession of families and there rapidly begun to augment, this wealth dealt a severe blow to the society founded on pairing marriage and the matriarchal gens. Pairing marriage had brought a new element into the family. By the side of the natural mother of the child it placed its natural and attested father, with a better warrant of paternity, probably, than that of many a “father” today. According to the division of labor within the family at that time, it was the man’s part to obtain food and the instruments of labor necessary for the purpose. He therefore also owned the instruments of labor, and in the event of husband and wife separating, he took them with him, just as she retained her household goods. Therefore, according to the social custom of the time, the man was also the owner of the new source of subsistence, the cattle, and later of the new instruments of labor, the slaves. But according to the

custom of the same society, his children could not inherit from him. For as regards inheritance, the position was as follows:

At first, according to mother-right – so long, therefore, as descent was reckoned only in the female line – and according to the original custom of inheritance within the gens, the gentile relatives inherited from a deceased fellow member of their gens. His property had to remain within the gens. His effects being insignificant, they probably always passed in practice to his nearest gentile relations – that is, to his blood relations on the mother's side. The children of the dead man, however, did not belong to his gens, but to that of their mother; it was from her that they inherited, at first conjointly with her other blood relations, later perhaps with rights of priority; they could not inherit from their father, because they did not belong to his gens, within which his property had to remain. When the owner of the herds died, therefore, his herds would go first to his brothers and sisters and to his sister's children, or to the issue of his mother's sisters. But his own children were disinherited.

Thus, on the one hand, in proportion as wealth increased, it made the man's position in the family more important than the woman's, and on the other hand created an impulse to exploit this strengthened position in order to overthrow, in favor of his children, the traditional order of inheritance. This, however, was impossible so long as descent was reckoned according to mother-right. Mother-right, therefore, had to be overthrown, and overthrown it was. This was by no means so difficult as it looks to us today. For this revolution – one of the most decisive ever experienced by humanity – could take place without disturbing a single one of the living members of a gens. All could remain as they were. A simple decree sufficed that in the future the offspring of the male members should remain within the gens, but that of the female should be excluded by being transferred to the gens of their father. The reckoning of descent in the female line and the matriarchal law of inheritance were thereby overthrown, and the male line of descent and the paternal law of inheritance were substituted for them. As to how and when this revolution took place among civilized peoples, we have no knowledge. It falls entirely within prehistoric times. But that it did take place is more than sufficiently proved by the abundant traces of mother-right which have been collected, particularly by Bachofen. How easily it is accomplished can be seen in a whole series of American Indian tribes, where it has only recently taken place and is still taking place under the

influence, partly of increasing wealth and a changed mode of life (transference from forest to prairie), and partly of the moral pressure of civilization and missionaries. Of eight Missouri tribes, six observe the male line of descent and inheritance, two still observe the female. Among the Shawnees, Miamis and Delawares the custom has grown up of giving the children a gentile name of their father's gens in order to transfer them into it, thus enabling them to inherit from him.

Man's innate casuistry! To change things by changing their names! And to find loopholes for violating tradition while maintaining tradition, when direct interest supplied sufficient impulse. (Marx.)

The result was hopeless confusion, which could only be remedied and to a certain extent was remedied by the transition to father-right. "In general, this seems to be the most natural transition." (Marx.) For the theories proffered by comparative jurisprudence regarding the manner in which this change was effected among the civilized peoples of the Old World – though they are almost pure hypotheses see M. Kovalevsky, *Tableau des origines et de l'évolution de la famille et de la propriété*. Stockholm, 1890.

The overthrow of mother-right was the world historical defeat of the female sex. The man took command in the home also; the woman was degraded and reduced to servitude, she became the slave of his lust and a mere instrument for the production of children. This degraded position of the woman, especially conspicuous among the Greeks of the heroic and still more of the classical age, has gradually been palliated and glozed over, and sometimes clothed in a milder form; in no sense has it been abolished.

The establishment of the exclusive supremacy of the man shows its effects first in the patriarchal family, which now emerges as an intermediate form. Its essential characteristic is not polygyny, of which more later, but "the organization of a number of persons, bond and free, into a family, under paternal power, for the purpose of holding lands, and for the care of flocks and herds.... (In the Semitic form) the chiefs, at least, lived in polygamy.... Those held to servitude, and those employed as servants, lived in the marriage relation."

Its essential features are the incorporation of unfree persons, and paternal power; hence the perfect type of this form of family is the Roman. The original meaning of the word "family" (*familia*) is not that compound of sentimentality and domestic strife which forms the ideal of the present-day

philistine; among the Romans it did not at first even refer to the married pair and their children, but only to the slaves. Famulus means domestic slave, and familia is the total number of slaves belonging to one man. As late as the time of Gaius, the familia, id est patrimonium (family, that is, the patrimony, the inheritance) was bequeathed by will. The term was invented by the Romans to denote a new social organism, whose head ruled over wife and children and a number of slaves, and was invested under Roman paternal power with rights of life and death over them all.

This term, therefore, is no older than the iron-clad family system of the Latin tribes, which came in after field agriculture and after legalized servitude, as well as after the separation of Greeks and Latins.

Marx adds:

The modern family contains in germ not only slavery (servitus), but also serfdom, since from the beginning it is related to agricultural services. It contains in miniature all the contradictions which later extend throughout society and its state.

Such a form of family shows the transition of the pairing family to monogamy. In order to make certain of the wife's fidelity and therefore of the paternity of the children, she is delivered over unconditionally into the power of the husband; if he kills her, he is only exercising his rights.

With the patriarchal family, we enter the field of written history a field where comparative jurisprudence can give valuable help. And it has in fact brought an important advance in our knowledge. We owe to Maxim Kovalevsky (*Tableau etc. de la mine et de propriete*, Stockholm, 1890, pp. 60-100), the proof that the patriarchal household community, as we still find it today among the Serbs and the Bulgars under the name of zadruga (which may be roughly translated "bond of friendship") or bratstvo (brotherhood), and in a modified form among the Oriental peoples, formed the transitional stage between the matriarchal family deriving from group marriage and the single family of the modern world. For the civilized peoples of the Old World, for the Aryans and Semites at any rate, this seems to be established.

The Southern Slav zadruga provides the best instance of such a family community still in actual existence. It comprises several generations of the descendants of one father, together with their wives, who all live together in one homestead, cultivate their fields in common, feed and clothe themselves from a common stock, and possess in common the surplus from their labor.

The community is under the supreme direction of the head of the house (domacin), who acts as its representative outside, has the right to sell minor objects, and controls the funds, for which, as for the regular organization of business, he is responsible. He is elected, and it is not at all necessary that he should be the oldest in the community. The women and their work are under the control of the mistress of the house (domacica), who is generally the wife of the domacin. She also has an important and often a decisive voice in the choice of husbands for the girls. Supreme power rests, however, with the family council, the assembly of all the adult members of the household, women as well as men. To this assembly the master of the house renders account; it takes all important decisions, exercises jurisdiction over the members, decides on sales and purchases of any importance, especially of land and so on.

It is only within the last ten years or so that such great family communities have been proved to be still in existence in Russia; it is now generally recognized that they are as firmly rooted in the customs of the Russian people as the obshchina or village community. They appear in the oldest Russian code of laws, the Pravda of Yaroslav, under the same name as in the Dalmatian laws (vervj), and references to them can also be traced in Polish and Czech historical sources.

Among the Germans also, according to Heusler (*Institutionen des deutschen Rechts*), the economic unit was originally not the single family in the modern sense, but the "house community," which consisted of several generations or several single families, and often enough included unfree persons as well. The Roman family is now also considered to have originated from this type, and consequently the absolute power of the father of the house, and the complete absence of rights among the other members of the family in relation to him, have recently been strongly questioned. It is supposed that similar family communities also existed among the Celts in Ireland; in France, under the name of parconneries, they survived in Nivernais until the French Revolution, and in the Franche Comte they have not completely died out even today. In the district of Louhans (Saone et Loire) large peasant houses can be seen in which live several generations of the same family; the house has a lofty common hall reaching to the roof, and surrounding it the sleeping-rooms, to which stairs of six or eight steps give access.

In India, the household community with common cultivation of the land is already mentioned by Nearchus in the time of Alexander the Great, and it still exists today in the same region, in the Punjab and the whole of northwest India. Kovalevsky was himself able to prove its existence in the Caucasus. In Algeria it survives among the Kabyles. It is supposed to have occurred even in America, and the *calpullis* which Zurita describes in old Mexico have been identified with it; on the other hand, Cunow has proved fairly clearly (in the journal *Ausland*, 1890, Nos. 42-44) that in Peru at the time of the conquest there was a form of constitution based on marks (called, curiously enough, *marca*), with periodical allotment of arable land and consequently with individual tillage. In any case, the patriarchal household community with common ownership and common cultivation of the land now assumes an entirely different significance than hitherto. We can no longer doubt the important part it played, as a transitional form between the matriarchal family and the single family, among civilized and other peoples of the Old World. Later we will return to the further conclusion drawn by Kovalevsky that it was also the transitional form out of which developed the village, or mark, community with individual tillage and the allotment, first periodical and then permanent, of arable and pasture land.

With regard to the family life within these communities, it must be observed that at any rate in Russia the master of the house has a reputation for violently abusing his position towards the younger women of the community, especially his daughters-in-law, whom he often converts into his harem; the Russian folk-songs have more than a little to say about this.

Before we go on to monogamy, which developed rapidly with the overthrow of mother-right, a few words about polygyny and polyandry. Both forms can only be exceptions, historical luxury products, as it were, unless they occur side by side in the same country, which is, of course, not the case. As the men excluded from polygyny cannot console themselves with the women left over from polyandry, and as hitherto, regardless of social institutions, the number of men and women has been fairly equal, it is obviously impossible for either of these forms of marriage to be elevated to the general form. Polygyny on the part of one individual man was, in fact, obviously a product of slavery and confined to a few people in exceptional positions. In the Semitic patriarchal family it was only the patriarch himself, and a few of his sons at most, who lived in polygyny; the rest had to content

themselves with one wife. This still holds throughout the whole of the Orient; polygyny is the privilege of the wealthy and of the nobility, the women being recruited chiefly through purchase as slaves; the mass of the people live in monogamy.

A similar exception is the polyandry of India and Tibet, the origin of which in group marriage requires closer examination and would certainly prove interesting. It seems to be much more easy-going in practice than the jealous harems of the Mohammedans. At any rate, among the Nairs in India, where three or four men have a wife in common, each of them can have a second wife in common with another three or more men, and similarly a third and a fourth and so on. It is a wonder that McLennan did not discover in these marriage clubs, to several of which one could belong and which he himself describes, a new class of club marriage! This marriage-club system, however, is not real polyandry at all; on the contrary, as Giraud-Teulon has already pointed out, it is a specialized form of group marriage; the men live in polygyny, the women in polyandry.

## 4. The Monogamous Family

It develops out of the pairing family, as previously shown, in the transitional period between the upper and middle stages of barbarism; its decisive victory is one of the signs that civilization is beginning. It is based on the supremacy of the man, the express purpose being to produce children of undisputed paternity; such paternity is demanded because these children are later to come into their father's property as his natural heirs. It is distinguished from pairing marriage by the much greater strength of the marriage tie, which can no longer be dissolved at either partner's wish. As a rule, it is now only the man who can dissolve it, and put away his wife. The right of conjugal infidelity also remains secured to him, at any rate by custom (the Code Napoleon explicitly accords it to the husband as long as he does not bring his concubine into the house), and as social life develops he exercises his right more and more; should the wife recall the old form of sexual life and attempt to revive it, she is punished more severely than ever.

We meet this new form of the family in all its severity among the Greeks. While the position of the goddesses in their mythology, as Marx points out, brings before us an earlier period when the position of women was freer and more respected, in the heroic age we find the woman already being humiliated by the domination of the man and by competition from girl slaves. Note how Telemachus in the *Odyssey* silences his mother. In Homer young women are booty and are handed over to the pleasure of the conquerors, the handsomest being picked by the commanders in order of rank; the entire *Iliad*, it will be remembered, turns on the quarrel of Achilles and Agamemnon over one of these slaves. If a hero is of any importance, Homer also mentions the captive girl with whom he shares his tent and his bed. These girls were also taken back to Greece and brought under the same roof as the wife, as Cassandra was brought by Agamemnon in AEschylus; the sons begotten of them received a small share of the paternal inheritance and had the full status of freemen. Teucer, for instance, is a natural son of Telamon by one of these slaves and has the right to use his father's name. The legitimate wife was expected to put up with all this, but herself to remain strictly chaste and faithful. In the heroic age a Greek woman is, indeed, more respected than in the period of civilization, but to her husband she is after all nothing but the mother of his legitimate children and heirs,

his chief housekeeper and the supervisor of his female slaves, whom he can and does take as concubines if he so fancies. It is the existence of slavery side by side with monogamy, the presence of young, beautiful slaves belonging unreservedly to the man, that stamps monogamy from the very beginning with its specific character of monogamy for the woman only, but not for the man. And that is the character it still has today.

Coming to the later Greeks, we must distinguish between Dorians and Ionians. Among the former – Sparta is the classic example – marriage relations are in some ways still more archaic than even in Homer. The recognized form of marriage in Sparta was a pairing marriage, modified according to the Spartan conceptions of the state, in which there still survived vestiges of group marriage. Childless marriages were dissolved; King Anaxandridas (about 650 B.C.), whose first wife was childless, took a second and kept two households; about the same time, King Ariston, who had two unfruitful wives, took a third, but dismissed one of the other two. On the other hand, several brothers could have a wife in common; a friend who preferred his friend's wife could share her with him; and it was considered quite proper to place one's wife at the disposal of a sturdy "stallion," as Bismarck would say, even if he was not a citizen. A passage in Plutarch, where a Spartan woman refers an importunate wooer to her husband, seems to indicate, according to Schamann, even greater freedom. Real adultery, secret infidelity by the woman without the husband's knowledge, was therefore unheard of. On the other hand, domestic slavery was unknown in Sparta, at least during its best period; the unfree helots were segregated on the estates and the Spartans were therefore less tempted to take the helots' wives. Inevitably in these conditions women held a much more honored position in Sparta than anywhere else in Greece. The Spartan women and the elite of the Athenian hetairai are the only Greek women of whom the ancients speak with respect and whose words they thought it worth while to record.

The position is quite different among the Ionians; here Athens is typical. Girls only learned spinning, weaving, and sewing, and at most a little reading and writing. They lived more or less behind locked doors and had no company except other women. The women's apartments formed a separate part of the house, on the upper floor or at the back, where men, especially strangers, could not easily enter, and to which the women retired when men visited the house. They never went out without being

accompanied by a female slave; indoors they were kept under regular guard. Aristophanes speaks of Molossian dogs kept to frighten away adulterers, and, at any rate in the Asiatic towns, eunuchs were employed to keep watch over the women-making and exporting eunuchs was an industry in Chios as early as Herodotus' time, and, according to Wachsmuth, it was not only the barbarians who bought the supply. In Euripides a woman is called an oikourema, a thing (the word is neuter) for looking after the house, and, apart from her business of bearing children, that was all she was for the Athenian – his chief female domestic servant. The man had his athletics and his public business, from which women were barred; in addition, he often had female slaves at his disposal and during the most flourishing days of Athens an extensive system of prostitution which the state at least favored. It was precisely through this system of prostitution that the only Greek women of personality were able to develop, and to acquire that intellectual and artistic culture by which they stand out as high above the general level of classical womanhood as the Spartan women by their qualities of character. But that a woman had to be a hetaira before she could be a woman is the worst condemnation of the Athenian family.

This Athenian family became in time the accepted model for domestic relations, not only among the Ionians, but to an increasing extent among all the Greeks of the mainland and colonies also. But, in spite of locks and guards, Greek women found plenty of opportunity for deceiving their husbands. The men, who would have been ashamed to show any love for their wives, amused themselves by all sorts of love affairs with hetairai; but this degradation of the women was avenged on the men and degraded them also, till they fell into the abominable practice of sodomy and degraded alike their gods and themselves with the myth of Ganymede.

This is the origin of monogamy as far as we can trace it back among the most civilized and highly developed people of antiquity. It was not in any way the fruit of individual sex-love, with which it had nothing whatever to do; marriages remained as before marriages of convenience. It was the first form of the family to be based, not on natural, but on economic conditions – on the victory of private property over primitive, natural communal property. The Greeks themselves put the matter quite frankly: the sole exclusive aims of monogamous marriage were to make the man supreme in the family, and to propagate, as the future heirs to his wealth, children indisputably his own. Otherwise, marriage was a burden, a duty which had

to be performed, whether one liked it or not, to gods, state, and one's ancestors. In Athens the law exacted from the man not only marriage but also the performance of a minimum of so-called conjugal duties.

Thus when monogamous marriage first makes its appearance in history, it is not as the reconciliation of man and woman, still less as the highest form of such a reconciliation. Quite the contrary. Monogamous marriage comes on the scene as the subjugation of the one sex by the other; it announces a struggle between the sexes unknown throughout the whole previous prehistoric period. In an old unpublished manuscript, written by Marx and myself in 1846, I find the words: "The first division of labor is that between man and woman for the propagation of children." And today I can add: The first class opposition that appears in history coincides with the development of the antagonism between man and woman in monogamous marriage, and the first class oppression coincides with that of the female sex by the male. Monogamous marriage was a great historical step forward; nevertheless, together with slavery and private wealth, it opens the period that has lasted until today in which every step forward is also relatively a step backward, in which prosperity and development for some is won through the misery and frustration of others. It is the cellular form of civilized society, in which the nature of the oppositions and contradictions fully active in that society can be already studied.

The old comparative freedom of sexual intercourse by no means disappeared with the victory of pairing marriage or even of monogamous marriage:

The old conjugal system, now reduced to narrower limits by the gradual disappearance of the punaluan groups, still environed the advancing family, which it was to follow to the verge of civilization.... It finally disappeared in the new form of hetaerism, which still follows mankind in civilization as a dark shadow upon the family.

By "hetaerism" Morgan understands the practice, co-existent with monogamous marriage, of sexual intercourse between men and unmarried women outside marriage, which, as we know, flourishes in the most varied forms throughout the whole period of civilization and develops more and more into open prostitution. This hetaerism derives quite directly from group marriage, from the ceremonial surrender by which women purchased the right of chastity. Surrender for money was at first a religious act; it took

place in the temple of the goddess of love, and the money originally went into the temple treasury. The temple slaves of Anaitis in Armenia and of Aphrodite in Corinth, like the sacred dancing-girls attached to the temples of India, the so-called bayaderes (the word is a corruption of the Portuguese word *bailadeira*, meaning female dancer), were the first prostitutes. Originally the duty of every woman, this surrender was later performed by these priestesses alone as representatives of all other women. Among other peoples, hetaerism derives from the sexual freedom allowed to girls before marriage – again, therefore, a relic of group marriage, but handed down in a different way. With the rise of the inequality of property – already at the upper stage of barbarism, therefore – wage-labor appears sporadically side by side with slave labor, and at the same time, as its necessary correlate, the professional prostitution of free women side by side with the forced surrender of the slave. Thus the heritage which group marriage has bequeathed to civilization is double-edged, just as everything civilization brings forth is double-edged, double-tongued, divided against itself, contradictory: here monogamy, there hetaerism, with its most extreme form, prostitution. For hetaerism is as much a social institution as any other; it continues the old sexual freedom – to the advantage of the men. Actually not merely tolerated, but gaily practiced, by the ruling classes particularly, it is condemned in words. But in reality this condemnation never falls on the men concerned, but only on the women; they are despised and outcast, in order that the unconditional supremacy of men over the female sex may be once more proclaimed as a fundamental law of society.

But a second contradiction thus develops within monogamous marriage itself. At the side of the husband who embellishes his existence with hetaerism stands the neglected wife. And one cannot have one side of this contradiction without the other, any more than a man has a whole apple in his hand after eating half. But that seems to have been the husbands' notion, until their wives taught them better. With monogamous marriage, two constant social types, unknown hitherto, make their appearance on the scene – the wife's attendant lover and the cuckold husband. The husbands had won the victory over the wives, but the vanquished magnanimously provided the crown. Together with monogamous marriage and hetaerism, adultery became an unavoidable social institution – denounced, severely penalized, but impossible to suppress. At best, the certain paternity of the children rested on moral conviction as before, and to solve the insoluble

contradiction the Code Napoleon, Art- 312, decreed: “L’enfant conçu pendant le mariage a pour père le mari,” the father of a child conceived during marriage is the husband. Such is the final result of three thousand years of monogamous marriage.

Thus, wherever the monogamous family remains true to its historical origin and clearly reveals the antagonism between the man and the woman expressed in the man’s exclusive supremacy, it exhibits in miniature the same oppositions and contradictions as those in which society has been moving, without power to resolve or overcome them, ever since it split into classes at the beginning of civilization. I am speaking here, of course, only of those cases of monogamous marriage where matrimonial life actually proceeds according to the original character of the whole institution, but where the wife rebels against the husband’s supremacy. Not all marriages turn out thus, as nobody knows better than the German philistine, who can no more assert his rule in the home than he can in the state, and whose wife, with every right, wears the trousers he is unworthy of. But, to make up for it, he considers himself far above his French companion in misfortune, to whom, oftener than to him, something much worse happens.

However, monogamous marriage did not by any means appear always and everywhere in the classically harsh form it took among the Greeks. Among the Romans, who, as future world-conquerors, had a larger, if a less fine, vision than the Greeks, women were freer and more respected. A Roman considered that his power of life and death over his wife sufficiently guaranteed her conjugal fidelity. Here, moreover, the wife equally with the husband could dissolve the marriage at will. But the greatest progress in the development of individual marriage certainly came with the entry of the Germans into history, and for the reason that the German – on account of their poverty, very probably – were still at a stage where monogamy seems not yet to have become perfectly distinct from pairing marriage. We infer this from three facts mentioned by Tacitus. First, though marriage was held in great reverence – “they content themselves with one wife, the women live hedged round with chastity” – polygamy was the rule for the distinguished members and the leaders of the tribe, a condition of things similar to that among the Americans, where pairing marriage was the rule. Secondly, the transition from mother-right to father-right could only have been made a short time previously, for the brother on the mother’s side – the nearest gentile male relation according to mother-right – was still considered

almost closer of kin than the father, corresponding again to the standpoint of the American Indians, among whom Marx, as he often said, found the key to the understanding of our own primitive age. And, thirdly, women were greatly respected among the Germans, and also influential in public affairs, which is in direct contradiction to the supremacy of men in monogamy. In almost all these points the Germans agree with the Spartans, among whom also, as we saw, pairing marriage had not yet been completely overcome. Thus, here again an entirely new influence came to power in the world with the Germans. The new monogamy, which now developed from the mingling of peoples amid the ruins of the Roman world, clothed the supremacy of the men in milder forms and gave women a position which, outwardly at any rate, was much more free and respected than it had ever been in classical antiquity. Only now were the conditions realized in which through monogamy-within it, parallel to it, or in opposition to it, as the case might be-the greatest moral advance we owe to it could be achieved: modern individual sex-love, which had hitherto been unknown to the entire world.

This advance, however, undoubtedly sprang from the fact that the Germans still lived in pairing families and grafted the corresponding position of women onto the monogamous system, so far as that was possible. It most decidedly did not spring from the legendary virtue and wonderful moral purity of the German character, which was nothing more than the freedom of the pairing family from the crying moral contradictions of monogamy. On the contrary, in the course of their migrations the Germans had morally much deteriorated, particularly during their southeasterly wanderings among the nomads of the Black Sea steppes, from whom they acquired, not only equestrian skill, but also gross, unnatural vices, as Ammianus expressly states of the Taifalians and Procopius of the Herulians.

But if monogamy was the only one of all the known forms of the family through which modern sex-love could develop, that does not mean that within monogamy modern sexual love developed exclusively or even chiefly as the love of husband and wife for each other. That was precluded by the very nature of strictly monogamous marriage under the rule of the man. Among all historically active classes-that is, among all ruling classes-matrimony remained what it had been since the pairing marriage, a matter of convenience which was arranged by the parents. The first historical form of sexual love as passion, a passion recognized as natural to all human

beings (at least if they belonged to the ruling classes), and as the highest form of the sexual impulse-and that is what constitutes its specific character-this first form of individual sexual love, the chivalrous love of the middle ages, was by no means conjugal. Quite the contrary. In its classic form among the Provençals, it heads straight for adultery, and the poets of love celebrated adultery. The flower of Provençal love poetry are the Albas (aubades, songs of dawn). They describe in glowing colors how the knight lies in bed beside his love-the wife of another man-while outside stands the watchman who calls to him as soon as the first gray of dawn (alba) appears, so that he can get away unobserved; the parting scene then forms the climax of the poem. The northern French and also the worthy Germans adopted this kind of poetry together with the corresponding fashion of chivalrous love; old Wolfram of Eschenbach has left us three wonderfully beautiful songs of dawn on this same improper subject, which I like better than his three long heroic poems.

Nowadays there are two ways of concluding a bourgeois marriage. In Catholic countries the parents, as before, procure a suitable wife for their young bourgeois son, and the consequence is, of course, the fullest development of the contradiction inherent in monogamy: the husband abandons himself to hetaerism and the wife to adultery. Probably the only reason why the Catholic Church abolished divorce was because it had convinced itself that there is no more a cure for adultery than there is for death. In Protestant countries, on the other hand, the rule is that the son of a bourgeois family is allowed to choose a wife from his own class with more or less freedom; hence there may be a certain element of love in the marriage, as, indeed, in accordance with Protestant hypocrisy, is always assumed, for decency's sake. Here the husband's hetaerism is a more sleepy kind of business, and adultery by the wife is less the rule. But since, in every kind of marriage, people remain what they were before, and since the bourgeois of Protestant countries are mostly philistines, all that this Protestant monogamy achieves, taking the average of the best cases, is a conjugal partnership of leaden boredom, known as "domestic bliss." The best mirror of these two methods of marrying is the novel-the French novel for the Catholic manner, the German for the Protestant. In both, the hero "gets" them: in the German, the young man gets the girl; in the French, the husband gets the horns. Which of them is worse off is sometimes questionable. This is why the French bourgeois is as much horrified by the

dullness of the German novel as the German philistine is by the “immorality” of the French. However, now that “Berlin is a world capital,” the German novel is beginning with a little less timidity to use as part of its regular stock-in-trade the hetaerism and adultery long familiar to that town.

In both cases, however, the marriage is conditioned by the class position of the parties and is to that extent always a marriage of convenience. In both cases this marriage of convenience turns often enough into crassest prostitution-sometimes of both partners, but far more commonly of the woman, who only differs from the ordinary courtesan in that she does not let out her body on piece-work as a wage-worker, but sells it once and for all into slavery. And of all marriages of convenience Fourier’s words hold true: “As in grammar two negatives make an affirmative, so in matrimonial morality two prostitutions pass for a virtue.” Sex-love in the relationship with a woman becomes, and can only become, the real rule among the oppressed classes, which means today among the proletariat-whether this relation is officially sanctioned or not. But here all the foundations of typical monogamy are cleared away. Here there is no property, for the preservation and inheritance of which monogamy and male supremacy were established; hence there is no incentive to make this male supremacy effective. What is more, there are no means of making it so. Bourgeois law, which protects this supremacy, exists only for the possessing class and their dealings with the proletarians. The law costs money and, on account of the worker’s poverty, it has no validity for his relation to his wife. Here quite other personal and social conditions decide. And now that large-scale industry has taken the wife out of the home onto the labor market and into the factory, and made her often the bread-winner of the family, no basis for any kind of male supremacy is left in the proletarian household – except, perhaps, for something of the brutality towards women that has spread since the introduction of monogamy. The proletarian family is therefore no longer monogamous in the strict sense, even where there is passionate love and firmest loyalty on both sides, and maybe all the blessings of religious and civil authority. Here, therefore, the eternal attendants of monogamy, hetaerism and adultery, play only an almost vanishing part. The wife has in fact regained the right to dissolve the marriage, and if two people cannot get on with one another, they prefer to separate. In short, proletarian marriage is monogamous in the etymological sense of the word, but not at all in its historical sense.

Our jurists, of course, find that progress in legislation is leaving women with no further ground of complaint. Modern civilized systems of law increasingly acknowledge, first, that for a marriage to be legal, it must be a contract freely entered into by both partners, and, secondly, that also in the married state both partners must stand on a common footing of equal rights and duties. If both these demands are consistently carried out, say the jurists, women have all they can ask.

This typically legalist method of argument is exactly the same as that which the radical republican bourgeois uses to put the proletarian in his place. The labor contract is to be freely entered into by both partners. But it is considered to have been freely entered into as soon as the law makes both parties equal on paper. The power conferred on the one party by the difference of class position, the pressure thereby brought to bear on the other party – the real economic position of both – that is not the law's business. Again, for the duration of the labor contract both parties are to have equal rights, in so far as one or the other does not expressly surrender them. That economic relations compel the worker to surrender even the last semblance of equal rights – here again, that is no concern of the law.

In regard to marriage, the law, even the most advanced, is fully satisfied as soon as the partners have formally recorded that they are entering into the marriage of their own free consent. What goes on in real life behind the juridical scenes, how this free consent comes about – that is not the business of the law and the jurist. And yet the most elementary comparative jurisprudence should show the jurist what this free consent really amounts to. In the countries where an obligatory share of the paternal inheritance is secured to the children by law and they cannot therefore be disinherited – in Germany, in the countries with French law and elsewhere – the children are obliged to obtain their parents' consent to their marriage. In the countries with English law, where parental consent to a marriage is not legally required, the parents on their side have full freedom in the testamentary disposal of their property and can disinherit their children at their pleasure. It is obvious that, in spite and precisely because of this fact, freedom of marriage among the classes with something to inherit is in reality not a whit greater in England and America than it is in France and Germany.

As regards the legal equality of husband and wife in marriage, the position is no better. The legal inequality of the two partners, bequeathed to us from earlier social conditions, is not the cause but the effect of the

economic oppression of the woman. In the old communistic household, which comprised many couples and their children, the task entrusted to the women of managing the household was as much a public and socially necessary industry as the procuring of food by the men. With the patriarchal family, and still more with the single monogamous family, a change came. Household management lost its public character. It no longer concerned society. It became a private service; the wife became the head servant, excluded from all participation in social production. Not until the coming of modern large-scale industry was the road to social production opened to her again – and then only to the proletarian wife. But it was opened in such a manner that, if she carries out her duties in the private service of her family, she remains excluded from public production and unable to earn; and if she wants to take part in public production and earn independently, she cannot carry out family duties. And the wife's position in the factory is the position of women in all branches of business, right up to medicine and the law. The modern individual family is founded on the open or concealed domestic slavery of the wife, and modern society is a mass composed of these individual families as its molecules.

In the great majority of cases today, at least in the possessing classes, the husband is obliged to earn a living and support his family, and that in itself gives him a position of supremacy, without any need for special legal titles and privileges. Within the family he is the bourgeois and the wife represents the proletariat. In the industrial world, the specific character of the economic oppression burdening the proletariat is visible in all its sharpness only when all special legal privileges of the capitalist class have been abolished and complete legal equality of both classes established. The democratic republic does not do away with the opposition of the two classes; on the contrary, it provides the clear field on which the fight can be fought out. And in the same way, the peculiar character of the supremacy of the husband over the wife in the modern family, the necessity of creating real social equality between them, and the way to do it, will only be seen in the clear light of day when both possess legally complete equality of rights. Then it will be plain that the first condition for the liberation of the wife is to bring the whole female sex back into public industry, and that this in turn demands the abolition of the monogamous family as the economic unit of society.

We thus have three principal forms of marriage which correspond broadly to the three principal stages of human development. For the period of savagery, group marriage; for barbarism, pairing marriage; for civilization, monogamy, supplemented by adultery and prostitution. Between pairing marriage and monogamy intervenes a period in the upper stage of barbarism when men have female slaves at their command and polygamy is practiced.

As our whole presentation has shown, the progress which manifests itself in these successive forms is connected with the peculiarity that women, but not men, are increasingly deprived of the sexual freedom of group marriage. In fact, for men group marriage actually still exists even to this day. What for the woman is a crime, entailing grave legal and social consequences, is considered honorable in a man or, at the worse, a slight moral blemish which he cheerfully bears. But the more the heterism of the past is changed in our time by capitalist commodity production and brought into conformity with it, the more, that is to say, it is transformed into undisguised prostitution, the more demoralizing are its effects. And it demoralizes men far more than women. Among women, prostitution degrades only the unfortunate ones who become its victims, and even these by no means to the extent commonly believed. But it degrades the character of the whole male world. A long engagement, particularly, is in nine cases out of ten a regular preparatory school for conjugal infidelity.

We are now approaching a social revolution in which the economic foundations of monogamy as they have existed hitherto will disappear just as surely as those of its complement-prostitution. Monogamy arose from the concentration of considerable wealth in the hands of a single individual man-and from the need to bequeath this wealth to the children of that man and of no other. For this purpose, the monogamy of the woman was required, not that of the man, so this monogamy of the woman did not in any way interfere with open or concealed polygamy on the part of the man. But by transforming by far the greater portion, at any rate, of permanent, heritable wealth – the means of production – into social property, the coming social revolution will reduce to a minimum all this anxiety about bequeathing and inheriting. Having arisen from economic causes, will monogamy then disappear when these causes disappear?

One might answer, not without reason: far from disappearing, it will, on the contrary, be realized completely. For with the transformation of the means of production into social property there will disappear also wage-labor, the proletariat, and therefore the necessity for a certain – statistically calculable – number of women to surrender themselves for money. Prostitution disappears; monogamy, instead of collapsing, at last becomes a reality – also for men.

In any case, therefore, the position of men will be very much altered. But the position of women, of all women, also undergoes significant change. With the transfer of the means of production into common ownership, the single family ceases to be the economic unit of society. Private housekeeping is transformed into a social industry. The care and education of the children becomes a public affair; society looks after all children alike, whether they are legitimate or not. This removes all the anxiety about the “consequences,” which today is the most essential social – moral as well as economic – factor that prevents a girl from giving herself completely to the man she loves. Will not that suffice to bring about the gradual growth of unconstrained sexual intercourse and with it a more tolerant public opinion in regard to a maiden’s honor and a woman’s shame? And, finally, have we not seen that in the modern world monogamy and prostitution are indeed contradictions, but inseparable contradictions, poles of the same state of society? Can prostitution disappear without dragging monogamy with it into the abyss?

Here a new element comes into play, an element which, at the time when monogamy was developing, existed at most in germ: individual sex-love.

Before the Middle Ages we cannot speak of individual sex-love. That personal beauty, close intimacy, similarity of tastes and so forth awakened in people of opposite sex the desire for sexual intercourse, that men and women were not totally indifferent regarding the partner with whom they entered into this most intimate relationship – that goes without saying. But it is still a very long way to our sexual love. Throughout the whole of antiquity, marriages were arranged by the parents, and the partners calmly accepted their choice. What little love there was between husband and wife in antiquity is not so much subjective inclination as objective duty, not the cause of the marriage, but its corollary. Love relationships in the modern sense only occur in antiquity outside official society. The shepherds of whose joys and sorrows in love Theocratus and Moschus sing, the Daphnis

and Chloe of Longus are all slaves who have no part in the state, the free citizen's sphere of life. Except among slaves, we find love affairs only as products of the disintegration of the old world and carried on with women who also stand outside official society, with hetairai – that is, with foreigners or freed slaves: in Athens from the eve of its decline, in Rome under the Caesars. If there were any real love affairs between free men and free women, these occurred only in the course of adultery. And to the classical love poet of antiquity, old Anacreon, sexual love in our sense mattered so little that it did not even matter to him which sex his beloved was.

Our sexual love differs essentially from the simple sexual desire, the Eros, of the ancients. In the first place, it assumes that the person loved returns the love; to this extent the woman is on an equal footing with the man, whereas in the Eros of antiquity she was often not even asked. Secondly, our sexual love has a degree of intensity and duration which makes both lovers feel that non-possession and separation are a great, if not the greatest, calamity; to possess one another, they risk high stakes, even life itself. In the ancient world this happened only, if at all, in adultery. And, finally, there arises a new moral standard in the judgment of a sexual relationship. We do not only ask, was it within or outside marriage? But also, did it spring from love and reciprocated love or not? Of course, this new standard has fared no better in feudal or bourgeois practice than all the other standards of morality – it is ignored. But neither does it fare any worse. It is recognized just as much as they are – in theory, on paper. And for the present it cannot ask anything more.

At the point where antiquity broke off its advance to sexual love, the Middle Ages took it up again: in adultery. We have already described the knightly love which gave rise to the songs of dawn. From the love which strives to break up marriage to the love which is to be its foundation there is still a long road, which chivalry never fully traversed. Even when we pass from the frivolous Latins to the virtuous Germans, we find in the Nibelungenlied that, although in her heart Kriemhild is as much in love with Siegfried as he is with her, yet when Gunther announces that he has promised her to a knight he does not name, she simply replies: "You have no need to ask me; as you bid me, so will I ever be; whom you, lord, give me as husband, him will I gladly take in troth." It never enters her head that her love can be even considered. Gunther asks for Brunhild in marriage, and

Etzel for Kriemhild, though they have never seen them. Similarly, in Gutrun, Sigebant of Ireland asks for the Norwegian Ute, whom he has never seen, Hetel of Hegelingen for Hilde of Ireland, and, finally, Siegfried of Moorland, Hartmut of Ormany and Herwig of Seeland for Gutrun, and here Gutrun's acceptance of Herwig is for the first time voluntary. As a rule, the young prince's bride is selected by his parents, if they are still living, or, if not, by the prince himself, with the advice of the great feudal lords, who have a weighty word to say in all these cases. Nor can it be otherwise. For the knight or baron, as for the prince of the land himself, marriage is a political act, an opportunity to increase power by new alliances; the interest of the house must be decisive, not the wishes of an individual. What chance then is there for love to have the final word in the making of a marriage?

The same thing holds for the guild member in the medieval towns. The very privileges protecting him, the guild charters with all their clauses and rubrics, the intricate distinctions legally separating him from other guilds, from the members of his own guild or from his journeymen and apprentices, already made the circle narrow enough within which he could look for a suitable wife. And who in the circle was the most suitable was decided under this complicated system most certainly not by his individual preference but by the family interests.

In the vast majority of cases, therefore, marriage remained, up to the close of the middle ages, what it had been from the start – a matter which was not decided by the partners. In the beginning, people were already born married – married to an entire group of the opposite sex. In the later forms of group marriage similar relations probably existed, but with the group continually contracting. In the pairing marriage it was customary for the mothers to settle the marriages of their children; here, too, the decisive considerations are the new ties of kinship, which are to give the young pair a stronger position in the gens and tribe. And when, with the preponderance of private over communal property and the interest in its bequeathal, father-right and monogamy gained supremacy, the dependence of marriages on economic considerations became complete. The form of marriage by purchase disappears, the actual practice is steadily extended until not only the woman but also the man acquires a price – not according to his personal qualities, but according to his property. That the mutual affection of the people concerned should be the one paramount reason for marriage, outweighing everything else, was and always had been absolutely unheard

of in the practice of the ruling classes; that sort of thing only happened in romance – or among the oppressed classes, who did not count.

Such was the state of things encountered by capitalist production when it began to prepare itself, after the epoch of geographical discoveries, to win world power by world trade and manufacture. One would suppose that this manner of marriage exactly suited it, and so it did. And yet – there are no limits to the irony of history – capitalist production itself was to make the decisive breach in it. By changing all things into commodities, it dissolved all inherited and traditional relationships, and, in place of time-honored custom and historic right, it set up purchase and sale, “free” contract. And the English jurist, H. S. Maine, thought he had made a tremendous discovery when he said that our whole progress in comparison with former epochs consisted in the fact that we had passed “from status to contract,” from inherited to freely contracted conditions – which, in so far as it is correct, was already in *The Communist Manifesto* .

But a contract requires people who can dispose freely of their persons, actions, and possessions, and meet each other on the footing of equal rights. To create these “free” and “equal” people was one of the main tasks of capitalist production. Even though at the start it was carried out only half-consciously, and under a religious disguise at that, from the time of the Lutheran and Calvinist Reformation the principle was established that man is only fully responsible for his actions when he acts with complete freedom of will, and that it is a moral duty to resist all coercion to an immoral act. But how did this fit in with the hitherto existing practice in the arrangement of marriages? Marriage, according to the bourgeois conception, was a contract, a legal transaction, and the most important one of all, because it disposed of two human beings, body and mind, for life. Formally, it is true, the contract at that time was entered into voluntarily: without the assent of the persons concerned, nothing could be done. But everyone knew only too well how this assent was obtained and who were the real contracting parties in the marriage. But if real freedom of decision was required for all other contracts, then why not for this? Had not the two young people to be coupled also the right to dispose freely of themselves, of their bodies and organs? Had not chivalry brought sex-love into fashion, and was not its proper bourgeois form, in contrast to chivalry’s adulterous love, the love of husband and wife? And if it was the duty of married people to love each other, was it not equally the duty of lovers to marry each other and nobody

else? Did not this right of the lovers stand higher than the right of parents, relations, and other traditional marriage-brokers and matchmakers? If the right of free, personal discrimination broke boldly into the Church and religion, how should it halt before the intolerable claim of the older generation to dispose of the body, soul, property, happiness, and unhappiness of the younger generation?

These questions inevitably arose at a time which was loosening all the old ties of society and undermining all traditional conceptions. The world had suddenly grown almost ten times bigger; instead of one quadrant of a hemisphere, the whole globe lay before the gaze of the West Europeans, who hastened to take the other seven quadrants into their possession. And with the old narrow barriers of their homeland fell also the thousand-year-old barriers of the prescribed medieval way of thought. To the outward and the inward eye of man opened an infinitely wider horizon. What did a young man care about the approval of respectability, or honorable guild privileges handed down for generations, when the wealth of India beckoned to him, the gold and the silver mines of Mexico and Potosi? For the bourgeoisie, it was the time of knight-errantry; they, too, had their romance and their raptures of love, but on a bourgeois footing and, in the last analysis, with bourgeois aims.

So it came about that the rising bourgeoisie, especially in Protestant countries, where existing conditions had been most severely shaken, increasingly recognized freedom of contract also in marriage, and carried it into effect in the manner described. Marriage remained class marriage, but within the class the partners were conceded a certain degree of freedom of choice. And on paper, in ethical theory and in poetic description, nothing was more immutably established than that every marriage is immoral which does not rest on mutual sexual love and really free agreement of husband and wife. In short, the love marriage was proclaimed as a human right, and indeed not only as a *droit de l'homme*, one of the rights of man, but also, for once in a way, as *droit de la femme*”, one of the rights of woman.

This human right, however, differed in one respect from all other so-called human rights. While the latter, in practice, remain restricted to the ruling class (the bourgeoisie), and are directly or indirectly curtailed for the oppressed class (the proletariat), in the case of the former the irony of history plays another of its tricks. The ruling class remains dominated by the familiar economic influences and therefore only in exceptional cases

does it provide instances of really freely contracted marriages, while among the oppressed class, as we have seen, these marriages are the rule.

Full freedom of marriage can therefore only be generally established when the abolition of capitalist production and of the property relations created by it has removed all the accompanying economic considerations which still exert such a powerful influence on the choice of a marriage partner. For then there is no other motive left except mutual inclination.

And as sexual love is by its nature exclusive – although at present this exclusiveness is fully realized only in the woman – the marriage based on sexual love is by its nature individual marriage. We have seen how right Bachofen was in regarding the advance from group marriage to individual marriage as primarily due to the women. Only the step from pairing marriage to monogamy can be put down to the credit of the men, and historically the essence of this was to make the position of the women worse and the infidelities of the men easier. If now the economic considerations also disappear which made women put up with the habitual infidelity of their husbands – concern for their own means of existence and still more for their children's future – then, according to all previous experience, the equality of woman thereby achieved will tend infinitely more to make men really monogamous than to make women polyandrous.

But what will quite certainly disappear from monogamy are all the features stamped upon it through its origin in property relations; these are, in the first place, supremacy of the man, and, secondly, indissolubility. The supremacy of the man in marriage is the simple consequence of his economic supremacy, and with the abolition of the latter will disappear of itself. The indissolubility of marriage is partly a consequence of the economic situation in which monogamy arose, partly tradition from the period when the connection between this economic situation and monogamy was not yet fully understood and was carried to extremes under a religious form. Today it is already broken through at a thousand points. If only the marriage based on love is moral, then also only the marriage in which love continues. But the intense emotion of individual sex-love varies very much in duration from one individual to another, especially among men, and if affection definitely comes to an end or is supplanted by a new passionate love, separation is a benefit for both partners as well as for society – only people will then be spared having to wade through the useless mire of a divorce case.

What we can now conjecture about the way in which sexual relations will be ordered after the impending overthrow of capitalist production is mainly of a negative character, limited for the most part to what will disappear. But what will there be new? That will be answered when a new generation has grown up: a generation of men who never in their lives have known what it is to buy a woman's surrender with money or any other social instrument of power; a generation of women who have never known what it is to give themselves to a man from any other considerations than real love, or to refuse to give themselves to their lover from fear of the economic consequences. When these people are in the world, they will care precious little what anybody today thinks they ought to do; they will make their own practice and their corresponding public opinion about the practice of each individual – and that will be the end of it.

Let us, however, return to Morgan, from whom we have moved a considerable distance. The historical investigation of the social institutions developed during the period of civilization goes beyond the limits of his book. How monogamy fares during this epoch, therefore, only occupies him very briefly. He, too, sees in the further development of the monogamous family a step forward, an approach to complete equality of the sexes, though he does not regard this goal as attained. But, he says:

When the fact is accepted that the family has passed through four successive forms, and is now in a fifth, the question at once arises whether this form can be permanent in the future. The only answer that can be given is that it must advance as society advances, and change as society changes, even as it has done in the past. It is the creature of the social system, and will reflect its culture. As the monogamian family has improved greatly since the commencement of civilization, and very sensibly in modern times, it is at least supposable that it is capable of still further improvement until the equality of the sexes is attained. Should the monogamian family in the distant future fail to answer the requirements of society ... it is impossible to predict the nature of its successor.

### III.

## The Iroquois Gens

We now come to another discovery made by Morgan, which is at least as important as the reconstruction of the family in its primitive form from the systems of consanguinity. The proof that the kinship organizations designated by animal names in a tribe of American Indians are essentially identical with the genea of the Greeks and the gentes of the Romans; that the American is the original form and the Greek and Roman forms are later and derivative; that the whole social organization of the primitive Greeks and Romans into gens, phratry, and tribe finds its faithful parallel in that of the American Indians; that the gens is an institution common to all barbarians until their entry into civilization and even afterwards (so far as our sources go up to the present) – this proof has cleared up at one stroke the most difficult questions in the most ancient periods of Greek and Roman history, providing us at the same time with an unsuspected wealth of information about the fundamental features of social constitution in primitive times – before the introduction of the state. Simple as the matter seems once it is understood, Morgan only made his discovery quite recently. In his previous work, published in 1871, he had not yet penetrated this secret, at whose subsequent revelation the English anthropologists, usually so self-confident, became for a time as quiet as mice.

The Latin word gens, which Morgan uses as a general term for such kinship organizations, comes, like its Greek equivalent, genos, from the common Aryan root gan (in German, where, following the law Aryan g is regularly replaced by k, kan), which means to beget. Gens, Genos, Sanscrit janas, Gothic kuni (following the same law as above), Old Norse and Anglo-Saxon kyn, English kin, Middle High German kunne., all signify lineage, descent. Gens in Latin and genos in Greek are, however, used specifically to denote the form of kinship organization which prides itself on its common descent (in this case from a common ancestral father) and is bound together by social and religious institutions into a distinct

community, though to all our historians its origin and character have hitherto remained obscure.

We have already seen, in connection with the punaluan family, what is the composition of a gens in its original form. It consists of all the persons who in punaluan marriage, according to the conceptions necessarily prevailing under it, form the recognized descendants of one particular ancestral mother, the founder of the gens. In this form of family, as paternity is uncertain, only the female line counts. Since brothers may not marry their sisters but only women of different descent, the children begotten by them with these alien women cannot, according to mother-right, belong to the father's gens. Therefore only the offspring of the daughters in each generation remain within the kinship organization; the offspring of the sons go into the gentes of their mothers. What becomes of this consanguine group when it has constituted itself a separate group, distinct from similar groups within the tribe?

As the classic form of this original gens, Morgan takes the gens among the Iroquois, and especially in the Seneca tribe. In this tribe there are eight gentes, named after animals: (1) Wolf, (2) Bear, (3) Turtle, (4) Beaver, (5) Deer, (6) Snipe, (7) Heron, (8) Hawk. In every gens the following customs are observed:

1. The gens elects its sachem (head of the gens in peace) and its chief (leader in war). The sachem had to be chosen from among the members of the gens, and his office was hereditary within the gens, in the sense that it had to be filled immediately as often as a vacancy occurred; the military leader could be chosen from outside the gens, and for a time the office might even be vacant. A son was never chosen to succeed his father as sachem, since mother-right prevailed among the Iroquois and the son consequently belonged to a different gens; but the office might and often did pass to a brother of the previous sachem or to his sister's son. All voted in the elections, both men and women. The election, however, still required the confirmation of the seven remaining gentes, and only then was the new sachem ceremonially invested with his office by the common council of the whole Iroquois confederacy. The significance of this will appear later. The authority of the sachem within the gens was paternal, and purely moral in character; he had no means of coercion. By virtue of his office he was also a member of the tribal council of the Senecas and also of the federal council

of all the Iroquois. The war-chief could only give orders on military expeditions.

2. The gens deposes the sachem and war-chief at will. This also is done by men and women jointly. After a sachem or chief had been deposed, they became simple braves, private persons, like the other members. The tribal council also had the power to depose sachems, even against the will of the gens.

3. No member is permitted to marry within the gens. This is the fundamental law of the gens, the bond which holds it together. It is the negative expression of the very positive blood relationship, by virtue of which the individuals it comprises become a gens. By his discovery of this simple fact Morgan has revealed for the first time the nature of the gens. How little the gens was understood before is obvious from the earlier reports about savages and barbarians, in which the various bodies out of which the gentile organization is composed are ignorantly and indiscriminately referred to as tribe, clan, thum, and so forth, and then sometimes designated as bodies within which marriage is prohibited. Thus was created the hopeless confusion which gave Mr. McLennan his chance to appear as Napoleon, establishing order by his decree: All tribes are divided into those within which marriage is prohibited (exogamous) and those within which it is permitted (endogamous). Having now made the muddle complete, he could give himself up to the profoundest inquiries as to which of his two absurd classes was the older exogamy or endogamy. All this nonsense promptly stopped of itself with the discovery of the gens and of its basis in consanguinity, involving the exclusion of its members from intermarriage with one another. It goes without saying that at the stage at which we find the Iroquois the prohibition of marriage within the gens was stringently observed.

4. The property of deceased persons passed to the other members of the gens; it had to remain in the gens. As an Iroquois had only things of little value to leave, the inheritance was shared by his nearest gentile relations; in the case of a man, by his own brothers and sisters and maternal uncle; in the case of a woman, by her children and own sisters, but not by her brothers. For this reason man and wife could not inherit from one another, nor children from their father.

5. The members of the gens owed each other help, protection, and especially assistance in avenging injury by strangers. The individual looked

for his security to the protection of the gens, and could rely upon receiving it; to wrong him was to wrong his whole gens. From the bonds of blood uniting the gens sprang the obligation of blood revenge, which the Iroquois unconditionally recognized. If any person from outside the gens killed a gentile member, the obligation of blood revenge rested on the entire gens of the slain man. First, mediation was tried; the gens of the slayer sat in council, and made proposals of settlement to the council of the gens of the slain, usually offering expressions of regret and presents of considerable value. If these were accepted, the matter was disposed of. In the contrary case, the wronged gens appointed one or more avengers, whose duty it was to pursue and kill the slayer. If this was accomplished, the gens of the slayer had no ground of complaint; accounts were even and closed.

6. The gens has special names or classes of names, which may not be used by any other gens in the whole tribe, so that the name of the individual indicates the gens to which he belongs. A gentile name confers of itself gentile rights.

7. The gens can adopt strangers and thereby admit them into the whole tribe. Thus among the Senecas the prisoners of war who were not killed became through adoption into a gens members of the tribe, receiving full gentile and tribal rights. The adoption took place on the proposal of individual members of the gens; if a man adopted, he accepted the stranger as brother or sister; if a woman, as son or daughter. The adoption had to be confirmed by ceremonial acceptance into the tribe. Frequently a gens which was exceptionally reduced in numbers was replenished by mass adoption from another gens, with its consent. Among the Iroquois the ceremony of adoption into the gens was performed at a public council of the tribe, and therefore was actually a religious rite.

8. Special religious ceremonies can hardly be found among the Indian gentes; the religious rites of the Indians are, however, more or less connected with the gens. At the six yearly religious festivals of the Iroquois the sachems and war-chiefs of the different gentes were included ex officio among the "Keepers of the Faith" and had priestly functions.

9. The gens has a common burial place. Among the Iroquois of New York State, who are hedged in on all sides by white people, this has disappeared, but it existed formerly. It exists still among other Indians - for example, among the Tuscaroras, who are closely related to the Iroquois; although they are Christians, each gens has a separate row in the cemetery;

the mother is therefore buried in the same row as her children, but not the father. And among the Iroquois also the whole gens of the deceased attends the burial, prepares the grave, the funeral addresses, etc.

10. The gens has a council: the democratic assembly of all male and female adult gentiles, all with equal votes. This council elected sachems, war-chiefs and also the other "Keepers of the Faith," and deposed them; it took decisions regarding blood revenge or payment of atonement for murdered gentiles; it adopted strangers into the gens. In short, it was the sovereign power in the gens. Such were the rights and privileges of a typical Indian gens.

All the members of an Iroquois gens were personally free, and they were bound to defend each other's freedom; they were equal in privileges and in personal rights, the sachem and chiefs claiming no superiority; and they were a brotherhood bound together by the ties of kin. Liberty, equality, and fraternity, though never formulated, were cardinal principles of the gens. These facts are material, because the gens was the unit of a social and governmental system, the foundation upon which Indian society was organized.... It serves to explain that sense of independence and personal dignity universally an attribute of Indian character.

The Indians of the whole of North America at the time of its discovery were organized in gentes under mother-right. The gentes had disappeared only in some tribes, as among the Dakotas; in others, as among the Ojibwas and the Omahas, they were organized according to father-right.

Among very many Indian tribes with more than five or six gentes, we find every three, four, or more gentes united in a special group, which Morgan, rendering the Indian name faithfully by its Greek equivalent, calls a "phratry" (brotherhood). Thus the Senecas have two phratries: the first comprises gentes 1 to 4, the second gentes 5 to 8. Closer investigation shows that these phratries generally represent the original gentes into which the tribe first split up; for since marriage was prohibited within the gens, there had to be at least two gentes in any tribe to enable it to exist independently.

In the measure in which the tribe increased, each gens divided again into two or more gentes, each of which now appears as a separate gens, while the original gens, which includes all the daughter gentes, continues as the phratry. Among the Senecas and most other Indians, the gentes within one phratry are brother gentes to one another, while those in the other phratry

are their cousin gentes-terms which in the American system of consanguinity have, as we have seen, a very real and expressive meaning. Originally no Seneca was allowed to marry within his phratry, but this restriction has long since become obsolete and is now confined to the gens. According to Senecan tradition, the Bear and the Deer were the two original gentes, from which the others branched off. After this new institution had once taken firm root, it was modified as required; if the gentes in one phratry died out, entire gentes were sometimes transferred into it from other phratries to make the numbers even. Hence we find gentes of the same name grouped in different phratries in different tribes.

Among the Iroquois, the functions of the phratry are partly social, partly religious.

(1) In the ball game one phratry plays against another. Each phratry puts forward its best players, while the other members, grouped according to phratries, look on and bet against one another on the victory of their players.

(2) In the tribal council the sachems and the war-chiefs of each phratry sit together, the two groups facing one another; each speaker addresses the representatives of each phratry as a separate body.

(3) If a murder had been committed in the tribe, and the slayer and the slain belonged to different phratries, the injured gens often appealed to its brother gentes; these held a council of the phratry and appealed in a body to the other phratry that it also should assemble its council to effect a settlement. Here the phratry reappears as the original gens, and with greater prospect of success than the weaker single gens, its offspring.

(4) At the death of prominent persons the opposite phratry saw to the interment and the burial ceremonies, while the phratry of the dead person attended as mourners. If a sachem died, the opposite phratry reported to the federal council of the Iroquois that the office was vacant.

(5) The council of the phratry also played a part in the election of a sachem. That the election would be confirmed by the brother gentes was more or less taken for granted, but the gentes of the opposite phratry might raise an objection. In this case the council of the opposite phratry was assembled; if it maintained the objection, the election was void.

(6) The Iroquois formerly had special religious mysteries, called medicine lodges by the white men. Among the Senecas, these mysteries were celebrated by two religious brotherhoods, into which new members

were admitted by formal initiation; there was one such brotherhood in each of the two phratries.

(7) If, as is almost certain, the four lineages occupying the four quarters of Tlascalala at the time of the conquest were four phratries, we here have proof that the phratries were also military units, like the phratries among the Greeks and similar kinship organizations among the Germans; these four lineages went into battle as separate groups, each with its own uniform and flag, and under its own leader.

As several gentes make up a phratry, so in the classic form several phratries make up a tribe; in some cases, when tribes have been much weakened, the intermediate form, the phratry, is absent. What distinguishes an Indian tribe in America?

1. Its own territory and name. In addition to its actual place of settlement, every tribe further possessed considerable territory for hunting and lashing. Beyond that lay a broad strip of neutral land reaching to the territory of the neighboring tribe; it was smaller between tribes related in language, larger between tribes not so related. It is the same as the boundary forest of the Germans, the waste made by Caesar's Suevi around their territory, the isarnholt (in Danish, jarnved, limes Danicus) between Danes and Germans, the Sachsenwald (Saxon wood) and branibor (Slav, "protecting wood") between Germans and Slavs, from which Brandenburg takes its name. The territory delimited by these uncertain boundaries was the common land of the tribe, recognized as such by neighboring tribes and defended by the tribe itself against attacks. In most cases the uncertainty of the boundaries only became a practical disadvantage when there had been a great increase in population. The names of the tribes seem generally to have arisen by chance rather than to have been deliberately chosen; in the course of time it often happened that a tribe was called by another name among the neighboring tribes than that which it used itself, just as the Germans were first called Germans by the Celts.

2. A distinct dialect peculiar to the tribe alone. Tribe and dialect are substantially coextensive; the formation through segmentation of new tribes and dialects was still proceeding in America until quite recently, and most probably has not entirely stopped even today. When two weakened tribes have merged into one, the exceptional case occurs of two closely related dialects being spoken in the same tribe. The average strength of American tribes is under 2,000 members; the Cherokees, however, number about

26,000, the greatest number of Indians in the United States speaking the same dialect.

3. The right to install into office the Sachems and war-chiefs elected by the Gentes and the right to depose them, even against the will of their gens. As these sachems and war-chiefs are members of the council of the tribe, these rights of the tribe in regard to them explain themselves. Where a confederacy of tribes had been formed, with all the tribes represented in a federal council, these rights were transferred to the latter.

4. The possession of common religious conceptions (Mythology) and ceremonies. "After the fashion of barbarians the American Indians were a religious people." Their mythology has not yet been studied at all critically. They already embodied their religious ideas-spirits of every kind-in human form; but the lower stage of barbarism, which they had reached, still knows no plastic representations, so-called idols. Their religion is a cult of nature and of elemental forces, in process of development to polytheism. The various tribes had their regular festivals, with definite rites, especially dances and games. Dancing particularly was an essential part of all religious ceremonies; each tribe held its own celebration separately.

5. A tribal council for the common affairs of the tribe. It was composed of all the sachems and war-chiefs of the different gentes, who were genuinely representative because they could be deposed at any time. It held its deliberations in public, surrounded by the other members of the tribe, who had the right to join freely in the discussion and to make their views heard. The decision rested with the council. As a rule, everyone was given a hearing who asked for it; the women could also have their views expressed by a speaker of their own choice. Among the Iroquois the final decision had to be unanimous, as was also the case in regard to many decisions of the German mark communities. The tribal council was responsible especially for the handling of relations with other tribes; it received and sent embassies, declared war and made peace. If war broke out, it was generally carried on by volunteers. In principle, every tribe was considered to be in a state of war with every other tribe with which it had not expressly concluded a treaty of peace. Military expeditions against such enemies were generally organized by prominent individual warriors; they held a war-dance, and whoever joined in the dance announced thereby his participation in the expedition. The column was at once formed, and started off. The defense of the tribal territory when attacked was also generally carried out

by volunteers. The departure and return of such columns were always an occasion of public festivities. The consent of the tribal council was not required for such expeditions, and was neither asked nor given. They find their exact counterpart in the private war expeditions of the German retinues described by Tacitus, only with the difference that among the Germans the retinues have already acquired a more permanent character, forming a firm core already organized in peacetime to which the other volunteers are attached in event of war. These war parties are seldom large; the most important expeditions of the Indians, even to great distances, were undertaken with insignificant forces. If several such parties united for operations on a large scale, each was under the orders only of its own leader. Unity in the plan of campaign was secured well or ill by a council of these leaders. It is the same manner of warfare as we find described by Ammianus Marcellinus among the Alemanni on the Upper Rhine in the fourth century.

6. Among some tribes we find a head chief, whose powers, however, are very slight. He is one of the sachems, and in situations demanding swift action he has to take provisional measures, until the council can assemble and make a definite decision. His function represents the first feeble attempt at the creation of an official with executive power, though generally nothing more came of it; as we shall see, the executive official developed in most cases, if not in all, out of the chief military commander.

The great majority of the American Indians did not advance to any higher form of association than the tribe. Living in small tribes, separated from one another by wide tracts between their frontiers, weakened by incessant wars, they occupied an immense territory with few people. Here and there alliances between related tribes came into being in the emergency of the moment and broke up when the emergency had passed. But in certain districts tribes which were originally related and had then been dispersed, joined together again in permanent federations, thus taking the first step towards the formation of nations. In the United States we find the most developed form of such a federation among the Iroquois. Emigrating from their homes west of the Mississippi, where they probably formed a branch of the great Dakota family, they settled after long wanderings in what is now the State of New York. They were divided into five tribes: Senecas, Cayugas, Onondagas, Oneidas and Mohawks. They subsisted on fish, game, and the products of a crude horticulture, and lived in villages, which were

generally protected by a stockade. Never more than twenty thousand strong, they had a number of gentes common to all the five tribes, spoke closely related dialects of the same language, and occupied a continuous stretch of territory which was divided up among the five tribes. As they had newly conquered this territory, these tribes were naturally accustomed to stand together against the Inhabitants they had driven out. From this developed, at the beginning of the fifteenth century at latest, a regular “everlasting league,” a sworn confederacy, which in the consciousness of its new strength immediately assumed an aggressive character, and at the height of its power, about 1675, conquered wide stretches of the surrounding country, either expelling the inhabitants or making them pay tribute. The Iroquois confederacy represents the most advanced social organization achieved by any Indians still at the lower stage of barbarism (excluding, therefore, the Mexicans, New Mexicans and Peruvians).

The main provisions of the confederacy were as follows:

1. Perpetual federation of the five consanguineous tribes on the basis of complete equality and independence in all internal matters of the tribe. This bond of kin represented the real basis of the confederacy. Of the five tribes, three were known as father tribes and were brother tribes to one another; the other two were known as son tribes, and were likewise brother tribes to one another. Three gentes, the oldest, still had their living representatives in all five tribes, and another three in three tribes; the members of each of these gentes were all brothers of one another throughout all the five tribes. Their common language, in which there were only variations of dialect, was the expression and the proof of their common descent.

2. The organ of the confederacy was federal council of fifty sachems, all equal in rank and authority; the decisions of this council were final in all matters relating to the confederacy.

3. The fifty sachems were distributed among the tribes and gentes at the foundation of the confederacy to hold the new offices specially created for federal purposes. They were elected by the respective gentes whenever a vacancy occurred and could be deposed by the gentes at any time; but the right of investing them with their office belonged to the federal council.

4. These federal sachems were also sachems in their respective tribes, and had a seat and a vote in the tribal council.

5. All decisions of the federal council had to be unanimous.

6. Voting was by tribes, so that for a decision to be valid every tribe and all members of the council in every tribe had to signify their agreement.

7. Each of the five tribal councils could convene the federal council, but it could not convene itself.

8. The meetings of the council were held in the presence of the assembled people; every Iroquois could speak; the council alone decided.

9. The confederacy had no official head or chief executive officer.

10. On the other hand, the council had two principal war-chiefs, with equal powers and equal authority (the two “kings” of the Spartans, the two consuls in Rome).

That was the whole public constitution under which the Iroquois lived for over four hundred years and are still living today. I have described it fully, following Morgan, because here we have the opportunity of studying the organization of a society which still has no state. The state presupposes a special public power separated from the body of the people, and Maurer, who with a true instinct recognizes that the constitution of the German mark is a purely social institution, differing essentially from the state, though later providing a great part of its basis, consequently investigates in all his writings the gradual growth of the public power out of, and side by side with, the primitive constitutions of marks, villages, homesteads, and towns. Among the North American Indians we see how an originally homogeneous tribe gradually spreads over a huge continent; how through division tribes become nations, entire groups of tribes; how the languages change until they not only become unintelligible to other tribes, but also lose almost every trace of their original identity; how at the same time within the tribes each gens splits up into several gentes, how the old mother gentes are preserved as phratries, while the names of these oldest gentes nevertheless remain the same in widely distant tribes that have long been separated—the Wolf and the Bear are still gentile names among a majority of all Indian tribes. And the constitution described above applies in the main to them all, except that many of them never advanced as far as the confederacy of related tribes.

But once the gens is given as the social unit, we also see how the whole constitution of gentes, phratries, and tribes is almost necessarily bound to develop from this unit, because the development is natural. Gens, phratry,

and tribe are all groups of different degrees of consanguinity, each self-contained and ordering its own affairs, but each supplementing the other. And the affairs which fall within their sphere comprise all the public affairs of barbarians of the lower stage. When we find a people with the gens as their social unit, we may therefore also look for an organization of the tribe similar to that here described; and when there are adequate sources, as in the case of the Greeks and the Romans, we shall not only find it, but we shall also be able to convince ourselves that where the sources fail us, comparison with the American social constitution helps us over the most difficult doubts and riddles.

And a wonderful constitution it is, this gentile constitution, in all its childlike simplicity! No soldiers, no gendarmes or police, no nobles, kings, regents, prefects, or judges, no prisons, no lawsuits - and everything takes its orderly course. All quarrels and disputes are settled by the whole of the community affected, by the gens or the tribe, or by the gentes among themselves; only as an extreme and exceptional measure is blood revenge threatened-and our capital punishment is nothing but blood revenge in a civilized form, with all the advantages and drawbacks of civilization. Although there were many more matters to be settled in common than today - the household is maintained by a number of families in common, and is communistic, the land belongs to the tribe, only the small gardens are allotted provisionally to the households - yet there is no need for even a trace of our complicated administrative apparatus with all its ramifications. The decisions are taken by those concerned, and in most cases everything has been already settled by the custom of centuries. There cannot be any poor or needy - the communal household and the gens know their responsibilities towards the old, the sick, and those disabled in war. All are equal and free - the women included. There is no place yet for slaves, nor, as a rule, for the subjugation of other tribes. When, about the year 1651, the Iroquois had conquered the Eries and the "Neutral Nation," they offered to accept them into the confederacy on equal terms; it was only after the defeated tribes had refused that they were driven from their territory. And what men and women such a society breeds is proved by the admiration inspired in all white people who have come into contact with unspoiled Indians, by the personal dignity, uprightness, strength of character, and courage of these barbarians.

We have seen examples of this courage quite recently in Africa. The Zulus a few years ago and the Nubians a few months ago – both of them tribes in which gentile institutions have not yet died out – did what no European army can do. Armed only with lances and spears, without firearms, under a hail of bullets from the breech-loaders of the English infantry - acknowledged the best in the world at fighting in close order – they advanced right up to the bayonets and more than once threw the lines into disorder and even broke them, in spite of the enormous inequality of weapons and in spite of the fact that they have no military service and know nothing of drill. Their powers of endurance and performance are shown by the complaint of the English that a Kaffir travels farther and faster in twenty-four hours than a horse. His smallest muscle stands out hard and firm like whipcord, says an English painter.

That is what men and society were before the division into classes. And when we compare their position with that of the overwhelming majority of civilized men today, an enormous gulf separates the present-day proletarian and small peasant from the free member of the old gentile society.

That is the one side. But we must not forget that this organization was doomed. It did not go beyond the tribe. The confederacy of tribes already marks the beginning of its collapse, as will soon be apparent, and was already apparent in the attempts at subjugation by the Iroquois. Outside the tribe was outside the law. Wherever there was not an explicit treaty of peace, tribe was at war with tribe, and wars were waged with the cruelty which distinguishes man from other animals, and which was only mitigated later by self-interest. The gentile constitution in its best days, as we saw it in America, presupposed an extremely undeveloped state of production and therefore an extremely sparse population over a wide area. Man's attitude to nature was therefore one of almost complete subjection to a strange incomprehensible power, as is reflected in his childish religious conceptions. Man was bounded by his tribe, both in relation to strangers from outside the tribe and to himself; the tribe, the gens, and their institutions were sacred and inviolable, a higher power established by nature, to which the individual subjected himself unconditionally in feeling, thought, and action. However impressive the people of this epoch appear to us, they are completely undifferentiated from one another; as Marx says, they are still attached to the navel string of the primitive community. The power of this primitive community had to be broken, and it was broken. But

it was broken by influences which from the very start appear as a degradation, a fall from the simple moral greatness of the old gentile society. The lowest interests – base greed, brutal appetites, sordid avarice, selfish robbery of the common wealth – inaugurate the new, civilized, class society. It is by the vilest means – theft, violence, fraud, treason – that the old classless gentile society is undermined and overthrown. And the new society itself, during all the two and a half thousand years of its existence, has never been anything else but the development of the small minority at the expense of the great exploited and oppressed majority; today it is so more than ever before.

## IV. The Greek Gens

From prehistoric times Greeks and Pelasgians alike, and other peoples of kindred stock, had been organized in the same organic series as the Americans: gens, phratry, tribe, confederacy of tribes. The phratry might be absent, as among the Dorians, and the confederacy of tribes was not necessarily fully developed everywhere as yet; but in every case the gens was the unit. At the time of their entry into history, the Greeks are on the threshold of civilization; between them and the American tribes, of whom we spoke above, lie almost two entire great periods of development, by which the Greeks of the heroic age are ahead of the Iroquois. The gens of the Greeks is therefore no longer the archaic gens of the Iroquois; the impress of group marriage is beginning to be a good deal blurred. Mother-right has given way to father-right; increasing private wealth has thus made its first breach in the gentile constitution. A second breach followed naturally from the first. After the introduction of father-right the property of a rich heiress would have passed to her husband and thus into another gens on her marriage, but the foundation of all gentile law was now violated and in such a case the girl was not only permitted but ordered to marry within the gens, in order that her property should be retained for the gens.

According to Grote's History of Greece, the Athenian gens, in particular, was held together by the following institutions and customs:

1. Common religious rites, and the exclusive privilege of priesthood in honor of a particular god, the supposed ancestral father of the gens, who in this attribute was designated by a special surname.

2. A common burial place (cf. Demosthenes' Eubulides).

3. Mutual right of inheritance.

4. Mutual obligations of help, protection, and assistance in case of violence.

5. Mutual right and obligation to marry within the gens in certain cases, especially for orphan girls and heiresses.

6. Possession, at least in some cases, of common property, with a special archon (head man or president) and treasurer.

Next, several gentes were united in the phratry, but less closely; though here also we find mutual rights and obligations of a similar kind, particularly the common celebration of certain religious ceremonies and the

right to avenge the death of a phrator. Similarly, all the phratries of a tribe held regularly recurring religious festivals in common, at which a leader of the tribe (phylobasileus), elected from the nobility (Eupatridai), officiated.

Thus far Grote. And Marx adds:

“In the Greek gens, the savage (e.g. Iroquois) shows through unmistakably.” He becomes still more unmistakable when we investigate further.

For the Greek gens has also the following characteristics:

7. Descent in the male line.

8. Prohibition of marriage within the gens except in the case of heiresses. This exception, and its formulation as an ordinance, prove the old rule to be valid. This is further substantiated by the universally accepted principle that at her marriage the woman renounced the religious rites of her gens and went over to those of her husband, being also inscribed in his phratry. This custom and a famous passage in Diccarchus both show that marriage outside the gens was the rule, and Becker in Charicles directly assumes that nobody might marry within his own gens.

9. The right of adoption into the gens. This was exercised through adoption into the family, but required public formalities and was exceptional.

10. The right to elect chieftains and to depose them. We know that every gens had its archon; but it is nowhere stated that the office was hereditary in certain families. Until the end of barbarism the probability is always against strict heredity, which is quite incompatible with conditions in which rich and poor had completely equal rights within the gens.

Not only Grote, but also Niebuhr, Mommsen and all the other historians of classical antiquity, have come to grief over the gens. Though they correctly noted many of its characteristics, they always took it to be a group of families, thus making it impossible for themselves to understand the nature and origin of the gens. Under the gentile constitution, the family was never an organizational unit, and could not be so, for man and wife necessarily belonged to two different gentes. The whole gens was incorporated within the phratry, and the whole phratry within the tribe; but the family belonged half to the gens of the man and half to the gens of the woman. In public law the state also does not recognize the family; up to this day, the family only exists for private law. And yet all our histories have hitherto started from the absurd assumption, which, since the eighteenth

century in particular, has become inviolable, that the monogamous single family, which is hardly older than civilization, is the core around which society and state have gradually crystallized.

Mr. Grote will also please note that though the Greeks derive their gentes from mythology, the gentes are older than the mythology which *they themselves* created with all its gods and demigods.

Morgan prefers to quote Grote because he is not only an impressive but also a trustworthy witness. Grote goes on to say that every Athenian gens had a name derived from its supposed ancestor; that it was the general custom before Solon, and even after Solon, in the absence of a will, for the property of a deceased person to pass to the members of his gens (gennetai), and that in the case of a murder it was the light and the duty, first of the relatives of the murdered man, then of the members of his gens, and lastly of his phratry, to prosecute the criminal before the tribunals: "All that we hear of the most ancient Athenian laws is based upon the gentile and phratric divisions." (Grote.)

The descent of the gentes from common ancestors has caused the "pedantic philistines," as Marx calls them, a lot of brain-racking. As they of course declare the common ancestors to be pure myths, they are at an utter loss to explain how the gens originated out of a number of separate and originally quite unrelated families; yet they have to perform this feat in order to explain how the gentes exist at all. So they argue in circles, with floods of words, never getting any further than the statement: the ancestral tree is a fairy tale, but the gens is a reality. And finally Grote declares (interpolations by Marx):

We hear of this genealogy but rarely, because it is only brought before the public in certain cases pre-eminent and venerable. But the humbler gentes had their common rites, and common superhuman ancestor and genealogy, as well as the more celebrated: the scheme and ideal basis was the same in all.

Marx summarizes Morgan's reply to this as follows:

"The system of consanguinity corresponding to the original form of the gens and the Greeks, like other mortals, once possessed such a gens - preserved the knowledge of the mutual relations between all members of a gens to each other. They learned this, for them decisively important, fact by practice from early childhood. This fell into desuetude with the rise of the monogamian family. The gentile name created a pedigree beside which that

of the individual family was insignificant. This name was now to preserve the fact of the common descent of those who bore it; but the lineage of the gens went so far that its members could no longer prove the actual relationship existing between them, except in a limited number of cases through recent common ancestors. The name itself was the evidence of a common descent, and conclusive proof, except in cases of adoption. The actual denial of all kinship between gentes à la Grote and Neibuhr, which transforms the gens into a purely fictitious, fanciful creation of the brain, is, on the other hand, worthy of 'ideal' scientists, that is, of cloistered bookworms. Because concatenation of the generations, especially with the incipience of monogamy, is removed into the distance, and the reality of the past seems reflected in mythological fantasy, the good old Philistines concluded, and still conclude, that the fancied genealogy created real gentes!"

As among the Americans, the *phratry* was a mother gens, split up into several daughter gentes, and uniting them, often tracing them all to a common ancestor. Thus, according to Grote,

"all the contemporary members of the phratry of Hekataeus had a common god for their ancestor at the sixteenth degree."

Hence, all the gentes of this phratry were literally brother gentes. The phratry still occurs in Homer as a military unit in that famous passage where Nestos advises Agamemnon: Draw up people by tribes and by phratries so that phratry may support phratry, and tribe tribe. The phratry has further the right and the duty of prosecuting for blood-guilt incurred against a phrator; hence in earlier times it also had the obligation of blood revenge. Further, it had common shrines and festivals; in fact the elaboration of the whole Greek mythology out of the traditional old Aryan nature-cult was essentially conditioned by the phratries and gentes, and took place within them. The phratry also had a chief (the phratriarchos) and, according to de Coulanges, assemblies. It could pass binding resolutions, and act as a judicial and administrative body. Even the later state, while it ignored the gens, left certain public offices in the hands of the phratry.

Several related phratries form a tribe. In Attica there were four tribes, each consisting of three phratries, each phratry numbering thirty gentes. Such a rounded symmetry of groups presupposes conscious, purposeful interference with the naturally developed order. As to how, when, and why

this occurred,. Greek history is silent; the historical memory of the Greeks only went back to the heroic age.

As the Greeks were crowded together in a relatively small territory, differences of dialect were less developed than in the wide American forests; yet in Greece also it was only tribes of the same main dialect that united in a larger organization, and even Attica, small as it was, had a dialect of its own, which later, through its general use as the language of prose, became the dominant dialect.

In the Homeric poems we find most of the Greek tribes already united into small nations, within which, however, gentes, phratries, and tribes retained their full independence. They already lived in towns fortified with walls; the population increased with the increase of the herds, the extension of agriculture and the beginnings of handicraft. The differences in wealth thus became more pronounced, and with them the aristocratic element within the old primitive democracy. The various small nations waged incessant wars for the possession of the best land and doubtless also for booty; the use of prisoners of war as slaves was already a recognized institution.

The constitution of these tribes and small nations was as follows:

(1) The permanent authority was the council (boule), probably composed originally of all the chiefs of the gentes; later, when their number became too large, of a selection, whose choice provided an opportunity of extending and strengthening the aristocratic element. Dionysius actually speaks of the council in the heroic age as composed of nobles (kratistoi). The ultimate decision in important matters rested with the council. Thus in Æschylus the council of Thebes makes what is in the circumstances the vital decision to give Eteocles an honorable burial, but to throw out the corpse of Polynices to be devoured by dogs. When the state was established, this council was merged into the senate.

(2) The assembly of the people (agora). We saw among the Iroquois how the people, men and women, stood round the council when it was holding its meetings, intervening in an orderly manner in its deliberations and thus influencing its decisions. Among the Homeric Greeks, this Umstand (standing round), to use an old German legal expression, had already developed into a regular assembly of the people, as was also the case among the Germans in primitive times. It was convened by the council to decide important questions; every man had the right to speak. The decision was

given by a show of hands (Aeschylus, *The Suppliants*) or by acclamation. The decision of the assembly was supreme and final, for, says Schomann, in *Griechische Altertümer*,

“if the matter was one requiring the co-operation of the people for its execution, Homer does not indicate any means by which the people could be forced to co-operate against their will.”

For at this time, when every adult male member of the tribe was a warrior, there was as yet no public power separate from the people which could have been used against the people. Primitive democracy was still in its full strength, and it is in relation to that fact that the power and the position both of the council and of the *basileus* must first be judged.

(3) The leader of the army (*basileus*). Marx makes the following comment:

European scholars, born lackeys most of them, make the *basileus* into a monarch in the modern sense. Morgan, the Yankee republican, protests. Very ironically, but truly, he says of the oily-tongued Gladstone and his *Juventus Mundi*:

“Mr. Gladstone, who presents to his readers the Grecian chiefs of the heroic age as kings and princes, with the superadded qualities of gentlemen, is forced to admit that ‘on the whole we seem to have the custom or law of primogeniture sufficiently, but not oversharply defined.’”

Mr. Gladstone will probably agree that such an ambiguous law of primogeniture may be “sufficiently, but not oversharply defined” as being just as good as none at all.

In what sense the offices of sachem and chieftain were hereditary among the Iroquois and other Indians, we have already seen. All offices were elective, generally within a gens, and to that extent hereditary to the gens. In the course of time, preference when filling vacancies was given to the nearest gentile relation-brother or sister’s son - unless there were reasons for passing him over. The fact that among the Greeks, under father-right, the office of *basileus* generally passed to the son, or one of the sons, only proves that the probabilities were in favor of the sons succeeding to the office by popular election; it is no proof at all of legal hereditary succession without popular election. All that we have here is the first beginnings among the Iroquois and Greeks of distinct noble families within the gentes and, in the case of the Greeks, the first beginnings also of a future

hereditary leadership or monarchy. The probability is, therefore, that among the Greeks the basileus had either to be elected by the people or at least confirmed in his office by the recognized organs of the people, the council or agora, as was the case with the Roman “king” (rex).

In the Iliad, Agamemnon, the ruler of men, does not appear as the supreme king of the Greeks, but as supreme commander of a federal army before a besieged town. It is to this supremacy of command that Odysseus, after disputes had broken out among the Greeks, refers in a famous passage: “Evil is the rule of many; let one be commander,” etc. (The favorite line about the scepter is a later addition.)

Odysseus is here not giving a lecture on a form of government, but demanding obedience to the supreme commander in war. Since they are appearing before Troy only as an army, the proceedings in the agora secure to the Greeks all necessary democracy. When Achilles speaks of presents – that is, the division of the booty – he always leaves the division, not to Agamemnon or any other basileus, but to the “sons of the Achacans,” that is, the people. Such epithets as “descended from Zeus,” “nourished by Zeus,” prove nothing, for every gens is descended from a god, that of the leader of the tribe being already descended from a “superior” god, in this case Zeus. Even those without personal freedom, such as the swineherd Eumaeus and others, are “divine” (dioi and theioi), and that too in the Odyssey, which is much later than the Iliad; and again in the Odyssey the name Heros is given to the herald Mulus as well as to the blind bard Demodocus. Since, in short, council and assembly of the people function together with the basileus, the word basileia, which Greek writers employ to denote the so-called Homeric kingship (chief command in the army being the principal characteristic of the office), only means – military democracy. (Marx.)

In addition to his military functions, the basileus also held those of priest and judge, the latter not clearly defined, the former exercised in his capacity as supreme representative of the tribe or confederacy of tribes. There is never any mention of civil administrative powers; he seems, however, to be a member of the council ex officio. It is therefore quite correct etymologically to translate basileus as king, since king (kuning) is derived from kuni, kunne, and means head of a gens. But the old Greek basileus does not correspond in any way to the present meaning of the word “king.” Thucydides expressly refers to the old basileia as patrike, i.e. derived from

gentes, and says it had strictly defined, and therefore limited, functions. And Aristotle says that the basileia of the heroic age was a leadership over free men and that the basileus was military leader, judge and high priest; he thus had no governmental power in the later sense.

Thus in the Greek constitution of the heroic age we see the old gentile order as still a living force. But we also see the beginnings of its disintegration: father-right, with transmission of the property to the children, by which accumulation of wealth within the family was favored and the family itself became a power as against the gens; reaction of the inequality of wealth on the constitution by the formation of the first rudiments of hereditary nobility and monarchy; slavery, at first only of prisoners of war, but already preparing the way for the enslavement of fellow-members of the tribe and even of the gens; the old wars between tribe and tribe already degenerating into systematic pillage by land and sea for the acquisition of cattle, slaves and treasure, and becoming a regular source of wealth; in short, riches praised and respected as the highest good and the old gentile order misused to justify the violent seizure of riches. Only one thing was wanting: an institution which not only secured the newly acquired riches of individuals against the communistic traditions of the gentile order, which not only sanctified the private property formerly so little valued, and declared this sanctification to be the highest purpose of all human society; but an institution which set the seal of general social recognition on each new method of acquiring property and thus amassing wealth at continually increasing speed; an institution which perpetuated, not only this growing cleavage of society into classes, but also the right of the possessing class to exploit the non-possessing, and the rule of the former over the latter.

And this institution came. The state was invented.

## V. The Rise of the Athenian State

How the state developed, how the organs of the gentile constitution were partly transformed in this development, partly pushed aside by the introduction of new organs, and at last superseded entirely by real state authorities, while the true “people in arms,” organized for its self-defense in its gentes, phratries, and tribes, was replaced by an armed “public force” in the service of these state authorities and therefore at their command for use also against the people – this process, at least in its first stages, can be followed nowhere better than in ancient Athens. The changes in form have been outlined by Morgan, but their economic content and cause must largely be added by myself.

In the Heroic age the four tribes of the Athenians were still settled in Attica in separate territories; even the twelve phratries composing them seem still to have had distinct seats in the twelve towns of Cecrops. The constitution was that of the heroic age: assembly of the people, council of the people, basileus. As far as written history takes us back, we find the land already divided up and privately owned, which is in accordance with the relatively advanced commodity production and the corresponding trade in commodities developed towards the end of the upper stage of barbarism. In addition to grain, wine and oil were produced; to a continually increasing extent, the sea trade in the Aegean was captured from the Phoenicians, and most of it passed into Athenian hands. Through the sale and purchase of land, and the progressive division of labor between agriculture and handicraft, trade, and shipping, it was inevitable that the members of the different gentes, phratries, and tribes very soon became intermixed, and that into the districts of the phratry and tribe moved inhabitants, who, although fellow countrymen, did not belong to these bodies and were therefore strangers in their own place of domicile. For when times were quiet, each tribe and each phratry administered its own affairs without sending to Athens to consult the council of the people or the basileus. But anyone not a member of the phratry or tribe was, of course, excluded from taking any part in this administration, even though living in the district.

The smooth functioning of the organs of the gentile constitution was thus thrown so much out of gear that even in the heroic age remedies had to be found. The constitution ascribed to Theseus was introduced. The principal

change which it made was to set up a central authority in Athens – that is, part of the affairs hitherto administered by the tribes independently were declared common affairs and entrusted to the common council sitting in Athens. In taking this step, the Athenians went further than any native people of America had ever done: instead of neighboring tribes forming a simple confederacy, they fused together into one single nation. Hence arose a common Athenian civil law, which stood above the legal customs of the tribes and gentes.

The Athenian citizen, as such, acquired definite rights and new protection in law even on territory which was not that of his tribe. The first step had been taken towards undermining the gentile constitution; for this was the first step to the later admission of citizens who did not belong to any tribe in all Attica, but were, and remained, completely outside the Athenian gentile constitution. By a second measure ascribed to Theseus, the entire people, regardless of gens, phratry or tribe, was divided into three classes: eupatridai, or nobles, geomoroi, or farmers, and demiourgoi, or artisans, and the right to hold office was vested exclusively in the nobility. Apart from the tenure of offices by the nobility, this division remained inoperative, as it did not create any other legal distinctions between the classes. It is, however, important because it reveals the new social elements which had been developing unobserved. It shows that the customary appointment of members of certain families to the offices of the gens had already grown into an almost uncontested right of these families to office; it shows that these families, already powerful through their wealth, were beginning to form groupings outside their gentes as a separate, privileged class, and that the state now taking form sanctioned this presumption. It shows further that the division of labor between peasants and artisans was now firmly enough established in its social importance to challenge the old grouping of gentes and tribes. And, finally, it proclaims the irreconcilable opposition between gentile society and the state; the first attempt at forming a state consists in breaking up the gentes by dividing their members into those with privileges and those with none, and by further separating the latter into two productive classes and thus setting them one against the other.

The further political history of Athens up to the time of Solon is only imperfectly known. The office of basileus fell into disuse; the positions at the head of the state were occupied by archons elected from the nobility.

The power of the nobility continuously increased, until about the year 600 B.C. it became insupportable. And the principal means for suppressing the common liberty were – money and usury. The nobility had their chief seat in and around Athens, whose maritime trade, with occasional piracy still thrown in, enriched them and concentrated in their hands the wealth existing in the form of money. From here the growing money economy penetrated like corrosive acid into the old traditional life of the rural communities founded on natural economy. The gentile constitution is absolutely irreconcilable with money economy; the ruin of the Attic small farmers coincided with the loosening of the old gentile bonds which embraced and protected them. The debtor's bond and the lien on property (for already the Athenians had invented the mortgage also) respected neither gens nor phratry, while the old gentile constitution, for its part, knew neither money nor advances of money nor debts in money. Hence the money rule of the aristocracy now in full flood of expansion also created a new customary law to secure the creditor against the debtor and to sanction the exploitation of the small peasant by the possessor of money. All the fields of Attica were thick with mortgage columns bearing inscriptions stating that the land on which they stood was mortgaged to such and such for so and so much. The fields not so marked had for the most part already been sold on account of unpaid mortgages or interest, and had passed into the ownership of the noble usurer; the peasant could count himself lucky if he was allowed to remain on the land as a tenant and live on one-sixth of the produce of his labor, while he paid five-sixths to his new master as rent. And that was not all. If the sale of the land did not cover the debt, or if the debt had been contracted without any security, the debtor, in order to meet his creditor's claims, had to sell his children into slavery abroad. Children sold by their father – such was the first fruit of father-right and monogamy! And if the blood-sucker was still not satisfied, he could sell the debtor himself as a slave. Thus the pleasant dawn of civilization began for the Athenian people.

Formerly, when the conditions of the people still corresponded to the gentile constitution, such an upheaval was impossible; now it had happened – nobody knew how. Let us go back for a moment to our Iroquois, amongst whom the situation now confronting the Athenians, without their own doing, so to speak, and certainly against their will, was inconceivable. Their mode of producing the necessities of life, unvarying from year to year,

could never generate such conflicts as were apparently forced on the Athenians from without; it could never create an opposition of rich and poor, of exploiters and exploited. The Iroquois were still very far from controlling nature, but within the limits imposed on them by natural forces they did control their own production. Apart from bad harvests in their small gardens, the exhaustion of the stocks of fish in their lakes and rivers or of the game in their woods, they knew what results they could expect, making their living as they did. The certain result was a livelihood, plentiful or scanty; but one result there could never be – social upheavals that no one had ever intended, sundering of the gentile bonds, division of gens and tribe into two opposing and warring classes. Production was limited in the extreme, but – the producers controlled their product. That was the immense advantage of barbarian production, which was lost with the coming of civilization; to reconquer it, but on the basis of the gigantic control of nature now achieved by man and of the free association now made possible, will be the task of the next generations.

Not so among the Greeks. The rise of private property in herds and articles of luxury led to exchange between individuals, to the transformation of products into commodities. And here lie the seeds of the whole subsequent upheaval. When the producers no longer directly consumed their product themselves, but let it pass out of their hands in the act of exchange, they lost control of it. They no longer knew what became of it; the possibility was there that one day it would be used against the producer to exploit and oppress him. For this reason no society can permanently retain the mastery of its own production and the control over the social effects of its process of production unless it abolishes exchange between individuals.

But the Athenians were soon to learn how rapidly the product asserts its mastery over the producer when once exchange between individuals has begun and products have been transformed into commodities. With the coming of commodity production, individuals began to cultivate the soil on their own account, which soon led to individual ownership of land. Money followed, the general commodity with which all others were exchangeable. But when men invented money, they did not think that they were again creating a new social power, the one general power before which the whole of society must bow. And it was this new power, suddenly

sprung to life without knowledge or will of its creators, which now, in all the brutality of its youth, gave the Athenians the first taste of its might.

What was to be done? The old gentile constitution had not only shown itself powerless before the triumphal march of money; it was absolutely incapable of finding any place within its framework for such things as money, creditors, debtors, and forcible collection of debts. But the new social power was there; pious wishes, and yearning for the return of the good old days would not drive money and usury out of the world. Further, a number of minor breaches had also been made in the gentile constitution. All over Attica, and especially in Athens itself, the members of the different gentes and phratries became still more indiscriminately mixed with every generation, although even now an Athenian was only allowed to sell land outside his gens, not the house in which he lived. The division of labor between the different branches of production – agriculture, handicrafts (in which there were again innumerable subdivisions), trade, shipping, and so forth – had been carried further with every advance of industry and commerce; the population was now divided according to occupation into fairly permanent groups, each with its new common interests; and since the gens and the phratry made no provision for dealing with them, new offices had to be created. The number of slaves had increased considerably, and even at that time must have far exceeded the number of free Athenians; the gentile constitution originally knew nothing of slavery and therefore had no means of keeping these masses of bondsmen in order. Finally, trade had brought to Athens a number of foreigners who settled there on account of the greater facilities of making money; they also could claim no rights or protection under the old constitution; and, though they were received with traditional tolerance, they remained a disturbing and alien body among the people.

In short, the end of the gentile constitution was approaching. Society was outgrowing it more every day; even the worst evils that had grown up under its eyes were beyond its power to check or remove. But in the meantime the state had quietly been developing. The new groups formed by the division of labor, first between town and country, then between the different branches of town labor, had created new organs to look after their interests; official posts of all kinds had been set up. And above everything else the young state needed a power of its own, which in the case of the seafaring Athenians could at first only be a naval power, for the purpose of carrying

on small wars and protecting its merchant ships. At some unknown date before Solon, the naukrariai were set up, small territorial districts, twelve to each tribe; each naukratia had to provide, equip and man a warship and also contribute two horsemen. This institution was a twofold attack on the gentile constitution. In the first place, it created a public force which was now no longer simply identical with the whole body of the armed people; secondly, for the first time it divided the people for public purposes, not by groups of kinship, but by common place of residence. We shall see the significance of this.

The gentile constitution being incapable of bringing help to the exploited people, there remained only the growing state. And the state brought them its help in the form of the constitution of Solon, thereby strengthening itself again at the expense of the old constitution. Solon – the manner in which his reform, which belongs to the year 594 B.C., was carried through does not concern us here – opened the series of so-called political revolutions; and he did so with an attack on property. All revolutions hitherto have been revolutions to protect one kind of property against another kind of property. They cannot protect the one without violating the other. In the great French Revolution feudal property was sacrificed to save bourgeois property; in that of Solon, the property of the creditors had to suffer for the benefit of the property of the debtors. The debts were simply declared void. We do not know the exact details, but in his poems Solon boasts of having removed the mortgage columns from the fields and brought back all the people who had fled or been sold abroad on account of debt. This was only possible by open violation of property. And, in fact, from the first to the last, all so-called political revolutions have been made to protect property – of one kind; and they have been carried out by confiscating, also called stealing, property – of another kind. The plain truth is that for two and a half thousand years it has been possible to preserve private property only by violating property.

But now the need was to protect the free Athenians against the return of such slavery. The first step was the introduction of general measures – for example, the prohibition of debt contracts pledging the person of the debtor. Further, in order to place at least some check on the nobles' ravening hunger for the land of the peasants, a maximum limit was fixed for the amount of land that could be owned by one individual. Then changes were

made in the constitution, of which the most important for us are the following:

The council was raised to four hundred members, one hundred for each tribe; here, therefore, the tribe was still taken as basis. But that was the one and only feature of the new state incorporating anything from the old constitution. For all other purposes Solon divided the citizens into four classes according to their property in land and the amount of its yield: five hundred, three hundred and one hundred fifty medimni of grain (one medimnus equals about 1.16 bushels) were the minimum yields for the first three classes; those who owned less land or none at all were placed in the fourth class. All offices could be filled only from the three upper classes, and the highest offices only from the first. The fourth class only had the right to speak and vote in the assembly of the people; but it was in this assembly that all officers were elected, here they had to render their account, here all laws were made; and here the fourth class formed the majority. The privileges of the aristocracy were partially renewed in the form of privileges of wealth, but the people retained the decisive power. Further, the four classes formed the basis of a new military organization. The first two classes provided the cavalry; the third had to serve as heavy infantry; the fourth served either as light infantry without armor or in the fleet, for which they probably received wages.

A completely new element is thus introduced into the constitution: private ownership. According to the size of their property in land, the rights and duties of the citizens of the state are now assessed, and in the same degree to which the classes based on property gain influence, the old groups of blood relationship lose it; the gentile constitution had suffered a new defeat.

However, the assessment of political rights on a property basis was not an institution indispensable to the existence of the state. In spite of the great part it has played in the constitutional history of states, very many states, and precisely those most highly developed, have not required it. In Athens also its role was only temporary; from the time of Aristides all offices were open to every citizen.

During the next eighty years Athenian society gradually shaped the course along which it developed in the following centuries. Usury on the security of mortgaged land, which had been rampant in the period before Solon, had been curbed, as had also the inordinate concentration of property

in land. Commerce and handicrafts, including artistic handicrafts, which were being increasingly developed on a large scale by the use of slave labor, became the main occupations. Athenians were growing more enlightened. Instead of exploiting their fellow citizens in the old brutal way, they exploited chiefly the slaves and the non-Athenian customers. Movable property, wealth in the form of money, of slaves and ships, continually increased, but it was no longer a mere means to the acquisition of landed property, as in the old slow days: it had become an end in itself. On the one hand the old power of the aristocracy now had to contend with successful competition from the new class of rich industrialists and merchants; but, on the other hand, the ground was also cut away from beneath the last remains of the old gentile constitution. The gentes, phratries, and tribes, whose members were now scattered over all Attica and thoroughly intermixed, had thus become useless as political bodies; numbers of Athenian citizens did not belong to any gens at all; they were immigrants, who had indeed acquired rights of citizenship, but had not been adopted into any of the old kinship organizations; in addition, there was the steadily increasing number of foreign immigrants who only had rights of protection.

Meanwhile, the fights went on between parties; the nobility tried to win back their former privileges and for a moment regained the upper hand, until the revolution of Cleisthenes (509 B.C.) overthrew them finally, but with them also the last remnants of the gentile constitution.

In his new constitution, Cleisthenes ignored the four old tribes founded on gentes and phratries. In their place appeared a completely new organization on the basis of division of the citizens merely according to their place of residence, such as had been already attempted in the *naukrariai*. Only domicile was now decisive, not membership of a kinship group. Not the people, but the territory was now divided: the inhabitants became a mere political appendage of the territory.

The whole of Attica was divided into one hundred communal districts, called "demes," each of which was self-governing. The citizens resident in each deme (demotes) elected their president (demarch) and treasurer, as well as thirty judges with jurisdiction in minor disputes. They were also given their own temple and patron divinity or hero, whose priests they elected. Supreme power in the deme was vested in the assembly of the demotes. As Morgan rightly observes, here is the prototype of the self-governing American township. The modern state, in its highest

development, ends in the same unit with which the rising state in Athens began.

Ten of these units (demes) formed a tribe, which, however, is now known as a local tribe to distinguish it from the old tribe of kinship. The local tribe was not only a self-governing political body, but also a military body; it elected its phylarch, or tribal chief, who commanded the cavalry, the taxiarch commanding the infantry, and the strategos, who was in command over all the forces raised in the tribal area. It further provided five warships with their crews and commanders, and received as patron deity an Attic hero, after whom it was named. Lastly, it elected fifty councilors to the Athenian council.

At the summit was the Athenian state, governed by the council composed of the five hundred councilors elected by the ten tribes, and in the last instance by the assembly of the people, at which every Athenian citizen had the right to attend and to vote; archons and other officials managed the various departments of administration and justice. In Athens there was no supreme official with executive power.

Through this new constitution and the admission to civil rights of a very large number of protected persons, partly immigrants, partly freed slaves, the organs of the gentile constitution were forced out of public affairs; they sank to the level of private associations and religious bodies. But the moral influence of the old gentile period and its traditional ways of thought were still handed down for a long time to come, and only died out gradually. We find evidence of this in another state institution.

We saw that an essential characteristic of the state is the existence of a public force differentiated from the mass of the people. At this time, Athens still had only a people's army and a fleet provided directly by the people; army and fleet gave protection against external enemies and kept in check the slaves, who already formed the great majority of the population. In relation to the citizens, the public power at first existed only in the form of the police force, which is as old as the state itself; for which reason the naive French of the eighteenth century did not speak of civilized peoples, but of policed peoples (nations policees). The Athenians then instituted a police force simultaneously with their state, a veritable gendarmerie of bowmen, foot and mounted Landjäger as they call them in South Germany and Switzerland. But this gendarmerie consisted of slaves. The free Athenian considered police duty so degrading that he would rather be

arrested by an armed slave than himself have any hand in such despicable work. That was still the old gentile spirit. The state could not exist without police, but the state was still young and could not yet inspire enough moral respect to make honorable an occupation which, to the older members of the gens, necessarily appeared infamous.

Now complete in its main features, the state was perfectly adapted to the new social conditions of the Athenians, as is shown by the rapid growth of wealth, commerce, and industry. The class opposition on which the social and political institutions rested was no longer that of nobility and common people, but of slaves and free men, of protected persons and citizens. At the time of their greatest prosperity, the entire free-citizen population of Athens, women and children included, numbered about ninety thousand; besides them there were three hundred and sixty-five thousand slaves of both sexes and forty-five thousand protected persons - aliens and freedmen. There were therefore at least eighteen slaves and more than two protected persons to every adult male citizen. The reason for the large number of slaves was that many of them worked together in manufactories, in large rooms, under overseers. But with the development of commerce and industry wealth was accumulated and concentrated in a few hands, and the mass of the free citizens were impoverished. Their only alternatives were to compete against slave labor with their own labor as handicraftsman, which was considered base and vulgar and also offered very little prospect of success, or to become social scrap. Necessarily, in the circumstances, they did the latter, and, as they formed the majority, they thereby brought about the downfall of the whole Athenian state. The downfall of Athens was not caused by democracy, as the European lickspittle historians assert to flatter their princes, but by slavery, which banned the labor of free citizens.

The rise of the state among the Athenians is a particularly typical example of the formation of a state; first, the process takes place in a pure form, without any interference through use of violent force, either from without or from within (the usurpation by Pisistratus left no trace of its short duration); second, it shows a very highly developed form of state, the democratic republic, arising directly out of gentile society; and lastly we are sufficiently acquainted with all the essential details.

## VI. The Gens and the State in Rome

According to the legendary account of the foundation of Rome, the first settlement was established by a number of Latin *gentes* (one hundred, says the legend), who were united in a tribe; these were soon joined by a Sabellian tribe, also said to have numbered a hundred *gentes*, and lastly by a third tribe of mixed elements, again said to have been composed of a hundred *gentes*. The whole account reveals at the first glance that very little was still primitive here except the gens, and that even it was in some cases only an offshoot from a mother gens still existing in its original home. The tribes clearly bear the mark of their artificial composition, even though they are generally composed out of related elements and after the pattern of the old tribe, which was not made but grew; it is, however, not an impossibility that the core of each of the three tribes was a genuine old tribe. The intermediate group, the phratry, consisted of ten *gentes* and was called a curia; there were therefore thirty curiae.

The Roman gens is recognized to be the same institution as the Greek gens; and since the Greek gens is a further development of the social unit whose original form is found among the American Indians, this, of course, holds true of the Roman gens also. Here therefore we can be more brief.

The Roman gens, at least in the earliest times of Rome, had the following constitution:

1. Mutual right of inheritance among gentile members; the property remained within the gens. Since father-right already prevailed in the Roman gens as in the Greek, descendants in the female line were excluded. According to the Law of the Twelve Tables, the oldest written Roman law known to us, the children, as natural heirs, had the first title to the estate; in default of children, then the agnates (descendants in the male line); in default of agnates, the gentiles. In all cases the property remained within the gens. Here we see gentile custom gradually being penetrated by the new legal provisions springing from increased wealth and monogamy: the original equal right of inheritance of all members of the gens is first restricted in practice to the agnates—probably very early, as already mentioned — finally, to the children and their issue in the male line; in the Twelve Tables this appears, of course, in the reverse order.

2. Possession of a common burial place. On their immigration to Rome from Regilli, the patrician gens of the Claudii received a piece of land for their own use and also a common burial place in the town. Even in the time of Augustus, the head of Varus, who had fallen in the battle of the Teutoburg Forest, was brought to Rome and interred in the gentilitius tumulusi the gens (Quinctilia) therefore still had its own burial mound.

3. Common religious rites. These, the *sacra gentilitia*, are well known.

4. Obligation not to marry within the gens. This seems never to have become written law in Rome, but the custom persisted. Of all the countless Roman married couples whose names have been preserved, there is not one where husband and wife have the same gentile name. The law of inheritance also proves the observance of this rule. The woman loses her agnatic rights on marriage and leaves her gens; neither she nor her children can inherit from her father or his brothers, because otherwise the inheritance would be lost to the father's gens. There is no sense in this rule unless a woman may not marry a member of her own gens.

5. Common land. In primitive times the gens had always owned common land, ever since the tribal land began to be divided up. Among the Latin tribes, we find the land partly in the possession of the tribe, partly of the gens, and partly of the households, which at that time can hardly have been single families. Romulus is said to have made the first allotments of land to individuals, about two and one-half acres (two jugera) to a person. But later we still find land owned by the gentes, to say nothing of the state land, round which the whole internal history of the republic centers.

6. Obligation of mutual protection and help among members of the gens. Only vestiges remain in written history; from the very start the Roman state made its superior power so manifest that the right of protection against injury passed into its hands. When Appius Claudius was arrested, the whole of his gens, even those who were his personal enemies, put on mourning. At the time of the second Punic war the gentes joined together to ransom their members who had been taken prisoner; the senate prohibited them from doing so.

7. Right to bear the gentile name. Persisted till the time of the emperors; freedmen were allowed to use the gentile name of their former master, but without gentile rights.

8. Right to adopt strangers into the gens. This was done through adoption into a family (as among the Indians), which carried with it acceptance into

the gens.

9. The right to elect the chief and to depose him is nowhere mentioned. But since in the earliest days of Rome all offices were filled by election or nomination, from the elected king downwards, and since the priests of the curiae were also elected by the curiae themselves, we may assume the same procedure for the presidents (Incises) of the gentes however firmly established the election from one and the same family within the gens may have already become.

Such were the rights of a Roman gens. Apart from the already completed transition to father-right, they are the perfect counterpart of the rights and duties in an Iroquois gens; here again “the Iroquois shows through unmistakably” (p. 90).

The confusion that still exists today, even among our leading historians, on the subject of the Roman gens, may be illustrated by one example. In his paper on Roman family names in the period of the Republic and of Augustus (*Romische Forschungen*, Berlin, 1864, Vol. I, pp. 8-11) Mommsen writes:

The gentile name belongs to all the male members of the gens, excluding, of course, the slaves, but including adopted and protected persons; it belongs also to the women... The tribe is... a communal entity, derived from common lineage (real, supposed or even pretended) and united by communal festivities, burial rites and laws of inheritance; to it all personally free individuals, and therefore all women also, may and must belong. But it is difficult to determine what gentile name was borne by married women. So long as the woman may only marry a member of her own gens, this problem does not arise; and there is evidence that for a long period it was more difficult for women to marry outside than inside the gens; for instance, so late as the sixth century the right of gentis enuptio (marriage outside the gens) was a personal privilege, conceded as a reward... But when such marriages outside the tribe took place, the wife, in earliest times, must thereby have gone over to her husband's tribe. Nothing is more certain than that the woman, in the old religious marriage, enters completely into the legal and sacramental bonds of her husband's community and leaves her own. Everyone knows that the married woman forfeits the right of inheritance and bequest in relation to members of her own gens but shares rights of inheritance with her husband and children and

the members of their gens. And if she is adopted by her husband and taken into his family, how can she remain apart from his gens?

Mommsen therefore maintains that the Roman women who belonged to a gens had originally been permitted to marry only within the gens, that the gens had therefore been endogamous, not exogamous. This view, which is in contradiction to all the evidence from other peoples, rests chiefly, if not exclusively, on one much disputed passage from Livy (Book XXXIX, Ch. 19), according to which the senate in the year 568 after the foundation of the city, or 186 B.C., decreed: “*Uti Feceniae Hispalae datio deminutio gentis enuptio tutoris optio item esset, quasi ei vir testaments dedisset; utique ei ingenuo nubere liceret, neu quid ei qui eam duxisset ob id fraudi ignominiave essee*” – that Fecenia Hispala shall have the right to dispose of her property, to decrease it, to marry outside the gens, and to choose for herself a guardian, exactly as if her (deceased) husband had conferred this right on her by testament; that she may marry a freeman, and that the man who takes her to wife shall not be considered to have committed a wrongful or shameful act thereby.

Without a doubt, Fecenia, a freedwoman, is here granted the right to marry outside the gens. And equally without a doubt the husband possessed the right, according to this passage, to bequeath to his wife by will the right to marry outside the gens after his death. But outside which gens?

If the woman had to marry within her gens, as Mommsen assumes, she remained within this gens also after her marriage. But in the first place the endogamous character of the gens which is here asserted is precisely what has to be proved. And, secondly, if the wife had to marry within the gens, then, of course, so had the man, for otherwise he could not get a wife. So we reach the position that the man could bequeath to his wife by will a right which he himself, and for himself, did not possess; we arrive at a legal absurdity. Mommsen also feels this, and hence makes the assumption: “For a lawful marriage outside the gens, it was probably necessary to have the consent, not only of the chief, but of all members of the gens.” That is a very bold assumption in the first place, and, secondly, it contradicts the clear wording of the passage. The senate grants her this right in the place of her husband; it grants her expressly neither more nor less than her husband could have granted her, but what it grants her is an absolute right, conditional upon no other restriction. Thus it is provided that if she makes use of this right, her new husband also shall not suffer any disability. The

senate even directs the present and future consuls and praetors to see to it that no injurious consequences to her follow. Mommsen's assumption therefore seems to be completely inadmissible.

Or assume that the woman married a man from another gens, but herself remained in the gens into which she had been born. Then, according to the above passage, the man would have had the right to allow his wife to marry outside her own gens. That is, he would have had the right to make dispositions in the affairs of a gens to which he did not even belong. The thing is so patently absurd that we need waste no more words on it.

Hence there only remains the assumption that in her first marriage the woman married a man from another gens, and thereby immediately entered the gens of her husband, which Mommsen himself actually admits to have been the practice when the woman married outside her gens. Then everything at once becomes clear. Severed from her old gens by her marriage and accepted into the gentile group of her husband, the woman occupies a peculiar position in her new gens. She is, indeed, a member of the gens, but not related by blood. By the mere manner of her acceptance as a gentile member, she is entirely excluded from the prohibition against marrying within the gens, for she has just married into it; further, she is accepted as one of the married members of the gens, and on her husband's death inherits from his property, the property of a gentile member. What is more natural than that this property should remain within the gens and that she should therefore be obliged to marry a member of her husband's gens and nobody else? And if an exception is to be made, who is so competent to give her the necessary authorization as the man who has bequeathed her this property, her first husband? At the moment when he bequeaths to her a part of his property and at the same time allows her to transfer it into another gens through marriage or in consequence of marriage, this property still belongs to him and he is therefore literally disposing of his own property. As regards the woman herself and her relation to her husband's gens, it was he who brought her into the gens by a free act of will - the marriage; hence it also seems natural that he should be the proper person to authorize her to leave this gens by a second marriage. In a word, the matter appears simple and natural as soon as we abandon the extraordinary conception of the endogamous Roman gens and regard it, with Morgan, as originally exogamous.

There still remains one last assumption which has also found adherents, and probably the most numerous. On this view, the passage only means that “freed servants (liberty) could not without special permission *e gente enubere* (marry out of the gens) or perform any of the acts, which, involving loss of rights (*capitis deminutio minima*), would have resulted in the *liberta* leaving the gens.” (Lange, *Römische Altertümer*, Berlin 1856, I, 195, where Huschke is cited in connection with our passage from Livy.) If this supposition is correct, the passage then proves nothing at all about the position of free Roman women, and there can be even less question of any obligation resting on them to marry within the gens.

The expression *enuptio gentis* only occurs in this one passage and nowhere else in the whole of Latin literature; the word *enubere*, to marry outside, only occurs three times, also in Livy, and then not in reference to the gens. The fantastic notion that Roman women were only allowed to marry within their gens owes its existence solely to this one passage. But it cannot possibly be maintained. For either the passage refers to special restrictions for freedwomen, in which case it proves nothing about free women (*ingenue*); or it applies also to free women; and then it proves, on the contrary, that the woman married as a rule outside her gens, but on her marriage entered into the gens of her husband; which contradicts Mommsen and supports Morgan.

Almost three centuries after the foundation of Rome, the gentile groups were still so strong that a patrician gens, that of the Fabii, was able to undertake an independent campaign, with the permission of the senate, against the neighboring town of Veii; three hundred and six Fabii are said to have set out and to have been killed to a man, in an ambush; according to the story, only one boy who had remained behind survived to propagate the gens.

As we have said, ten gentes formed a phratry, which among the Romans was called a *curia* and had more important public functions than the Greek phratry. Every *curia* had its own religious rites, shrines and priests; the latter, as a body, formed one of the Roman priestly colleges. Ten *curiae* formed a tribe, which probably, like the rest of the Latin tribes, originally had an elected president-military leader and high priest. The three tribes together formed the Roman people, the *Populus Romanus*.

Thus no one could belong to the Roman people unless he was a member of a gens and through it of a *curia* and a tribe. The first constitution of the

Roman people was as follows: Public affairs were managed in the first instance by the senate, which, as Niebuhr first rightly saw, was composed of the presidents of the three hundred gentes; it was because they were the elders of the gens that they were called fathers, patres, and their body, the senate (council of the elders, from senex, old). Here again the custom of electing always from the same family in the gens brought into being the first hereditary nobility; these families called themselves "patricians," and claimed for themselves exclusive right of entry into the senate and tenure of all other offices. The acquiescence of the people in this claim, in course of time, and its transformation into an actual right, appear in legend as the story that Romulus conferred the patriciate and its privileges on the first senators and their descendants. The senate, like the Athenian boule, made final decisions in many matters and held preparatory discussions on those of greater importance, particularly new laws. With regard to these, the decision rested with the assembly of the people, called the comitia curiata (assembly of the curiae). The people assembled together, grouped in curiae, each curia probably grouped in gentes; each of the thirty curiae, had one vote in the final decision. The assembly of the curiae accepted or rejected all laws, elected all higher officials, including the rex (so-called king), declared war (the senate, however, concluded peace), and, as supreme court, decided, on the appeal of the parties concerned, all cases involving death sentence on a Roman citizen. Lastly, besides the senate and the assembly of the people, there was the rex, who corresponded exactly to the Greek basileus and was not at all the almost absolute king which Mommsen made him out to be. He also was military leader, high priest, and president of certain courts. He had no civil authority whatever, nor any power over the life, liberty, or property of citizens, except such as derived from his disciplinary powers as military leader or his executive powers as president of a court. The office of rex was not hereditary; on the contrary, he was first elected by the assembly of the curiae, probably on the nomination of his predecessor, and then at a second meeting solemnly installed in office. That he could also be deposed is shown by the fate of Tarquinius Superbus.

Like the Greeks of the heroic age, the Romans in the age of the so-called kings lived in a military democracy founded on gentes, phratries, and tribes and developed out of them. Even if the curiae and tribes were to a certain extent artificial groups, they were formed after the genuine, primitive models of the society out of which they had arisen and by which they were

still surrounded on all sides. Even if the primitive patrician nobility had already gained ground, even if the reges were endeavoring gradually to extend their power, it does not change the original, fundamental character of the constitution, and that alone matters.

Meanwhile, Rome and the Roman territory, which had been enlarged by conquest, increased in population, partly through immigration, partly through the addition of inhabitants of the subjugated, chiefly Latin, districts. All these new citizens of the state (we leave aside the question of the clients) stood outside the old gentes, curiae, and tribes, and therefore formed no part of the *populus Romanus*, the real Roman people. They were personally free, could own property in land, and had to pay taxes and do military service. But they could not hold any office, nor take part in the assembly of the curiae, nor share in the allotment of conquered state lands. They formed the class that was excluded from all public rights, the plebs. Owing to their continually increasing numbers, their military training and their possession of arms, they became a powerful threat to the old *populus*, which now rigidly barred any addition to its own ranks from outside. Further, landed property seems to have been fairly equally divided between *populus* and plebs, while the commercial and industrial wealth, though not as yet much developed, was probably for the most part in the hands of the plebs.

The great obscurity which envelops the completely legendary primitive history of Rome - an obscurity considerably deepened by the rationalistically pragmatical interpretations and accounts given of the subject by later authors with legalistic minds - makes it impossible to say anything definite about the time, course, or occasion of the revolution which made an end of the old gentile constitution. All that is certain is that its cause lay in the struggles between plebs and *populus*.

The new constitution, which was attributed to the rex Servius Tullius and followed the Greek model, particularly that of Solon, created a new assembly of the people, in which *populus* and plebeian without distinction were included or excluded according to whether they performed military service or not. The whole male population liable to bear arms was divided on a property basis into six classes. The lower limit in each of the five classes was: (1) 100,000 asses; (2) 75,000 asses; (3) 50,000 asses; (4) 25,000 asses; (5) 11,000 asses; according to Dureau de la Malle, the equivalent to about 14,000; 10,500; 7,000; 3,600; and 1,570 marks

respectively. The sixth class, the proletarians, consisted of those with less property than the lower class and those exempt from military service and taxes. In the new popular assembly of the centuries (*comitia centuriata*) the citizens appeared in military formation, arranged by companies in their centuries of a hundred men, each century having one vote. Now the first class put eighty centuries in the field, the second twenty-two, the third twenty, the fourth twenty-two, the fifth thirty, and the sixth also on century for the sake of appearances. In addition, there was the cavalry, drawn from the wealthiest men, with eighteen centuries; total, 193; ninety-seven votes were thus required for a clear majority. But the cavalry and the first class alone had together ninety-eight votes, and therefore the majority; if they were agreed, they did not ask the others; they made their decision, and it stood.

This new assembly of the centuries now took over all political rights of the former assembly of the *curiae*, with the exception of a few nominal privileges. The *curiae* and the *gentes* of which they were composed were thus degraded, as in Athens, to mere private and religious associations and continued to vegetate as such for a long period while the assembly of the *curiae* soon became completely dormant. In order that the three old tribes of kinship should also be excluded from the state, four local tribes were instituted, each of which inhabited one quarter of the city and possessed a number of political rights.

Thus in Rome also, even before the abolition of the so-called monarchy, the old order of society based on personal ties of blood was destroyed and in its place was set up a new and complete state constitution based on territorial division and difference of wealth. Here the public power consisted of the body of citizens liable to military service, in opposition not only to the slaves, but also to those excluded from service in the army and from possession of arms, the so-called proletarians.

The banishment of the last rex, Tarquinius Superbus, who usurped real monarchic power, and the replacement of the office of rex by two military leaders (*consuls*) with equal powers (as among the Iroquois) was simply a further development of this new constitution. Within this new constitution, the whole history of the Roman Republic runs its course, with all the struggles between patricians and plebeians for admission to office and share in the state lands, and the final merging of the patrician nobility in the new class of the great land and money owners, who, gradually swallowing up all the land of the peasants ruined by military service, employed slave labor to

cultivate the enormous estates thus formed, depopulated Italy and so threw open the door, not only to the emperors, but also to their successors, the German barbarians.

## VII. The Gens among Celts and Germans

Space does not allow us to consider the gentile institutions still existing in greater or lesser degree of purity among the most various savage and barbarian peoples, nor the traces of these institutions in the ancient history of the civilized peoples of Asia. The institutions or their traces are found everywhere. A few examples will be enough. Before the gens had been recognized, the man who took the greatest pains to misunderstand it, McLennan himself, proved its existence, and in the main accurately described it, among the Kalmucks, Circassians, Samoyeds and three Indian peoples: the Warali, Magars and Munniporees. Recently it has been discovered and described by M. Kovalevsky among the Pshavs, Shevsurs, Svanets and other Caucasian tribes. Here we will only give some short notes on the occurrence of the gens among Celts and Germans.

The oldest Celtic laws which have been preserved show the gens still fully alive: in Ireland, after being forcibly broken up by the English, it still lives today in the consciousness of the people, as an instinct at any rate; in Scotland it was still in full strength in the middle of the eighteenth century, and here again it succumbed only to the weapons, laws, and courts of the English.

The old Welsh laws, which were recorded in writing several centuries before the English conquest, at the latest in the eleventh century, still show common tillage of the soil by whole villages, even if only as an exceptional relic of a once general custom; each family had five acres for its own cultivation; a piece of land was cultivated collectively as well and the yield shared. In view of the analogy of Ireland and Scotland, it cannot be doubted that these village communities represent gentes or subdivisions of gentes, even though further examination of the Welsh laws, which I cannot undertake for lack of time (my notes date from 1869), should not provide direct proof. But what is directly proved by the Welsh sources and by the Irish is that among the Celts in the eleventh century pairing marriage had not by any means been displaced by monogamy.

In Wales a marriage only became indissoluble, or rather it only ceased to be terminable by notification, after seven years had elapsed. If the time was short of seven years by only three nights, husband and wife could separate. They then shared out their property between them; the woman divided and

the man chose. The furniture was divided according to fixed and very humorous rules. If it was the man who dissolved the marriage, he had to give the woman back her dowry and some other things; if it was the woman, she received less. Of the children the man took two and the woman one, the middle child. If after the separation the woman took another husband and the first husband came to fetch her back again, she had to follow him even if she had already one foot in her new marriage bed. If, on the other hand, the man and woman had been together for seven years, they were husband and wife, even without any previous formal marriage. Chastity of girls before marriage was not at all strictly observed, nor was it demanded; the provisions in this respect are of an extremely frivolous character and not at all in keeping with bourgeois morality. If a woman committed adultery, the husband had the right to beat her (this was one of the three occasions when he was allowed to do so; otherwise he was punished), but not then to demand any other satisfaction, since “for the one offense there shall be either atonement or vengeance, but not both.” The grounds on which the wife could demand divorce without losing any of her claims in the subsequent settlement were very comprehensive; if the husband had bad breath, it was enough. The money which had to be paid to the chief of the tribe or king to buy off his right of the first night (*gobr merch*, whence the medieval name, *marcheta*; French *Marquette*), plays a large part in the code of laws. The women had the right to vote in the assemblies of the people. When we add that the evidence shows similar conditions in Ireland; that there, also, temporary marriages were quite usual and that at the separation very favorable and exactly defined conditions were assured to the woman, including even compensation for her domestic services; that in Ireland there was a “first wife” as well as other wives, and that in the division of an inheritance no distinction was made between children born in wedlock or outside it — we then have a picture of pairing marriage in comparison with which the form of marriage observed in North America appears strict. This is not surprising in the eleventh century among a people who even so late as Caesar’s time were still living in group marriage.

The existence of the Irish gens (*sept*; the tribe was called *clann*, *clan*) is confirmed and described not only by the old legal codes, but also by the English jurists of the seventeenth century who were sent over to transform the clan lands into domains of the English crown. Until then, the land had

been the common property of the clan or gens, in so far as the chieftains had not already converted it into their private domains. When a member of the gens died and a household consequently came to an end, the gentile chief (the English jurists called him *caput cognationis*) made a new division of the whole territory among the remaining households. This must have been done, broadly speaking, according to the rules in force in Germany. Forty or fifty years ago village fields were very numerous, and even today a few of these rundales, as they are called, may still be found. The peasants of a rundale, now individual tenants on the soil that had been the common property of the gens till it was seized by the English conquerors, pay rent for their respective piece of land, but put all their shares in arable and meadowland together, which they then divide according to position and quality into Gewanne, as they are called on the Moselle, each receiving a share in each Gewann; moorland and pasture-land are used in common. Only fifty years ago new divisions were still made from time to time, sometimes annually. The field-map of such a village looks exactly like that of a German Gehöferschaft on the Moselle or in the Mittelwald. The gens also lives on in the "factions." The Irish peasants often divide themselves into parties based apparently on perfectly absurd or meaningless distinctions; to the English they are quite incomprehensible and seem to have no other purpose than the favorite ceremony of two factions hammering one another. They are artificial revivals, modern substitutes for the dispersed gentes, manifesting in their own peculiar manner the persistence of the inherited gentile instinct. In some districts the members of the gens still live pretty much together on the old territory; in the 'thirties the great majority of the inhabitants of County Monaghan still had only four family names, that is, they were descended from four gentes or clans.

In Scotland the decay of the gentile organization dates from the suppression of the rising of 1745. The precise function of the Scottish clan in this organization still awaits investigation; but that the clan is a gentile body is beyond doubt. In Walter Scott's novels the Highland clan lives before our eyes. It is, says Morgan:

... an excellent type of the gens in organization and in spirit, and an extraordinary illustration of the power of the gentile life over its members.... We find in their feuds and blood revenge, in their localization by gentes, in their use of lands in common, in the fidelity of the clansman to his chief and of the members of the clan to each other, the usual and persistent features of

gentile society... Descent was in the male line, the children of the males remaining members of the clan, while the children of its female members belonged to the clans of their respective fathers.”

But that formerly mother-right prevailed in Scotland is proved by the fact that, according to Bede, in the royal family of the Picts succession was in the female line. Among the Scots, as among the Welsh, a relic even of the punaluan family persisted into the Middle Ages in the form of the right of the first night, which the head of the clan or the king, as last representative of the former community of husbands, had the right to exercise with every bride, unless it was compounded for money.

That the Germans were organized in gentes until the time of the migrations is beyond all doubt. They can have occupied the territory between the Danube, Rhine, Vistula, and the northern seas only a few centuries before our era; the Cimbri and Teutons were then still in full migration, and the Suevi did not find any permanent habitation until Caesar's time. Caesar expressly states of them that they had settled in gentes and kindreds (*gentibus cognationibusque*), and in the mouth of a Roman of the Julian gens the word *gentibus* has a definite meaning which cannot be argued away. The same was true of all the Germans; they seem still to have settled by gentes even in the provinces they conquered from the Romans. The code of laws of the Alemanni confirms that the people settled by kindreds (*genealogiae*) in the conquered territory south of the Danube; *genealogia* is used in exactly the same sense as *Markgenossenschaft* or *Dorfgenossenschaft* later. Kovalevsky has recently put forward the view that these *genealogiae* are the large household communities among which the land was divided, and from which the village community only developed later. This would then probably also apply to the *fara*, with which expression the Burgundians and the Lombards – that is, a Gothic and a Herminonian or High German tribe – designated nearly, if not exactly, the same thing as the *genealogiae* in the Alemannian code of laws. Whether it is really a gens or a household community must be settled by further research.

The records of language leave us in doubt whether all the Germans had a common expression for gens, and what that expression was. Etymologically, the Gothic *kuni*, Middle High German *kunne*, corresponds to the Greek *genos* and the Latin *gens*, and is used in the same sense. The

fact that the term for woman comes from the same root – Greek *gyne*, Slav *zena*, Gothic *qvin*, Old Norse *kona*, *kuna* – points back to the time of mother-right. Among the Lombards and Burgundians we find, as already mentioned, the term *fara*, which Grimm derives from an imaginary root *fisan*, to beget. I should prefer to go back to the more obvious derivation from *faran* (*fahren*), to travel or wander; *fara* would then denote a section of the migrating people which remained permanently together and almost as a matter of course would be composed of relatives. In the several centuries of migration, first to the east and then to the west, the expression came to be transferred to the kinship group itself. There are, further, the Gothic *sibia*, Anglo-Saxon *sib*, Old High German *sippia*, *sima*, kindred. Old Norse only has the plural *sifiar*, relatives; the singular only occurs as the name of a goddess, *Sif*. Lastly, still another expression occurs in the *Hildebrandslied*, where Hildebrand asks Hadubrand: “Who is thy father among the men of the people... or of what kin art thou?” (*eddo huêlihhes cnuosles du sîs*). In as far as there was a common German name for the gens, it was probably the Gothic *huni* that was used; this is rendered probable, not only by its identity with the corresponding expression in the related languages, but also by the fact that from it is derived the word *kuning*, *König* (king), which originally denotes the head of a gens or of a tribe. *Sibia*, kindred, does not seem to call for consideration; at any rate, *sifiar* in Old Norse denotes not only blood relations, but also relations by marriage; thus it includes the members of at least two gentes, and hence *sif* itself cannot have been the term for the gens.

As among the Mexicans and Greeks, so also among the Germans, the order of battle, both the cavalry squadrons and the wedge formations of the infantry, was drawn up by gentes. Tacitus’ use of the vague expression “by families and kindreds” is to be explained through the fact that in his time the gens in Rome had long ceased to be a living body.

A further passage in Tacitus is decisive. It states that the maternal uncle looks upon his nephew as his own son, and that some even regard the bond of blood between the maternal uncle and the nephew as more sacred and close than that between father and son, so that when hostages are demanded the sister’s son is considered a better security than the natural son of the man whom it is desired to bind. Here we have living evidence, described as particularly characteristic of the Germans, of the matriarchal, and therefore primitive, gens. If a member of such a gens gave his own son as a pledge of

his oath and the son then paid the penalty of death for his father's breach of faith, the father had to answer for that to himself. But if it was a sister's son who was sacrificed, then the most sacred law of the gens was violated. The member of the gens who was nearest of kin to the boy or youth, and more than all others was bound to protect him, was guilty of his death; either he should not have pledged him or he should have kept the agreement. Even if we had no other trace of gentile organization among the Germans, this one passage would suffice.

Still more decisive, because it comes about eight hundred years later, is a passage from the Old Norse poem of the twilight of the gods and the end of the world, the *Voluspa*. In this "vision of the seeress," into which Christian elements are also interwoven, as Bang and Bugge have now proved, the description of the period of universal degeneration and corruption leading up to the great catastrophe contains the following passage:

Broedhr munu berjask ok at bonum verdask,  
munu systrungar sifjum spilla.

"Brothers will make war upon one another and become one another's murderers, the children of sisters will break kinship." *Systrungar* means the son of the mother's sister, and that these sisters' sons should betray the blood-bond between them is regarded by the poet as an even greater crime than that of fratricide. The force of the climax is in the word *systrungar*, which emphasizes the kinship on the mother's side; if the word had been *syskina-born*, brothers' or sisters' children, or *syskinasynir*, brothers' or sisters' sons, the second line would not have been a climax to the first, but would merely have weakened the effect. Hence even in the time of the Vikings, when the *Voluspa* was composed, the memory of mother-right had not yet been obliterated in Scandinavia.

In the time of Tacitus, however, mother-right had already given way to father-right, at least among the Germans with whose customs he was more familiar. The children inherited from the father; if there were no children, the brothers, and the uncles on the father's and the mother's side. The fact that the mother's brother was allowed to inherit is connected with the survivals of mother-right already mentioned, and again proves how new father-right still was among the Germans at that time. Traces of mother-right are also found until late in the Middle Ages. Apparently even at that

time people still did not have any great trust in fatherhood, especially in the case of serfs. When, therefore, a feudal lord demanded from a town the return of a fugitive serf, it was required – for example, in Augsburg, Basle and Kaiserslautern – that the accused person's status as serf should be sworn to by six of his nearest blood relations, and that they should all be relations on the mother's side. (Maurer, *Städteverfassung*, I, p. 381.)

Another relic of mother-right, which was still only in process of dying out, was the respect of the Germans for the female sex, which to the Romans was almost incomprehensible. Young girls of noble family were considered the most binding hostages in treaties with the Germans. The thought that their wives and daughters might be taken captive and carried into slavery was terrible to them and more than anything else fired their courage in battle; they saw in a woman something holy and prophetic, and listened to her advice even in the most important matters. Velea, the priestess of the Bructerians on the River Lippe, was the very soul of the whole Batavian rising in which Civilis, at the head of the Germans and Belgae, shook the foundations of Roman rule in Gaul. In the home, the woman seems to have held undisputed sway, though, together with the old people and the children, she also had to do all the work, while the man hunted, drank, or idled about. That, at least, is what Tacitus says; but as he does not say who tilled the fields, and definitely declares that the serfs only paid tribute, but did not have to render labor dues, the bulk of the adult men must have had to do what little work the cultivation of the land required. The form of marriage, as already said, was a pairing marriage which was gradually approaching monogamy. It was not yet strict monogamy, as polygamy was permitted for the leading members of the tribe. In general, strict chastity was required of the girls (in contrast to the Celts), and Tacitus also speaks with special warmth of the sacredness of the marriage tie among the Germans. Adultery by the woman is the only ground for divorce mentioned by him. But there are many gaps here in his report, and it is also only too apparent that he is holding up a mirror of virtue before the dissipated Romans. One thing is certain: if the Germans were such paragons of virtue in their forests, it only required slight contact with the outside world to bring them down to the level of the average man in the rest of Europe. Amidst the Roman world, the last trace of moral austerity disappeared far more rapidly even than the German language. For proof, it is enough to read Gregory of Tours. That in the German primeval forests

there could be no such voluptuous abandonment to all the refinements of sensuality as in Rome is obvious; the superiority of the Germans to the Roman world in this respect also is sufficiently great, and there is no need to endow them with an ideal continence in things of the flesh, such as has never yet been practiced by an entire nation.

Also derived from the gentile organization is the obligation to inherit the enmities as well as the friendships of the father or the relatives; likewise the *Wergeld*, the fine for idling or injuring, in place of blood revenge. The *Wergeld*, which only a generation ago was regarded as a specifically German institution, has now been shown to be general among hundreds of peoples as a milder form of the blood revenge originating out of the gentile organization. We find it, for example, among the American Indians, who also regard hospitality as an obligation. Tacitus' description of hospitality as practiced among the Germans (Germania, Ch. XXI) is identical almost to the details with that given by Morgan of his Indians.

The endless, burning controversy as to whether the Germans of Tacitus' time had already definitely divided the land or not, and how the relevant passages are to be interpreted, now belongs to the past. No more words need be wasted in this dispute, since it has been established that among almost all peoples the cultivated land was tilled collectively by the gens, and later by communistic household communities such as were still found by Caesar among the Suevi, and that after this stage the land was allotted to individual families with periodical repartitions, which are shown to have survived as a local custom in Germany down to our day. If in the one hundred and fifty years between Caesar and Tacitus the Germans had changed from the collective cultivation of the land expressly attributed by Caesar to the Suevi (they had no divided or private fields whatever, he says) to individual cultivation with annual repartition of the land, that is surely progress enough. The transition from that stage to complete private property in land during such a short period and without any outside interference is a sheer impossibility. What I read in Tacitus is simply what he says in his own dry words: they change (or divide afresh) the cultivated land every year, and there is enough common land left over. It is the stage of agriculture and property relations in regard to the land which exactly corresponds to the gentile constitution of the Germans at that time.

I leave the preceding paragraph unchanged as it stood in the former editions. Meanwhile the question has taken another turn. Since Kovalevsky

has shown (cf. pages 51-52) that the patriarchal household community was a very common, if not universal, intermediate form between the matriarchal communistic family and the modern isolated family, it is no longer a question of whether property in land is communal or private, which was the point at issue between Maurer and Waitz, but a question of the form of the communal property. There is no doubt at all that the Suevi in Caesar's time not only owned the land in common, but also cultivated it in common for the common benefit. Whether the economic unit was the gens or the household community or a communistic kinship group intermediate between the two; or whether all three groups occurred according to the conditions of the soil – these questions will be in dispute for a long time to come. Kovalevsky maintains, however, that the conditions described by Tacitus presuppose the existence, not of the mark or village community, but of the household community and that the village community only develops out of the latter much later, as a result of the increase in population.

According to this view, the settlements of the Germans in the territory of which they were already in possession at the time of the Romans, and also in the territory which they later took from the Romans, were not composed of villages but of large household communities, which included several generations, cultivated an amount of land proportionate to the number of their members, and had common use with their neighbors of the surrounding waste. The passage in Tacitus about changing the cultivated land would then have to be taken in an agronomic sense: the community cultivated a different piece of land every year, and allowed the land cultivated the previous year to lie fallow or run completely to waste; the population being scanty, there was always enough waste left over to make any disputes about land unnecessary. Only in the course of centuries, when the number of members in the household communities had increased so much that a common economy was no longer possible under the existing conditions of production did the communities dissolve. The arable and meadow lands which had hitherto been common were divided in the manner familiar to us, first temporarily and then permanently, among the single households which were now coming into being, while forest, pasture land, and water remained common.

In the case of Russia this development seems to be a proved historical fact. With regard to Germany, and, secondarily, the other Germanic countries, it cannot be denied that in many ways this view provides a better

explanation of the sources and an easier solution to difficulties than that held hitherto, which takes the village community back to the time of Tacitus. On the whole, the oldest documents, such as the Codex Laureshamensis, can be explained much better in terms of the household community than of the village community. On the other hand, this view raises new difficulties and new questions, which have still to be solved. They can only be settled by new investigations; but I cannot deny that in the case also of Germany, Scandinavia and England there is very great probability in favor of the intermediate form of the household community.

While in Caesar's time the Germans had only just taken up or were still looking for settled abodes, in Tacitus' time they already had a full century of settled life behind them; correspondingly, the progress in the production of the necessities of life is unmistakable. They live in log-houses; their clothing is still very much that of primitive people of the forests: coarse woolen mantles, skins; for women and notable people underclothing of linen. Their food is milk, meat, wild fruits, and, as Pliny adds, oatmeal porridge (still the Celtic national food in Ireland and Scotland). Their wealth consists in cattle and horses, but of inferior breed; the cows are small, poor in build and without horns; the horses are ponies, with very little speed. Money was used rarely and in small amounts; it was exclusively Roman. They did not work gold or silver, nor did they value it. Iron was rare, and, at least, among the tribes on the Rhine and the Danube, seems to have been almost entirely imported, not mined. Runic writing (imitated from the Greek or Latin letters) was a purely secret form of writing, used only for religious magic. Human sacrifices were still offered. In short, we here see a people which had just raised itself from the middle to the upper stage of barbarism. But whereas the tribes living immediately on the Roman frontiers were hindered in the development of an independent metal and textile industry by the facility with which Roman products could be imported, such industry undoubtedly did develop in the northeast, on the Baltic. The fragments of weapons found in the Schleswig marshes – long iron sword, coat of mail, silver helmet, and so forth, together with Roman coins of the end of the second century – and the German metal objects distributed by the migrations, show quite a pronounced character of their own, even when they derive from an originally Roman model. Emigration into the civilized Roman world put an end to this native industry everywhere except in England. With what uniformity this industry arose

and developed, can be seen, for example, in the bronze brooches; those found in Burgundy, Rumania and on the Sea of Azov might have come out of the same workshop as those found in England and Sweden, and are just as certainly of Germanic origin.

The constitution also corresponds to the upper stage of barbarism. According to Tacitus, there was generally a council of chiefs (*principes*), which decided minor matters, but prepared more important questions for decision by the assembly of the people; at the lower stage of barbarism, so far as we have knowledge of it, as among the Americans, this assembly of the people still comprises only the members of the gens, not yet of the tribe or of the confederacy of tribes. The chiefs (*principes*) are still sharply distinguished from the military leaders (*duces*) just as they are among the Iroquois; they already subsist partially on gifts of cattle, corn, etc., from the members of the tribe; as in America, they are generally elected from the same family. The transition to father-right favored, as in Greece and Rome, the gradual transformation of election into hereditary succession, and hence the rise of a noble family in each gens. This old so-called tribal nobility disappeared for the most part during the migrations or soon afterwards. The military leaders were chosen without regard to their descent, solely according to their ability. They had little power and had to rely on the force of example. Tacitus expressly states that the actual disciplinary authority in the army lay with the priests. The real power was in the hands of the assembly of the people. The king or the chief of the tribe presides; the people decide: "No" by murmurs; "Yes" by acclamation and clash of weapons. The assembly of the people is at the same time an assembly of justice; here complaints are brought forward and decided and sentences of death passed, the only capital crimes being cowardice, treason against the people, and unnatural lust. Also in the gentes and other subdivisions of the tribe all the members sit in judgment under the presidency of the chief, who, as in all the early German courts, can only have guided the proceedings and put questions; the actual verdict was always given among Germans everywhere by the whole community.

Confederacies of tribes had grown up since the time of Caesar; some of them already had kings; the supreme military commander was already aiming at the position of tyrant, as among the Greeks and Romans, and sometimes secured it. But these fortunate usurpers were not by any means absolute rulers; they were, however, already beginning to break the fetters

of the gentile constitution. Whereas freed slaves usually occupied a subordinate position, since they could not belong to any gens, as favorites of the new kings they often won rank, riches and honors. The same thing happened after the conquest of the Roman Empire by these military leaders, who now became kings of great countries. Among the Franks, slaves and freedmen of the king played a leading part first at the court and then in the state; the new nobility was to a great extent descended from them.

One institution particularly favored the rise of kingship: the retinues. We have already seen among the American Indians how, side by side with the gentile constitution, private associations were formed to carry on wars independently. Among the Germans, these private associations had already become permanent. A military leader who had made himself a name gathered around him a band of young men eager for booty, whom he pledged to personal loyalty, giving the same pledge to them. The leader provided their keep, gave them gifts, and organized them on a hierarchic basis; a bodyguard and a standing troop for smaller expeditions and a regular corps of officers for operations on a larger scale. Weak as these retinues must have been, and as we in fact find them to be later – for example, under Odoacer in Italy – they were nevertheless the beginnings of the decay of the old freedom of the people and showed themselves to be such during and after the migrations. For in the first place they favored the rise of monarchic power. In the second place, as Tacitus already notes, they could only be kept together by continual wars and plundering expeditions. Plunder became an end in itself. If the leader of the retinue found nothing to do in the neighborhood, he set out with his men to other peoples where there was war and the prospect of booty. The German mercenaries who fought in great numbers under the Roman standard even against Germans were partly mobilized through these retinues. They already represent the first form of the system of Landsknechte, the shame and curse of the Germans. When the Roman Empire had been conquered, these retinues of the kings formed the second main stock, after the unfree and the Roman courtiers, from which the later nobility was drawn.

In general, then, the constitution of those German tribes which had combined into peoples was the same as had developed among the Greeks of the Heroic Age and the Romans of the so-called time of the kings: assembly of the people, council of the chiefs of the gentes, military leader, who is already striving for real monarchic power. It was the highest form of

constitution which the gentile order could achieve; it was the model constitution of the upper stage of barbarism. If society passed beyond the limits within which this constitution was adequate, that meant the end of the gentile order; it was broken up and the state took its place.

## VIII. The Formation of the State among Germans

According to Tacitus, the Germans were a very numerous people. Caesar gives us an approximate idea of the strength of the separate German peoples; he places the number of the Usipetans and the Tencterans who appeared on the left bank of the Rhine at 180,000, women and children included. That is about 100,000 to one people, already considerably more than, for instance, the total number of the Iroquois in their prime, when, no more than 20,000 strong, they were the terror of the whole country from the Great Lakes to the Ohio and the Potomac. On the map, if we try to group the better known peoples settled near the Rhine according to the evidence of the reports, a single people occupies the space of a Prussian government district that is, about 10,000 square kilometers or 182 geographical square miles. Now, the Germania Magna of the Romans, which reached as far as the Vistula, had an area of 500,000 square kilometers in round figures. Reckoning the average number of each people at 100,000, the total population of Germania Magna would work out at 5,000,000 - a considerable figure for a barbarian group of peoples, but, compared with our conditions ten persons to the square kilometer, or about 550 to the geographical square mile - extremely low. But that by no means exhausts the number of the Germans then living. We know that all along the Carpathians and down to the south of the Danube there were German peoples descended from Gothic tribes, such as the Bastarnians, Peucinians and others, who were so numerous that Pliny classes them together as the fifth main tribe of the Germans. As early as 180 B.C. they make their appearance as mercenaries in the service of the Macedonian King Perseus, and in the first years of Augustus, still advancing, they almost reached Adrianople. If we estimate these at only 1,000,000, the probable total number of the Germans at the beginning of our era must have been at least 6,000,000.

After permanent settlements had been founded in Germany, the population must have grown with increasing rapidity; the advances in industry we mentioned are in themselves proof of this. The objects found in the Schleswig marshes date from the third century, according to the Roman

coins discovered with them. At this time, therefore, there was already a developed metal and textile industry on the Baltic, brisk traffic with the Roman Empire and a certain degree of luxury among the more wealthy – all signs of denser population. But also at this time begins the general attack by the Germans along the whole line of the Rhine, the Roman wall and the Danube, from the North Sea to the Black Sea – direct proof of the continual growth and outward thrust of the population. For three centuries the fight went on, during which the whole main body of the Gothic peoples (with the exception of the Scandinavian Goths and the Burgundians) thrust south-east, forming the left wing on the long front of attack, while in the center the High Germans (Hermionians) pushed forward down the upper Danube, and on the right wing the Ischovonians, now called Franks, advanced along the Rhine; the Ingoevonians carried out the conquest of Britain. By the end of the fifth century an exhausted and bleeding Roman Empire lay helpless before the invading Germans.

In earlier chapters we were standing at the cradle of ancient Greek and Roman civilization. Now we stand at its grave. Rome had driven the leveling plane of its world rule over all the countries of the Mediterranean basin, and that for centuries. Except when Greek offered resistance, all natural languages had been forced to yield to a debased Latin; there were no more national differences, no more Gauls, Iberians, Ligurians, Noricans; all had become Romans. Roman administration and Roman law had everywhere broken up the old kinship groups, and with them the last vestige of local and national independence. The half-baked culture of Rome provided no substitute; it expressed no nationality, only the lack of nationality. The elements of new nations were present everywhere; the Latin dialects of the various provinces were becoming increasingly differentiated; the natural boundaries which once had made Italy, Gaul, Spain, Africa independent territories, were still there and still made themselves felt. But the strength was not there to fuse these elements into new nations; there was no longer a sign anywhere of capacity for development, or power of resistance, to say nothing of creative energy. The enormous mass of humanity in the whole enormous territory was held together by one bond only: the Roman state; and the Roman state had become in the course of time their worst enemy and oppressor. The provinces had annihilated Rome; Rome itself had become a provincial town like the rest – privileged, but no longer the ruler, no longer the hub of the

world empire, not even the seat of the emperors or sub-emperors, who now lived in Constantinople, Treves, Milan. The Roman state had become a huge, complicated machine, exclusively for bleeding its subjects, Taxes, state imposts and tributes of every kind pressed the mass of the people always deeper into poverty; the pressure was intensified until the exactions of governors, tax-collectors, and armies made it unbearable. That was what the Roman state had achieved with its world rule. It gave as the justification of its existence that it maintained order within the empire and protected it against the barbarians without. But its order was worse than the worst disorder, and the citizens whom it claimed to protect against the barbarians longed for the barbarians to deliver them.

Social conditions were no less desperate. Already in the last years of the republic the policy of Roman rule had been ruthlessly to exploit the provinces; the empire, far from abolishing this exploitation, had organized it. The more the empire declined, the higher rose the taxes and levies, the more shamelessly the officials robbed and extorted. The Romans had always been too occupied in ruling other nations to become proficient in trade and industry; it was only as usurers that they beat all who came before or after. What commerce had already existed and still survived was now ruined by official extortion; it struggled on only in the eastern, Greek part of the empire, which lies outside the present study. General impoverishment; decline of commerce, handicrafts and art; fall in the population; decay of the towns; relapse of agriculture to a lower level—such was the final result of Roman world rule.

Agriculture, always the decisive branch of production throughout the ancient world, was now more so than ever. In Italy, the enormous estates (*latifundia*) which, since the end of the republic, occupied almost the whole country, had been exploited in two different ways. They had been used either as pastures, the population being displaced by sheep and cattle, which could be tended by a few slaves, or as country estates (*villae*), where large-scale horticulture was carried on with masses of slaves, partly as a luxury for the owner, partly for sale in the town markets. The great grazing farms had kept going and had probably even extended; the country estates and their gardens had been ruined through the impoverishment of their owners and the decay of the towns. The system of *latifundia* run by slave labor no longer paid; but at that time no other form of large-scale agriculture was possible. Small production had again become the only profitable form. One

country estate after another was cut up into small lots, which were handed over either to tenants, who paid a fixed sum and had hereditary rights, or to *partiarum*, stewards rather than tenants, who received a sixth or even only a ninth of the year's product in return for their labor. For the most part, however, these small lots of land were given out to *coloni*, who paid for them a definite yearly amount, were tied to the soil and could be sold together with their lot. True, they were not slaves, but neither were they free; they could not marry free persons, and their marriages with one another were not regarded as full marriages, but, like those of slaves, as mere concubinage (*contubernium*). They were the forerunners of the medieval serfs.

The slavery of classical times had outlived itself. Whether employed on the land in large-scale agriculture or in manufacture in the towns, it no longer yielded any satisfactory return – the market for its products was no longer there. But the small-scale agriculture and the small handicraft production to which the enormous production of the empire in its prosperous days was now shrunk had no room for numbers of slaves. Only for the domestic and luxury slaves of the wealthy was there still a place in society. But though it was dying out, slavery was still common enough to make all productive labor appear to be work for slaves, unworthy of free Romans – and everybody was a free Roman now. Hence, on the one side, increasing manumissions of the superfluous slaves who were now a burden; on the other hand, a growth in some parts in the numbers of the *coloni*, and in other parts of the declassed freemen (like the “poor whites” in the ex-slave states of America). Christianity is completely innocent of the gradual dying out of ancient slavery; it was itself actively involved in the system for centuries under the Roman Empire, and never interfered later with slave-trading by Christians: not with the Germans in the north, or with the Venetians in the Mediterranean, or with the later trade in Negroes. Slavery no longer paid; it was for that reason it died out. But in dying it left behind its poisoned sting – the stigma attaching to the productive labor of freemen. This was the blind alley from which the Roman world had no way out: slavery was economically impossible, the labor of freemen was morally ostracized. The one could be the basic form of social production no longer; the other, not yet. Nothing could help here except a complete revolution.

Things were no better in the provinces. We have most material about Gaul. Here there was still a free small peasantry in addition to *coloni*; In

order to be secured against oppression by officials, judges, and usurers, these peasants often placed themselves under the protection, the patronage, of a powerful person; and it was not only individuals who did so, but whole communities, so that in the fourth century the emperors frequently prohibited the practice. But what help was this protection to those who sought it? Their patron made it a condition that they should transfer to him the rights of ownership in their pieces of land, in return for which he guaranteed them the use of the land for their lifetime – a trick which the Holy Church took note of and in the ninth and tenth centuries lustily imitated, to the increase of God's glory and its own lands. At this time, it is true, about the year 475, Bishop Salvianus of Marseilles still inveighs indignantly against such theft. He relates that oppression by Roman officials and great landlords had become so heavy that many "Romans" fled into districts already occupied by the barbarians, and that the Roman citizens settled there feared nothing so much as a return to Roman rule. That parents owing to their poverty often sold their children into slavery at this time is proved by a decree prohibiting the practice.

In return for liberating the Romans from their own state, the German barbarians took from them two-thirds of all the land and divided it among themselves. The division was made according to the gentile constitution. The conquerors being relatively few in number, large tracts of land were left undivided, as the property partly of the whole people, partly of the individual tribes and gentes. Within each gens the arable and meadow land was distributed by lot in equal portions among the individual households. We do not know whether reallocations of the land were repeatedly carried out at this time, but in any event they were soon discontinued in the Roman provinces and the individual lots became alienable private property, *allodium*. Woods and pastures remained undivided for common use; the provisions regulating their common use, and the manner in which the divided land was to be cultivated, were settled in accordance with ancient custom and by the decision of the whole community. The longer the gens remained settled in its village and the more the Germans and the Romans gradually merged, the more the bond of union lost its character of kinship and became territorial. The gens was lost in the mark community, in which, however, traces of its origin in the kinship of its members are often enough still visible. Thus, at least in those countries where the mark community maintained itself - northern France, England, Germany and Scandinavia -

the gentile constitution changed imperceptibly into a local constitution and thus became capable of incorporation into the state. But it nevertheless retained that primitive democratic character which distinguishes the whole gentile constitution, and thus even in its later enforced degeneration and up to the most recent times it kept something of the gentile constitution alive, to be a weapon in the hands of the oppressed.

This weakening of the bond of blood in the gens followed from the degeneration of the organs of kinship also in the tribe and in the entire people as a result of their conquests. As we know, rule over subjugated peoples is incompatible with the gentile constitution. Here we can see this on a large scale. The German peoples, now masters of the Roman provinces, had to organize what they had conquered. But they could neither absorb the mass of Romans into the gentile bodies nor govern them through these bodies. At the head of the Roman local governing bodies, many of which continued for the time being to function, had to be placed a substitute for the Roman state, and this substitute could only be another state. The organs of the gentile constitution had to be transformed into state organs, and that very idly, for the situation was urgent. But the immediate representative of the conquering people was their military leader. To secure the conquered territory against attack from within and without, it was necessary to strengthen his power. The moment had come to transform the military leadership into kinship: the transformation was made.

Let us take the country of the Franks. Here the victorious Salian people had come into complete possession, not only of the extensive Roman state domains, but also of the very large tracts of land which had not been distributed among the larger and smaller district and mark communities, in particular all the larger forest areas. On his transformation from a plain military chief into the real sovereign of a country, the first thing which the king of the Franks did was to transform this property of the people into crown lands, to steal it from the people and to give it, outright or in fief, to his retainers. This retinue, which originally consisted of his personal following of warriors and of the other lesser military leaders, was presently increased not only by Romans – Romanized Gauls, whose education, knowledge of writing, familiarity with the spoken Romance language of the country and the written Latin language, as well as with the country's laws, soon made them indispensable to him, but also by slaves, serfs and freedmen, who composed his court and from whom he chose his favorites.

All these received their portions of the people's land, at first generally in the form of gifts, later of benefices, usually conferred, to begin with, for the king's lifetime. Thus, at the expense of the people the foundation of a new nobility was laid.

And that was not all. The wide extent of the kingdom could not be governed with the means provided by the old gentile constitution; the council of chiefs, even if it had not long since become obsolete, would have been unable to meet, and it was soon displaced by the permanent retinue of the king; the old assembly of the people continued to exist in name, but it also increasingly became a mere assembly of military leaders subordinate to the king, and of the new rising nobility. By the incessant civil wars and wars of conquest (the latter were particularly frequent under Charlemagne), the free land-owning peasants, the mass of the Frankish people, were reduced to the same state of exhaustion and penury as the Roman peasants in the last years of the Republic. Though they had originally constituted the whole army and still remained its backbone after the conquest of France, by the beginning of the ninth century they were so impoverished that hardly one man in five could go to the wars. The army of free peasants raised directly by the king was replaced by an army composed of the serving-men of the new nobles, including bondsmen, descendants of men who in earlier times had known no master save the king and still earlier no master at all, not even a king. The internal wars under Charlemagne's successors, the weakness of the authority of the crown, and the corresponding excesses of the nobles (including the counts instituted by Charlemagne, who were now striving to make their office hereditary), had already brought ruin on the Frankish peasantry, and the ruin was finally completed by the invasions of the Norsemen. Fifty years after the death of Charlemagne, the Empire of the Franks lay as defenseless at the feet of the Norsemen as the Roman Empire, four hundred years earlier, had lain at the feet of the Franks.

Not only was there the same impotence against enemies from without, but there was almost the same social order or rather disorder within. The free Frankish peasants were in a plight similar to their predecessors, the Roman coloni. Plundered, and ruined by wars, they had been forced to put themselves under the protection of the new nobles or of the Church, the crown being too weak to protect them. But they had to pay dearly for it. Like the Gallic peasants earlier, they had to transfer their rights of property in land to their protecting lord and received the land back from him in

tenancies of various and changing forms, but always only in return for services and dues. Once in this position of dependence, they gradually lost their personal freedom also; after a few generations most of them were already serfs. How rapid was the disappearance of the free peasantry is shown by Irminon's records of the monastic possessions of the Abbey of Saint Germain des Prés, at that time near, now in, Paris. On the huge holdings of this Abbey, which were scattered in the surrounding country, there lived in Charlemagne's time 2,788 households, whose members were almost without exception Franks with German names. They included 2,080 coloni, 35 lites, 220 slaves, and only eight freehold tenants! The godless practice, as Salvianus had called it, by which the protecting lord had the peasant's land transferred to himself as his own property, and only gave it back to the peasant for use during life, was now commonly employed by the Church against the peasants. The forced services now imposed with increasing frequency had had their prototype as much in the Roman *angariae*, compulsory labor for the state, as in the services provided by members of the German marks for bridge and road-making and other common purposes. To all appearances, therefore, after four hundred years, the mass of the people were back again where they had started.

But that only proved two things: first, that the social stratification and the distribution of property in the declining Roman Empire completely correspond to the level of agricultural and industrial production at that time, and had therefore been inevitable; secondly, that this level of production had neither risen nor fallen significantly during the following four centuries and had therefore with equal necessity again produced the same distribution of property and the same classes in the population. In the last centuries of the Roman Empire the town had lost its former supremacy over the country, and in the first centuries of German rule it had not regained it. This implies a low level of development both in agriculture and industry. This general situation necessarily produces big ruling landowners and a dependent small peasantry. How impossible it was to graft onto such a society either the Roman system of *latifundia* worked by slave-labor or the newer large-scale agriculture worked by forced services is proved by Charlemagne's experiments with the famous imperial country estates (*villae*). These experiments were gigantic in scope, but they left scarcely a trace. They were continued only by the monasteries, and only for them were they fruitful. But the monasteries were abnormal social bodies, founded on

celibacy; they could produce exceptional results, but for that very reason necessarily continued to be exceptional themselves.

And yet progress was made during these four hundred years. Though at the end we find almost the same main classes as at the beginning, the human beings who formed these classes were different. Ancient slavery had gone, and so had the pauper freemen who despised work as only fit for slaves. Between the Roman colonus and the new bondsman had stood the free Frankish peasant. The “useless memories and aimless strife” of decadent Roman culture were dead and buried. The social classes of the ninth century had been formed, not in the rottenness of a decaying civilization, but in the birth-pangs of a new civilization. Compared with their Roman predecessors, the new breed, whether masters or servants, was a breed of men. The relation of powerful landowners and subject peasants which had meant for the ancient world the final ruin, from which there was no escape, was for them the starting-point of a new development. And, further, however unproductive these four centuries appear, one great product they did leave: the modern nationalities, the new forms and structures through which west European humanity was to make coming history. The Germans had, in fact, given Europe new life, and therefore the break-up of the states in the Germanic period ended, not in subjugation by the Norsemen and Saracens, but in the further development of the system of benefices and protection into feudalism, and in such an enormous increase of the population that scarcely two centuries later the severe blood-letting of the Crusades was borne without injury.

But what was the mysterious magic by which the Germans breathed new life into a dying Europe? Was it some miraculous power innate in the Germanic race, such as our chauvinist historians romance about? Not a bit of it. The Germans, especially at that time, were a highly gifted Aryan tribe, and in the full vigor of development. It was not, however, their specific national qualities which rejuvenated Europe, but simply – their barbarism, their gentile constitution.

Their individual ability and courage, their sense of freedom, their democratic instinct which in everything of public concern felt itself concerned; in a word, all the qualities which had been lost to the Romans and were alone capable of forming new states and making new nationalities grow out of the slime of the Roman world-what else were they than the

characteristics of the barbarian of the upper stage, fruits of his gentile constitution?

If they recast the ancient form of monogamy, moderated the supremacy of the man in the family, and gave the woman a higher position than the classical world had ever known, what made them capable of doing so if not their barbarism, their gentile customs, their living heritage from the time of mother-right?

If in at least three of the most important countries, Germany, northern France and England, they carried over into the feudal state a genuine piece of gentile constitution, in the form of mark communities, thus giving the oppressed class, the peasants, even under the harshest medieval serfdom, a local center of solidarity and a means of resistance such as neither the slaves of classical times nor the modern proletariat found ready to their hand - to what was this due, if not to their barbarism, their purely barbarian method of settlement in kinship groups?

Lastly: they were able to develop and make universal the milder form of servitude they had practiced in their own country, which even in the Roman Empire increasingly displaced slavery; a form of servitude which, as Fourier first stressed, gives to the bondsmen the means of their gradual liberation as a class (“fournit aux cultivateurs des moyens d’affranchissement collectif et Progressif”); a form of servitude which thus stands high above slavery, where the only possibility is the immediate release, without any transitional stage, of individual slaves (abolition of slavery by successful rebellion is unknown to antiquity), whereas the medieval serfs gradually won their liberation as a class. And to what do we owe this if not to their barbarism, thanks to which they had not yet reached the stage of fully developed slavery, neither the labor slavery of the classical world nor the domestic slavery of the Orient?

All the vigorous and creative life which the Germans infused into the Roman world was barbarism. Only barbarians are able to rejuvenate a world in the throes of collapsing civilization. And precisely the highest stage of barbarism, to which and in which the Germans worked their way upwards before the migrations, was the most favorable for this process. That explains everything.

## IX. Barbarism and Civilization

We have now traced the dissolution of the gentile constitution in the three great instances of the Greeks, the Romans, and the Germans. In conclusion, let us examine the general economic conditions which already undermined the gentile organization of society at the upper stage of barbarism and with the coming of civilization overthrew it completely. Here we shall need Marx's *Capital* as much as Morgan's book.

Arising in the middle stage of savagery, further developed during its upper stage, the gens reaches its most flourishing period, so far as our sources enable us to judge, during the lower stage of barbarism. We begin therefore with this stage.

Here – the American Indians must serve as our example – we find the gentile constitution fully formed. The tribe is now grouped in several gentes, generally two. With the increase in population, each of these original gentes splits up into several daughter gentes, their mother gens now appearing as the phratry. The tribe itself breaks up into several tribes, in each of which we find again, for the most part, the old gentes. The related tribes, at least in some cases, are united in a confederacy. This simple organization suffices completely for the social conditions out of which it sprang. It is nothing more than the grouping natural to those conditions, and it is capable of settling all conflicts that can arise within a society so organized. War settles external conflicts; it may end with the annihilation of the tribe, but never with its subjugation. It is the greatness, but also the limitation, of the gentile constitution that it has no place for ruler and ruled. Within the tribe there is as yet no difference between rights and duties; the question whether participation in public affairs, in blood revenge or atonement, is a right or a duty, does not exist for the Indian; it would seem to him just as absurd as the question whether it was a right or a duty to sleep, eat, or hunt. A division of the tribe or of the gens into different classes was equally impossible. And that brings us to the examination of the economic basis of these conditions.

The population is extremely sparse; it is dense only at the tribe's place of settlement, around which lie in a wide circle first the hunting grounds and then the protective belt of neutral forest, which separates the tribe from others. The division of labor is purely primitive, between the sexes only.

The man fights in the wars, goes hunting and fishing, procures the raw materials of food and the tools necessary for doing so. The woman looks after the house and the preparation of food and clothing, cooks, weaves, sews. They are each master in their own sphere: the man in the forest, the woman in the house. Each is owner of the instruments which he or she makes and uses: the man of the weapons, the hunting and fishing implements, the woman of the household gear. The housekeeping is communal among several and often many families. What is made and used in common is common property - the house, the garden, the long-boat. Here therefore, and here alone, there still exists in actual fact that "property created by the owner's labor" which in civilized society is an ideal fiction of the jurists and economists, the last lying legal pretense by which modern capitalist property still bolsters itself up.

But humanity did not everywhere remain at this stage. In Asia they found animals which could be tamed and, when once tamed, bred. The wild buffalo-cow had to be hunted; the tame buffalo-cow gave a calf yearly and milk as well. A number of the most advanced tribes – the Aryans, Semites, perhaps already also the Turanians – now made their chief work first the taming of cattle, later their breeding and tending only. Pastoral tribes separated themselves from the mass of the rest of the barbarians: the first great social division of labor. The pastoral tribes produced not only more necessities of life than the other barbarians, but different ones. They possessed the advantage over them of having not only milk, milk products and greater supplies of meat, but also skins, wool, goat-hair, and spun and woven fabrics, which became more common as the amount of raw material increased. Thus for the first time regular exchange became possible. At the earlier stages only occasional exchanges can take place; particular skill in the making of weapons and tools may lead to a temporary division of labor. Thus in many places undoubted remains of workshops for the making of stone tools have been found, dating from the later Stone Age. The artists who here perfected their skill probably worked for the whole community, as each special handicraftsman still does in the gentile communities in India. In no case could exchange arise at this stage except within the tribe itself, and then only as an exceptional event. But now, with the differentiation of pastoral tribes, we find all the conditions ripe for exchange between branches of different tribes and its development into a regular established institution. Originally tribes exchanged with tribe through the respective

chiefs of the gentes; but as the herds began to pass into private ownership, exchange between individuals became more common, and, finally, the only form. Now the chief article which the pastoral tribes exchanged with their neighbors was cattle; cattle became the commodity by which all other commodities were valued and which was everywhere willingly taken in exchange for them – in short, cattle acquired a money function and already at this stage did the work of money. With such necessity and speed, even at the very beginning of commodity exchange, did the need for a money commodity develop.

Horticulture, probably unknown to Asiatic barbarians of the lower stage, was being practiced by them in the middle stage at the latest, as the forerunner of agriculture. In the climate of the Turanian plateau, pastoral life is impossible without supplies of fodder for the long and severe winter. Here, therefore, it was essential that land should be put under grass and corn cultivated. The same is true of the steppes north of the Black Sea. But when once corn had been grown for the cattle, it also soon became food for men. The cultivated land still remained tribal property; at first it was allotted to the gens, later by the gens to the household communities and finally to individuals for use. The users may have had certain rights of possession, but nothing more.

Of the industrial achievements of this stage, two are particularly important. The first is the loom, the second the smelting of metal ores and the working of metals. Copper and tin and their alloy, bronze, were by far the most important. Bronze provided serviceable tools and weapons, though it could not displace stone tools; only iron could do that, and the method of obtaining iron was not yet understood. Gold and silver were beginning to be used for ornament and decoration, and must already have acquired a high value as compared with copper and bronze.

The increase of production in all branches – cattle-raising, agriculture, domestic handicrafts – gave human labor-power the capacity to produce a larger product than was necessary for its maintenance. At the same time it increased the daily amount of work to be done by each member of the gens, household community or single family. It was now desirable to bring in new labor forces. War provided them; prisoners of war were turned into slaves. With its increase of the productivity of labor, and therefore of wealth, and its extension of the field of production, the first great social division of labor was bound, in the general historical conditions prevailing, to bring

slavery in its train. From the first great social division of labor arose the first great cleavage of society into two classes: masters and slaves, exploiters and exploited.

As to how and when the herds passed out of the common possession of the tribe or the gens into the ownership of individual heads of families, we know nothing at present. But in the main it must have occurred during this stage. With the herds and the other new riches, a revolution came over the family. To procure the necessities of life had always been the business of the man; he produced and owned the means of doing so. The herds were the new means of producing these necessities; the taming of the animals in the first instance and their later tending were the man's work. To him, therefore, belonged the cattle, and to him the commodities and the slaves received in exchange for cattle. All the surplus which the acquisition of the necessities of life now yielded fell to the man; the woman shared in its enjoyment, but had no part in its ownership. The "savage" warrior and hunter had been content to take second place in the house, after the woman; the "gentler" shepherd, in the arrogance of his wealth, pushed himself forward into the first place and the woman down into the second. And she could not complain. The division of labor within the family had regulated the division of property between the man and the woman. That division of labor had remained the same; and yet it now turned the previous domestic relation upside down, simply because the division of labor outside the family had changed. The same cause which had ensured to the woman her previous supremacy in the house – that her activity was confined to domestic labor – this same cause now ensured the man's supremacy in the house: the domestic labor of the woman no longer counted beside the acquisition of the necessities of life by the man; the latter was everything, the former an unimportant extra. We can already see from this that to emancipate woman and make her the equal of the man is and remains an impossibility so long as the woman is shut out from social productive labor and restricted to private domestic labor. The emancipation of woman will only be possible when woman can take part in production on a large, social scale, and domestic work no longer claims anything but an insignificant amount of her time. And only now has that become possible through modern large-scale industry, which does not merely permit of the employment of female labor over a wide range, but positively demands it, while it also tends towards

ending private domestic labor by changing it more and more into a public industry.

The man now being actually supreme in the house, the last barrier to his absolute supremacy had fallen. This autocracy was confirmed and perpetuated by the overthrow of mother-right, the introduction of father-right, and the gradual transition of the pairing marriage into monogamy. But this tore a breach in the old gentile order; the single family became a power, and its rise was a menace to the gens.

The next step leads us to the upper stage of barbarism, the period when all civilized peoples have their Heroic Age: the age of the iron sword, but also of the iron plowshare and ax. Iron was now at the service of man, the last and most important of all the raw materials which played a historically revolutionary role – until the potato. Iron brought the tillage of large areas, the clearing of wide tracts of virgin forest; iron gave to the handicraftsman tools so hard and sharp that no stone, no other known metal could resist them. All this came gradually; the first iron was often even softer than bronze. Hence stone weapons only disappeared slowly; not merely in the Hildebrandslied, but even as late as Hastings in 1066, stone axes were still used for fighting. But progress could not now be stopped; it went forward with fewer checks and greater speed. The town, with its houses of stone or brick, encircled by stone walls, towers and ramparts, became the central seat of the tribe or the confederacy of tribes – an enormous architectural advance, but also a sign of growing danger and need for protection. Wealth increased rapidly, but as the wealth of individuals. The products of weaving, metal-work and the other handicrafts, which were becoming more and more differentiated, displayed growing variety and skill. In addition to corn, leguminous plants and fruit, agriculture now provided wine and oil, the preparation of which had been learned. Such manifold activities were no longer within the scope of one and the same individual; the second great division of labor took place: handicraft separated from agriculture. The continuous increase of production and simultaneously of the productivity of labor heightened the value of human labor-power. Slavery, which during the preceding period was still in its beginnings and sporadic, now becomes an essential constituent part of the social system; slaves no longer merely help with production - they are driven by dozens to work in the fields and the workshops. With the splitting up of production into the two great main branches, agriculture and handicrafts, arises production directly for

exchange, commodity production; with it came commerce, not only in the interior and on the tribal boundaries, but also already overseas. All this, however, was still very undeveloped; the precious metals were beginning to be the predominant and general money commodity, but still uncoined, exchanging simply by their naked weight.

The distinction of rich and poor appears beside that of freemen and slaves - with the new division of labor, a new cleavage of society into classes. The inequalities of property among the individual heads of families break up the old communal household communities wherever they had still managed to survive, and with them the common cultivation of the soil by and for these communities. The cultivated land is allotted for use to single families, at first temporarily, later permanently. The transition to full private property is gradually accomplished, parallel with the transition of the pairing marriage into monogamy. The single family is becoming the economic unit of society.

The denser population necessitates closer consolidation both for internal and external action. The confederacy of related tribes becomes everywhere a necessity, and soon also their fusion, involving the fusion of the separate tribal territories into one territory of the nation. The military leader of the people, *res*, *basileus*, *thiudans* – becomes an indispensable, permanent official. The assembly of the people takes form, wherever it did not already exist. Military leader, council, assembly of the people are the organs of gentile society developed into military democracy – military, since war and organization for war have now become regular functions of national life. Their neighbors' wealth excites the greed of peoples who already see in the acquisition of wealth one of the main aims of life. They are barbarians: they think it more easy and in fact more honorable to get riches by pillage than by work. War, formerly waged only in revenge for injuries or to extend territory that had grown too small, is now waged simply for plunder and becomes a regular industry. Not without reason the bristling battlements stand menacingly about the new fortified towns; in the moat at their foot yawns the grave of the gentile constitution, and already they rear their towers into civilization. Similarly in the interior. The wars of plunder increase the power of the supreme military leader and the subordinate commanders; the customary election of their successors from the same families is gradually transformed, especially after the introduction of father-right, into a right of hereditary succession, first tolerated, then claimed,

finally usurped; the foundation of the hereditary monarchy and the hereditary nobility is laid. Thus the organs of the gentile constitution gradually tear themselves loose from their roots in the people, in gens, phratry, tribe, and the whole gentile constitution changes into its opposite: from an organization of tribes for the free ordering of their own affairs it becomes an organization for the plundering and oppression of their neighbors; and correspondingly its organs change from instruments of the will of the people into independent organs for the domination and oppression of the people. That, however, would never have been possible if the greed for riches had not split the members of the gens into rich and poor, if “the property differences within one and the same gens had not transformed its unity of interest into antagonism between its members” (Marx), if the extension of slavery had not already begun to make working for a living seem fit only for slaves and more dishonorable than pillage.

We have now reached the threshold of civilization. Civilization opens with a new advance in the division of labor. At the lowest stage of barbarism men produced only directly for their own needs; any acts of exchange were isolated occurrences, the object of exchange merely some fortuitous surplus. In the middle stage of barbarism we already find among the pastoral peoples a possession in the form of cattle which, once the herd has attained a certain size, regularly produces a surplus over and above the tribe’s own requirements, leading to a division of labor between pastoral peoples and backward tribes without herds, and hence to the existence of two different levels of production side by side with one another and the conditions necessary for regular exchange. The upper stage of barbarism brings us the further division of labor between agriculture and handicrafts, hence the production of a continually increasing portion of the products of labor directly for exchange, so that exchange between individual producers assumes the importance of a vital social function. Civilization consolidates and intensifies all these existing divisions of labor, particularly by sharpening the opposition between town and country (the town may economically dominate the country, as in antiquity, or the country the town, as in the middle ages), and it adds a third division of labor, peculiar to itself and of decisive importance: it creates a class which no longer concerns itself with production, but only with the exchange of the products—the merchants. Hitherto whenever classes had begun to form, it had always

been exclusively in the field of production; the persons engaged in production were separated into those who directed and those who executed, or else into large-scale and small-scale producers. Now for the first time a class appears which, without in any way participating in production, captures the direction of production as a whole and economically subjugates the producers; which makes itself into an indispensable middleman between any two producers and exploits them both. Under the pretext that they save the producers the trouble and risk of exchange, extend the sale of their products to distant markets and are therefore the most useful class of the population, a class of parasites comes into being, “genuine social ichneumons,” who, as a reward for their actually very insignificant services, skim all the cream off production at home and abroad, rapidly amass enormous wealth and correspondingly social influence, and for that reason receive under civilization ever higher honors and ever greater control of production, until at last they also bring forth a product of their own – the periodical trade crises.

At our stage of development, however, the young merchants had not even begun to dream of the great destiny awaiting them. But they were growing and making themselves indispensable, which was quite sufficient. And with the formation of the merchant class came also the development of metallic money, the minted coin, a new instrument for the domination of the non-producer over the producer and his production. The commodity of commodities had been discovered, that which holds all other commodities hidden in itself, the magic power which can change at will into everything desirable and desired. The man who had it ruled the world of production—and who had more of it than anybody else? The merchant. The worship of money was safe in his hands. He took good care to make it clear that, in face of money, all commodities, and hence all producers of commodities, must prostrate themselves in adoration in the dust. He proved practically that all other forms of wealth fade into mere semblance beside this incarnation of wealth as such. Never again has the power of money shown itself in such primitive brutality and violence as during these days of its youth. After commodities had begun to sell for money, loans and advances in money came also, and with them interest and usury. No legislation of later times so utterly and ruthlessly delivers over the debtor to the usurious creditor as the legislation of ancient Athens and ancient Rome—and in both

cities it arose spontaneously, as customary law, without any compulsion other than the economic.

Alongside wealth in commodities and slaves, alongside wealth in money, there now appeared wealth in land also. The individuals' rights of possession in the pieces of land originally allotted to them by gens or tribe had now become so established that the land was their hereditary property. Recently they had striven above all to secure their freedom against the rights of the gentile community over these lands, since these rights had become for them a fetter. They got rid of the fetter – but soon afterwards of their new landed property also. Full, free ownership of the land meant not only power, uncurtailed and unlimited, to possess the land; it meant also the power to alienate it. As long as the land belonged to the gens, no such power could exist. But when the new landed proprietor shook off once and for all the fetters laid upon him by the prior right of gens and tribe, he also cut the ties which had hitherto inseparably attached him to the land. Money, invented at the same time as private property in land, showed him what that meant. Land could now become a commodity; it could be sold and pledged. Scarcely had private property in land been introduced than the mortgage was already invented (see Athens). As hetaerism and prostitution dog the heels of monogamy, so from now onwards mortgage dogs the heels of private land ownership. You asked for full, free alienable ownership of the land and now you have got it – “tu l’as voulu, Georges Dandin.” It’s your fault, Georges Dandin, from Molière’s play.

With trade expansion, money and usury, private property in land and mortgages, the concentration and centralization of wealth in the hands of a small class rapidly advanced, accompanied by an increasing impoverishment of the masses and an increasing mass of impoverishment. The new aristocracy of wealth, in so far as it had not been identical from the outset with the old hereditary aristocracy, pushed it permanently into the background (in Athens, in Rome, among the Germans). And simultaneous with this division of the citizens into classes according to wealth there was an enormous increase, particularly in Greece, in the number of slaves, whose forced labor was the foundation on which the superstructure of the entire society was reared.

Let us now see what had become of the gentile constitution in this social upheaval. Confronted by the new forces in whose growth it had had no share, the gentile constitution was helpless. The necessary condition for its

existence was that the members of a gens or at least of a tribe were settled together in the same territory and were its sole inhabitants. That had long ceased to be the case. Every territory now had a heterogeneous population belonging to the most varied gentes and tribes; everywhere slaves, protected persons and aliens lived side by side with citizens. The settled conditions of life which had only been achieved towards the end of the middle stage of barbarism were broken up by the repeated shifting and changing of residence under the pressure of trade, alteration of occupation and changes in the ownership of the land. The members of the gentile bodies could no longer meet to look after their common concerns; only unimportant matters, like the religious festivals, were still perfunctorily attended to. In addition to the needs and interests with which the gentile bodies were intended and fitted to deal, the upheaval in productive relations and the resulting change in the social structure had given rise to new needs and interests, which were not only alien to the old gentile order, but ran directly counter to it at every point. The interests of the groups of handicraftsmen which had arisen with the division of labor, the special needs of the town as opposed to the country, called for new organs. But each of these groups was composed of people of the most diverse gentes, phratries, and tribes, and even included aliens. Such organs had therefore to be formed outside the gentile constitution, alongside of it, and hence in opposition to it. And this conflict of interests was at work within every gentile body, appearing in its most extreme form in the association of rich and poor, usurers and debtors, in the same gens and the same tribe. Further, there was the new mass of population outside the gentile bodies, which, as in Rome, was able to become a power in the land and at the same time was too numerous to be gradually absorbed into the kinship groups and tribes. In relation to this mass, the gentile bodies stood opposed as closed, privileged corporations; the primitive natural democracy had changed into a malign aristocracy. Lastly, the gentile constitution had grown out of a society which knew no internal contradictions, and it was only adapted to such a society. It possessed no means of coercion except public opinion. But here was a society which by all its economic conditions of life had been forced to split itself into freemen and slaves, into the exploiting rich and the exploited poor; a society which not only could never again reconcile these contradictions, but was compelled always to intensify them. Such a society could only exist either in the continuous open fight of these classes against

one another, or else under the rule of a third power, which, apparently standing above the warring classes, suppressed their open conflict and allowed the class struggle to be fought out at most in the economic field, in so-called legal form. The gentile constitution was finished. It had been shattered by the division of labor and its result, the cleavage of society into classes. It was replaced by the state.

The three main forms in which the state arises on the ruins of the gentile constitution have been examined in detail above. Athens provides the purest, classic form; here the state springs directly and mainly out of the class oppositions which develop within gentile society itself. In Rome, gentile society becomes a closed aristocracy in the midst of the numerous plebs who stand outside it, and have duties but no rights; the victory of plebs breaks up the old constitution based on kinship, and erects on its ruins the state, into which both the gentile aristocracy and the plebs are soon completely absorbed. Lastly, in the case of the German conquerors of the Roman Empire, the state springs directly out of the conquest of large foreign territories, which the gentile constitution provides no means of governing. But because this conquest involves neither a serious struggle with the original population nor a more advanced division of labor; because conquerors and conquered are almost on the same level of economic development, and the economic basis of society remains therefore as before—for these reasons the gentile constitution is able to survive for many centuries in the altered, territorial form of the mark constitution and even for a time to rejuvenate itself in a feebler shape in the later noble and patrician families, and indeed in peasant families, as in Ditmarschen.

The state is therefore by no means a power imposed on society from without; just as little is it “the reality of the moral idea,” “the image and the reality of reason,” as Hegel maintains. Rather, it is a product of society at a particular stage of development; it is the admission that this society has involved itself in insoluble self-contradiction and is cleft into irreconcilable antagonisms which it is powerless to exorcise. But in order that these antagonisms, classes with conflicting economic interests, shall not consume themselves and society in fruitless struggle, a power, apparently standing above society, has become necessary to moderate the conflict and keep it within the bounds of “order”; and this power, arisen out of society, but placing itself above it and increasingly alienating itself from it, is the state.

In contrast to the old gentile organization, the state is distinguished firstly by the grouping of its members on a territorial basis. The old gentile bodies, formed and held together by ties of blood, had, as we have seen, become inadequate largely because they presupposed that the gentile members were bound to one particular locality, whereas this had long ago ceased to be the case. The territory was still there, but the people had become mobile. The territorial division was therefore taken as the starting point and the system introduced by which citizens exercised their public rights and duties where they took up residence, without regard to gens or tribe. This organization of the citizens of the state according to domicile is common to all states. To us, therefore, this organization seems natural; but, as we have seen, hard and protracted struggles were necessary before it was able in Athens and Rome to displace the old organization founded on kinship.

The second distinguishing characteristic is the institution of a public force which is no longer immediately identical with the people's own organization of themselves as an armed power. This special public force is needed because a self-acting armed organization of the people has become impossible since their cleavage into classes. The slaves also belong to the population: as against the 365,000 slaves, the 90,000 Athenian citizens constitute only a privileged class. The people's army of the Athenian democracy confronted the slaves as an aristocratic public force, and kept them in check; but to keep the citizens in check as well, a police-force was needed, as described above. This public force exists in every state; it consists not merely of armed men, but also of material appendages, prisons and coercive institutions of all kinds, of which gentile society knew nothing. It may be very insignificant, practically negligible, in societies with still undeveloped class antagonisms and living in remote areas, as at times and in places in the United States of America. But it becomes stronger in proportion as the class antagonisms within the state become sharper and as adjoining states grow larger and more populous. It is enough to look at Europe today, where class struggle and rivalry in conquest have brought the public power to a pitch that it threatens to devour the whole of society and even the state itself.

In order to maintain this public power, contributions from the state citizens are necessary – taxes. These were completely unknown to gentile society. We know more than enough about them today. With advancing

civilization, even taxes are not sufficient; the state draws drafts on the future, contracts loans, state debts. Our old Europe can tell a tale about these, too.

In possession of the public power and the right of taxation, the officials now present themselves as organs of society standing above society. The free, willing respect accorded to the organs of the gentile constitution is not enough for them, even if they could have it. Representatives of a power which estranges them from society, they have to be given prestige by means of special decrees, which invest them with a peculiar sanctity and inviolability. The lowest police officer of the civilized state has more “authority” than all the organs of gentile society put together; but the mightiest prince and the greatest statesman or general of civilization might envy the humblest of the gentile chiefs the unforced and unquestioned respect accorded to him. For the one stands in the midst of society; the other is forced to pose as something outside and above it.

As the state arose from the need to keep class antagonisms in check, but also arose in the thick of the fight between the classes, it is normally the state of the most powerful, economically ruling class, which by its means becomes also the politically ruling class, and so acquires new means of holding down and exploiting the oppressed class. The ancient state was, above all, the state of the slave-owners for holding down the slaves, just as the feudal state was the organ of the nobility for holding down the peasant serfs and bondsmen, and the modern representative state is the instrument for exploiting wage-labor by capital. Exceptional periods, however, occur when the warring classes are so nearly equal in forces that the state power, as apparent mediator, acquires for the moment a certain independence in relation to both. This applies to the absolute monarchy of the seventeenth and eighteenth centuries, which balances the nobility and the bourgeoisie against one another; and to the Bonapartism of the First and particularly of the Second French Empire, which played off the proletariat against the bourgeoisie and the bourgeoisie against the proletariat. The latest achievement in this line, in which ruler and ruled look equally comic, is the new German Empire of the Bismarckian nation; here the capitalists and the workers are balanced against one another and both of them fleeced for the benefit of the decayed Prussian cabbage Junkers.

Further, in most historical states the rights conceded to citizens are graded on a property basis, whereby it is directly admitted that the state is

an organization for the protection of the possessing class against the non-possessing class. This is already the case in the Athenian and Roman property classes. Similarly in the medieval feudal state, in which the extent of political power was determined by the extent of landownership. Similarly, also, in the electoral qualifications in modern parliamentary states. This political recognition of property differences is, however, by no means essential. On the contrary, it marks a low stage in the development of the state. The highest form of the state, the democratic republic, which in our modern social conditions becomes more and more an unavoidable necessity and is the form of state in which alone the last decisive battle between proletariat and bourgeoisie can be fought out – the democratic republic no longer officially recognizes differences of property. Wealth here employs its power indirectly, but all the more surely. It does this in two ways: by plain corruption of officials, of which America is the classic example, and by an alliance between the government and the stock exchange, which is effected all the more easily the higher the state debt mounts and the more the joint-stock companies concentrate in their hands not only transport but also production itself, and themselves have their own center in the stock exchange. In addition to America, the latest French republic illustrates this strikingly, and honest little Switzerland has also given a creditable performance in this field. But that a democratic republic is not essential to this brotherly bond between government and stock exchange is proved not only by England, but also by the new German Empire, where it is difficult to say who scored most by the introduction of universal suffrage, Bismarck or the Bleichroder bank. And lastly the possessing class rules directly by means of universal suffrage. As long as the oppressed class – in our case, therefore, the proletariat – is not yet ripe for its self-liberation, so long will it, in its majority, recognize the existing order of society as the only possible one and remain politically the tail of the capitalist class, its extreme left wing. But in the measure in which it matures towards its self-emancipation, in the same measure it constitutes itself as its own party and votes for its own representatives, not those of the capitalists. Universal suffrage is thus the gauge of the maturity of the working class. It cannot and never will be anything more in the modern state; but that is enough. On the day when the thermometer of universal suffrage shows boiling-point among the workers, they as well as the capitalists will know where they stand.

The state, therefore, has not existed from all eternity. There have been societies which have managed without it, which had no notion of the state or state power. At a definite stage of economic development, which necessarily involved the cleavage of society into classes, the state became a necessity because of this cleavage. We are now rapidly approaching a stage in the development of production at which the existence of these classes has not only ceased to be a necessity, but becomes a positive hindrance to production. They will fall as inevitably as they once arose. The state inevitably falls with them. The society which organizes production anew on the basis of free and equal association of the producers will put the whole state machinery where it will then belong—into the museum of antiquities, next to the spinning wheel and the bronze ax.

Civilization is, therefore, according to the above analysis, the stage of development in society at which the division of labor, the exchange between individuals arising from it, and the commodity production which combines them both, come to their full growth and revolutionizes the whole of previous society.

At all earlier stages of society production was essentially collective, just as consumption proceeded by direct distribution of the products within larger or smaller communistic communities. This collective production was very limited; but inherent in it was the producers' control over their process of production and their product. They knew what became of their product: they consumed it; it did not leave their hands. And so long as production remains on this basis, it cannot grow above the heads of the producers nor raise up incorporeal alien powers against them, as in civilization is always and inevitably the case.

But the division of labor slowly insinuates itself into this process of production. It undermines the collectivity of production and appropriation, elevates appropriation by individuals into the general rule, and thus creates exchange between individuals – how it does so, we have examined above. Gradually commodity production becomes the dominating form.

With commodity production, production no longer for use by the producers but for exchange, the products necessarily change hands. In exchanging his product, the producer surrenders it; he no longer knows what becomes of it. When money, and with money the merchant, steps in as intermediary between the producers, the process of exchange becomes still

more complicated, the final fate of the products still more uncertain. The merchants are numerous, and none of them knows what the other is doing. The commodities already pass not only from hand to hand; they also pass from market to market; the producers have lost control over the total production within their own spheres, and the merchants have not gained it. Products and production become subjects of chance.

But chance is only the one pole of a relation whose other pole is named “necessity.” In the world of nature, where chance also seems to rule, we have long since demonstrated in each separate field the inner necessity and law asserting itself in this chance. But what is true of the natural world is true also of society. The more a social activity, a series of social processes, becomes too powerful for men’s conscious control and grows above their heads, and the more it appears a matter of pure chance, then all the more surely within this chance the laws peculiar to it and inherent in it assert themselves as if by natural necessity. Such laws also govern the chances of commodity production and exchange. To the individuals producing or exchanging, they appear as alien, at first often unrecognized, powers, whose nature must first be laboriously investigated and established. These economic laws of commodity production are modified with the various stages of this form of production; but in general the whole period of civilization is dominated by them. And still to this day the product rules the producer; still to this day the total production of society is regulated, not by a jointly devised plan, but by blind laws, which manifest themselves with elemental violence, in the final instance in the storms of the periodical trade crises.

We saw above how at a fairly early stage in the development of production, human labor-power obtains the capacity of producing a considerably greater product than is required for the maintenance of the producers, and how this stage of development was in the main the same as that in which division of labor and exchange between individuals arise. It was not long then before the great “truth” was discovered that man also can be a commodity; that human energy can be exchanged and put to use by making a man into a slave. Hardly had men begun to exchange than already they themselves were being exchanged. The active became the passive, whether the men liked it or not.

With slavery, which attained its fullest development under civilization, came the first great cleavage of society into an exploiting and an exploited

class. This cleavage persisted during the whole civilized period. Slavery is the first form of exploitation, the form peculiar to the ancient world; it is succeeded by serfdom in the middle ages, and wage-labor in the more recent period. These are the three great forms of servitude, characteristic of the three great epochs of civilization; open, and in recent times disguised, slavery always accompanies them.

The stage of commodity production with which civilization begins is distinguished economically by the introduction of (1) metal money, and with it money capital, interest and usury; (2) merchants, as the class of intermediaries between the producers; (3) private ownership of land, and the mortgage system; (4) slave labor as the dominant form of production. The form of family corresponding to civilization and coming to definite supremacy with it is monogamy, the domination of the man over the woman, and the single family as the economic unit of society. The central link in civilized society is the state, which in all typical periods is without exception the state of the ruling class, and in all cases continues to be essentially a machine for holding down the oppressed, exploited class. Also characteristic of civilization is the establishment of a permanent opposition between town and country as basis of the whole social division of labor; and, further, the introduction of wills, whereby the owner of property is still able to dispose over it even when he is dead. This institution, which is a direct affront to the old gentile constitution, was unknown in Athens until the time of Solon; in Rome it was introduced early, though we do not know the date; among the Germans it was the clerics who introduced it, in order that there might be nothing to stop the pious German from leaving his legacy to the Church.

With this as its basic constitution, civilization achieved things of which gentile society was not even remotely capable. But it achieved them by setting in motion the lowest instincts and passions in man and developing them at the expense of all his other abilities. From its first day to this, sheer greed was the driving spirit of civilization; wealth and again wealth and once more wealth, wealth, not of society, but of the single scurvy individual—here was its one and final aim. If at the same time the progressive development of science and a repeated flowering of supreme art dropped into its lap, it was only because without them modern wealth could not have completely realized its achievements.

Since civilization is founded on the exploitation of one class by another class, its whole development proceeds in a constant contradiction. Every step forward in production is at the same time a step backwards in the position of the oppressed class, that is, of the great majority. Whatever benefits some necessarily injures the others; every fresh emancipation of one class is necessarily a new oppression for another class. The most striking proof of this is provided by the introduction of machinery, the effects of which are now known to the whole world. And if among the barbarians, as we saw, the distinction between rights and duties could hardly be drawn, civilization makes the difference and antagonism between them clear even to the dullest intelligence by giving one class practically all the rights and the other class practically all the duties.

But that should not be: what is good for the ruling class must also be good for the whole of society, with which the ruling-class identifies itself. Therefore the more civilization advances, the more it is compelled to cover the evils it necessarily creates with the cloak of love and charity, to palliate them or to deny them—in short, to introduce a conventional hypocrisy which was unknown to earlier forms of society and even to the first stages of civilization, and which culminates in the pronouncement: the exploitation of the oppressed class is carried on by the exploiting class simply and solely in the interests of the exploited class itself; and if the exploited class cannot see it and even grows rebellious, that is the basest ingratitude to its benefactors, the exploiters.

And now, in conclusion, Morgan's judgment of civilization:

Since the advent of civilization, the outgrowth of property has been so immense, its forms so diversified, its uses so expanding and its management so intelligent in the interests of its owners, that it has become, on the part of the people, an unmanageable power. The human mind stands bewildered in the presence of its own creation. The time will come, nevertheless, when human intelligence will rise to the mastery over property, and define the relations of the state to the property it protects, as well as the obligations and the limits of the rights of its owners. The interests of society are paramount to individual interests, and the two must be brought into just and harmonious relations. A mere property career is not the final destiny of mankind, if progress is to be the law of the future as it has been of the past. The time which has passed away since civilization began is but a fragment of the past duration of man's existence; and but a fragment of the ages yet

to come. The dissolution of society bids fair to become the termination of a career of which property is the end and aim; because such a career contains the elements of self-destruction. Democracy in government, brotherhood in society, equality in rights and privileges, and universal education, foreshadow the next higher plane of society to which experience, intelligence and knowledge are steadily tending. It will be a revival, in a higher form, of the liberty, equality and fraternity of the ancient gentes.

# Appendix. A Recently Discovered Case of Group Marriage

1892

*From Die Neue Zeit*

*Vol. XI, No. I, pp. 373-75*

Since it has recently become fashionable among certain rationalistic ethnographers to deny the existence of group marriage, the following report is of interest; I translate it from the *Russkiye Vedomosti*, Moscow, October 14, 1892 (Old Style). Not only group marriage, i.e., the right of mutual sexual intercourse between a number of men and a number of women, is expressly affirmed to be in full force, but a form of group marriage which closely follows the punaluan marriage of the Hawaiians, the most developed and classic phase of group marriage. While the typical punaluan family consists of a number of brothers (own and collateral), who are married to a number of own and collateral sisters, we here find on the island of Sakhalin that a man is married to all the wives of his brothers and to all the sisters of his wife, which means, seen from the woman's side, that his wife may freely practice sexual intercourse with the brothers of her husband and the husbands of her sisters. It therefore differs from the typical form of punaluan marriage only in the fact that the brothers of the husband and the husbands of the sisters are not necessarily the same persons.

It should further be observed that this report again confirms what I said in *The Origin of the Family*, 4th edition, pp. 28-29: that group marriage does not look at all like what our brother-obsessed philistine imagines; that the partners in group marriage do not lead in public the same kind of lascivious life as he practices in secret, but that this form of marriage, at least in the instances still known to occur today, differs in practice from a loose pairing marriage or from polygamy only in the fact that custom permits sexual intercourse in a number of cases where otherwise it would be severely punished. That the actual exercise of these rights is gradually dying out only proves that this form of marriage is itself destined to die out, which is further confirmed by its infrequency.

The whole description, moreover, is interesting because it again demonstrates the similarity, even the identity in their main characteristics, of the social institutions of primitive peoples at approximately the same stage of development. Most of what the report states about these Mongoloids on the island of Sakhalin also holds for the Dravidian tribes of India, the South Sea Islanders at the time of their discovery, and the American Indians. The report runs:

“At the session of October 10 (Old Style; October 22, New Style) of the Anthropological Section of the Society of the Friends of Natural Science, N. A. Yanchuk read an interesting communication from Mr. Sternberg on the Gilyaks, a little-studied tribe on the island of Sakhalin, who are at the cultural level of savagery. The Gilyaks are acquainted neither with agriculture nor with pottery; they procure their food chiefly by hunting and fishing; they warm water in wooden vessels by throwing in heated stones, etc. Of particular interest are their institutions relating to the family and to the gens. The Gilyak addresses as father, not only his own natural father, but also all the brothers of his father; all the wives of these brothers, as well as all the sisters of his mother, he addresses as his mothers; the children of all these ‘fathers’ and ‘mothers’ he addresses as his brothers and sisters. This system of address also exists, as is well known, among the Iroquois and other Indian tribes of North America, as also among some tribes of India. But whereas in these cases it has long since ceased to correspond to the actual conditions, among the Gilyaks it serves to designate a state still valid today. To this day every Gilyak has the rights of a husband in regard to the wives of his brothers and to the sisters of his wife; at any rate, the exercise of these rights is not regarded as impermissible. These survivals of group marriage on the basis of the gens are reminiscent of the well-known punaluan marriage, which still existed in the Sandwich Islands in the first half of this century. Family and gens relations of this type form the basis of the whole gentile order and social constitution of the Gilyaks.

“The gens of a Gilyak consists of all-nearer and more remote, real and nominal-brothers of his father, of their fathers and mothers of the children of his brothers, and of his own children.

One can readily understand that a gens so constituted may comprise an enormous number of people. Life within the gens proceeds according to the following principles. Marriage within the gens is unconditionally prohibited. When a Gilyak dies, his wife passes by decision of the gens to

one of his brothers, own or nominal. The gens provides for the maintenance of all of its members who are unable to work. 'We have no poor,' said a Gilyak to the writer. 'Whoever is in need, is fed by the khal .' The members of the gens are further united by common sacrificial ceremonies and festivals, a common burial place, etc.

"The gens guarantees the life and security of its members against attacks by non-gentiles; the means of repression used is blood-revenge, though under Russian rule the practice has very much declined. Women are completely excepted from gentile blood-revenge. In some very rare cases the gens adopts members of other gentes. It is a general rule that the property of a deceased member may not pass out of the gens; in this respect the famous provision of the Twelve Tables holds literally among the Gilyaks: *si suos heredes non habet, gentiles familiam habento* — if he has no heirs of his own, the members of the gens shall inherit. No important event takes place in the life of a Gilyak without participation by the gens. Not very long ago, about one or two generations, the oldest gentile member was the head of the community, the starosta of the gens; today the functions of the chief elder of the gens are restricted almost solely to presiding over religious ceremonies. The gentes are often dispersed among widely distant places, but even when separated the members of a gens still remember one another and continue to give one another hospitality, and to provide mutual assistance and protection, etc. Except under the most extreme necessity, the Gilyak never leaves the fellow-members of his gens or the graves of his gens. Gentile society has impressed a very definite stamp on the whole mental life of the Gilyaks, on their character, their customs and institutions. The habit of common discussion and decision on all matters, the necessity of continually taking an active part in all questions affecting the members of the gens, the solidarity of blood-revenge, the fact of being compelled and accustomed to live together with ten or more like himself in great tents (*yurtas*), and to be, in short, always with other people—all this has given the Gilyak a sociable and open character. The Gilyak is extraordinarily hospitable; he loves to entertain guests and to come himself as a guest. This admirable habit of hospitality is especially prominent in times of distress. In a bad year, when a Gilyak has nothing for himself or for his dogs to eat, he does not stretch out his hand for alms, but confidently seeks hospitality, and is fed, often for a considerable time.

“Among the Gilyaks of Sakhalin crimes from motives of personal gain practically never occur. The Gilyak keeps his valuables in a storehouse, which is never locked. He has such a keen sense of shame that if he is convicted of a disgraceful act, he immediately goes into the forest and hangs himself. Murder is very rare, and is hardly ever committed except in anger, never from intentions of gain. In his dealings with other people, the Gilyak shows himself honest, reliable, and conscientious.

“Despite their long subjection to the Manchurians, now become Chinese, and despite the corrupting influence of the settlement of the Amur district, the Gilyaks still preserve in their moral character many of the virtues of a primitive tribe. But the fate awaiting their social order cannot be averted. One or two more generations, and the Gilyaks on the mainland will have been completely Russianized, and together with the benefits of culture they will also acquire its defects. The Gilyaks on the island of Sakhalin, being more or less remote from the centers of Russian settlement, have some prospect of preserving their way of life unspoiled rather longer. But among them, too, the influence of their Russian neighbors is beginning to make itself felt. The Gilyaks come into the villages to trade, they go to Nikolaievsk to look for work; and every Gilyak who returns from such work to his home brings with him the same atmosphere which the Russian worker takes back from the town into his village. And at the same time, working in the town, with its chances and changes of fortune, destroys more and more that primitive equality which is such a prominent feature of the artlessly simple economic life of these peoples.

“Mr. Sternberg’s article, which also contains information about their religious views and customs and their legal institutions, will appear unabridged in the *Etnograficheskoye Obozrenie* (Ethnographical Review).

# CAPITAL



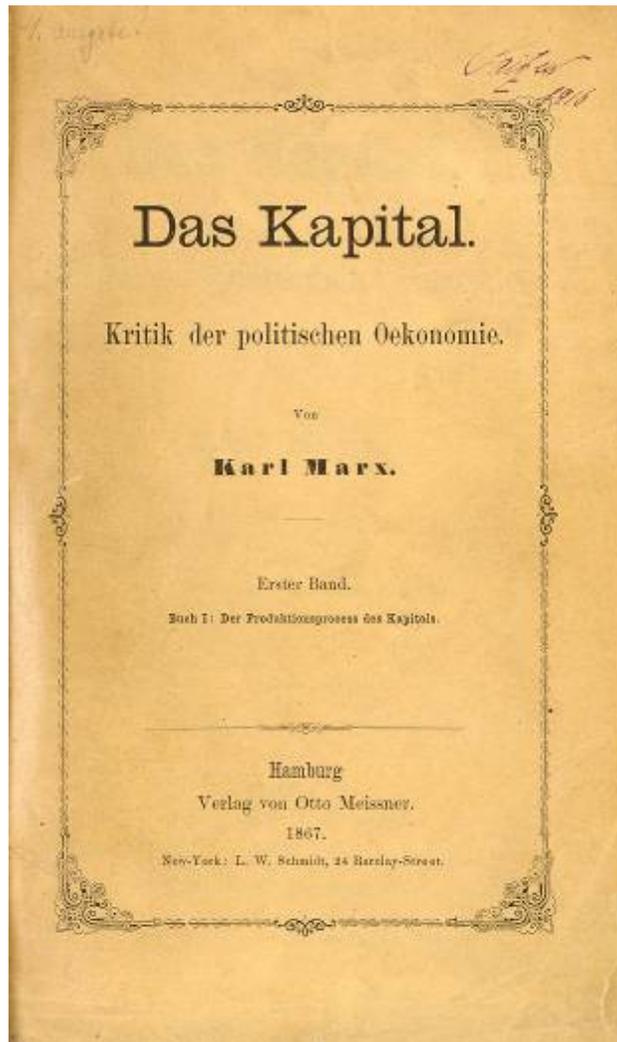
*Translated by Ernest Untermann*

During the time that he lived at 38 Rue Vanneau in Paris (October 1843 to January 1845), Marx engaged in an intensive study of “political economy” (chiefly the works of Adam Smith and David Ricardo), the French socialists (Claude Henri St. Simon and Charles Fourier) and the history of France.” This study of political economy Marx would pursue for the rest of his life, resulting in his major economic work — the three-volume series titled *Capital*. Marxism is based in large part on three influences: Hegel’s dialectics, French utopian socialism and English economics. Together with his earlier study of Hegel’s dialectics, the work that Marx produced during this time in Paris meant that all major components of “Marxism” were in place by the autumn of 1844. Although he was constantly being distracted from his study of political economy by the usual daily demands on his time, and the additional special demands of editing a radical newspaper, Marx was always drawn back to his economic studies.

The first volume of *Capital*, given the subtitle *The Process of Production of Capital*, was published in 1867. It was the only volume of *Capital* to be published during his lifetime. The text critiques capitalism primarily from the standpoint of its production processes. After Marx’s death, Friedrich Engels compiled and expanded his friend’s notes into volumes II (1885) and III (1894). Since its publication, *Capital* has come to be considered as a major work of modern economic thought and remains the central text of the field of Marxian economics.

Part One concerns Commodities and Money, with the first three chapters introducing a theoretical discussion of the commodity, value, exchange and genesis of money. As Marx writes, “Beginnings are always difficult in all sciences ... the section that contains the analysis of commodities, will therefore present the greatest difficulty.” A “commodity” according to Marx is a use-value and also an exchange-value. Marx explains that, as a use-value, the commodity is something that meets a human want or need of any kind; it is a useful thing. The use-value of the commodity is determined by how useful the commodity is. The actual use-value, however, is

immeasurable. He explains that use-value can only be determined “in use or consumption”. After determining the commodity as being a use-value, he explains that a commodity is also an “exchange-value”. He explains this as the quantity of other commodities that it will exchange for. Marx gives the example of corn and iron. No matter their relationship, there will always be an equation where a certain amount of corn will exchange for a certain amount of iron. He sets up this example to say that all commodities are in essence parallel in that they can always be exchanged for certain quantities of other commodities. He also explains that one cannot determine the exchange-value of the commodity simply by looking at it or examining its natural qualities. The exchange-value is not material but a measure made by humans. In order to determine the exchange-value, one must see the commodity being exchanged with other commodities. Marx explains that these two aspects of commodities are at the same time separate but also connected in that one cannot be discussed without the other. Marx explains that while the use-value of something can only change in quality, the exchange-value can only change in quantity.



*The first edition*

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*Friedrich Engels in 1868*

**VOLUME I. THE PROCESS OF CAPITALIST  
PRODUCTION.**

## **EDITOR'S NOTE TO THE FIRST AMERICAN EDITION by Ernest Untermann**

The original plan of Marx, as outlined in his preface to the first German edition of Capital, in 1867, was to divide his work into three volumes. Volume I was to contain Book I, The Process of Capitalist Production. Volume II was scheduled to comprise both Book II, The Process of Capitalist Circulation, and Book III, The Process of Capitalist Production as a Whole. The work was to close with volume III, containing Book IV, A History of Theories of Surplus-Value.

When Marx proceeded to elaborate his work for publication, he had the essential portions of all three volumes, with a few exceptions, worked out in their main analyses and conclusions, but in a very loose and unfinished form. Owing to ill health, he completed only volume I. He died on March 14, 1883, just when a third German edition of this volume was being prepared for the printer.

Frederick Engels, the intimate friend and co-operator of Marx, stepped into the place of his dead comrade and proceeded to complete the work. In the course of the elaboration of volume II it was found that it would be wholly taken up with Book II, The Process of Capitalist Circulation. Its first German edition did not appear until May, 1885, almost 18 years after the first volume.

The publication of the third volume was delayed still longer. When the second German edition of volume II appeared, in July, 1893, Engels was still working on volume III. It was not until October, 1894, that the first German edition of volume III was published, in two separate parts, containing the subject matter of what had been originally planned as Book III of volume II, and treating of The Capitalist Process of Production as a whole.

The reasons for the delay in the publication of volumes II and III, and the difficulties encountered in solving the problem of elaborating the copious notes of Marx into a finished and connected presentation of his theories, have been fully explained by Engels in his various prefaces to these two volumes. His great modesty led him to belittle his own share in this fundamental work. As a matter of fact, a large portion of the contents of

Capital is as much a creation of Engels as though he had written it independently of Marx.

Engels intended to issue the contents of the manuscripts for Book IV, originally planned as volume III, in the form of a fourth volume of Capital. But on the 6th of August, 1895, less than one year after the publication of volume III, he followed his co-worker into the grave, still leaving this work incomplete.

However, some years previous to his demise, and in anticipation of such a eventuality, he had appointed Karl Kautsky, the editor of *Die Neue Zeit*, the scientific organ of the German Socialist Party, as his successor and familiarized him personally with the subject matter intended for volume IV of this work. The material proved to be so voluminous, that Kautsky, instead of making a fourth volume of Capital out of it, abandoned the original plan and issued his elaboration as a separate work in three volumes under the title *Theories of Surplus-value*.

The first English translation of the first volume of Capital was edited by Engels and published in 1886. Marx had in the meantime made some changes in the text of the second German edition and of the French translation, both of which appeared in 1873, and he had intended to superintend personally the edition of an English version. But the state of his health interfered with this plan. Engels utilised his notes and the text of the French edition of 1873 in the preparation of a third German edition, and this served as a basis for the first edition of the English translation.

Owing to the fact that the title page of this English translation (published by Swan Sonnenschein & Co.) did not distinctly specify that this was but volume I, it has often been mistaken for the complete work, in spite of the fact that the prefaces of Marx and Engels clearly pointed to the actual condition of the matter.

In 1890, four years after the publication of the first English edition, Engels edited the proofs for a fourth German edition of volume I and enlarged it still more after repeated comparison with the French edition and with manuscript notes of Marx. But the Swan Sonnenschein edition did not adopt this new version in its subsequent English issues.

This first American edition will be the first complete English edition of the entire Marxian theories of Capitalist Production. It will contain all three volumes of Capital in full. The present volume, I, deals with *The Process of Capitalist Production* in the strict meaning of the term "production."

Volume II will treat of The Process of Capitalist Circulation in the strict meaning of the term “circulation.” Volume III will contain the final analysis of The Process of Capitalist Production as a Whole, that is of Production and Circulation in their mutual interrelations.

The Theories of Surplus-Value, Kautsky’s elaboration of the posthumous notes of Marx and Engels, will in due time be published in an English translation as a separate work.

This first American edition of volume I is based on the revised fourth German edition. The text of the English version of the Swan Sonnenschein edition has been compared page for page with this improved German edition, and about ten pages of new text hitherto not rendered in English are thus presented to American readers. All the footnotes have likewise been revised and brought up to date.

For all further information concerning the technical particulars of this work I refer the reader to the prefaces of Marx and Engels.

ERNEST UNTERMANN.

Orlando, Fla.,

July 18, 1906.

# AUTHOR'S PREFACES TO THE FIRST AND SECOND EDITIONS

## I. — TO THE FIRST EDITION.

THE work, the first volume of which I now submit to the public, forms the continuation of my “Zur Kritik der Politischen Oekonomie” (A Contribution to the Critique of Political Economy) published in 1859. The long pause between the first part and the continuation is due to an illness of many years' duration that again and again interrupted my work.

The substance of that earlier work is summarised in the first three chapters of this volume. This is done not merely for the sake of connection and completeness. The presentation of the subject-matter is improved. As far as circumstances in any way permit, many points only hinted at in the earlier book are here worked out more fully, whilst, conversely, points worked out fully there are only touched upon in this volume. The section on the history of the theories of value and of money are now, of course, left out altogether. The reader of the earlier work will find, however, in the notes to the first chapter additional sources of reference relative to the history of those theories.

Every beginning is difficult, holds in all sciences. To understand the first chapter, especially the section that contains the analysis of commodities, will, therefore, present the greatest difficulty. That which concerns more especially the analysis of the substance of value and the magnitude of value, I have, much as it was possible, popularised. The value-form, whose fully developed shape is the money-form, is very elementary and simple. Nevertheless, the human mind has for more than 2000 years sought in vain to get to the bottom of it, whilst on the other hand, to the successful analysis of much more composite and complex forms, there has been at least an approximation. Why? Because the body, as an organic whole, is more easy of study than are the cells of that body. In the analysis of economic forms, moreover, neither microscopes nor chemical reagents are of use. The force of abstraction must replace both. But in bourgeois society the commodity-form of the product of labor — or the value-form of the commodity — is the economic cell-form. To the superficial observer, the analysis of these

forms seems to turn upon minutiae. It does in fact deal with minutiae, but they are of the same order as those dealt with in microscopic anatomy.

With the exception of the section on value-form, therefore, this volume cannot stand accused on the score of difficulty. I pre-suppose, of course, a reader who is willing to learn something new and therefore to think for himself.

The physicist either observes physical phenomena where they occur in their most typical form and most free from disturbing influence, or, wherever possible, he makes experiments under conditions that assure the occurrence of the phenomenon in its normality. In this work I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode. Up to the present time, their classic ground is England. That is the reason why England is used as the chief illustration in the development of my theoretical ideas. If, however, the German reader shrugs his shoulders at the condition of the English industrial and agricultural laborers, or in optimistic fashion comforts himself with the thought that in Germany things are not nearly so bad, I must plainly tell him, "De te fabula narratur!"

Intrinsically, it is not a question of the higher or lower degree of development of the social antagonisms that result from the natural laws of capitalist production. It is a question of these laws themselves, of these tendencies working with iron necessity towards inevitable results. The country that is more developed industrially only shows, to the less developed, the image of its own future.

But apart from this. Where capitalist production is fully naturalised among the Germans (for instance, in the factories proper) the condition of things is much worse than in England, because the counterpoise of the Factory Acts is wanting. In all other spheres, we, like all the rest of Continental Western Europe, suffer not only from the development of capitalist production, but also from the incompleteness of that development. Alongside of modern evils, a whole series of inherited evils oppress us, arising from the passive survival of antiquated modes of production, with their inevitable train of social and political anachronisms. We suffer not only from the living, but from the dead. *Le mort saisit le vif!*

The social statistics of Germany and the rest of Continental Western Europe are, in comparison with those of England, wretchedly compiled. But they raise the veil just enough to let us catch a glimpse of the Medusa head

behind it. We should be appalled at the state of things at home, if, as in England, our governments and parliaments appointed periodically commissions of enquiry into economic conditions; if these commissions were armed with the same plenary powers to get at the truth; if it was possible to find for this purpose men as competent, as free from partisanship and respect of persons as are the English factory-inspectors, her medical reporters on public health, her commissioners of enquiry into the exploitation of women and children, into housing and food. Perseus wore a magic cap that the monsters he hunted down might not see him. We draw the magic cap down over eyes and ears as a make-believe that there are no monsters. Let us not deceive ourselves on this. As in the 18th century, the American war of independence sounded the tocsin for the European middle-class, so in the 19th century, the American civil war sounded it for the European working-class. In England the progress of social disintegration is palpable. When it has reached a certain point, it must re-act on the continent. There it will take a form more brutal or more humane, according to the degree of development of the working-class itself. Apart from higher motives, therefore, their own most important interests dictate to the classes that are for the nonce the ruling ones, the removal of all legally removable hindrances to the free development of the working-class. For this reason, as well as others, I have given so large a space in this volume to the history, the details, and the results of English factory legislation. One nation can and should learn from others. And even when a society has got upon the right track for the discovery of the natural laws of its movement — and it is the ultimate aim of this work, to lay bare the economic law of motion of modern society — it can neither clear by bold leaps; nor remove by legal enactments, the obstacles offered by the successive phases of its normal development. But it can shorten and lessen the birth-pangs.

To prevent possible misunderstanding, a word. I paint the capitalist and the landlord in no sense *couleur de rose*. But here individuals are dealt with only in so far as they are the personifications of economic categories, embodiments of particular class-relations and class-interests. My standpoint, from which the evolution of the economic formation of society is viewed as a process of natural history, can less than any other make the individual responsible for relations whose creature he socially remains, however much he may subjectively raise himself above them.

In the domain of Political Economy, free scientific enquiry meets not merely the same enemies as in all other domains. The peculiar nature of the material it deals with, summons as foes into the field of battle the most violent, mean and malignant passions of the human breast, the Furies of private interest. The English Established Church, e.g., will more readily pardon an attack on 38 of its 39 articles than on 1/39 of its income. Now-a-days atheism itself is *culpa levis*, as compared with criticism of existing property relations. Nevertheless, there is an unmistakable advance. I refer, e.g., to the bluebook published within the last few weeks: "Correspondence with Her Majesty's Missions Abroad, regarding Industrial Questions and Trades' Unions." The representatives of the English Crown in foreign countries there declare in so many words that in Germany, in France, to be brief, in all the civilised states of the European continent, a radical change in the existing relations between capital and labor is as evident and inevitable as in England. At the same time, on the other side of the Atlantic Ocean, Mr. Wade, vice-president of the United States, declared in public meetings that, after the abolition of slavery, a radical change of the relations of capital and of property in land is next upon the order of the day. These are signs of the times, not to be hidden by purple mantles or black cassocks. They do not signify that to-morrow a miracle will happen. They show that, within the ruling-classes themselves, a foreboding is dawning, that the present society is no solid crystal, but an organism capable of change, and is constantly changing.

The second volume of this work will treat of the process of the circulation of capital (Book II.), and of the varied forms assumed by capital in the course of its development (Book III.), the third and last volume (Book IV.), the history of the theory.

Every opinion based on scientific criticism I welcome. As to the prejudices of so-called public opinion, to which I have never made concessions, now as aforetime the maxim of the great Florentine is mine:

"Segui il tuo corso, e lascia dir le genti."

KARL MARX.

LONDON,

July 25, 1867.

## II. — TO THE SECOND EDITION.

To the present moment Political Economy, in Germany, is a foreign science. Gustav von Gülich in his "Historical description of Commerce, Industry," 8c., especially in the two first volumes published in 1830, has examined at length the historical circumstances that prevented, in Germany, the development of the capitalist mode of production, and consequently the development, in that country, of modern bourgeois society. Thus the soil whence Political Economy springs was wanting. This "science" had to be imported from England and France as a ready-made article; its German professors remained schoolboys. The theoretical expression of a foreign reality was turned, in their hands, into a collection of dogmas, interpreted by them in terms of the petty trading world around them, and therefore misinterpreted. The feeling of scientific impotence, a feeling not wholly to be repressed, and the uneasy consciousness of having to touch a subject in reality foreign to them, was but imperfectly concealed, either under a parade of literary and historical erudition, or by an admixture of extraneous material, borrowed from the so-called "Kameral" sciences, a medley of smatterings, through whose purgatory the hopeless candidate for the German bureaucracy has to pass.

Since 1848 capitalist production has developed rapidly in Germany, and at the present time it is in the full bloom of speculation and swindling. But fate is still unpropitious to our professional economists. At the time when they were able to deal with Political Economy in a straightforward fashion, modern economic conditions did not actually exist in Germany. And as soon as these conditions did come into existence, they did so under circumstances that no longer allowed of their being really and impartially investigated within the bounds of the bourgeois horizon. In so far as Political Economy remains within that horizon, in so far, i.e., as the capitalist régime is looked upon as the absolutely final form of social production, instead of as a passing historical phase of its evolution, Political Economy can remain a science only so long as the class-struggle is latent or manifests itself only in isolated and sporadic phenomena.

Let us take England. Its political economy belongs to the period in which the class-struggle was as yet undeveloped. Its last great representative, Ricardo, in the end, consciously makes the antagonism of class-interests, of

wages and profits, of profits and rent, the starting-point of his investigations, naïvely taking this antagonism for a social law of nature. But by this start the science of bourgeois economy had reached the limits beyond which it should not pass. Already in the lifetime of Ricardo, and in opposition to him, it was met by criticism, in the person of Sismondi.

The succeeding period, from 1820 to 1830, was notable in England for scientific activity in the domain of Political Economy. It was the time as well of the vulgarising and extending of Ricardo's theory, as of the contest of that theory with the old school. Splendid tournaments were held. What was done then, is little known to the Continent generally, because the polemic is for the most part scattered through articles in reviews, occasional literature and pamphlets. The unprejudiced character of this polemic — although the theory of Ricardo already serves, in exceptional cases, as a weapon of attack upon bourgeois economy — is explained by the circumstances of the time. On the one hand, modern industry itself was only just emerging from the age of childhood, as is shown by the fact that with the crisis of 1825 it for the first time opens the periodic cycle of its modern life. On the other hand, the class-struggle between capital and labor is forced into the background, politically by the discord between the governments and the feudal aristocracy gathered around the Holy Alliance on the one hand, and the popular masses, led by the bourgeoisie on the other; economically by the quarrel between industrial capital and aristocratic landed property — a quarrel that in France was concealed by the opposition between small and large landed property, and that in England broke out openly after Corn Laws. The literature of Political Economy in England at this time calls to mind the stormy forward movement in France after Dr. Quesnay's death, but only as a Saint Martin's summer reminds us of spring. With the year 1830 came the decisive crisis.

In France and in England and bourgeoisie had conquered political power. Thenceforth, the class-struggle, practically as well as theoretically, took on more and more outspoken and threatening forms. It sounded the knell of scientific bourgeois economy. It was thenceforth no longer a question, whether this theorem or that was true, but whether it was useful to capital or harmful, expedient or inexpedient, politically dangerous or not. In place of disinterested enquirers, there were hired prize-fighters; in place of genuine scientific research, the bad conscience and the evil intent of apologetic. Still, even the obtrusive pamphlets with which the Anti-Corn Law League,

led by the manufacturers Cobden and Bright, deluged the world, have a historic interest, if no scientific one, on account of their polemic against the landed aristocracy. But since then the Free Trade legislation, inaugurated by Sir Robert Peel, has deprived vulgar economy of this its last sting.

The Continental revolution of 1848-9 also had its reaction in England. Men who still claimed some scientific standing and aspired to be something more than mere sophists and sycophants of the ruling-classes, tried to harmonise the Political Economy of capital with the claims, no longer to be ignored, of the proletariat. Hence a shallow syncretism, of which John Stuart Mill is the best representative. It is a declaration of bankruptcy by bourgeois economy, an event on which the great Russian scholar and critic, N. Tschernyschewsky, has thrown the light of a master mind in his "Outlines of Political Economy according to Mill."

In Germany, therefore, the capitalist mode of production came to a head, after its antagonistic character had already, in France and England, shown itself in a fierce strife of classes. And meanwhile, moreover, the German proletariat had attained a much more clear class-consciousness than the German bourgeoisie. Thus, at the very moment when a bourgeois science of political economy seemed at last possible in Germany, it had in reality again become impossible.

Under these circumstances its professors fell into two groups. The one set, prudent, practical business fold, flocked to the banner of Bastiat, the most superficial and therefore the most adequate representative of the apologetic of vulgar economy; the other, proud of the professorial dignity of their science, followed John Stuart Mill in his attempt to reconcile irreconcilables. Just as in the classical time of bourgeois economy, so also in the time of its decline, the Germans remained mere schoolboys, imitators and followers, petty retailers and hawkers in the service of the great foreign wholesale concern.

The peculiar historic development of German society therefore forbids, in that country, all original work in bourgeois economy; but not the criticism of that economy. So far as such criticism represents a class, it can only represent the class whose vocation in history is the overthrow of the capitalist mode of production and the final abolition of all classes — the proletariat.

The learned and unlearned spokesmen of the German bourgeoisie tried at first to kill "Das Kapital" by silence, as they had managed to do with my

earlier writings. As soon as they found that these tactics no longer fitted in with the conditions of the time, they wrote, under pretence of criticising my book, prescriptions “for the tranquillisation of the bourgeois mind.” But they found in the workers’ press — see, e.g., Joseph Dietzgen’s articles in the “Volksstaat” — antagonists stronger than themselves, to whom (down to this very day) they owe a reply.

An excellent Russian translation of “Das Kapital” appeared in the spring of 1872. The edition of 3000 copies is already nearly exhausted. As early as 1871, A. Sieber, Professor of Political Economy in the University of Kiev, in his work “David Ricardo’s Theory of Value and of Capital,” referred to my theory of value, of money and of capital, as in its fundamentals a necessary sequel to the teaching of Smith and Ricardo. That which astonishes the Western European in the reading of this excellent work, is the author’s consistent and firm grasp of the purely theoretical position.

That the method employed in “Das Kapital” has been little understood, is shown by the various conceptions, contradictory one to another, that have been formed of it.

Thus the Paris Revue Positiviste reproaches me in that, on the one hand, I treat economics metaphysically, and on the other hand — imagine! — confine myself to the mere critical analysis of actual facts, instead of writing recipes (Comtist ones?) for the cook-shops of the future. In answer to the reproach in re metaphysics, Professor Sieber has it: “In so far as it deals with actual theory, the method of Marx is the reductive method of the whole English school, a school whose failings and virtues are common to the best theoretic economists.” M. Block— “Les théoriciens du socialisme en Allemagne, Extrait du Journal des Economistes, Juillet et Aout 1872” — makes the discovery that my method is analytic and says: “Par cet ouvrage M. Marx se classe parmi les esprits analytiques les plus éminents.” German reviews, of course, shriek out at “Hegelian sophistics.” The European Messenger of St. Petersburg, in an article dealing exclusively with the method of “Das Kapital” (May number, 1872, p-436), finds my method of inquiry severely realistic, but my method of presentation, unfortunately, German-dialectical. It says: “At first sight, if the judgment is based on the external form of the presentation of the subject, Marx is the most ideal of ideal philosophers, always in the German, i.e., the bad sense of the word. But in point of fact he is infinitely more realistic than all his fore-runners in

the work of economic criticism. He can in no sense be called an idealist." I cannot answer the writer better than by aid of a few extracts from his own criticism, which may interest some of my readers to whom the Russian original is inaccessible.

After a quotation from the preface to my "Critique of Political Economy," Berlin, 1859, p-13, where I discuss the materialistic basis of my method, the writer goes on: "The one thing which is of moment to Marx is to find the law of the phenomena with whose investigation he is concerned; and not only is that law of moment to him, which governs these phenomena, in so far as they have a definite form and mutual connection within a given historical period. Of still greater moment to him is the law of their variation, of their development, i.e., of their transition from one form into another, from one series of connections into a different one. This law once discovered, he investigates in detail the effects in which it manifests itself in social life. Consequently, Marx only troubles himself about one thing; to show, by rigid scientific investigation, the necessity of successive determinate orders of social conditions, and to establish, as impartially as possible, the facts that serve him for fundamental starting points. For this it is quite enough, if he proves, at the same time, both the necessity of the present order of things, and the necessity of another order into which the first must inevitably pass over; and this all the same, whether men believe or do not believe it, whether they are conscious or unconscious of it. Marx treats the social movement as a process of natural history, governed by laws not only independent of human will, consciousness and intelligence, but rather, on the contrary, determining that will, consciousness and intelligence.... If in the history of civilisation the conscious element plays a part so subordinate, then it is self-evident that a critical inquiry whose subject-matter is civilisation, can, less than anything else, have for its basis any form of, or any result of, consciousness. That is to say, that not the idea, but the material phenomenon alone can serve as its starting-point. Such an inquiry will confine itself to the confrontation and the comparison of a fact, not with ideas, but with another fact. For this inquiry, the one thing of moment is, that both facts be investigated as accurately as possible, and that they actually form, each with respect to the other, different momenta of an evolution; but most important of all is the rigid analysis of the series of successions, of the sequences and concatenations in which the different stages of such an evolution present themselves. But it will be said, the

general laws of economic life are one and the same, no matter whether they are applied to the present or the past. This Marx directly denies. According to him, such abstract laws do not exist. On the contrary, in his opinion every historical period has laws of its own...As soon as society has outlived a given period of development, and is passing over from one given stage to another, it begins to be subject also to other laws. In a word, economic life offers us a phenomenon analogous to the history of evolution in other branches of biology. The old economists misunderstood the nature of economic laws when they likened them to the laws of physics and chemistry. A more thorough analysis of phenomena shows that social organisms differ among themselves as fundamentally as plants or animals. Nay, one and the same phenomenon falls under quite different laws in consequence of the different structure of those organisms as a whole, of the variations of their individual organs, of the different conditions in which those organs function, 8c. Marx, e.g., denies that the law of population is the same at all times and in all places. He asserts, on the contrary, that every stage of development has its own law of population...With the varying degree of development of productive power, social conditions and the laws governing them vary too. Whilst Marx sets himself the task of following and explaining from this point of view the economic system established by the sway of capital, he is only formulating, in a strictly scientific manner, the aim that every accurate investigation into economic life must have. The scientific value of such an inquiry lies in the disclosing of the special laws that regulate the origin, existence, development, and death a given social organism and its replacement by another and higher one. And it is this value that, in point of fact, Marx's book has."

Whilst the writer pictures what he takes to be actually my method, in this striking and [as far as concerns my own application of it] generous way, what else is he picturing but the dialectic method?

Of course the method of presentation must differ in form from that of inquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connection. Only after this work is done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere a priori construction.

My dialectic method is not only different from the Hegelian, but is its direct opposite. To Hegel, the life-process of the human brain, i.e., the process of thinking, which, under the name of “the Idea,” he even transforms into an independent subject, is the demiurgos of the real world, and the real world is only the external, phenomenal form of “the Idea.” With me, on the contrary, the ideal is nothing else than the material world reflected by the human mind, and translated into forms of thought.

The mystifying side of Hegelian dialectic I criticised nearly thirty years ago, at a time when it was still the fashion. But just as I was working at the first volume of “Das Kapital,” it was the good pleasure of the peevish, arrogant, mediocre ‘epignonois’ who now talk large in cultured Germany, to treat Hegel in the same way as the brave Moses Mendelssohn in Lessing’s time treated Spinoza, i.e., as a “dead dog.” I therefore openly avowed myself the pupil of the mighty thinker, and even here and there, in the chapter on the theory of value, coquetted with the modes of expression peculiar to him. The mystification which dialectic suffers in Hegel’s hands, by no means prevents him from being the first to present its general form of working in a comprehensive and conscious manner. With him it is standing on its head. It must be turned right side up again, if you would discover the rational kernel within the mystical shell.

In its mystified form, dialectic became the fashion in Germany, because it seemed to transfigure and to glorify the existing state of things. In its rational form it is a scandal and abomination to bourgeoisdom and its doctrinaire professors, because it includes in its comprehension and affirmative recognition of the existing state of things, at the same time also, the recognition of the negation of that state, of its inevitable breaking up; because it regards every historically developed social form as in fluid movement, and therefore takes into account its transient nature not less than its momentary existence; because it lets nothing impose upon it, and is in its essence critical and revolutionary.

The contradictions inherent in the movement of capitalist society impress themselves upon the practical bourgeois most strikingly in the changes of the periodic cycle, through which modern industry runs, and whose crowning point is the universal crisis. That crisis is once again approaching, although as yet but in its preliminary stage; and by the universality of its theatre and the intensity of its action it will drum dialectics even into the heads of the mushroom-upstarts of the new, holy Prusso-German empire.

KARL MARX  
LONDON,  
January 24, 1873.

## EDITOR'S PREFACE TO THE FIRST ENGLISH TRANSLATION.

THE publication of an English version of "Das Kapital" needs no apology. On the contrary, an explanation might be expected why this English version has been delayed until now, seeing that for some years past the theories advocated in this book have been constantly referred to, attacked and defended, interpreted and mis-interpreted, in the periodical press and the current literature of both England and America.

When, soon after the author's death in 1883, it became evident that an English edition of the work was really required, Mr. Samuel Moore, for many years a friend of Marx and of the present writer, and than whom, perhaps, no one is more conversant with the book itself, consented to undertake the translation which the literary executors of Marx were anxious to lay before the public. It was understood that I should compare the MS. with the original work, and suggest such alterations as I might deem advisable. When, by and by, it was found that Mr. Moore's professional occupations prevented him from finishing the translation as quickly as we all desired, we gladly accepted Dr. Aveling's offer to undertake a portion of the work; at the same time Mrs. Aveling, Marx's youngest daughter, offered to check the quotations and to restore the original text of the numerous passages taken from English authors and Bluebooks and translated by Marx into German. This has been done throughout, with but few unavoidable exceptions.

The following portions of the book have been translated by Dr. Aveling: (1) Chapters X. (The Working Day), and XI. (Rate and Mass of Surplus-Value); (2) Part VI. (Wages, comprising Chapters XIX. to XXII.); (3) from Chapter XXIV, Section 4 (Circumstances that 8c.) to the end of the book, comprising the latter part of Chapter XXIV., Chapter XXV., and the whole of Part VIII. (Chapters XXVI. to XXXIII.); (4) the two Author's prefaces. All the rest of the book has been done by Mr. Moore. While, thus, each of the translators is responsible for his share of the work only, I bear a joint responsibility for the whole.

The third German edition, which has been made the basis of our work throughout, was prepared by me, in 1883, with the assistance of notes left by the author, indicating the passages of the second edition to be replaced by designated passages, from the French text published in 1873. The alterations thus effected in the text of the second edition generally coincided with changes prescribed by Marx in a set of MS. instructions for an English translation that was planned, about ten years ago, in America, but abandoned chiefly for want of a fit and proper translator. This MS. was placed at our disposal by our old friend Mr. F. A. Sorge of Hoboken N.J. It designates some further interpolations from the French edition; but, being so many years older than the final instructions for the third edition, I did not consider myself at liberty to make use of it otherwise than sparingly, and chiefly in cases where it helped us over difficulties. In the same way, the French text has been referred to in most of the difficult passages, as an indicator of what the author himself was prepared to sacrifice wherever something of the full-import of the original had to be sacrificed in the rendering.

There is, however, one difficulty we could not spare the reader: the use of certain terms in a sense different from what they have, not only in common life, but in ordinary political economy. But this was unavoidable. Every new aspect of a science involves a revolution in the technical terms of that science. This is best shown by chemistry, where the whole of the terminology is radically changed about once in twenty years, and where you will hardly find a single organic compound that has not gone through a whole series of different names. Political Economy has generally been content to take, just as they were, the terms of commercial and industrial life, and to operate with them, entirely failing to see that by so doing, it confined itself within the narrow circle of ideas expressed by those terms. Thus, though perfectly aware that both profits and rent are but subdivisions, fragments of that unpaid part of the product which the laborer has to supply to his employer (its first appropriator, though not its ultimate exclusive owner), yet even classical Political Economy never went beyond the received notions of profits and rent, never examined this unpaid part of the product (called by Marx surplus-product) in its integrity as a whole, and therefore never arrived at a clear comprehension, either of its origin and nature, or of the laws that regulate the subsequent distribution of its value. Similarly all industry, not agricultural or handicraft, is indiscriminately

comprised in the term of manufacture, and thereby the distinction is obliterated between two great and essentially different periods of economic history: the period of manufacture proper, based on the division of manual labor, and the period of modern industry based on machinery. It is, however, self-evident that a theory which views modern capitalist production as a mere passing stage in the economic history of mankind, must make use of terms different from those habitual to writers who look upon that form of production as imperishable and final.

A word respecting the author's method of quoting may not be out of place. In the majority of cases, the quotations serve, in the usual way, as documentary evidence in support of assertions made in the text. But in many instances, passages from economic writers are quoted in order to indicate when, where, and by whom a certain proposition was for the first time clearly enunciated. This is done in cases where the proposition quoted is of importance as being a more or less adequate expression of the conditions of social production and exchange prevalent at the time, and quite irrespective of Marx's recognition, or otherwise, of its general validity. These quotations, therefore, supplement the text by a running commentary taken from the history of the science.

Our translation comprises the first book of the work only. But this first book is in a great measure a whole in itself, and has for twenty years ranked as an independent work. The second book, edited in German by me, in 1885, is decidedly incomplete without the third, which cannot be published before the end of 1887. When Book III. has been brought out in the original German, it will then be soon enough to think about preparing an English edition of both.

“Das Kapital” is often called, on the Continent, “the Bible of the working class.” That the conclusions arrived at in this work are daily more and more becoming the fundamental principles of the great working class movement, not only in Germany and Switzerland, but in France, in Holland and Belgium, in America, and even in Italy and Spain; that everywhere the working class more and more recognises, in these conclusions, the most adequate expression of its condition and of its aspirations, nobody acquainted with that movement will deny. And in England, too, the theories of Marx, even at this moment, exercise a powerful influence upon the socialist movement which is spreading in the ranks of “cultured” people no less than in those of the working class. But that is not all. The time is

rapidly approaching when a thorough examination of England's economic position will impose itself as an irresistible national necessity. The working of the industrial system of this country, impossible without a constant and rapid extension of production, and therefore of markets, is coming to a dead stop. Free trade has exhausted its resources; even Manchester doubts this its quondam economic gospel. Foreign industry, rapidly developing, stares English production in the face everywhere, not only in protected, but also in neutral markets, and even on this side of the Channel. While the productive power increases in a geometric, the extension of markets proceeds at best in an arithmetic ratio. The decennial cycle of stagnation, prosperity, overproduction and crisis, ever recurrent from 1825 to 1867, seems indeed to have run its course; but only to land us in the slough of despond of a permanent and chronic depression. The sighed-for period of prosperity will not come; as often as we seem to perceive its heralding symptoms, so often do they again vanish into air. Meanwhile, each succeeding winter brings up afresh the great question, "what to do with the unemployed;" but while the number of the unemployed keeps swelling from year to year, there is nobody to answer that question; and we can almost calculate the moment when the unemployed, losing patience, will take their own fate into their own hands. Surely, at such a moment, the voice ought to be heard of a man whose whole theory is the result of a life-long study of the economic history and condition of England, and whom that study led to the conclusion that, at least in Europe, England is the only country where the inevitable social revolution might be effected entirely by peaceful and legal means. He certainly never forgot to add that he hardly expected the English ruling classes to submit, without a "pro-slavery rebellion," to this peaceful and legal revolution.

FREDERICK ENGELS.

November 5, 1886.

## **EDITOR'S PREFACE TO THE FOURTH GERMAN EDITION.**

The fourth edition of this work required of me a revision, which should give to the text and foot notes their final form, so far as possible. The following brief hints will indicate the way in which I performed this task.

After referring once more to the French edition and to the manuscript notes of Marx, I transferred a few additional passages from the French to the German text.

I have also placed the long foot note concerning the mine workers, on pages 461-67, into the text, just as had already been done in the French and English editions. Other small changes are merely of a technical nature.

Furthermore I added a few explanatory notes, especially in places where changed historical conditions seemed to require it. All these additional notes are placed between brackets and marked with my initials.

A complete revision of the numerous quotations had become necessary, because the English edition had been published in the mean time. Marx's youngest daughter, Eleanor, had undertaken the tedious task of comparing, for this edition, all the quotations with the original works, so that the quotations from English authors, which are the overwhelming majority, are not retranslated from the German, but taken from the original texts. I had to consult the English edition for this fourth German edition. In so doing I found many small inaccuracies. There were references to wrong pages, due either to mistakes in copying, or to accumulated typographical errors of three editions. There were quotation marks, or periods indicating omissions, in wrong places, such as would easily occur in making copious quotations from notes. Now and then I came across a somewhat inappropriate choice of terms made in translating. Some passages were taken from Marx's old manuscripts written in Paris, 1843-45, when he did not yet understand English and read the works of English economists in French translations. This twofold translation carried with it a slight change of expression, for instance in the case of Steuart, Ure, and others. Now I used the English text. Such and similar little inaccuracies and inadvertences were corrected. And if this fourth edition is now compared with former editions, it will be found

that this whole tedious process of verification did not change in the least any essential statement of this work. There is but one single quotation which could not be located, namely that from Richard Jones, in section 3 of chapter XXIV. Marx probably made a mistake in the title of the book. All other quotations retain their corroborative power, or even increase it in their present exact form.

In this connection I must revert to an old story.

I have heard of only one case, in which the genuineness of a quotation by Marx was questioned. Since this case was continued beyond Marx's death, I cannot well afford to ignore it.

The Berlin Concordia, the organ of the German Manufacturer's Association, published on March 7, 1872, an anonymous article, entitled: "How Marx Quotes." In it the writer asserted with a superabundant display of moral indignation and unparliamentarian expressions that the quotation from Gladstone's budget speech of April 16, 1863, (cited in the Inaugural Address of the International Workingmen's Association, 1864, and republished in Capital, volume I, chapter XXV, section 5 a) was a falsification. It was denied that the statement: "This intoxicating augmentation of wealth and power...entirely confined to classes of property," was contained in the stenographical report of Hansard, which was as good as an official report. "This statement is not found anywhere in Gladstone's speech. It says just the reverse. Marx has formally and materially lied in adding that sentence."

Marx, who received this issue of the Concordia in May of the same year, replied to the anonymous writer in the Volksstaat of June 1. As he did not remember the particular newspaper from which he had clipped this report, he contented himself with pointing out that the same quotation was contained in two English papers. Then he quoted the report of the Times, according to which Gladstone had said: "That is the state of the case as regards the wealth of this country. I must say for one, I should look almost with apprehension and with pain upon this intoxicating augmentation of wealth and power, if it were my belief that it was confined to classes who are in easy circumstances. This takes no cognizance at all of the condition of the labouring population. The augmentation I have described and which is founded, I think, upon accurate terms, is an augmentation entirely confined to classes of property."

In other words, Gladstone says here that he would be sorry if things were that way, but they are. This intoxicating augmentation of wealth and power is entirely confined to classes of property. And so far as the quasi official Hansard is concerned, Marx continues: "In the subsequent manipulation of his speech for publication Mr. Gladstone was wise enough to eliminate a passage, which was so compromising in the mouth of an English Lord of the Exchequer as that one. By the way, this is an established custom in English parliament, and not by any means a discovery made by Lasker to cheat Bebel."

The anonymous writer then became still madder. Pushing aside his second-hand sources in his reply in the Concordia, July 4, he modestly hints, that it is the "custom" to quote parliamentary speeches from the official reports; that the report of the Times (which contained the added lie) "was materially identical" with that of Hansard (which did not contain it); that the report of the Times even said "just the reverse of what that notorious passage of the Inaugural Address implied." Of course, our anonymous friend keeps still about the fact that the report of the Times does not only contain "just the reverse" but also "that notorious passage"! Nevertheless he feels that he has been nailed down, and that only a new trick can save him. Hence he decorates his article, full of "insolent mendacity," until it bristles with pretty epithets, such as "bad faith," "dishonesty," "mendacious assertion," "that lying quotation," "insolent mendacity," "a completely spurious quotation," "this falsification," "simply infamous," etc., and he finds himself compelled to shift the discussion to another ground, promising "to explain in a second article, what interpretation we [the "veracious" anonymous] place upon the meaning of Gladstone's words." As though his individual opinion had anything to do with the matter! This second article is published in the Concordia of July 11.

Marx replied once more in the Volksstaat of August 7, quoting also the reports of this passage in the Morning Star and Morning Advertiser of April 17, 1863. Both of them agree in quoting Gladstone to the effect that he would look with apprehension, etc., upon this intoxicating augmentation of wealth and power, if it were confined to classes in easy circumstances. But this augmentation was entirely confined to classes possessed of property. Both of these papers also contain the "added lie" word for word. Marx furthermore showed, by comparing these three independent, yet identical

reports of newspapers, all of them containing the actually spoken words of Gladstone, with Hansard's report, that Gladstone, in keeping with the "established custom," had "subsequently eliminated" this sentence, as Marx had said. And Marx closes with the statement, that he has no time for further controversy with the anonymous writer. It seems that this worthy had gotten all he wanted, for Marx received no more issues of the Concordia.

Thus the matter seemed to be settled. It is true, people who were in touch with the university at Cambridge once or twice dropped hints as to mysterious rumors about some unspeakable literary crime, which Marx was supposed to have committed in Capital. But nothing definite could be ascertained in spite of all inquiries. Suddenly, on November 29, 1883, eight months after the death of Marx, a letter appeared in the Times, dated at Trinity College, Cambridge, and signed by Sedley Taylor, in which this mannikin, a dabbler in the tamest of coöperative enterprises, at last took occasion to give us some light, not only on the gossip of Cambridge, but also on the anonymous of the Concordia.

"What seems very queer," says the mannikin of Trinity College, "is that it remained for professor Brentano (then in Breslau, now in Strasburg)...to lay bare the bad faith, which had apparently dictated that quotation from Gladstone's speech in the Inaugural Address. Mr. Karl Marx, who...tried to justify his quotation, had the temerity, in the deadly shifts to which Brentano's masterly attacks quickly reduced him, to claim that Mr. Gladstone tampered with the report of his speech in the Times of April 17, 1863, before it was published in Hansard, in order to eliminate a passage which was, indeed, compromising for the British Chancellor of the Exchequer. When Brentano demonstrated by a detailed comparison of the texts, that the reports of the Times and of Hansard agreed to the absolute exclusion of the meaning, impugned to Gladstone's words by a craftily isolated quotation, Marx retreated under the excuse of having no time."

This, then, was the kernel of the walnut! And such was the glorious reflex of Brentano's anonymous campaign, in the Concordia, in the coöperative imagination of Cambridge! Thus he lay, and thus he handled his blade in his "masterly attack," this Saint George of the German Manufacturers' Association, while the fiery dragon Marx quickly expired under his feet "in deadly shifts!"

However, this Ariostian description of the struggle serves only to cover up the shifts of our Saint George. There is no longer any mention of “added lies,” of “falsification,” but merely of “a craftily isolated quotation.” The whole question had been shifted, and Saint George and his Cambridge Knight knew very well the reason.

Eleanor Marx replied in the monthly magazine *To-day*, February, 1884, because the *Times* refused to print her statements. She reduced the discussion to the only point, which was in question, namely: Was that sentence a lie added by Marx, or not? Whereupon Mr. Sedley Taylor retorted: “The question whether a certain sentence had occurred in Mr. Gladstone’s speech or not” was, in his opinion, “of a very inferior importance” in the controversy between Marx and Brentano, “compared with the question, whether the quotation had been made with the intention of reproducing the meaning of Mr. Gladstone or distorting it.” And then he admits that the report of the *Times* “contains indeed a contradiction in words”; but, but, interpreting the context correctly, that is, in a liberal Gladstonian sense, it is evident what Mr. Gladstone intended to say. (*To-Day*, March, 1884.) The comic thing about this retort is that our mannikin of Cambridge now insists on not quoting this speech from Hansard, as is the “custom” according to the anonymous Mr. Brentano, but from the report of the *Times*, which the same Brentano had designated as “necessarily bungling.” Of course, Hansard does not contain that fatal sentence!

It was easy for Eleanor Marx to dissolve this argumentation into thin air in the same number of *To-Day*. Either Mr. Taylor had read the controversy of 1872. In that case he had now “lied,” not only “adding,” but also “subtracting.” Or, he had not read it. Then it was his business to keep his mouth shut. At any rate, it was evident that he did not dare for a moment to maintain the charge of his friend Brentano to the effect that Marx had “added a lie.” On the contrary, it was now claimed, that Marx, instead of adding a lie, had suppressed an important sentence. But this same sentence is quoted on page 5 of the Inaugural Address, a few lines before the alleged “added lie.” And as for the “contradiction” in Gladstone’s speech, isn’t it precisely Marx who speaks in another foot note of that chapter in *Capital* of the “continual crying contradictions in Gladstone’s budget speeches of 1863 and 1864”? Of course, he does not undertake to reconcile them by liberal hot air, like Sedley Taylor. And the final summing up in Eleanor Marx’s reply is this: “On the contrary, Marx has neither suppressed anything

essential nor added any lies. He rather has restored and rescued from oblivion a certain sentence of a Gladstonian speech, which had undoubtedly been pronounced, but which somehow found its way out of Hansard.”

This was enough for Mr. Sedley Taylor. The result of this whole professorial gossip during ten years and in two great countries was that no one dared henceforth to question Marx’s literary conscientiousness. In the future Mr. Sedley Taylor will probably have as little confidence in the literary fighting bulletins of Mr. Brentano, as Mr. Brentano in the papal infallibility of Hansard.

FREDERICK ENGELS.

LONDON,

June 25, 1890.

# **Book I. Capitalist Production.**

# **PART I. COMMODITIES AND MONEY.**

# CHAPTER I. COMMODITIES.

## SECTION 1. — THE TWO FACTORS OF A COMMODITY: USE-VALUE AND VALUE (THE SUBSTANCE OF VALUE AND THE MAGNITUDE OF VALUE).

THE wealth of those societies in which the capitalist mode of production prevails, presents itself as “an immense accumulation of commodities,” its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.

A commodity is, in the first place, an object outside us, a thing that by its properties satisfies human wants of some sort or another. The nature of such wants, whether, for instance, they spring from the stomach or from fancy, makes no difference. Neither are we here concerned to know how the object satisfies these wants, whether directly as means of subsistence, or indirectly as means of production.

Every useful thing, as iron, paper, &c., may be looked at from the two points of view of quality and quantity. It is an assemblage of many properties, and may therefore be of use in various ways. To discover the various use of things is the work of history. So also is the establishment of socially-recognised standards of measure for the quantities of these useful objects. The diversity of these measures has its origin partly in the diverse nature of the objects to be measured, partly in convention.

The utility of a thing makes it a use-value. But this utility is not a thing of air. Being limited by the physical properties of the commodity, it has no existence apart from that commodity. A commodity, such as iron, corn, or a diamond, is therefore, so far as it is a material thing, a use-value, something useful. This property of a commodity is independent of the amount of labour required to appropriate its useful qualities. When treating of use-value, we always assume to be dealing with definite quantities, such as dozens of watches, yards of linen, or tons of iron. The use-values of commodities furnish the material for a special study, that of the commercial knowledge of commodities. Use-values become a reality only by use or consumption: they also constitute the substance of all wealth, whatever may be the social form of that wealth. In the form of society we are about to consider, they are, in addition, the material depositories of exchange value.

Exchange value, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, a relation constantly changing with time and place. Hence exchange value appears to be something accidental and purely relative, and consequently an intrinsic value, i.e., an exchange value that is inseparably connected with, inherent in commodities, seems a contradiction in terms. Let us consider the matter a little more closely.

A given commodity, e.g., a quarter of wheat is exchanged for x blacking, y silk, or z gold, 8c. — in short, for other commodities in the most different proportions. Instead of one exchange value, the wheat has, therefore, a great many. But since x blacking, y silk, or z gold, 8c., each represent the exchange value of one quarter of wheat, x blacking, y silk, z gold, 8c., must as exchange values be replaceable by each other, or equal to each other. Therefore, first: the valid exchange values of a given commodity express something equal; secondly, exchange value, generally, is only the mode of expression, the phenomenal form, of something contained in it, yet distinguishable from it.

Let us take two commodities, e.g. corn and iron. The proportions in which they are exchangeable, whatever those proportions may be, can always be represented by an equation in which a given quantity of corn is equated to some quantity of iron: e.g., 1 quarter corn = x cwt. iron. What does this equation tell us? It tells us that in two different things — in 1 quarter of corn and x cwt. of iron, there exists in equal quantities something common to both. The two things must therefore be equal to a third, which in itself is neither the one nor the other. Each of them, so far as it is exchange value, must therefore be reducible to this third.

A simple geometrical illustration will make this clear. In order to calculate and compare the areas of rectilinear figures, we decompose them into triangles. But the area of the triangle itself is expressed by something totally different from its visible figure, namely, by half the product of the base into the altitude. In the same way the exchange values of commodities must be capable of being expressed in terms of something common to them all, of which thing they represent a greater or less quantity.

This common “something” cannot be either a geometrical, a chemical, or any other natural property of commodities. Such properties claim our attention only in so far as they affect the utility of those commodities, make them use-values. But the exchange of commodities is evidently an act

characterised by a total abstraction from use-value. Then one use-value is just as good as another, provided only it be present in sufficient quantity. Or, as old Barbon says, “one sort of wares are as good as another, if the values be equal. There is no difference or distinction in things of equal value.... An hundred pounds’ worth of lead or iron, is of as great value as one hundred pounds’ worth of silver or gold.” As use-values, commodities are, above all, of different qualities, but as exchange values they are merely different quantities, and consequently do not contain an atom of use-value.

If then we leave out of consideration the use-value of commodities, they have only one common property left, that of being products of labour. But even the product of labour itself has undergone a change in our hands. If we make abstraction from its use-value, we make abstraction at the same time from the material elements and shapes that make the product a use-value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight. Neither can it any longer be regarded as the product of the labour of the joiner, the mason, the spinner, or of any other definite kind of productive labour. Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract.

Let us now consider the residue of each of these products; it consists of the same unsubstantial reality in each, a mere congelation of homogeneous human labour, of labour-power expended without regard to the mode of its expenditure. All that these things now tell us is, that human labour-power has been expended in their production, that human labor is embodied in them. When looked at as crystals of this social substance, common to them all, they are — Values.

We have seen that when commodities are exchanged, their exchange value manifests itself as something totally independent of their use-value. But if we abstract from their use-value, there remains their Value as defined above. Therefore, the common substance that manifests itself in the exchange value of commodities, whenever they are exchanged, is their value. The progress of our investigation will show that exchange value is the only form in which the value of commodities can manifest itself or be

expressed. For the present, however, we have to consider the nature of value independently of this, its form.

A use-value, or useful article, therefore, has value only because human labour in the abstract has been embodied or materialised in it. How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labour, contained in the article. The quantity of labour, however, is measured by its duration, and labour-time in its turn finds its standard in weeks, days, and hours.

Some people might think that if the value of a commodity is determined by the quantity of labour spent on it, the more idle and unskilful the labourer, the more valuable would his commodity be, because more time would be required in its production. The labour, however, that forms the substance of value, is homogeneous human labour, expenditure of one uniform labour-power. The total labour-power of society, which is embodied in the sum total of the values of all commodities produced by that society, counts here as one homogeneous mass of human labour-power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labour-power of society, and takes effect as such; that is, so far as it requires for producing a commodity, no more time than is needed on an average, no more than is socially necessary. The labour-time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The introduction of power looms into England probably reduced by one half the labour required to weave a given quantity of yarn into cloth. The hand-loom weavers, as a matter of fact, continued to require the same time as before; but for all that, the product of one hour of their labour represented after the change only half an hour's social labor, and consequently fell to one-half its former value.

We see then that that which determines the magnitude of the value of any article is the amount of labour socially necessary, or the labour-time socially necessary for its production. Each individual commodity, in this connexion, is to be considered as an average sample of its class. Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value. The value of one commodity is to the value of any other, as the labour-time necessary for the production of the one is to that necessary for the production of the other.

“As values, all commodities are only definite masses of congealed labour-time.

The value of a commodity would therefore remain constant, if the labour-time required for its production also remained constant. But the latter changes with every variation in the productiveness of labour. This productiveness is determined by various circumstances, amongst others, by the average amount of skill of the workmen, the state of science, and the degree of its practical application, the social organisation of production, the extent and capabilities of the means of production, and by physical conditions. For example, the same amount of labour in favourable seasons is embodied in 8 bushels of corn, and in unfavourable, only in four. The same labour extracts from rich mines more metal than from poor mines. Diamonds are of very rare occurrence on the earth's surface, and hence their discovery costs, on an average, a great deal of labour-time. Consequently much labour is represented in a small compass. Jacob doubts whether gold has ever been paid for at its full value. This applies still more to diamonds. According to Eschwege, the total produce of the Brazilian diamond mines for the eighty years, ending in 1823, had not realised the price of one-and-a-half years' average produce of the sugar and coffee plantations of the same country, although the diamonds cost much more labour, and therefore represented more value. With richer mines, the same quantity of labour would embody itself in more diamonds and their value would fall. If we could succeed at a small expenditure of labour, in converting carbon into diamonds, their value might fall below that of bricks. In general, the greater the productiveness of labour, the less is the labour-time required for the production of an article, the less is the amount of labour crystallised in that article, and the less is its value; and vice versâ, the less the productiveness of labour, the greater is the labour-time required for the production of an article, and the greater is its value. The value of a commodity, therefore, varies directly as the quantity, and inversely as the productiveness, of the labour incorporated in it.

A thing can be a use-value, without having value. This is the case whenever its utility to man is not due to labour. Such are air, virgin soil, natural meadows, &c. A thing can be useful, and the product of human labour, without being a commodity. Whoever directly satisfies his wants with the produce of his own labour, creates, indeed, use-values, but not

commodities. In order to produce the latter, he must not only produce use-values, but use-values for others, social use-values. Lastly, nothing can have value, without being an object of utility. If the thing is useless, so is the labour contained in it; the labour does not count as labour, and therefore creates no value.

## **SECTION 2. — THE TWOFOLD CHARACTER OF THE LABOUR EMBODIED IN COMMODITIES.**

At first sight a commodity presented itself to us as a complex of two things — use-value and exchange-value. Later on, we saw also that labour, too, possesses the same two-fold nature; for, so far as it finds expression in value, it does not possess the same characteristics that belong to it as a creator of use-values. I was the first to point out and to examine critically this two fold nature of the labour contained in commodities. As this point is the pivot on which a clear comprehension of political economy turns, we must go more into detail.

Let us take two commodities such as a coat and 10 yards of linen, and let the former be double the value of the latter, so that, if 10 yards of linen= $W$ , the coat= $2W$ .

The coat is a use-value that satisfies a particular want. Its existence is the result of a special sort of productive activity, the nature of which is determined by its aim, mode of operation, subject, means, and result. The labour, whose utility is thus represented by the value in use of its product, or which manifests itself by making its product a use-value, we call useful labour. In this connexion we consider only its useful effect.

As the coat and the linen are two qualitatively different use-values, so also are the two forms of labour that produce them, tailoring and weaving. Were these two objects not qualitatively different, not produced respectively by labour of different quality, they could not stand to each other in the relation of commodities. Coats are not exchanged for coats, one use-value is not exchanged for another of the same kind.

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

commodities is a necessary condition for the division of labour. In the primitive Indian community there is social division of labour, without production of commodities. Or, to take an example nearer home, in every factory the labour is divided according to a system, but this division is not brought about by the operatives mutually exchanging their individual products. Only such products can become commodities with regard to each other, as result from different kinds of labour, each kind being carried on independently and for the account of private individuals.

To resume, then: In the use-value of each commodity there is contained useful labour, i.e., productive activity of a definite kind and exercised with a definite aim. Use-values cannot confront each other as commodities, unless the useful labour embodied in them is qualitatively different in each of them. In a community, the produce of which in general takes the form of commodities, i.e., in a community of commodity producers, this qualitative difference between the useful forms of labour that are carried on independently by individual producers, each on their own account, develops into a complex system, a social division of labour.

Anyhow, whether the coat be worn by the tailor or by his customer, in either case it operates as a use-value. Nor is the relation between the coat and the labour that produced it altered by the circumstance that tailoring may have become a special trade, an independent branch of the social division of labour. Wherever the want of clothing forced them to it, the human race made clothes for thousands of years, without a single man becoming a tailor. But coats and linen, like every other element of material wealth that is not the spontaneous produce of nature, must invariably owe their existence to a special productive activity, exercised with a definite aim, an activity that appropriates particular nature-given materials to particular human wants. So far therefore as labour is a creator of use-value, is useful labour, it is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchanges between man and Nature, and therefore no life.

The use-values, coat, linen, &c., i.e., the bodies of commodities, are combinations of two elements — matter and labour. If we take away the useful labour expended upon them, a material substratum is always left, which is furnished by Nature without the help of man. The latter can work only as Nature does, that is by changing the form of matter. Nay more, in

this work of changing the form he is constantly helped by natural forces. We see, then, that labour is not the only source of material wealth, of use-values produced by labour. As William Petty puts it, labour is its father and the earth its mother.

Let us now pass from the commodity considered as a use-value to the value of commodities.

By our assumption, the coat is worth twice as much as the linen. But this is a mere quantitative difference, which for the present does not concern us. We bear in mind, however, that if the value of the coat is double that of 10 yds. of linen, 20 yds. of linen must have the same value as one coat. So far as they are values, the coat and the linen are things of a like substance, objective expressions of essentially identical labour. But tailoring and weaving are, qualitatively, different kinds of labour. There are, however, states of society in which one and the same man does tailoring and weaving alternately, in which case these two forms of labour are mere modifications of the labour of the same individual, and not special and fixed functions of different persons; just as the coat which our tailor makes one day, and the trousers which he makes another day, imply only a variation in the labour of one and the same individual. Moreover, we see at a glance that, in our capitalist society, a given portion of human labour is, in accordance with the varying demand, at one time supplied in the form of tailoring, at another in the form of weaving. This change may possibly not take place without friction, but take place it must.

Productive activity, if we leave out of sight its special form, viz., the useful character of the labour, is nothing but the expenditure of human labour-power. Tailoring and weaving though qualitatively different productive activities, are each a productive expenditure of human brains, nerves, and muscles, and in this sense are human labour. They are but two different modes of expending human labour-power. Of course, this labour-power, which remains the same under all its modifications, must have attained a certain pitch of development before it can be expended in a multiplicity of modes. But the value of a commodity represents human labour in the abstract, the expenditure of human labour in general. And just as in society, a general or a banker plays a great part, but mere man, on the other hand, a very shabby part, so here with mere human labour. It is the expenditure of simple labour-power, i.e., of the labour-power which, on an average, apart from any special development, exists in the organism of

every ordinary individual. Simple average labour, it is true, varies in character in different countries and at different times, but in a particular society it is given. Skilled labour counts only as simple labour intensified, or rather, as multiplied simple labour, a given quantity of skilled being considered equal to a greater quantity of simple labour. Experience shows that this reduction is constantly being made. A commodity may be the product of the most skilled labour, but its value, by equating it to the product of simple unskilled labour, represents a definite quantity of the latter labour alone. The different proportions in which different sorts of labour are reduced to unskilled labour as their standard, are established by a social process that goes on behind the backs of the producers, and, consequently, appear to be fixed by custom. For simplicity's sake we shall henceforth account every kind of labour to be unskilled, simple labour; by this we do no more than save ourselves the trouble of making the reduction.

Just as, therefore, in viewing the coat and linen as values, we abstract from their different use-values, so it is with the labour represented by those values: we disregard the difference between its useful forms, weaving and tailoring. As the use-values, coat and linen, are combinations of special productive activities with cloth and yarn, while the values, coat and linen, are, on the other hand, mere homogeneous congelations of indifferenced labour, so the labour embodied in these latter values does not count by virtue of its productive relation to cloth and yarn, but only as being expenditure of human labour-power. Tailoring and weaving are necessary factors in the creation of the use-values, coat and linen, precisely because these two kinds of labour are of different qualities; but only in so far as abstraction is made from their special qualities, only in so far as both possess the same quality of being human labour, do tailoring and weaving form the substance of the values of the same articles.

Coats and linen, however, are not merely values, but values of definite magnitude, and according to our assumption, the coat is worth twice as much as the ten yards of linen. Whence this difference in their values? It is owing to the fact that the linen contains only half as much labour as the coat, and consequently, that in the production of the latter, labour-power must have been expended during twice the time necessary for the production of the former.

While, therefore, with reference to use-value, the labour contained in a commodity counts only qualitatively, with reference to value it counts only

quantitatively, and must first be reduced to human labour pure and simple. In the former case, it is a question of How and What, in the latter of How much? How long a time? Since the magnitude of the value of a commodity represents only the quantity of labour embodied in it, it follows that all commodities, when taken in certain proportions, must be equal in value.

If the productive power of all the different sorts of useful labour required for the production of a coat remains unchanged, the sum of the values of the coat produced increases with their number. If one coat represents  $x$  days' labour, two coats represent  $2x$  days' labour, and so on. But assume that the duration of the labour necessary for the production of a coat becomes doubled or halved. In the first case, one coat is worth as much as two coats were before; in the second case, two coats are only worth as much as one was before, although in both cases one coat renders the same service as before, and the useful labour embodied in it remains of the same quality. But the quantity of labour spent on its production has altered.

An increase in the quantity of use-values is an increase of material wealth. With two coats two men can be clothed, with one coat only one man. Nevertheless, an increased quantity of material wealth may correspond to a simultaneous fall in the magnitude of its value. This antagonistic movement has its origin in the two-fold character of labour. Productive power has reference, of course, only to labour of some useful concrete form; the efficacy of any special productive activity during a given time being dependent on its productiveness. Useful labour becomes, therefore, a more or less abundant source of products, in proportion to the rise or fall of its productiveness. On the other hand, no change in this productiveness affects the labour represented by value. Since productive power is an attribute of the concrete useful forms of labour, of course it can no longer have any bearing on that labour, so soon as we make abstraction from those concrete useful forms. However then productive power may vary, the same labour, exercised during equal periods of time, always yields equal amounts of value. But it will yield, during equal periods of time, different quantities of values in use; more, if the productive power rise, fewer, if it fall. The same change in productive power, which increases the fruitfulness of labour, and, in consequence, the quantity of use-values produced by that labour, will diminish the total value of this increased quantity of use-values, provided such change shorten the total labour-time necessary for their production; and vice versâ.

On the one hand all labour is, speaking physiologically, an expenditure of human labour-power, and in its character of identical abstract human labour, it creates and forms the value of commodities. On the other hand, all labour is the expenditure of human labour-power in a special form and with a definite aim, and in this, its character of concrete useful labour, it produces use-values.

### **SECTION 3. — THE FORM OF VALUE OR EXCHANGE VALUE.**

Commodities come into the world in the shape of use-values, articles, or goods, such as iron, linen, corn, &c. This is their plain, homely, bodily form. They are, however, commodities, only because they are something twofold, both objects of utility, and, at the same, time, depositories of value. They manifest themselves therefore as commodities, or have the form of commodities, only in so far as they have two forms, a physical or natural form, and a value form.

The reality of the value of commodities differs in this respect from *Dame Quickly*, that we don't know "where to have it." The value of commodities is the very opposite of the coarse materiality of their substance, not an atom of matter enters into its composition. Turn and examine a single commodity, by itself, as we will. Yet in so far as it remains an object of value, it seems impossible to grasp it. If, however, we bear in mind that the value of commodities has a purely social reality, and that they acquire this reality only in so far as they are expressions or embodiments of one identical social substance, viz., human labour, it follows as a matter of course, that value can only manifest itself in the social relation of commodity to commodity. In fact we started from exchange value, or the exchange relation of commodities, in order to get at the value that lies hidden behind it. We must now return to this form under which value first appeared to us.

Every one knows, if he knows nothing else, that commodities have a value form common to them all, and presenting a marked contrast with the varied bodily forms of their use-values. I mean their money form. Here, however, a task is set us, the performance of which has never yet even been attempted by bourgeois economy, the task of tracing the genesis of this money form, of developing the expression of value implied in the value relation of commodities, from its simplest, almost imperceptible outline, to

the dazzling money form. By doing this we shall, at the same time, solve the riddle presented by money.

The simplest value relation is evidently that of one commodity to some one other commodity of a different kind. Hence the relation between the values of two commodities supplies us with the simplest expression of the value of a single commodity.

### Elementary or Accidental Form of Value.

x commodity A=y commodity B, or  
x commodity A is worth y commodity B.  
20 yards of linen=1 coat, or  
20 yards of linen are worth 1 coat.

The two poles of the expression of value: Relative form and Equivalent form.

The whole mystery of the form of value lies hidden in this elementary form. Its analysis, therefore, is our real difficulty.

Here two different kinds of commodities (in our example the linen and the coat), evidently play two different parts. The linen expresses its value in the coat; the coat serves as the material in which that value is expressed. The former plays an active, the latter a passive, part. The value of the linen is represented as relative value, or appears in relative form. The coat officiates as equivalent, or appears in equivalent form.

The relative form and the equivalent form are two intimately connected, mutually dependent and inseparable elements of the expression of value; but, at the same time, are mutually exclusive, antagonistic extremes — i.e., poles of the same expression. They are allotted respectively to the two different commodities brought into relation by that expression. It is not possible to express the value of linen in linen. 20 yards of linen=20 yards of linen is no expression of value. On the contrary, such an equation merely says that 20 yards of linen are nothing else than 20 yards of linen, a definite quantity of the use-value linen. The value of the linen can therefore be expressed only relatively — i.e., in some other commodity. The relative form of the value of the linen pre-supposes, therefore, the presence of some other commodity — here the coat — under the form of an equivalent. On the other hand, the commodity that figures as the equivalent cannot at the

same time assume the relative form. That second commodity is not the one whose value is expressed. Its function is merely to serve as the material in which the value of the first commodity is expressed.

No doubt, the expression 20 yards of linen=1 coat, or 20 yards of linen are worth 1 coat, implies the opposite relation: 1 coat=20 yards of linen, or 1 coat is worth 20 yards of linen. But, in that case, I must reverse the equation, in order to express the value of the coat relatively; and, so soon as I do that the linen becomes the equivalent instead of the coat. A single commodity cannot, therefore, simultaneously assume, in the same expression of value, both forms. The very polarity of these forms makes them mutually exclusive.

Whether, then, a commodity assumes the relative form, or the opposite equivalent form, depends entirely upon its accidental position in the expression of value — that is, upon whether it is the commodity whose value is being expressed.

The Relative form of value.

The nature and import of this form.

In order to discover how the elementary expression of the value of a commodity lies hidden in the value relation of two commodities, we must, in the first place, consider the latter entirely apart from its quantitative aspect. The usual mode of procedure is generally the reverse, and in the value relation nothing is seen but the proportion between definite quantities of two different sorts of commodities that are considered equal to each other. It is apt to be forgotten that the magnitudes of different things can be compared quantitatively, only when those magnitudes are expressed in terms of the same unit. It is only as expressions of such a unit that they are of the same denomination, and therefore commensurable.

Whether 20 yards of linen=1 coat or=20 coats or=x coats — that is, whether a given quantity of linen is worth few or many coats, every such statement implies that the linen and coats, as magnitudes of value, are expressions of the same unit, things of the same kind. Linen=coat is the basis of the equation.

But the two commodities whose identity of quality is thus assumed, do not play the same part. It is only the value of the linen that is expressed. And how? By its reference to the coat as its equivalent, as something that can be exchanged for it. In this relation the coat is the mode of existence of value, is value embodied, for only as such is it the same as the linen. On the

other hand, the linen's own value comes to the front, receives independent expression, for it is only as being value that it is comparable with the coat as a thing of equal value, or exchangeable with the coat. To borrow an illustration from chemistry, butyric acid is a different substance from propyl formate. Yet both are made up of the same chemical substances, carbon (C), hydrogen (H), and oxygen (O), and that, too, in like proportions — namely,  $C_4H_8O_2$ . If now we equate butyric acid to propyl formate, then, in the first place, propyl formate would be, in this relation, merely a form of existence of  $C_4H_8O_2$ ; and in the second place, we should be stating that butyric acid also consists of  $C_4H_8O_2$ . Therefore, by thus equating the two substances, expression would be given to their chemical composition, while their different physical forms would be neglected.

If we say that, as values, commodities are mere congelations of human labour, we reduce them by our analysis, it is true, to the abstraction, value; but we ascribe to this value no form apart from their bodily form. It is otherwise in the value relation of one commodity to another. Here, the one stands forth in its character of value by reason of its relation to the other.

By making the coat the equivalent of the linen, we equate the labour embodied in the former to that in the latter. Now it is true that the tailoring, which makes the coat, is concrete labour of a different sort from the weaving which makes the linen. But the act of equating it to the weaving, reduces the tailoring to that which is really equal in the two kinds of labour, to their common character of human labour. In this roundabout way, then, the fact is expressed, that weaving also, in so far as it weaves value, has nothing to distinguish it from tailoring, and, consequently, is abstract human labour. It is the expression of equivalence between different sorts of commodities that alone brings into relief the specific character of value-creating labour, and this it does by actually reducing the different varieties of labour embodied in the different kinds of commodities to their common quality of human labour in the abstract.

There is, however, something else required beyond the expression of the specific character of the labour of which the value of the linen consists. Human labour-power motion, or human labour, creates value, but is not itself value. It becomes value only in its congealed state, when embodied in the form of some object. In order to express the value of the linen as a congelation of human labour, that value must be expressed as having objective existence, as being a something materially different from the linen

itself, and yet a something common to the linen and all other commodities. The problem is already solved.

When occupying the position of equivalent in the equation of value, the coat ranks qualitatively as the equal of the linen, as something of the same kind, because it is value. In this position it is a thing in which we see nothing but value, or whose palpable bodily form represents value. Yet the coat itself, the body of the commodity, coat, is a mere use-value. A coat as such no more tells us it is value, than does the first piece of linen we take hold of. This shows that when placed in value relation to the linen, the coat signifies more than when out of that relation, just as many a man strutting about in a gorgeous uniform counts for more than when in mufti.

In the production of the coat, human labour-power, in the shape of tailoring, must have been actually expended. Human labour is therefore accumulated in it. In this aspect the coat is a depository of value, but though worn to a thread, it does not let this fact show through. And as equivalent of the linen in the value equation, it exists under this aspect alone, counts therefore as embodied value, as a body that is value. A, for instance, cannot be “your majesty” to B, unless at the same time majesty in B’s eyes assumes the bodily form of A, and, what is more, with every new father of the people, changes its features, hair, and many other things besides.

Hence, in the value equation, in which the coat is the equivalent of the linen, the coat officiates as the form of value. The value of the commodity linen is expressed by the bodily form of the commodity coat, the value of one by the use-value of the other. As a use-value, the linen is something palpably different from the coat; as value, it is the same as the coat, and now has the appearance of a coat. Thus the linen acquires a value form different from its physical form. The fact that it is value, is made manifest by its equality with the coat, just as the sheep’s nature of a Christian is shown in his resemblance to the Lamb of God.

We see then, all that our analysis of the value of commodities has already told us, is told us by the linen itself, so soon as it comes into communication with another commodity, the coat. Only it betrays its thoughts in that language with which alone it is familiar, the language of commodities. In order to tell us that its own value is created by labour in its abstract character of human labour, it says that the coat, in so far as it is worth as much as the linen, and therefore is value, consists of the same labour as the linen. In order to inform us that its sublime reality as value is not the same

as its buckram body, it says that value has the appearance of a coat, and consequently that so far as the linen is value, it and the coat are as like as two peas. We may here remark, that the language of commodities has, besides Hebrew, many other more or less correct dialects. The German “werthsein,” to be worth, for instance, expresses in a less striking manner than the Romance verbs “valere,” “valer,” “valoir,” that the equating of commodity B to commodity A, is commodity A’s own mode of expressing its value. Paris vaut bien une messe.

By means, therefore, of the value relation expressed in our equation, the bodily form of commodity B becomes the value form of commodity A, or the body of commodity B acts as a mirror to the value of commodity A. By putting itself in relation with commodity B, as value in propriâ personâ, as the matter of which human labour is made up, the commodity A converts the value in use, B into the substance in which to express its, A’s own value. The value of A, thus expressed in the use-value of B, has taken the form of relative value.

Quantitative determination of Relative value.

Every commodity, whose value it is intended to express, is a useful object of given quantity, as 15 bushels of corn, or 100 lbs. of coffee. And a given quantity of any commodity contains a definite quantity of human labor. The value-form must therefore not only express value generally, but also value in definite quantity. Therefore, in the value relation of commodity A to commodity B, of the linen to the coat, not only is the latter, as value in general, made the equal in quality of the linen, but a definite quantity of coat (1 coat) is made the equivalent of a definite quantity (20 yards) of linen.

The equation, 20 yards of linen=1coat, or 20 yards of linen are worth one coat, implies that the same quantity of value-substance (congealed labour) is embodied in both; that the two commodities have each cost the same amount of labour or the same quantity of labour time. But the labour time necessary for the production 20 yards of linen or 1 coat varies with every change in the productiveness of weaving or tailoring. We have now to consider the influence of such changed on the quantitative aspect of the relative expression of value.

Let the value of the linen vary, that of the coat remaining constant. If, say in consequence of the exhaustion of flax-growing soil, the labour time necessary for the production of the linen be doubled, the value of the linen

will also be doubled. Instead of the equation, 20 yards of linen=1 coat, we should have 20 yards of linen=2 coats, since 1 coat would now contain only half the labour time embodied in 20 yards of linen. If, on the other hand, in consequence, say, of improved looms, this labour time be reduced by one half, the value of the linen would fall by one half. Consequently, we should have 20 yards of linen= $\frac{1}{2}$  coat. The relative value of commodity A, i.e., its value expressed in commodity B, rises and falls directly as the value of A, the value of B being supposed constant.

Let the value of the linen remain constant, while the value of the coat varies. If, under these circumstances, in consequence, for instance, of a poor crop of wool, the labour time necessary for the production of a coat becomes doubled, we have instead of 20 yards of linen=1 coat, 20 yards of linen= $\frac{1}{2}$  coat. If, on the other hand, the value of the coat sinks by one half, then 20 yards of linen=2 coats. Hence, if the value of commodity A remain constant, its relative value expressed in commodity B rises and falls inversely as the value of B.

If we compare the different cases in I. and II., we see that the same change of magnitude in relative value may arise from totally opposite causes. Thus, the equation, 20 yards of linen=1 coat, becomes 20 yards of linen=2 coats, either, because, the value of the linen has doubled, or because the value of the coat has fallen by one half; and it becomes 20 yards of linen= $\frac{1}{2}$  coat, either, because the value of the linen has fallen by one half, or because the value of the coat has doubled.

Let the quantities of labour time respectively necessary for the production of the linen and coat vary simultaneously in the same direction and in the same proportion. In this case 20 yards of linen continue equal to 1 coat, however much their values may have altered. Their change of value is seen as soon as they are compared with a third commodity, whose value has remained constant. If the values of all commodities rose or fell simultaneously, and in the same proportion, their relative value would remain unaltered. Their real change of value would appear from the diminished or increased quantity of commodities produced in a given time.

The labour time respectively necessary for the production of the linen and the coat, and therefore the value of these commodities may simultaneously vary in the same direction, but at unequal rates, or in opposite directions, or in other ways. The effect of all these possible

different variations, on the relative value of a commodity, may be deduced from the results of I., II., and III.

Thus real changes in the magnitude of value are neither unequivocally nor exhaustively reflected in their relative expression, that is in the equation expressing the magnitude of relative value. The relative value of a commodity may vary, although its value remains constant. Its relative value may remain constant, although its value varies; and finally, simultaneous variations in the magnitude of value and in that of its relative expression by no means necessarily correspond in amount.

#### The Equivalent form of value.

We have seen that commodity A (the linen), by expressing its value in the use-value of a commodity differing in kind (the coat), at the same time impresses upon the latter a specific form of value, namely that of the equivalent. The commodity linen manifests its quality of having a value by the fact that the coat, without having assumed a value form different from its bodily form, is equated to the linen. The fact that the latter therefore has a value is expressed by saying that the coat is directly exchangeable with it. Therefore, when we say that a commodity is in the equivalent form, we express the fact that it is directly exchangeable with other commodities.

When one commodity, such as a coat, serves as the equivalent of another, such as linen, and coats consequently acquire the characteristic property of being directly exchangeable with linen, we are far from knowing in what proportion the two are exchangeable. The value of the linen being given in magnitude, that proportion depends on the value of the coat. Whether the coat serves as the equivalent and the linen as relative value, or the linen as the equivalent and coat as relative value, the magnitude of the coat's value is determined, independently of its value form, by the labour time necessary for its production. But whenever the coat assumes in the equation of value, the position of equivalent, its value acquires no quantitative expression; on the contrary, the commodity coat now figures only as a definite quantity of some article.

For instance, 40 yards of linen are worth — what? 2 coats. Because the commodity coat here plays the part of equivalent, because the use-value coat, as opposed to the linen, figures as an embodiment of value, therefore a definite number of coats suffices to express the definite quantity of value in the linen. Two coats may therefore express the quantity of value of 40 yards

of linen, but they can never express the quantity of their own value. A superficial observation of this fact, namely, that in the equation of value, the equivalent figures exclusively as a simple quantity of some article, of some use-value, has misled Bailey, as also many others, both before and after him, into seeing, in the expression of value, merely a quantitative relation. The truth being, that when a commodity acts as equivalent, no quantitative determination of its value is expressed.

The first peculiarity that strikes us, in considering the form of the equivalent, is this; use-value becomes the form of manifestation, the phenomenal form of its opposite, value.

The bodily form of the commodity becomes its value form. But, mark well, that this quid pro quo exists in the case of any commodity B, only when some other commodity A enters into a value relation with it, and then only within the limits of this relation. Since no commodity can stand in the relation of equivalent to itself, and thus turn its own bodily shape into the expression of its own value, every commodity is compelled to choose some other commodity for its equivalent, and to accept the use-value, that is to say, the bodily shape of that other commodity as the form of its own value.

One of the measures that we apply to commodities as material substances, as use-values, will serve to illustrate this point. A sugar-loaf being a body, is heavy, therefore has weight: but we can neither see nor touch this weight. We then take various pieces of iron, whose weight has been determined beforehand. The iron, as iron, is no more the form of manifestation of weight, than is the sugar-loaf. Nevertheless, in order to express the sugar-loaf as so much weight, we put it into a weight-relation with the iron. In this relation, the iron officiates as a body representing nothing but weight. A certain quantity of iron therefore serves as a measure of the weight of the sugar, and represents, in relation to the sugar-loaf, weight embodied, the form of manifestation of weight. This part is played by the iron only within this relation, into which the sugar or any other body, whose weight has to be determined, enters with the iron. Were they not both heavy, they could not enter into this relation, and the one could therefore not serve as the expression of the weight of the other. When we throw both into the scales, we see in reality, that as weight they are both the same, and that, therefore, when taken in proper proportions, they have the same weight. Just as the substance iron, as a measure of weight, represents in

relation to the sugar-loaf weight alone, so, in our expression of value, the material object, coat, in relation to be linen represents value alone.

Here, however, the analogy ceases. The iron, in the expression of the weight of the sugar-loaf, represents a natural property common to both bodies, namely their weight; but the coat in the expression of value of the linen, represents a non-natural property of both, something purely social, namely, their value.

Since the relative form of value of a commodity — the linen, for example — expresses the value of that commodity, as being something wholly different from its substance and properties, as being, for instance, coat-like, we see that this expression itself indicates that some social relation lies at the bottom of it. With the equivalent form it is just the contrary. The very essence of this form is that the material commodity itself — the coat — just as it is, expresses value, and is endowed with the form of value by Nature itself. Of course this holds good only so long as the value relation exists, in which the coat stands in the position of equivalent to the linen. Since, however, the properties of a thing are not the result of its relations to other things, but only manifest themselves in such relations, the coat seems to be endowed with its equivalent form, its property of being directly exchangeable, just as much by Nature as it is endowed with the property of being heavy, or the capacity to keep us warm. Hence the enigmatical character of the equivalent form which escapes the notice of the bourgeois political economist, until this form, completely developed, confronts him in the shape of money. He then seeks to explain away the mystical character of gold and silver, by substituting for them less dazzling commodities, and by reciting, with ever renewed satisfaction, the catalogue of all possible commodities which at one time or another have played the part of equivalent. He has not the least suspicion that the most simple expression of value, such as 20 yds. of linen=1 coat, already propounds the riddle of the equivalent form for our solution.

The body of the commodity that serves as the equivalent, figures as the materialism of human labour in the abstract and is at the same time the product of some specifically useful concrete labour. The concrete labour becomes, therefore, the medium for expressing abstract human labour. If on the one hand the coat ranks as nothing but the embodiment of abstract human labour, so, on the other hand, the tailoring which is actually embodied in it, counts as nothing but the form under which that abstract

labour is realised. In the expression of value of the linen, the utility of the tailoring consists, not in making clothes, but in making an object, which we at once recognise to be Value, and therefore to be a congelation of labour, but of labour indistinguishable from that realised in the value of the linen. In order to act as such a mirror of value, the labour of tailoring must reflect nothing besides its own abstract quality of being human labour generally.

In tailoring, as well as in weaving, human labour-power is expended. Both, therefore, possess the general property of being human labour, and may, therefore, in certain cases, such as in the production of value, have to be considered under this aspect alone. There is nothing mysterious in this. But in the expression of value there is a complete turn of the tables. For instance, how is the fact to be expressed that weaving creates the value of the linen, not by virtue of being weaving, as such, but by reason of its general property of being human labour? Simply by opposing to weaving that other particular form of concrete labour (in this instance tailoring), which produces the equivalent of the product of weaving. Just as the coat in its bodily form became a direct expression of value, so now does tailoring, a concrete form of labour, appear as the direct and palpable embodiment of human labour generally.

Hence, the second peculiarity of the equivalent form is that concrete labour becomes the form under which its opposite, abstract human labour, manifests itself.

But because this concrete labour, tailoring in our case, ranks as, and is directly identified with, undifferentiated human labour, it also ranks as identical with any other sort of labor, and therefore with that embodied in linen. Consequently, although, like all other commodity-producing labour, it is the labour of private individuals, yet, at the same time, it ranks as labour directly social in its character. This is the reason why it results in a product directly exchangeable with other commodities. We have then a third peculiarity of the Equivalent form, namely, that the labour of private individuals takes the form of its opposite, labour directly social in its form.

The two latter peculiarities of the Equivalent form will become more intelligible if we go back to the great thinker who was the first to analyse so many forms, whether of thought, society, or nature, and amongst them also the form of value. I mean Aristotle.

In the first place, he clearly enunciates that the money form of commodities is only the further development of the simple form of value — i.e., of the expression of the value of one commodity in some other commodity taken at random; for he says

5 beds=1 house

is not to be distinguished from  
5 beds=so much money.

He further sees that the value relation which gives rise to this expression makes it necessary that the house should qualitatively be made the equal of the bed, and that, without such an equalization, these two clearly different things could not be compared with each other as commensurable quantities. “Exchange,” he says, “cannot take place without equality, and equality not without commensurability” . Here, however, he comes to a stop, and gives up the further analysis of the form of value. “It is, however, in reality, impossible , that such unlike things can be commensurable” — i.e., qualitatively equal. Such an equalisation can only be something foreign to their real nature, consequently only “a make-shift for practical purposes.”

Aristotle therefore, himself, tells us, what barred the way to his further analysis; it was the absence of any concept of value. What is that equal something, that common substance, which admits of the value of the beds being expressed by a house? Such a thing, in truth, cannot exist, says Aristotle. And why not? Compared with the beds, the house does represent something equal to them, in so far as it represents what is really equal, both in the beds and the house. And that is — human labour.

There was, however, an important fact which prevented Aristotle from seeing that, to attribute value to commodities, is merely a mode of expressing all labour as equal human labour, and consequently as labour of equal quality. Greek society was founded upon slavery, and had, therefore, for its natural basis, the inequality of men and of their labour powers. The secret of the expression of value, namely, that all kinds of labour are equal and equivalent, because, and so far as they are human labour in general, cannot be deciphered, until the notion of human equality has already

acquired the fixity of a popular prejudice. This, however, is possible only in a society in which the great mass of the produce of labour takes the form of commodities, in which, consequently, the dominant relation between man and man, is that of owners of commodities. The brilliancy of Aristotle's genius is shown by this alone, that he discovered, in the expression of the value of commodities, a relation of equality. The peculiar conditions of the society in which he lived, alone prevented him from discovering what, "in truth," was at the bottom of this equality.

The Elementary form of value considered as a whole.

The elementary form of value of a commodity is contained in the equation, expressing its value relation to another commodity of a different kind, or in its exchange relation to the same. The value of commodity A is qualitatively expressed by the fact that commodity B is directly exchangeable with it. Its value is quantitatively expressed by the fact, that a definite quantity of B is exchangeable with a definite quantity of A. In other words, the value of a commodity obtains independent and definite expression, by taking the form of exchange value. When, at the beginning of this chapter, we said, in common parlance, that a commodity is both a use-value and an exchange value, we were, accurately speaking, wrong. A commodity is a use-value or object of utility, and a value. It manifests itself as this two-fold thing, that it is, as soon as its value assumes an independent form — viz., the form exchange value. It never assumes this form when isolated, but only when placed in a value or exchange relation with another commodity of a different kind. When once we know this, such a mode of expression does no harm; it simply serves as an abbreviation.

Our analysis has shown, that the form or expression of the value of a commodity originates in the nature of value, and not that value and its magnitude originate in the mode of their expression as exchange value. This, however, is the delusion as well of the mercantilists and their recent revivors, Ferrier, Ganih, and others, as also of their antipodes, the modern bagmen of Free Trade, such as Bastiat. The mercantilists lay special stress on the qualitative aspect of the expression of value, and consequently on the equivalent form of commodities, which attains its full perfection in money. The modern hawkers of Free Trade, who must get rid of their article at any price, on the other hand, lay most stress on the quantitative aspect of the relative form of value. For them there consequently exists neither value, nor magnitude of value, anywhere except in its expression by means of the

exchange relation of commodities, that is, in the daily list of prices current. MacLeod, who has taken upon himself to dress up the confused ideas of Lombard Street in the most learned finery, is a successful cross between the superstitious mercantilists, and the enlightened Free Trade bagmen.

A close scrutiny of the expression of the value of A in terms of B, contained in the equation expressing the value relation of A to B, has shown us that, within that relation, the bodily form of A figures only as a use-value, the bodily form of B only as the form or aspect of value. The opposition or contrast existing internally in each commodity between use-value and value, is, therefore, made evident externally by two commodities being placed in such relation to each other, that the commodity whose value it is sought to express, figures directly as a mere use-value, while the commodity in which that value is to be expressed, figures directly as mere exchange value. Hence the elementary form of value of a commodity is the elementary form in which the contrast contained in that commodity, between use-value and value, becomes apparent.

Every product of labour is, in all states of society, a use-value; but it is only at a definite historical epoch in a society's development that such product becomes a commodity, viz., at the epoch when the labour spent on the production of a useful article becomes expressed as one of the objective qualities of that article, i.e., as its value. It therefore follows that the elementary value-form is also the primitive form under which a product of labour appears historically as a commodity, and that the gradual transformation of such products into commodities, proceeds *pari passu* with the development of the value-form.

We perceive, at first sight, the deficiencies of the elementary form of value: it is a mere germ, which must undergo a series of metamorphoses before it can ripen into the Price-form.

The expression of the value of commodity A in terms of any other commodity B, merely distinguishes the value from the use-value of A, and therefore places A merely in a relation of exchange with a single different commodity, B; but it is still far from expressing A's qualitative equality, and quantitative proportionality, to all commodities. To the elementary relative value-form of a commodity, there corresponds the single equivalent form of one other commodity. Thus, in the relative expression of value of the linen, the coat assumes the form of equivalent, or of being directly exchangeable, only in relation to a single commodity, the linen.

Nevertheless, the elementary form of value passes by an easy transition into a more complete form. It is true that by means of the elementary form, the value of a commodity A, becomes expressed in terms of one, and only one, other commodity. But that one may be a commodity of any kind, coat, iron, corn, or anything else. Therefore, according as A is placed in relation with one or the other, we get for one and the same commodity, different elementary expressions of value. The number of such possible expressions is limited only by the number of the different kinds of commodities distinct from it. The isolated expression of A's value, is therefore convertible into a series, prolonged to any length, of the different elementary expressions of that value.

Total or Expanded form of value.

z Com. A=u Com. B or=v Com. C or=w Com. D or=x Com. E or=8c.  
 (20 yards of linen=1 coat or=10 lb tea or=40 lb coffee or=1 quarter corn or=2 ounces gold or=½ ton iron or=8c.)

The Expanded Relative form of value.

The value of a single commodity, the linen, for example, is now expressed in terms of numberless other elements of the world of commodities. Every other commodity now becomes a mirror of the linen's value. It is thus, that for the first time this value shows itself in its true light as a congelation of undifferentiated human labour. For the labour that creates it, now stands expressly revealed, as labour that ranks equally with every other sort of human labour, no matter what its form, whether tailoring, ploughing, mining, &c. and no matter, therefore, whether it is realised in coats, corn, iron, or gold. The linen, by virtue of the form of its value, now stands in a social relation, no longer with only one other kind of commodity, but with the whole world of commodities. As a commodity, it is a citizen of that world. At the same time, the interminable series of value equations implies, that as regards the value of a commodity, it is a matter of indifference under what particular form, or kind, of use-value it appears.

In the first form, 20 yds. of linen=1 coat, it might for ought that otherwise appears be pure accident, that these two commodities are exchangeable in definite quantities. In the second form, on the contrary, we perceive at once the background that determines, and is essentially different from, this accidental appearance. The value of the linen remains unaltered

in magnitude, whether expressed in coats, coffee, or iron, or in numberless different commodities, the property of as many different owners. The accidental relation between two individual commodity-owners disappears. It becomes plain, that it is not the exchange of commodities which regulates the magnitude of their value; but, on the contrary, that it is the magnitude of their value which controls their exchange proportions.

The particular Equivalent form.

Each commodity, such as coat, tea, corn, iron, &c., figures in the expression of value of the linen, as an equivalent, and consequently as a thing that is value. The bodily form of each of these commodities figures now as a particular equivalent form, one out of many. In the same way the manifold concrete form, one out of many. In the same way the manifold concrete useful kinds of labour, embodied in these different commodities, rank now as so many different forms of the realisation, or manifestation, of indifferenced human labour.

Defects of the Total or Expanded form of value.

In the first place, the relative expression of value is incomplete because the series representing it is interminable. The chain of which each equation of value is a link, is liable at any moment to be lengthened by each new kind of commodity that comes into existence and furnishes the material for a fresh expression of value. In the second place, it is a many-coloured mosaic of disparate and independent expressions of value. And lastly, if, as must be the case, the relative value of each commodity in turn, becomes expressed in this expanded form, we get for each of them a relative value-form, different in every case, and consisting of an interminable series of expressions of value. The defects of the expanded relative-value form are reflected in the corresponding equivalent form. Since the bodily form of each single commodity is one particular equivalent form amongst numberless others, we have, on the whole, nothing but fragmentary equivalent forms, each excluding the others. In the same way, also, the special, concrete, useful kind of labour embodied in each particular equivalent, is presented only as a particular kind of labour, and therefore not as an exhaustive representative of human labour generally. The latter, indeed, gains adequate manifestation in the totality of its manifold, particular, concrete forms. But, in that case, its expression in an infinite series is ever incomplete and deficient in unity.

The expanded relative value form is, however, nothing but the sum of the elementary relative expressions or equations of the first kind, such as

20 yards of linen=1 coat  
 20 yards of linen=10 lbs. of tea, etc.

Each of these implies the corresponding inverted equation,

1=coat=20 yards of linen  
 10 lbs. of tea=20 yards of linen, etc.

In fact, when a person exchanges his linen for many other commodities, and thus expresses its value in a series of other commodities, it necessarily follows, that the various owners of the latter exchange them for the linen, and consequently express the value of their various commodities in one and the same third commodity, the linen. If then, we reverse the series, 20 yards of linen=1 coat or=10 lbs. of tea, etc., that is to say, if we give expression to the converse relation already implied in the series, we get,

The General form of value.

1 coat	10 lbs. of tea	40 lbs. of coffee	1	}	=20
quarter of corn	2 ounces of gold	½ a ton of			yards
iron	x com. A., etc.				of
					linen

The altered character of the form of value.

All commodities now express their value (1) in an elementary form, because in a single commodity; (2) with unity, because in one and the same commodity. This form of value is elementary and the same for all, therefore general.

The forms A and B were fit only to express the value of a commodity as something distinct from its use-value or material form.

The first form, A, furnishes such equations as the following: — 1 coat=20 yards of linen, 10 lbs. of tea=½ ton of iron. The value of the coat is equated to linen, that of the tea to iron. But to be equated to linen, and again to iron, is to be as different as are linen and iron. This form, it is plain, occurs practically only in the first beginning, when the products of labour are converted into commodities by accidental and occasional exchanges.

The second form, B, distinguishes, in a more adequate manner than the first, the value of a commodity from its use-value; for the value of the coat is there placed in contrast under all possible shapes with the bodily form of the coat; it is equated to linen, to iron, to tea, in short, to everything else, only not to itself, the coat. On the other hand, any general expression of value common to all is directly excluded; for, in the equation of value of each commodity, all other commodities now appear only under the form of equivalents. The expanded form of value comes into actual existence for the first time so soon as a particular product of labour, such as cattle, is no longer exceptionally, but habitually, exchanged for various other commodities.

The third and lastly developed form expresses the values of the whole world of commodities in terms of a single commodity set apart for the purpose, namely, the linen, and thus represents to us their values by means of their equality with linen. The value of every commodity is now, by being equated to linen, not only differentiated from its own use-value, but from all other use-values generally, and is, by that very fact, expressed as that which is common to all commodities. By this form, commodities are, for the first time, effectively brought into relation with one another as values, or made to appear as exchange values.

The two earlier forms either express the value of each commodity in terms of a single commodity of a different kind, or in a series of many such commodities. In both cases, it is, so to say, the special business of each single commodity to find an expression for its value, and this it does without the help of the others. These others, with respect to the former, play the passive parts of equivalents. The general form of value C, results from the joint action of the whole world of commodities, and from that alone. A commodity can acquire a general expression of its value only by all other commodities, simultaneously with it, expressing their values in the same equivalent; and every new commodity must follow suit. It thus becomes evident that, since the existence of commodities as values is purely social, this social existence can be expressed by the totality of their social relations alone, and consequently that the form of their value must be a socially recognised form.

All commodities being equated to linen now appear not only as qualitatively equal as values generally, but also as values whose magnitudes are capable of comparison. By expressing the magnitudes of their values in

one and the same material, the linen, those magnitudes are also compared with each other. For instance, 10 lbs. of tea=20 yards of linen, and 40 lbs. of coffee=20 yards of linen. Therefore, 10 lbs. of tea=40 lbs. of coffee. In other words, there is contained in 1 lb. of coffee only one-fourth as much substance of value — labour — as is contained in 1 lb. of tea.

The general form of relative value, embracing the whole world of commodities, converts the single commodity that is excluded from the rest, and made to play the part of equivalent — here the linen — into the universal equivalent. The bodily form of the linen is now the form assumed in common by the value of all commodities; it therefore becomes directly exchangeable with all and every of them. The substance linen becomes the visible incarnation, the social chrysalis state of every kind of human labour. Weaving, which is the labour of certain private individuals producing a particular article, linen, acquires in consequence a social character, the character of equality with all other kinds of labour. The innumerable equations of which the general form of value is composed, equate in turn the labour embodied in the linen to that embodied in every other commodity, and they thus convert weaving into the general form of manifestation of undifferentiated human labour. In this manner the labour realised in the values of commodities is presented not only under its negative aspect, under which abstraction is made from every concrete form and useful property of actual work, but its own positive nature is made to reveal itself expressly. The general value-form is the reduction of all kinds of actual labour to their common character of being human labour generally, of being the expenditure of human labour power.

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

The interdependent development of the Relative form of value, and of the Equivalent form.

The degree of development of the relation form of value corresponds to that of the equivalent form. But we must bear in mind that the development of the latter is only the expression and result of the development of the former.

The primary or isolated relative form of value of one commodity converts some other commodity into an isolated equivalent. The expanded form of relative value, which is the expression of the value of one commodity in terms of all other commodities, endows those other commodities with the character of particular equivalents differing in kind. And lastly, a particular kind of commodity acquires the character of universal equivalent, because all other commodities make it the material in which they uniformly express their value.

The antagonism between the relative form of value and the equivalent form, the poles of the value form, is developed concurrently with that form itself.

The first form, 20 yds. of linen=one coat, already contains this antagonism, without as yet fixing it. According as we read this equation forwards or backwards, the parts played by the linen and the coat are different. In the one case the relative value of the linen is expressed in the coat, in the other case the relative value of the coat is expressed in the linen. In this first form of value, therefore, it is difficult to grasp the polar contrast.

Form B shows that only one single commodity at a time can completely expand its relative value, and that it acquires this expanded form only because, and in so far as, all other commodities are, with respect to it, equivalents. Here we cannot reverse the equation, as we can the equation 20 yds. of linen=1 coat, without altering its general character, and converting it from the expanded form of value into the general form of value.

Finally, the form C gives to the world of commodities a general social relative form of value, because, and in so far as, thereby all commodities, with the exception of one, are excluded from the equivalent form. A single commodity, the linen, appears therefore to have acquired the character of direct exchangeability with every other commodity because, and in so far as, this character is denied to every other commodity.

The commodity that figures as universal equivalent, is, on the other hand, excluded from the relative value form. If the linen, or any other commodity serving as universal equivalent, were, at the same time, to share in the relative form of value, it would have to serve as its own equivalent. We should then have 20 yds. of linen=20 yds. of linen; this tautology expresses neither value, nor magnitude of value. In order to express the relative value of the universal equivalent, we must rather reverse the form

C. This equivalent has no relative form of value in common with other commodities, but its value is relatively expressed by a never ending series of other commodities. Thus, the expanded form of relative value, or form B, now shows itself as the specific form of relative value for the equivalent commodity.

Transition from the General form of value to the Money form.

The universal equivalent form is a form of value in general. It can, therefore, be assumed by any commodity. On the other hand, if a commodity be found to have assumed the universal equivalent form (form C), this is only because and in so far as it has been excluded from the rest of all other commodities as their equivalent, and that by their own act. And from the moment that this exclusion becomes finally restricted to one particular commodity, from that moment only, the general form of relative value of the world of commodities obtains real consistence and general social validity.

The particular commodity, with whose bodily form the equivalent form is thus socially identified, now becomes the money commodity, or serves as money. It becomes the special social function of that commodity, and consequently its social monopoly, to play within the world of commodities the part of the universal equivalent. Amongst the commodities which, in form B, figure as particular equivalents of the linen, and in form C, express in common their relative values in linen, this foremost place has been attained by one in particular — namely, gold. If, then, in form C we replace the linen by gold, we get,

The Money form.

20 yards of linen	=	
1 coat	=	
10 lb of tea	=	
40 lb of coffee	=	} 2 ounces of gold.
1 qr. of corn	=	
½ a ton iron	=	
x commodity A	=	

In passing from form A to form B, and from the latter to form C, the changes are fundamental. On the other hand, there is no difference between

forms C and D, except that, in the latter, gold has assumed the equivalent form in the place of linen. Gold is in form D, what linen was in form C — the universal equivalent. The progress consists in this alone, that the character of direct and universal exchangeability — in other words, that the universal equivalent form — has now, by social custom, become finally identified with the substance, gold.

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

The elementary expression of the relative value of a single commodity, such as linen, in terms of the commodity, such as gold, that plays the part of money, is the price form of that commodity. The price form of the linen is therefore

20 yards of linen=2 ounces of gold, or, if 2 ounces of gold when coined are £2, 20 yards of linen=£2.

The difficulty in forming a concept of the money form, consists in clearly comprehending the universal equivalent form, and as a necessary corollary, the general form of value, form C. The latter is deducible from form B, the expanded form of value, the essential component element of which, we saw, is form A, 20 yards of linen=1 coat or x commodity A=y commodity B. The simple commodity form is therefore the germ of the money form.

#### **SECTION 4. — THE FETISHISM OF COMMODITIES AND THE SECRET THEREOF.**

A commodity appears, at first sight, a very trivial thing, and easily understood. Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological niceties. So far as it is

a value in use, there is nothing mysterious about it, whether we consider it from the point of view that by its properties it is capable of satisfying human wants, or from the point that those properties are the product of human labour. It is as clear as noon-day, that man, by his industry, changes the forms of the materials furnished by nature, in such a way as to make them useful to him. The form of wood, for instance, is altered, by making a table out of it. Yet, for all that the table continues to be that common, everyday thing, wood. But, so soon as it steps forth as a commodity, it is changed into something transcendent. It not only stands with its feet on the ground, but, in relation to all other commodities, it stands on its head, and evolves out of its wooden brain grotesque ideas, far more wonderful than “table-turning” ever was.

The mystical character of commodities does not originate, therefore, in their use-value. Just as little does it proceed from the nature of the determining factors of value. For, in the first place, however varied the useful kinds of labour, or productive activities, may be, it is a physiological fact, that they are functions of the human organism, and that each such function, whatever may be its nature or form, is essentially the expenditure of human brain, nerves, muscles, &c. Secondly, with regard to that which forms the ground-work for the quantitative determination of value, namely, the duration of that expenditure, or the quantity of labour, it is quite clear that there is a palpable difference between its quantity and quality. In all states of society, the labour-time that it costs to produce the means of subsistence must necessarily be an object of interest to mankind, though not of equal interest in different stages of development. And lastly, from the moment that men in any way work for one another, their labour assumes a social form.

Whence, then, arises the enigmatical character of the product of labour, so soon as it assumes the form of commodities? Clearly from this form itself. The equality of all sorts of human labour is expressed objectively by their products all being equally values; the measure of the expenditure of labour-power by the duration of that expenditure, takes the form of the quantity of value of the products of labour; and finally, the mutual relations of the producers, within which the social character of their labour affirms itself, take the form of a social relation between the products.

A commodity is therefore a mysterious thing, simply because in it the social character of men’s labour appears to them as an objective character

stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour. This is the reason why the products of labour become commodities, social things whose qualities are at the same time perceptible and imperceptible by the senses. In the same way the light from an object is perceived by us not as the subjective excitation of our optic nerve, but as the objective form of something outside the eye itself. But, in the act of seeing, there is at all events, an actual passage of light from one thing to another, from the external object to the eye. There is a physical relation between physical things. But it is different with commodities. There, the existence of the things quâ commodities, and the value relation between the products of labour which stamps them as commodities, have absolutely no connection with their physical properties and with the material relations arising therefrom. There it is a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things. In order, therefore, to find an analogy, we must have recourse to the mist-enveloped regions of the religious world. In that world the productions of the human brain appear as independent beings endowed with life, and entering into relation both with one another and the human race. So it is in the world of commodities with the products of men's hands. This I call the Fetishism which attaches itself to the products of labour, so soon as they are produced as commodities, and which is therefore inseparable from the production of commodities.

This Fetishism of commodities has its origin, as the foregoing analysis has already shown, in the peculiar social character of the labour that produces them.

As a general rule, articles of utility become commodities, only because they are products of the labour of private individuals or groups of individuals who carry on their work independently of each other. The sum total of the labour of all these private individuals forms the aggregate labour of society. Since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer's labour does not show itself except in the act of exchange. In other words, the labour of the individual asserts itself as a part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them,

between the producers. To the latter, therefore, the relations connecting the labour of the individual with that of the rest appear, not as direct social relations between individuals at work, but as what they really are, material relations between persons and social relations between things. It is only by being exchanged that the products of labour acquire, as values, one uniform social status, distinct from their varied forms of existence as objects of utility. This division of a product into a useful thing and a value becomes practically important, only when exchange has acquired such an extension that useful articles are produced for the purpose of being exchanged, and their character as values has therefore to be taken into account, beforehand, during production. From this moment the labour of the individual producer acquires socially a two-fold character. On the one hand, it must, as a definite useful kind of labour, satisfy a definite social want, and thus hold its place as part and parcel of the collective labour of all, as a branch of a social division of labour that has sprung up spontaneously. On the other hand, it can satisfy the manifold wants of the individual producer himself, only in so far as the mutual exchangeability of all kinds of useful private labour is an established social fact, and therefore the private useful labour of each producer ranks on an equality with that of all others. The equalization of the most different kinds of labour can be the result only of an abstraction from their inequalities, or of reducing them to their common denominator, viz., expenditure of human labour power or human labour in the abstract. The two-fold social character of the labour of the individual appears to him, when reflected in his brain, only under those forms which are impressed upon that labour in everyday practice by the exchange of products. In this way, the character that his own labour possesses of being socially useful takes the form of the condition, that the product must be not only useful, but useful for others, and the social character that his particular labour has of being the equal of all other particular kinds of labour, takes the form that all the physically different articles that are the products of labour, have one common quality, viz, that of having value.

Hence, when we bring the products of our labour into relation with each other as values, it is not because we see in these articles the material receptacles of homogeneous human labour. Quite the contrary; whenever, by an exchange, we equate as values our different products, by that very act, we also equate, as human labour, the different kinds of labour expended upon them. We are not aware of this, nevertheless we do it. Value, therefore,

does not stalk about with a label describing what it is. It is value, rather, that converts every product into a social hieroglyphic. Later on, we try to decipher the hieroglyphic, to get behind the secret of our own social products; for to stamp an object of utility as a value, is just as much a social product as language. The recent scientific discovery, that the products of labour, so far as they are values, are but material expressions of the human labour spent in their production, marks, indeed, an epoch in the history of the development of the human race, but, by no means, dissipates the mist through which the social character of labour appears to us to be an objective character of the products themselves. The fact, that in the particular form of production with which we are dealing, viz., the production of commodities, the specific social character of private labour carried on independently, consists in the equality of every kind of the labour, by virtue of its being human labour, which character, therefore, assumes in the product the form of value — this fact appears to the producers, notwithstanding the discovery above referred to, to be just as real and final, as the fact, that, after the discovery by science of the component gases of air, the atmosphere itself remained unaltered.

What, first of all, practically concerns producers when they make an exchange, is the question, how much of some other product they get for their own? in what proportions the products are exchangeable? When these proportions have, by custom, attained a certain stability, they appear to result from the nature of the products, so that, for instance, one ton of iron and two ounces of gold appear as naturally to be of equal value as a pound of gold and a pound of iron in spite of their different physical and chemical qualities appear to be of equal weight. The character of having value, when once impressed upon products, obtains fixity only by reason of their acting and re-acting upon each other as quantities of value. These quantities vary continually, independently of the will, foresight and action of the producers. To them, their own social action takes the form of the action of objects, which rule the producers instead of being ruled by them. It requires a fully developed production of commodities before, from accumulated experience alone, the scientific conviction springs up, that all the different kinds of private labour, which are carried on independently of each other, and yet as spontaneously developed branches of the social division of labour, are continually being reduced to the quantitative proportions in which society requires them. And why? Because, in the midst of all the accidental and

ever fluctuating exchange-relations between the products, the labour-time socially necessary for their production forcibly asserts itself like an overriding law of nature. The law of gravity thus asserts itself when a house falls about our ears. The determination of the magnitude of value by labour-time is therefore a secret, hidden under the apparent fluctuations in the relative values of commodities. Its discovery, while removing all appearance of mere accidentality from the determination of the magnitude of the values of products, yet in no way alters the mode in which that determination takes place.

Man's reflections on the forms of social life, and consequently, also, his scientific analysis of those forms, taken a course directly opposite to that of their actual historical development. He begins, *post festum*, with the results of the process of development ready to hand before him. The characters that stamp products as commodities, and whose establishment is a necessary preliminary to the circulation of commodities, have already acquired the stability of natural, self-understood forms of social life, before man seeks to decipher, not their historical character, for in his eyes they are immutable, but their meaning. Consequently it was the analysis of the prices of commodities that alone led to the determination of the magnitude of value, and it was the common expression of all commodities in money that alone led to the establishment of their characters as values. It is, however, just this ultimate money form of the world of commodities that actually conceals, instead of disclosing, the social character of private labour, and the social relations between the individual producers. When I state that coats or boots stand in a relation to linen, because it is the universal incarnation of abstract human labour, the absurdity of the statement is self-evident. Nevertheless, when the producers of coats and boots compare those articles with linen, or, what is the same thing with gold or silver, as the universal equivalent, they express the relation between their own private labour and the collective labour of society in the same absurd form.

The categories of bourgeois economy consist of such like forms. They are forms of thought expressing with social validity the conditions and relations of a definite, historically determined mode of production, viz., the production of commodities. The whole mystery of commodities, all the magic and necromancy that surrounds the products of labour as long as they take the form of commodities, vanishes therefore, so soon as we come to other forms of production.

Since Robinson Crusoe's experiences are a favorite theme with political economists, let us take a look at him on his island. Moderate though he be, yet some few wants he has to satisfy, and must therefore do a little useful work of various sorts, such as making tools and furniture, taming goats, fishing and hunting. Of his prayers and the like we take no account, since they are a source of pleasure to him, and he looks upon them as so much recreation. In spite of the variety of his work, he knows that his labour, whatever its form, is but the activity of one and the same Robinson, and consequently, that it consists of nothing but different modes of human labour. Necessity itself compels him to apportion his time accurately between his different kinds of work. Whether one kind occupies a greater space in his general activity than another, depends on the difficulties, greater or less as the case may be, to be overcome in attaining the useful effect aimed at. This our friend Robinson soon learns by experience, and having rescued a watch, ledger, and pen and ink from the wreck, commences, like a true-born Briton, to keep a set of books. His stock-book contains a list of the objects of utility that belong to him, of the operations necessary for their production; and lastly; of the labour time that definite quantities of those objects have, on an average, cost him. All the relations between Robinson and the objects that form this wealth of his own creation, are here so simple and clear as to be intelligible without exertion, even to Mr. Sedley Taylor. And yet those relations contain all that is essential to the determination of value.

Let us now transport ourselves from Robinson's island bathed in light to the European middle ages shrouded in darkness. Here, instead of the independent man, we find everyone dependent, serfs and lords, vassals and suzerains, laymen and clergy. Personal dependence here characterises the social relations of production just as much as it does the other spheres of life organized on the basis of that production. But for the very reason that personal dependence forms the groundwork of society, there is no necessity for labour and its products to assume a fantastic form different from their reality. They take the shape, in the transactions of society, of services in kind and payments in kind. Here the particular and natural form of labour, and not, as in a society based on production of commodities, its general abstract form is the immediate social form of labour. Compulsory labour is just as properly measured by time, as commodity-producing labour; but

every serf knows that what he expends in the service of his lord, is a definite quantity of his own personal labour-power. The tithe to be rendered to the priest is more matter of fact than his blessing. No matter, then, what we may think of the parts played by the different classes of people themselves in this society, the social relations between individuals in the performance of their labour, appear at all events as their own mutual personal relations, and are not disguised under the shape of social relations between the products of labour.

For an example of labour in common or directly associated labour, we have no occasion to go back to that spontaneously developed form which we find on the threshold of the history of all civilized races. We have one close at hand in the patriarchal industries of a peasant family, that produces corn, cattle, yarn, linen, and clothing for home use. These different articles are, as regards the family, so many products of its labour, but as between themselves, they are not commodities. The different kinds of labour, such as tillage, cattle tending, spinning, weaving and making clothes, which result in the various products, are in themselves, and such as they are, direct social functions, because functions of the family, which just as much as a society based on the production of commodities, possesses a spontaneously developed system of division of labour. The distribution of the work within the family, and the regulation of the labour-time of the several members, depend as well upon differences of age and sex as upon natural conditions varying with the seasons. The labour-power of each individual, by its very nature, operates in this case merely as a definite portion of the whole labour-power of the family, and therefore, the measure of the expenditure of individual labour-power by its duration, appears here by its very nature as a social character of their labour.

Let us now picture to ourselves, by way of change, a community of free individuals, carrying on their work with the means of production in common, in which the labour-power of all the different individuals is consciously applied as the combined labour-power of the community. All the characteristics of Robinson's labour are here repeated, but with this difference, that they are social, instead of individual. Everything produced by him was exclusively the result of his own personal labour, and therefore simply an object of use for himself. The total product of our community is a social product. One portion serves as fresh means of production and remains social. But another portion is consumed by the members as means

of subsistence. A distribution of this portion amongst them is consequently necessary. The mode of this distribution will vary with the productive organization of the community, and the degree of historical development attained by the producers. We will assume, but merely for the sake of a parallel with the production of commodities, that the share of each individual producer in the means of subsistence is determined by his labour-time. Labour-time would, in that case, play a double part. Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of the common labour borne by each individual and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution.

The religious world is but the reflex of the real world. And for a society based upon the production of commodities, in which the producers in general enter into social relations with one another by treating their products as commodities and values, whereby they reduce their individual private labour to the standard of homogeneous human labour — for such a society, Christianity with its cultus of abstract man, more especially in its bourgeois developments, Protestantism, Deism, &c., is the most fitting form of religion. In the ancient Asiatic and other ancient modes of production, we find that the conversion of products into commodities, and therefore the conversion of men into producers of commodities, holds a subordinate place, which, however, increases in importance as the primitive communities approach nearer and nearer to their dissolution. Trading nations, properly so called, exist in the ancient world only in its interstices, like the gods of Epicurus in the Intermundia, or like Jews in the pores of Polish society. Those ancient social organisms of production are, as compared with bourgeois society, extremely simple and transparent. But they are founded either on the immature development of man individually, who has not yet severed the umbilical cord that unites him with his fellow men in a primitive tribal community, or upon direct relations of subjection. They can arise and exist only when the development of the productive power of labour has not risen beyond a low stage, and when, therefore, the social relations within the sphere of material life, between man and man,

and between man and Nature, are correspondingly narrow. This narrowness is reflected in the ancient worship of Nature, and in the other elements of the popular religions. The religious reflex of the real world can, in any case, only then finally vanish, when the practical relations of everyday life offer to man none but perfectly intelligible and reasonable relations with regard to his fellowmen and to nature.

The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan. This, however, demands for society a certain material groundwork or set of conditions of existence which in their turn are the spontaneous product of a long and painful process of development.

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

To what extent some economists are misled by the Fetishism inherent in commodities, or by the objective appearance of the social characteristics of labour, is shown, amongst other ways, by the dull and tedious quarrel over the part played by Nature in the formation of exchange value. Since exchange value is a definite social manner of expressing the amount of labour bestowed upon an object, Nature has no more to do with it, than it has in fixing the course of exchange.

The mode of production in which the product takes the form of a commodity, or is produced directly for exchange, is the most general and most embryonic form of bourgeois production. It therefore makes its appearance at an early date in history, though not in the same predominating and characteristic manner as now-a-days. Hence its Fetish character is

comparatively easy to be seen through. But when we come to more concrete forms, even this appearance of simplicity vanishes. Whence arose the illusions of the monetary system? To it gold and silver, when serving as money, did not represent a social relation between producers, but were natural objects with strange social properties. And modern economy, which looks down with such disdain on the monetary system, does not its superstition come out as clear as noon-day, whenever it treats of capital? How long is it since economy discarded the physiocratic illusion, that rents grow out of the soil and not out of society?

But not to anticipate, we will content ourselves with yet another example relating to the commodity form. Could commodities themselves speak, they would say: Our use-value may be a thing that interests men. It is no part of us as objects. What, however, does belong to us as objects, is our value. Our natural intercourse as commodities proves it. In the eyes of each other we are nothing but exchange values. Now listen how those commodities speak through the mouth of the economist. “Value” — (i.e., exchange value) “is a property of things, riches” — (i.e., use-value) “of man. Value, in this sense, necessarily implies exchanges, riches do not.” “Riches” (use-value) “are the attribute of men, value is the attribute of commodities. A man or a community is rich, a pearl or a diamond is valuable...A pearl or a diamond is valuable” as a pearl or diamond. So far no chemist has ever discovered exchange value either in a pearl or a diamond. The economical discoverers of this chemical element, who by-the-by lay special claim to critical acumen, find however that the use-value of objects belongs to them independently of their material properties, while their value, on the other hand, forms a part of them as objects. What confirms them in this view, is the peculiar circumstances that the use-value of objects is realised without exchange, by means of a direct relation between the objects and man, while, on the other hand, their value is realised only by exchange, that is, by means of a social process. Who fails here to call to mind our good friend, Dogberry, who informs neighbour Seacoal, that, “To be a well-favoured man is the gift of fortune; but reading and writing comes by nature.”

## CHAPTER II. EXCHANGE.

IT is plain that commodities cannot go to market and make exchanges of their own account. We must, therefore, have recourse to their guardians, who are also their owners. Commodities are things, and therefore without power of resistance against man. If they are wanting in docility he can use force; in other words, he can take possession of them. In order that these objects may enter into relation with each other as commodities, their guardians must place themselves in relation to one another, as persons whose will resides in those objects, and must behave in such a way that each does not appropriate the commodity of the other, and part with his own, except by means of an act done by mutual consent. They must, therefore, mutually recognise in each other the right of private proprietors. This juridical relation, which thus expresses itself in a contract, whether such contract be part of a developed legal system or not, is a relation between two wills, and is but the reflex of the real economical relation between the two. It is this economical relation that determines the subject matter comprised in each such juridical act. The persons exist for one another merely as representatives of, and, therefore, as owners of, commodities. In the course of our investigation we shall find, in general, that the characters who appear on the economic stage are but the personifications of the economical relations that exist between them.

What chiefly distinguishes a commodity from its owner is the fact, that it looks upon every other commodity as but the form of appearance of its own value. A born leveller and a cynic, it is always ready to exchange not only soul, but body, with any and every other commodity, be the same more repulsive than Maritornes herself. The owner makes up for this lack in the commodity of a sense of the concrete, by his own five and more senses. His commodity possesses for himself no immediate use-value. Otherwise, he would not bring it to the market. It has use-value for others; but for himself its only direct use-value is that of being a depository of exchange value, and consequently, a means of exchange. Therefore, he makes up his mind to part with it for commodities whose value in use is of service to him. All commodities are non-use-values for their owners, and use-values for their non-owners. Consequently, they must all change hands. But this change of hands is what constitutes their exchange, and the latter puts them in relation

with each other as values, and realises them as values. Hence commodities must be realised as values before they can be realised as use-values.

On the other hand, they must show that they are use-values before they can be realised as values. For the labour spent upon them counts effectively, only in so far as it is spent in a form that is useful for others. Whether that labour is useful for others and its product consequently capable of satisfying the wants of others, can be proved only by the act of exchange.

Every owner of a commodity wishes to part with it in exchange only for those commodities whose use-value satisfies some want of his. Looked at in this way, exchange is for him simply a private transaction. On the other hand, he desires to realise the value of his commodity, to convert it into any other suitable commodity of equal value, irrespective of whether his own commodity has or has not any use-value for the owner of the other. From this point of view, exchange is for him a social transaction of a general character. But one and the same set of transactions cannot be simultaneously for all owners of commodities both exclusively private and exclusively social and general.

Let us look at the matter a little closer. To the owner of a commodity, every other commodity is, in regard to his own, a particular equivalent, and consequently his own commodity is the universal equivalent for all the others. But since this applies to every owner, there is, in fact, no commodity acting as universal equivalent, and the relative value of commodities possesses no general form under which they can be equated as values and have the magnitude of their values compared. So far, therefore, they do not confront each other as commodities, but only as products or use-values. In their difficulties our commodity-owners think like Faust: "Im Anfang war die That." They therefore acted and transacted before they thought. Instinctively they conform to the laws imposed by the nature of commodities. They cannot bring their commodities into relation as values, and therefore as commodities, except by comparing them with some one other commodity as the universal equivalent. That we saw from the analysis of a universal equivalent. That we saw from the analysis of a commodity. But a particular commodity cannot become the universal equivalent except by a social act. The social action therefore of all other commodities, sets apart the particular commodity in which they all represent their values. Thereby the bodily form of this commodity becomes the form of the socially recognised universal equivalent. To be the universal equivalent,

becomes, by this social process, the specific function of the commodity thus excluded by the rest. Thus it becomes — money. “Illi unum consilium habent et virtutem et potestatem suam bestiae tradunt. Et ne quis possit emere aut vendere, nisi qui habet characterem aut nomen bestiae, aut numerum nominis ejus.” (Apocalypse.)

Money is a crystal formed of necessity in the course of the exchanges, whereby different products of labour are practically equated to one another and thus by practice converted into commodities. The historical progress and extension of exchanges develops the contrast, latent in commodities, between use-value and value. The necessity for giving an external expression to this contrast for the purposes of commercial intercourse, urges on the establishment of an independent form of value, and finds no rest until it is once for all satisfied by the differentiation of commodities into commodities and money. At the same rate, then, as the conversion of products into commodities is being accomplished, so also is the conversion of one special commodity into money.

The direct barter of products attains the elementary form of the relative expression of value in one respect, but not in another. That form is  $x$  Commodity A =  $y$  Commodity B. The form of direct barter is  $x$  use-value A =  $y$  use-value B. The articles A and B in this case are not as yet commodities, but become so only by the act of barter. The first step made by an object of utility towards acquiring exchange-value is when it forms a non-use-value for its owner, and that happens when it forms a superfluous portion of some article required for his immediate wants. Objects in themselves are external to man, and consequently alienable by him. In order that this alienation may be reciprocal, it is only necessary for men, by a tacit understanding, to treat each other as private owners of those alienable objects, and by implication as independent individuals. But such a state of reciprocal independence has no existence in a primitive society based on property in common, whether such a society takes the form of a patriarchal family, an ancient Indian community, or a Peruvian Inca State. The exchange of commodities, therefore, first begins on the boundaries of such communities, at their points of contact with other similar communities, or with members of the latter. So soon, however, as products once become commodities in the external relations of a community, they also, by reaction, become so in its internal intercourse. The proportions in which they are exchangeable are at first quite a matter of chance. What makes

them exchangeable is the mutual desire of their owners to alienate them. Meantime the need for foreign objects of utility gradually establishes itself. The constant repetition of exchange makes it a normal social act. In the course of time, therefore, some portion at least of the products of labour must be produced with a special view to exchange. From that moment the distinction becomes firmly established between the utility of an object for the purposes of consumption, and its utility for the purposes of exchange. Its use-value becomes distinguished from its exchange value. On the other hand, the quantitative proportion in which the articles are exchangeable, becomes dependent on their production itself. Custom stamps them as values with definite magnitudes.

In the direct barter of products, each commodity is directly a means of exchange to its owner, and to all other persons an equivalent, but that only in so far as it has use-value for them. At this stage, therefore, the articles exchanged do not acquire a value-form independent of their own use-value, or of the individual needs of the exchangers. The necessity for a value-form grows with the increasing number and variety of the commodities exchanged. The problem and the means of solution arise simultaneously. Commodity-owners never equate their own commodities to those of others, and exchange them on a large scale, without different kinds of commodities belong to different owners being exchangeable for, and equated as values to, one and the same special article. Such last-mentioned article, by becoming the equivalent of various other commodities, acquires at once, though within narrow limits, the character of a general social equivalent. This character comes and goes with the momentary social acts that called it into life. In turns and transiently it attaches itself first to this and then to that commodity. But with the development of exchange it fixes itself firmly and exclusively to particular sorts of commodities, and becomes crystallised by assuming the money-form. The particular kind of commodity to which it sticks is at first a matter of accident. Nevertheless there are two circumstances whose influence is decisive. The money-form attaches itself either to the most important articles of exchange from outside, and these in fact are primitive and natural forms in which the exchange-value of home products finds expression; or else it attaches itself to the object of utility that forms, like cattle, the chief portion of indigenous alienable wealth. Nomad races are the first to develop the money-form, because all their worldly goods consist of movable objects and are therefore directly

alienable; and because their mode of life, by continually bringing them into contact with foreign communities, solicits the exchange of products. Man has often made man himself, under the form of slaves, serve as the primitive material of money, but has never used land for that purpose. Such an idea could only spring up in a bourgeois society already well developed. It dates from the last third of the 17th century, and the first attempt to put it in practice on a national scale was made a century afterwards, during the French bourgeois revolution.

In proportion as exchange bursts its local bonds, and the value of commodities more and more expands into an embodiment of human labour in the abstract, in the same proportion the character of money attaches itself to commodities that are by nature fitted to perform the social function of a universal equivalent. Those commodities are the precious metals.

The truth of the proposition that, “although gold and silver are not by nature money, money is by nature gold and silver,” is shown by the fitness of the physical properties of these metals for the functions of money. Up to this point, however, we are acquainted only with one function of money, namely, to serve as the form of manifestation of the value of commodities, or as the material in which the magnitudes of their values are socially expressed. An adequate form of manifestation of value, a fit embodiment of abstract, undifferentiated, and therefore equal human labour, that material alone can be whose every sample exhibits the same uniform qualities. On the other hand, since the difference between the magnitudes of value is purely quantitative, the money commodity must be susceptible of merely quantitative differences, must therefore be divisible at will, and equally capable of being re-united. Gold and silver possess these properties by nature.

The use-value of the money commodity becomes twofold. In addition to its special use-value as a commodity (gold, for instance, serving to stop teeth, to form the raw material of articles of luxury, &c.), it acquires a formal use-value, originating in its specific social function.

Since all commodities are merely particular equivalents of money, the latter being their universal equivalent, they, with regard to the latter as the universal commodity, play the parts of particular commodities.

We have seen that the money-form is but the reflex, thrown upon one single commodity, of the value relations between all the rest. That money is a commodity is therefore a new discovery only for those who, when they

analyse it, start from its fully developed shape. The act of exchange gives to the commodity converted into money, not its value, but its specific value-form. By confounding these two distinct things some writers have been led to hold that the value of gold and silver is imaginary. The fact that money can, in certain functions, be replaced by mere symbols of itself, gave rise to that other mistaken notion, that it is itself a mere symbol. Nevertheless under this error lurked a presentiment that the money-form of an object is not an inseparable part of that object, but is simply the form under which certain social relations manifest themselves. In this sense every commodity is a symbol, since, in so far as it is value, it is only the material envelope of the human labour spent upon it. But if it be declared that the social characters assumed by objects, or the material forms assumed by the social qualities of labour under the régime of a definite mode of production, are mere symbols, it is in the same breath also declared that these characteristics are arbitrary fictions sanctioned by the so-called universal consent of mankind. This suited the mode of explanation in favour during the 18th century. Unable to account for the origin of the puzzling forms assumed by social relations between man and man, people sought to denude them of their strange appearance by ascribing to them a conventional origin.

It has already been remarked above that the equivalent form of a commodity does not imply the determination of the magnitude of its value. Therefore, although we may be aware that gold is money, and consequently directly exchangeable for all other commodities, yet that fact by no means tells how much 10 lbs, for instance, of gold is worth. Money, like every other commodity, cannot express the magnitude of its value except relatively in other commodities. This value is determined by the labour-time required for its production, and is expressed by the quantity of any other commodity that costs the same amount of labour-time. Such quantitative determination of its relative value takes place at the source of its production by means of barter. When it steps into circulation as money, its value is already given. In the last decades of the 17th century it had already been shown that money is a commodity, but this step marks only the infancy of the analysis. The difficulty lies, not in comprehending that money is a commodity, but in discovering how, why and by what means a commodity becomes money.

We have already seen, from the most elementary expression of value,  $x$  commodity A =  $y$  commodity B, that the object in which the magnitude of the value of another object is represented, appears to have the equivalent form independently of this relation, as a social property given to it by Nature. We followed up this false appearance to its final establishment, which is complete so soon as the universal equivalent form becomes identified with the bodily form of a particular commodity, and thus crystallised into the money-form. What appears to happen is, not that gold becomes money, in consequence of all other commodities expressing their values in it, but, on the contrary, that all other commodities universally express their values in gold, because it is money. The intermediate steps of the process vanish in the result and leave no trace behind. Commodities find their own value already completely represented, without any initiative on their part, in another commodity existing in company with them. These objects, gold and silver, just as they come out of the bowels of the earth, are forthwith the direct incarnation of all human labour. Hence the magic of money. In the form of society now under consideration, the behaviour of men in the social process of production is purely atomic. Hence their relations to each other in production assume a material character independent of their control and conscious individual action. These facts manifest themselves at first by products as a general rule taking the form of commodities. We have seen how the progressive development of a society of commodity-producers stamps one privileged commodity with the character of money. Hence the riddle presented by money is but the riddle presented by commodities; only it now strikes us in its most glaring form.

# CHAPTER III. MONEY, OR THE CIRCULATION OF COMMODITIES.

## SECTION 1. THE MEASURE OF VALUES.

THROUGHOUT this work, I assume, for the sake of simplicity, gold as the money-commodity.

The first chief function of money is to supply commodities with the material for the expression of their values, or to represent their values as magnitudes of the same denomination, qualitatively equal, and quantitatively comparable. It thus serves as a universal measure of value. And only by virtue of this function does gold, the equivalent commodity par excellence, become money.

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

The expression of the value of a commodity in gold —  $x$  commodity  $A=y$  money-commodity — is its money-form or price. A single equation, such as 1 ton of iron=2 ounces of gold, now suffices to express the value of the iron in a socially valid manner. There is no longer any need for this equation to figure as a link in the chain of equations that express the values of all other commodities, because the equivalent commodity, gold, now has the character of money. The general form of relative value has resumed its original shape of simple or isolated relative value. On the other hand, the expanded expression of relative value, the endless series of equations, has now become the form peculiar to the relative value of the money-commodity. The series itself, too, is now given, and has social recognition in the prices of actual commodities. We have only to read the quotations of a price-list backwards, to find the magnitude of the value of money expressed in all sorts of commodities. But money itself has no price. In

order to put it on an equal footing with all other commodities in this respect, we should be obliged to equate it to itself as its own equivalent.

The price or money-form of commodities is, like their form of value generally, a form quite distinct from their palpable bodily form; it is, therefore, a purely ideal or mental form. Although invisible, the value of iron, linen and corn has actual existence in these very articles: it is ideally made perceptible by their equality with gold, a relation that, so to say, exists only in their own heads. Their owner must, therefore, lend them his tongue, or hang a ticket on them, before their prices can be communicated to the outside world. Since the expression of the value of commodities in gold is a merely ideal act, we may use for this purpose imaginary or ideal money. Every trader knows, that he is far from having turned his goods into money, when he has expressed their value in a price or in imaginary money, and that it does not require the least bit of real gold, to estimate in that metal millions of pounds' worth of goods. When, therefore, money serves as a measure of value, it is employed only as imaginary or ideal money. This circumstance has given rise to the wildest theories. But, although the money that performs the functions of a measure of value is only ideal money, price depends entirely upon the actual substance that is money. The value, or in other words, the quantity of human labour contained in a ton of iron, is expressed in imagination by such a quantity of the money-commodity as contains the same amount of labour as the iron. According, therefore, as the measure of value is gold, silver, or copper, the value of the ton of iron will be expressed by very different prices, or will be represented by very different quantities of those metals respectively.

If, therefore, two different commodities, such as gold and silver, are simultaneously measures of value, all commodities have two prices — one a gold-price, the other a silver-price. These exist quietly side by side, so long as the ratio of the value of silver to that of gold remains unchanged, say, at 15:1. Every change in their ratio disturbs the ratio which exists between the gold-prices and the silver-prices of commodities, and thus proves, by facts, that a double standard of value is inconsistent with the functions of a standard.

Commodities with definite prices present themselves under the form: a commodity  $A=x$  gold; b commodity  $B=z$  gold; c commodity  $C=y$  gold, &c., where a, b, c, represent definite quantities of the commodities A, B, C and

x, z, y, definite quantities of gold. The values of these commodities are, therefore, changed in imagination into so many different quantities of gold. Hence, in spite of the confusing variety of the commodities themselves, their values become magnitudes of the same denomination, gold-magnitudes. They are now capable of being compared with each other and measured, and the want becomes technically felt of comparing them with some fixed quantity of gold as a unit measure. This unit, by subsequent division into aliquot parts, becomes itself the standard or scale. Before they become money, gold, silver, and copper already possess such standard measures in their standards of weight, so that, for example, a pound weight, while serving as the unit, is, on the one hand, divisible into ounces, and, on the other, may be combined to make up hundred weights. It is owing to this that, in all metallic currencies, the names given to the standards of money or of price were originally taken from the pre-existing names of the standards of weight.

As measure of value and as standard of price, money has two entirely distinct functions to perform. It is the measure of value inasmuch as it is the socially recognised incarnation of human labour; it is the standard of price inasmuch as it is a fixed weight of metal. As the measure of value it serves to convert the values of all the manifold commodities into prices, into imaginary quantities of gold; as the standard of price it measures those quantities of gold. The measure of values measures commodities considered as values; the standard of price measures, on the contrary, quantities of gold by a unit quantity of gold, not the value of one quantity of gold by the weight of another. In order to make gold a standard of price, a certain weight must be fixed upon as the unit. In this case, as in all cases of measuring quantities of the same denomination, the establishment of an unvarying unit of measure is all-important. Hence, the less the unit is subject to variation, so much the better does the standard of price fulfill its office. But only in so far as it is itself a product of labour, and, therefore, potentially variable in value, can gold serve as a measure of value.

It is, in the first place, quite clear that a change in the value of gold does not, in any way, affect its function as a standard of price. No matter how this value varies, the proportions between the values of different quantities of the metal remain constant. However great the fall in its value, 12 ounces of gold still have 12 times the value of 1 ounce; and in prices, the only thing considered is the relation between different quantities of gold. Since, on the

other hand, no rise or fall in the value of an ounce of gold can alter its weight, no alteration can take place in the weight of its aliquot parts. Thus gold always renders the same service as an invariable standard of price, however much its value may vary.

In the second place, a change in the value of gold does not interfere with its functions as a measure of value. The change affects all commodities simultaneously, and, therefore, *cœteris paribus*, leaves their relative values *inter se*, unaltered, although those values are now expressed in higher or lower gold-prices.

Just as when we estimate the value of any commodity by a definite quantity of the use-value of some other commodity, so in estimating the value of the former in gold, we assume nothing more than that the production of a given quantity of gold costs, at the given period, a given amount of labour. As regards the fluctuations of prices generally, they are subject to the laws of elementary relative value investigated in a former chapter.

A general rise in the prices of commodities can result only, either from a rise in their values — the value of money remaining constant — or from a fall in the value of money, the values of commodities remaining constant. On the other hand, a general fall in prices can result only, either from a fall in the values of commodities — the value of money remaining constant — or from a rise in the value of money, the values of commodities remaining constant. It therefore by no means follows, that a rise in the value of money necessarily implies a proportional fall in the prices of commodities; or that a fall in the value of money implies a proportional rise in prices. Such change of price holds good only in the case of commodities whose value remains constant. With those, for example whose value rises, simultaneously with, and proportionally to, that of money, there is no alteration in price. And if their value rise either slower or faster than that of money, the fall or rise in their prices will be determined by the difference between the change in their value and that of money; and so on.

Let us now go back to the consideration of the price-form.

By degrees there arises a discrepancy between the current money names of the various weights of the precious metal figuring as money, and the actual weights which those names originally represented. This discrepancy is the result of historical causes, among which the chief are: — (1) The importation of foreign money into an imperfectly developed community.

This happened in Rome in its early days, where gold and silver coins circulated at first as foreign commodities. The names of these foreign coins never coincide with those of the indigenous weights. (2) As wealth increases, the less precious metal is thrust out by the more precious from its place as a measure of value, copper by silver, silver by gold, however much this order or sequence may be in contradiction with poetical chronology. The word pound, for instance, was the money-name given to an actual pound weight of silver. When gold replaced silver as a measure of value, the same name was applied according to the ratio between the values of silver and gold, to perhaps 1-15th of a pound of gold. The word pound, as a money-name, thus becomes differentiated from the same word as a weight-name. (3) The debasing of money carried on for centuries by kings and princes to such an extent that, of the original weights of the coins, nothing in fact remained but the names.

These historical causes convert the separation of the money name from the weight-name into an established habit with the community. Since the standard of money is on the one hand purely conventional, and must on the other hand find general acceptance, it is in the end regulated by law. A given weight of one of the precious metals, an ounce of gold, for instance, becomes officially divided into aliquot parts, with legally bestowed names, such as pound, dollar, 8c. These aliquot parts, which henceforth serve as units or money, are then subdivided into other aliquot parts with legal names, such as shilling, penny, 8c. But, both before and after these divisions are made, a definite weight of metal is the standard of metallic money. The sole alteration consists in the subdivision and denomination.

The prices, or quantities of gold, into which the values of commodities are ideally changed, are therefore now expressed in the names of coins, or in the legally valid names of the subdivisions of the gold standard. Hence, instead of saying: A quarter of wheat is worth an ounce of gold; we say, it is worth £3 17s. 10½d. In this way commodities express by their prices how much they are worth, and money serves as money of account whenever it is a question of fixing the value of an article in its money-form.

The name of a thing is something distinct from the qualities of that thing. I know nothing of a man, by knowing that his name is Jacob. In the same way with regard to money, every trace of a value-relation disappears in the names pound, dollar, franc, ducat, 8c. The confusion caused by attributing a

hidden meaning to these cabalistic signs is all the greater, because these money-names express both the values of commodities, and, at the same time, aliquot parts of the weight of the metal that is the standard of money. On the other hand, it is absolutely necessary that value, in order that it may be distinguished from the varied bodily forms of commodities, should assume this material and unmeaning, but, at the same time, purely social form.

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

Magnitude of value expresses a relation of social production, it expresses the connection that necessarily exists between a certain article and the portion of the total labour-time of society required to produce it. As soon as magnitude of value is converted into price, the above necessary relation takes the shape of a more or less accidental exchange-ratio between a single commodity and another, the money-commodity. But this exchange-ratio may express either the real magnitude of that commodity's value, or the

quantity of gold deviating from that value, for which, according to circumstances, it may be parted with. The possibility, therefore, of quantitative incongruity between price and magnitude of value, or the deviation of the former from the latter, is inherent in the price-form itself. This is no defect, but, on the contrary, admirably adapts the price-form to a mode of production whose inherent laws impose themselves only as the mean of apparently lawless irregularities that compensate one another.

The price-form, however, is not only compatible with the possibility of a quantitative incongruity between magnitude of value and price, i.e., between the former and its expression in money, but it may also conceal a qualitative inconsistency, so much so, that, although money is nothing but the value-form of commodities, price ceases altogether to express value. Objects that in themselves are no commodities, such as conscience, honour, &c., are capable of being offered for sale by their holders, and of thus acquiring, through their price, the form of commodities. Hence an object may have a price without having value. The price in that case is imaginary, like certain quantities in mathematics. On the other hand, the imaginary price-form may sometimes conceal either a direct or indirect real value-relation; for instance, the price of uncultivated land, which is without value, because no human labour has been incorporated in it.

Price, like relative value in general, expresses the value of a commodity (e.g., a ton of iron), by stating that a given quantity of the equivalent (e.g., an ounce of gold), is directly exchangeable for iron. But it by no means states the converse, that iron is directly exchangeable for gold. In order, therefore, that a commodity may in practice act effectively as exchange value, it must quit its bodily shape, must transform itself from mere imaginary into real gold, although to the commodity such transubstantiation may be more difficult than to the Hegelian "concept," the transition from "necessity" to "freedom," or to a lobster the casting of his shell, or to Saint Jerome the putting off of the old Adam. Though a commodity may, side by side with its actual form (iron, for instance), take in our imagination the form of gold, yet it cannot at one and the same time actually be both iron and gold. To fix its price, it suffices to equate it to gold in imagination. But to enable it to render to its owner the service of a universal equivalent, it must be actually replaced by gold. If the owner of the iron were to go to the owner of some other commodity offered for exchange, and were to refer him to the price of the iron as proof that it was already money, he would get

the same answer as St. Peter gave in heaven to Dante, When the latter recited the creed —

“Assai bene è trascorsa  
D’esta moneta già la lega e’l peso  
Ma dimmi se tu l’hai nella tua borsa.”

A price therefore implies both that a commodity is exchangeable for money, and also that it must be so exchanged. On the other hand, gold serves as an ideal measure of value, only because it has already, in the process of exchange, established itself as the money-commodity. Under the ideal measure of values there lurks the hard cash.

## SECTION 2. — THE MEDIUM OF CIRCULATION.

The Metamorphosis of Commodities.

We saw in a former chapter that the exchange of commodities implies contradictory and mutually exclusive conditions. The differentiation of commodities into commodities and money does not sweep away these inconsistencies, but develops a *modus vivendi*, a form in which they can exist side by side. This is generally the way in which real contradictions are reconciled. For instance, it is a contradiction to depict one body as constantly falling towards another, and as, at the same time, constantly flying away from it. The ellipse is a form of motion which, while allowing this contradiction to go on, at the same time reconciles it.

In so far as exchange is a process, by which commodities are transferred from hands in which they are non-use-values, to hands in which they become use-values, it is a social circulation of matter. The product of one form of useful labour replaces that of another. When once a commodity has found a resting-place, where it can serve as a use-value, it falls out of the sphere of exchange into that of consumption. But the former sphere alone interests us at present. We have, therefore, now to consider exchange from a formal point of view; to investigate the change of form or metamorphosis of commodities which effectuates the social circulation of matter.

The comprehension of this change of form is, as a rule, very imperfect. The cause of this imperfection is, apart from indistinct notions of value itself, that every change of form in a commodity results from the exchange of two commodities, an ordinary one and the money-commodity. If we keep

in view the material fact alone that a commodity has been exchanged for gold we overlook the very thing that we ought to observe — namely, what has happened to the form of the commodity. We overlook the facts that gold, when a mere commodity, is not money, and that when other commodities express their prices in gold, this gold is but the money-form of those commodities themselves.

Commodities, first of all, enter into the process of exchange just as they are. The process then differentiates them into commodities and money, and thus produces an external opposition corresponding to the internal opposition inherent in them, as being at once use-values and values. Commodities as use-values now stand opposed to money as exchange value. On the other hand, both opposing sides are commodities, unities of use-value and value. But this unity of differences manifests itself at two opposite poles, and at each pole in an opposite way. Being poles they are as necessarily opposite as they are connected. On the one side of the equation we have an ordinary commodity, which is in reality a use-value. Its value is expressed only ideally in its price, by which it is equated to its opponent, the gold, as to the real embodiment of its value. On the other hand, the gold, in its metallic reality ranks as the embodiment of value, as money. Gold, as gold, is exchange value itself. As to its use-value, that has only an ideal existence, represented by the series of expressions of relative value in which it stands face to face with all other commodities, the sum of whose uses makes up the sum of the various uses of gold. These antagonistic forms of commodities are the real forms in which the process of their exchange moves and takes place.

Let us now accompany the owner of some commodity — say, our old friend the weaver of linen — to the scene of action, the market. His 20 yards of linen has a definite price, £2. He exchanges it for the £2, and then, like a man of the good old stamp that he is, he parts with the £2 for a family Bible of the same price. The linen, which in his eyes is a mere commodity, a depository of value, he alienates in exchange for gold, which is the linen's value-form, and this form he again parts with for another commodity, the Bible, which is destined to enter his house as an object of utility and of edification to its inmates. The exchange becomes an accomplished fact by two metamorphoses of opposite yet supplementary character — the conversion of the commodity into money, and the re-conversion of the money into a commodity. The two phases of this metamorphosis are both of

them distinct transactions of the weaver — selling, or the exchange of the commodity for money; buying, or the exchange of the money for a commodity; and, the unity of the two acts, selling in order to buy.

The result of the whole transaction, as regards the weaver, is this, that instead of being in possession of the linen, he now has the Bible; instead of his original commodity, he now possesses another of same value but of different utility. In like manner he procures his other means of subsistence and means of production. From his point of view, the whole process effectuates nothing more than the exchange of the product of his labour for the product of some one else's, nothing more than an exchange of products.

The exchange of commodities is therefore accompanied by the following changes in their form.

Commodity — Money — Commodity.  
C — M — C.

The result of the whole process is; so far as concerns the objects themselves, C — C, the exchange of one commodity for another, the circulation of materialised social labour. When this result is attained, the process is at an end.

C — M. First metamorphosis, or sale.

The leap taken by value from the body of the commodity, into the body of the gold, is, as I have elsewhere called it, the salto mortale of the commodity. If it falls short, then, although the commodity itself is not harmed, its owner decidedly is. The social division of labour causes his labour to be as one-sided as his wants are many-sided. This is precisely the reason why the product of his labour serves him solely as exchange value. But it cannot acquire the properties of a socially recognised universal equivalent, except by being converted into money. That money, however, is in some one else's pocket. In order to entice the money out of that pocket, our friend's commodity must, above all things, be a use-value to the owner of the money. For this, it is necessary that the labour expended upon it, be of a kind that is socially useful, of a kind that constitutes a branch of the social division of labour. But division of labour is a system of production which has grown up spontaneously and continues to grow behind the backs of the producers. The commodity to be exchanged may possibly be the

product of some new kind of labour, that pretends to satisfy newly arisen requirements, or even to give rise itself to new requirements. A particular operation, though yesterday, perhaps, forming one out of the many operations conducted by one producer in creating a given commodity, may to-day separate itself from this connection, may establish itself as an independent branch of labour and send its incomplete product to market as an independent commodity. The circumstances may or may not be ripe for such a separation. To-day the product satisfies a social want. To-morrow the article may, either altogether or partially, be superseded by some other appropriate product. Moreover, although our weaver's labour may be a recognised branch of the social division of labour, yet that fact is by no means sufficient to guarantee the utility of his 20 yards of linen. If the community's want of linen, and such a want has a limit like every other want, should already be saturated by the products of rival weavers, our friend's product is superfluous, redundant, and consequently useless. Although people do not look a gift-horse in the mouth, our friend does not frequent the market for the purpose of making presents. But suppose his product turn out a real use-value, and thereby attracts money? The question arises, how much will it attract? No doubt the answer is already anticipated in the price of the article, in the exponent of the magnitude of its value. We leave out of consideration here any accidental miscalculation of value by our friend, a mistake that is soon rectified in the market. We suppose him to have spent on his product only that amount of labour-time that is on an average socially necessary. The price then, is merely the money-name of the quantity of social labour realised in his commodity. But without the leave, and behind the back, of our weaver, the old fashioned mode of weaving undergoes a change. The labour-time that yesterday was without doubt socially necessary to the production of a yard of linen, ceases to be so to-day, a fact which the owner of the money is only too eager to prove from the prices quoted by our friend's competitors. Unluckily for him, weavers are not few and far between. Lastly, suppose that every piece of linen in the market contains no more labour-time than is socially necessary. In spite of this, all these pieces taken as a whole, may have had superfluous labour-time spent upon them. If the market cannot stomach the whole quantity at the normal price of 2 shillings a yard, this proves that too great a portion of the total labour of the community has been expended in the form of weaving. The effect is the same as if each individual weaver had expended

more labour-time upon his particular product than is socially necessary. Here we may say, with the German proverb: caught together, hung together. All the linen in the market counts but as one article of commerce, of which each piece is only an aliquot part. And as a matter of fact, the value also of each yard is but the materialised form of the same definite and socially fixed quantity of homogeneous human labour.

We see then, commodities are in love with money, but “the course of true love never did run smooth.” The quantitative division of labour is brought about in exactly the same spontaneous and accidental manner as its qualitative division. The owners of commodities therefore find out, that the same division of labour that turns them into independent private producers, also frees the social process of production and the relations of the individual producers to each other within that process, from all dependence on the will of those producers, and that the seeming mutual independence of the individuals is supplemented by a system of general and mutual dependence through or by means of the products.

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

The seller has his commodity replaced by gold, the buyer has his gold replaced by a commodity. The fact which here stares us in the face is, that a commodity and gold, 20 yards of linen and £2, have changed hands and places, in other words, that they have been exchanged. But for what is the commodity exchanged? For the shape assumed by its own value, for the universal equivalent. And for what is the gold exchanged? For a particular form of its own use-value. Why does gold take the form of money face to face with the linen? Because the linen’s price of £2, its denomination in money, has already equated the linen to gold in its character of money. A commodity strips off its original commodity-form on being alienated, i.e., on the instant its use-value actually attracts the gold, that before existed only ideally in its price. The realisation of a commodity’s price, or of its ideal value-form, is therefore at the same time the realisation of the ideal

use-value of money; the conversion of a commodity into money, is the simultaneous conversion of money into a commodity. The apparently single process is in reality a double one. From the pole of the commodity owner it is a sale, from the opposite pole of the money owner, it is a purchase. In other words, a sale is a purchase,  $C - M$  is also  $M - C$ .

Up to this point we have considered men in only one economical capacity, that of owners of commodities, a capacity in which they appropriate the produce of the labour of others, by alienating that of their own labour. Hence, for one commodity owner to meet with another who has money, it is necessary, either, that the product of the labour of the latter person, the buyer, should be in itself money, should be gold, the material of which money consists, or that his product should already have changed its skin and have stripped off its original form of a useful object. In order that it may play the part of money, gold must of course enter the market at some point or other. This point is to be found at the source of production of the metal, at which place gold is bartered, as the immediate product of labour, for some other product of equal value. From that moment it always represents the realised price of some commodity. Apart from its exchange for other commodities at the source of its production, gold, in whose-so-ever hands it may be, is the transformed shape of some commodity alienated by its owner; it is the product of a sale or of the first metamorphosis  $C - M$ . Gold, as we saw, became ideal money, or a measure of values, in consequence of all commodities measuring their values by it, and thus contrasting it ideally with their natural shape as useful objects, and making it the shape of their value. It became real money, by the general alienation of commodities, by actually changing places with their natural forms as useful objects, and thus becoming in reality the embodiment of their values. When they assume this money-shape, commodities strip off every trace of their natural use-value, and of the particular kind of labour to which they owe their creation, in order to transform themselves into the uniform, socially recognised incarnation of homogeneous human labour. We cannot tell from the mere look of a piece of money, for what particular commodity it has been exchanged. Under their money-form all commodities look alike. Hence, money may be dirt, although dirt is not money. We will assume that the two gold pieces, in consideration of which our weaver has parted with his linen, are the metamorphosed shape of a quarter of wheat. The sale of the linen,  $C - M$ ,

is at the same time its purchase,  $M — C$ . But the sale is the first act of a process that ends with a transaction of an opposite nature, namely, the purchase of a Bible; the purchase of the linen, on the other hand, ends a movement that began with a transaction of an opposite nature, namely, with the sale of the wheat.  $C — M$  (linen — money), which is the first phase of  $C — M — C$  (linen — money — Bible), is also  $M — C$  (money — C (money — linen), the last phase of another movement  $C — M — C$  (wheat — money — linen). The first metamorphosis of one commodity into money, is therefore also invariably the second metamorphosis of some other commodity, the retransformation of the latter from money into a commodity.

$M — C$ , or purchase. The second and concluding metamorphosis of a commodity.

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

$M — C$ , a purchase, is, at the same time,  $C — M$ , a sale; the concluding metamorphosis of one commodity is the first metamorphosis of another. With regard to our weaver, the life of his commodity ends with the Bible, into which he has reconverted his £2. But suppose the seller of the Bible turns the £2 set free by the weaver into brandy.  $M — C$ , the concluding phase of  $C — M — C$  (linen, money, Bible), is also  $C — M$ , the first phase of  $C — M — C$  (Bible, money, brandy). The producer of a particular commodity has that one article alone to offer; this he sells very often in large quantities, but his many and various wants compel him to split up the price realised, the sum of money set free, into numerous purchases. Hence a sale leads to many purchases of various articles. The concluding metamorphoses of various other commodities.

If we now consider the completed metamorphosis of a commodity, as a whole, it appears in the first place, that it is made up of two opposite and complementary movements,  $C — M$  and  $M — C$ . These two antithetical transmutations of a commodity are brought about by two antithetical social acts on the part of the owner, and these acts in their turn stamp the character of the economical parts played by him. As the person who makes a sale, he is a seller; as the person who makes a purchase, he is a buyer. But just as, upon every such transmutation of a commodity, its two forms, commodity-form and money-form, exist simultaneously but at opposite poles, so every seller has a buyer opposed to him, and every buyer a seller. While one particular commodity is going through its two transmutations in succession, from a commodity into money and from money into another commodity, the owner of the commodity changes in succession his part from that of seller to that of buyer. These characters of seller and buyer are therefore not permanent, but attach themselves in turns to the various persons engaged in the circulation of commodities.

The complete metamorphosis of a commodity, in its simplest form, implies four extremes, and three dramatis personæ. First, a commodity comes face to face with money; the latter is the form taken by the value of the former, and exists in all its hard reality, in the pocket of the buyer. A commodity-owner is thus brought into contact with a possessor of money. So soon, now, as the commodity has been changed into money, the money becomes its transient equivalent-form, the use-value of which equivalent-form is to be found in the bodies of other commodities. Money, the final term of the first transmutation, is at the same time the starting point for the second. The person who is a seller in the first transaction thus becomes a buyer in the second, in which a third commodity-owner appears on the scene as a seller.

The two phases, each inverse to the other, that make up the metamorphosis of a commodity constitute together a circular movement, a circuit: commodity-form, stripping off of this form, and return to the commodity-form. No doubt, the commodity appears here under two different aspects. At the starting point it is not a use-value to its owner; at the finishing point it is. So, too, the money appears in the first phase as a solid crystal of value, a crystal into which the commodity eagerly solidifies, and in the second, dissolves into the mere transient equivalent-form destined to be replaced by a use-value.

The two metamorphoses constituting the circuit are at the same time two inverse partial metamorphoses of two other commodities. One and the same commodity, the linen, opens the series of its own metamorphoses, and completes the metamorphosis of another (the wheat). In the first phase or sale, the linen plays there two parts in its own person. But, then, changed into gold, it completes its own second and final metamorphosis, and helps at the same time to accomplish the first metamorphosis of a third commodity. Hence the circuit made by one commodity in the course of its metamorphoses is inextricably mixed up with the circuits of other commodities. The total of all the different circuits constitutes the circulation of commodities.

The circulation of commodities differs from the direct exchange of products (barter), not only in form, but in substance. Only consider the course of events. The weaver has, as a matter of fact, exchanged his linen for a Bible, his own commodity for that of some one else. But this is true only so far as he himself is concerned. The seller of the Bible, who prefers something to warm his inside, no more thought of exchanging his Bible for linen than our weaver knew that wheat had been exchanged for his linen. B's commodity replaces that of A, but A and B do not mutually exchange those commodities. It may, of course, happen that A and B make simultaneous purchases, the one from the other; but such exceptional transactions are by no means the necessary result of the general conditions of the circulation of commodities. We see here, on the one hand, how the exchange of commodities breaks through all local and personal bounds inseparable from direct barter, and develops the circulation of the products of social labor; and on the other hand, how it develops a whole network of social relations spontaneous in their growth and entirely beyond the control of the actors. It is only because the farmer has sold his wheat that the weaver is enabled to sell his linen, only because the weaver has sold his linen that our Hotspur is enabled to sell his Bible, and only because the latter has sold the water of everlasting life that the distiller is enabled to sell his eau-de-vie, and so on.

The process of circulation, therefore, does not, like direct barter of products, become extinguished upon the use values changing places and hands. The money does not vanish on dropping out of the circuit of the metamorphosis of a given commodity. It is constantly being precipitated into new places in the arena of circulation vacated by other commodities.

In the complete metamorphosis of the linen, for example, linen — money — Bible, the linen first falls out of circulation, and money steps into its place. Then the Bible falls out of circulation, and again money taken its place. When one commodity replaces another, the money commodity always sticks to the hands of some third person. Circulation sweats money from every pore.

Nothing can be more childish than the dogma, that because every sale is a purchase, and every purchase a sale, therefore the circulation of commodities necessarily implies an equilibrium of sales and purchases. If this means that the number of actual sales is equal to the number of purchases, it is mere tautology. But its real purport is to prove that every seller brings his buyer to market with him. Nothing of the kind. The sale and the purchase constitute one identical act, an exchange between a commodity-owned and an owner of money, between two persons as opposed to each other as the two poles of a magnet. They form two distinct acts, of polar and opposite characters, when performed by one single person. Hence the identity of sale and purchase implies that the commodity is useless, if, on being thrown into the alchemical retort of circulation, it does not come out again in shape of money; if, in other words, it cannot be sold by its owner, and therefore be bought by the owner of the money. That identity further implies that the exchange, if it does take place, constitutes a period of rest, an interval, long or short, in the life of the commodity. Since the first metamorphosis of a commodity is at once a sale and a purchase, it is also an independent process in itself. The purchaser has the commodity, the seller has the money, i.e., a commodity ready to go into circulation at any time. No one can sell unless some one else purchases. But no one is forthwith bound to purchase, because he has just sold. Circulation bursts through all restrictions as to time, place, and individuals, imposed by direct barter, and this it effects by splitting up, into the antithesis of a sale and a purchase, the direct identity that in barter does exist between the alienation of one's own and the acquisition of some other man's product. To say that these two independent and antithetical acts have an intrinsic unity, are essentially one, is the same as to say that this intrinsic oneness expresses itself in an external antithesis. If the interval in time between the two complementary phases of the complete metamorphosis of a commodity becomes too great, if the split between the sale and the purchase becomes too pronounced, the intimate connexion between them, their oneness,

asserts itself by producing — a crisis. The antithesis, use-value and value; the contradictions that private labour is bound to manifest itself as direct social labour, that a particularized concrete kind of labour has to pass for abstract human labour; the contradiction between the personification of objects and the representation of persons by things; all these antitheses and contradictions, which are immanent in commodities, assert themselves, and develop their modes of motion, in the antithetical phases of the metamorphosis of a commodity. These modes therefore imply the possibility, and no more than the possibility, of crisis. The conversion of this mere possibility into a reality is the result of a long series of relations, that, from our present standpoint of simple circulation, have as yet no existence.

The currency of money.

The change of form,  $C — M — C$ , by which the circulation of the material products of labour is brought about, requires that a given value in the shape of a commodity shall begin the process, and shall, also in the shape of a commodity, end it. The movement of the commodity is therefore a circuit. On the other hand, the form of this movement precludes a circuit from being made by the money. The result is not the return of the money, but its continued removal further and further away from its starting-point. So long as the seller sticks fast to his money, which is the transformed shape of his commodity, that commodity is still in the first phase of its metamorphosis, and has completed only half its course. But so soon as he completes the process, so soon as he supplements his sale by a purchase, the money again leaves the hands of its possessor. It is true that if the weaver, after buying the Bible, sells more linen, money comes back into his hands. But this return is not owing to the circulation of the first 20 yards of linen; that circulation resulted in the money getting into the hands of the seller of the Bible. The return of money into the hands of the weaver is brought about only by the renewal or repetition of the process of circulation with a fresh commodity, which renewed process ends with the same result as its predecessor did. Hence the movement directly imparted to money by the circulation of commodities takes the form of a constant motion away from its starting point, of course from the hands of one commodity owner into those of another. This course constitutes its currency (*cours de la monnaie*).

The currency of money is the constant and monotonous repetition of the same process. The commodity is always in the hands of the seller; the

money, as a means of purchase, always in the hands of the buyer. And money serves as a means of purchase by realising the price of the commodity. This realisation transfers the commodity from the seller to the buyer, and removes the money from the hands of the buyer into those of the seller, where it again goes through the same process with another commodity. That this one-sided character of the money's motion arises out of the two-sided character of the commodity's motion, is a circumstance that is veiled over. The very nature of the circulation of commodities begets the opposite appearance. The first metamorphosis of a commodity is visibly, not only the money's movement, but also that of the commodity itself; in the second metamorphosis, on the contrary, the movement appears to us as the movement of the money alone. In the first phase of its circulation the commodity changes place with the money. Thereupon the commodity, under its aspect of a useful object, falls out of circulation into consumption. In its stead we have its value-shape — the money. It then goes through the second phase of its circulation, not under its own natural shape, but under the shape of money. The continuity of the movement is therefore kept up by the money alone, and the same movement that as regards the commodity consists of two processes of an antithetical character, is, when considered as the movement of the money, always one and the same process, a continued change of places with ever fresh commodities. Hence the result brought about by the circulation of commodities, namely, the replacing of one commodity by another, takes the appearance of having been effected not by means of the change of form of the commodities, but rather by the money acting as a medium of circulation, by an action that circulates commodities, to all appearance motionless in themselves, and transfers them from hands in which they are non-use-values, to hands in which they are use-values; and that in a direction constantly opposed to the direction of the money. The latter is continually withdrawing commodities from circulation and stepping into their places, and in this way continually moving further and further from its starting-point. Hence, although the movement of the money is merely the expression of the circulation of commodities, yet the contrary appears to be the actual fact, and the circulation of commodities seems to be the result of the movement of the money.

Again, money functions as a means of circulation, only because in it the values of commodities have independent reality. Hence its movement, as

the medium of circulation, is, in fact, merely the movement of commodities while changing their forms. This fact must therefore make itself plainly visible in the currency of money. The twofold change of form in a commodity is reflected in the twice repeated change of place of the same piece of money during the complete metamorphosis of a commodity, and in its constantly repeated change of place, as metamorphosis follows metamorphosis, and each becomes interlaced with the others.

The linen, for instance, first of all exchanges its commodity-form for its money-form. The last term of its first metamorphosis (C — M), or the money-form, is the first term of its final metamorphosis (M — C), of its re-conversion into a useful commodity, the Bible. But each of these changes of form is accomplished by an exchange between commodity and money, by their reciprocal displacement. The same pieces of coin, in the first act, changed places with the linen, in the second, with the Bible. They are displaced twice. The first metamorphosis puts them into the weaver's pocket, the second draws them out of it. The two inverse changes undergone by the same commodity are reflected in the displacement, twice repeated, but in opposite directions, of the same pieces of coin.

If, on the contrary, only one phase of the metamorphosis is gone through, if there are only sales or only purchases, then a given piece of money changes its place only once. Its second change corresponds to and expresses the second metamorphosis of the commodity, its re-conversion from money into another commodity intended for use. It is a matter of course, that all this is applicable to the simple circulation of commodities alone, the only form that we are now considering.

Every commodity, when it first steps into circulation, and undergoes its first change of form, does so only to fall out of circulation again and to be replaced by other commodities. Money, on the contrary, as the medium of circulation, keeps continually within the sphere of circulation, and moves about in it. The question therefore arises, how much money this sphere constantly absorbs?

In a given country there take place every day at the same time, but in different localities, numerous one-sided metamorphoses of commodities, or, in other words, numerous sales and numerous purchases. The commodities are equated beforehand in imagination, by their prices, to definite quantities of money. And since, in the form of circulation now under consideration, money and commodities always come bodily face to face, one at the

positive pole of purchase, the other at the negative pole of sale, it is clear that the amount of the means of circulation required, is determined beforehand by the sum of the prices of all these commodities. As a matter of fact, the money in reality represents the quantity or sum of gold ideally expressed beforehand by the sum of the prices of the commodities. The equality of these two sums is therefore self-evident. We know, however, that, the values of commodities remaining constant, their prices vary with the value of gold (the material of money), rising in proportion as it falls, and falling in proportion as it rises. Now if, in consequence of such a rise or fall in the value of gold, the sum of the prices of commodities fall or rise, the quantity of money in currency must fall or rise to the same extent. The change in the quantity of the circulating medium is, in this case, it is true, caused by money itself, yet not in virtue of its function as a medium of circulation, but of its function as a measure of value. First, the price of the commodities varies inversely as the value of the money, and then the quantity of the medium of circulation varies directly as the price of the commodities. Exactly the same thing would happen if, for instance, instead of the value of gold falling, gold were replaced by silver as the measure of value, or if, instead of the value of silver rising, gold were to thrust silver out from being the measure of value. In the one case, more silver would be current than gold was before; in the other case, less gold would be current than silver was before. In each case the value of the material of money, i.e., the value of the commodity that serves as the measure of value, would have undergone a change, and therefore, so, too, would the prices of commodities which express their values in money, and so, too, would the quantity of money current whose function it is to realise those prices. We have already seen, that the sphere of circulation has an opening through which gold (or the material of money generally) enters into it as a commodity with a given value. Hence, when money enters on its functions as a measure of value, when it expresses prices, its value is already determined. If now its value fall, this fact is first evidenced by a change in the prices of those commodities that are directly bartered for the precious metals at the sources of their production. The greater part of all other commodities, especially in the imperfectly developed stages of civil society, will continue for a long time to be estimated by the former antiquated and illusory value of the measure of value. Nevertheless, one commodity infects another through their common value-relation, so that their prices, expressed

in gold or in silver, gradually settle down into the proportions determined by their comparative values, until finally the values of all commodities are estimated in terms of the new value of the metal that constitutes money. This process is accompanied by the continued increase in the quantity of the precious metals, an increase caused by their streaming in to replace the articles directly bartered for them at their sources of production. In proportion therefore as commodities in general acquire their true prices, in proportion as their values become estimated according to the fallen value of the precious metal, in the same proportion the quantity of that metal necessary for realising those new prices is provided beforehand. A one-sided observation of the results that followed upon the discovery of fresh supplies of gold and silver, led some economists in the 17th, and particularly in the 18th century, to the false conclusion, that the prices of commodities had gone up in consequence of the increased quantity of gold and silver serving as means of circulation. Henceforth we shall consider the value of gold to be given, as, in fact, it is momentarily whenever we estimate the price of a commodity.

On this supposition then, the quantity of the medium of circulation is determined by the sum of the prices that have to be realised. If now we further suppose the price of each commodity to be given, the sum of the prices clearly depends on the mass of commodities in circulation. It requires but little racking of brains to comprehend that if one quarter of wheat cost £2, 100 quarters will cost £200, 200 quarters £400, and so on, that consequently the quantity of money that changes place with the wheat, when sold, must increase with the quantity of that wheat.

If the mass of commodities remain constant, the quantity of circulating money varies with the fluctuations in the prices of those commodities. It increases and diminishes because the sum of the prices increases or diminishes in consequence of the change of price. To produce this effect, it is by no means requisite that the prices of all commodities should rise or fall simultaneously. A rise or fall in the prices of a number of leading articles, is sufficient in the one case to increase, in the other to diminish, the sum of the prices of all commodities, and, therefore, to put more or less money in circulation. Whether the change in the price correspond to an actual change of value in the commodities, or whether it be the result of mere fluctuations in market prices, the effect on the quantity of the medium of circulation remains the same.

Suppose the following articles to be sold or partially metamorphosed simultaneously in different localities: say, one quarter of wheat, 20 yards of linen, one Bible, and 4 gallons of brandy. If the price of each article be £2, and the sum of the prices to be realised be consequently £8, it follows that £8 in money must go into circulation. If, on the other hand, these same articles are links in the following chain of metamorphoses: 1 quarter of wheat — £2 — 20 yards of linen — £2 — 1 Bible — £2 — 4 gallons of brandy — £2, a chain that is already well-known to us, in that case the £2 cause the different commodities to circulate one after the other, and after realizing their prices successively, and therefore the sum of those prices, £8, they come to rest at last in the pocket of the distiller. The £2 thus make four moves. This repeated change of place of the same pieces of money corresponds to the double change in form of the commodities, to their motion in opposite directions through two stages of circulation, and to the interlacing of the metamorphoses of different commodities. These antithetic and complementary phases, of which the process of metamorphosis consists, are gone through, not simultaneously, but successively. Time is therefore required for the completion of the series. Hence the velocity of the currency of money is measured by the number of moves made by a given piece of money in a given time. Suppose the circulation of the 4 articles takes a day. The sum of the prices to be realised in the day is £8, the number of moves of the two pieces of money is four, and the quantity of money circulating is £2. Hence, for a given interval of time during the process of circulation, we have the following relation: the quantity of money functioning as the circulating medium is equal to the sum of the prices of the commodities divided by the number of moves made by coins of the same denomination. This law holds generally.

The total circulation of commodities in a given country during a given period is made up on the one hand of numerous isolated and simultaneous partial metamorphoses, sales which are at the same time purchases, in which each coin changes its place only once, or makes only one move; on the other hand, of numerous distinct series of metamorphoses partly running side by side, and partly coalescing with each other, in each of which series each coin makes a number of moves, the number being greater or less according to circumstances. The total number of moves made by all the circulating coins of one denomination being given, we can arrive at the average number of moves made by a single coin of that denomination, or at

the average velocity of the currency of money. The quantity of money thrown into the circulation at the beginning of each day is of course determined by the sum of the prices of all the commodities circulating simultaneously side by side. But once in circulation, coins are, so to say, made responsible for one another. If the one increase its velocity, the other either retards its own, or altogether falls out of circulation; for the circulation can absorb only such a quantity of gold as when multiplied by the mean number of moves made by one single coin or element, is equal to the sum of the prices to be realised. Hence if the number of moves made by the separate pieces increase, the total number of those pieces in circulation diminishes. If the number of the moves diminish, the total number of pieces increases. Since the quantity of money capable of being absorbed by the circulation is given for a given mean velocity of currency, all that is necessary in order to abstract a given number of sovereigns from the circulation is to throw the same number of one-pound notes into it, a trick well known to all bankers.

Just as the currency of money, generally considered, is but a reflex of the circulation of commodities, or of the antithetical metamorphoses they undergo, so, too, the velocity of that currency reflects the rapidity with which commodities change their forms, the continued interlacing of one series of metamorphoses with another, the hurried social interchange of matter, the rapid disappearance of commodities from the sphere of circulation, and the equally rapid substitution of fresh ones in their places. Hence, in the velocity of the currency we have the fluent unity of the antithetical and complementary phases, the unity of the conversion of the useful aspect of commodities into their value-aspect, and their re-conversion from the latter aspect to the former, or the unity of the two processes of sale and purchase. On the other hand, the retardation of the currency reflects the separation of these two processes into isolated antithetical phases, reflects the stagnation in the change of form, and therefore, in the social interchange of matter. The circulation itself, of course, gives no clue to the origin of this stagnation; it merely puts in evidence the phenomenon itself. The general public, who, simultaneously, with the retardation of the currency, see money appear and disappear less frequently at the periphery of circulation, naturally attribute this retardation to a quantitative deficiency in the circulating medium.

The total quantity of money functioning during a given period as the circulating medium, is determined, on the one hand, by the sum of the prices of the circulating commodities, and on the other hand, by the rapidity with which the antithetical phases of the metamorphoses follow one another. On this rapidity depends what proportion of the sum of the prices can, on the average, be realised by each single coin. But the sum of the prices of the circulating commodities depends on the quantity, as well as on the prices, of the commodities. These three factors, however, state of prices, quantity of circulating commodities, and velocity of money-currency, are all variable. Hence, the sum of the prices to be realised, and consequently the quantity of the circulating medium depending on that sum, will vary with the numerous variations of these three factors in combination. Of these variations we shall consider those alone that have been the most important in the history of prices.

While prices remain constant, the quantity of the circulating medium may increase owing to the number of circulating commodities increasing, or to the velocity of currency decreasing, or to a combination of the two. On the other hand the quantity of the circulating medium may decrease with a decreasing number of commodities, or with an increasing rapidity of their circulation.

With a general rise in the prices of commodities, the quantity of the circulating medium will remain constant, provided the number of commodities in the circulation decrease proportionally to the increase in their prices, or provided the velocity of currency increase at the same rate as prices rise, the number of commodities in circulation remaining constant. The quantity of the circulating medium may decrease, owing to the number of commodities decreasing more rapidly; or to the velocity of currency increasing more rapidly, than prices rise.

With a general fall in the prices of commodities, the quantity of the circulating medium will remain constant, provided the number of commodities increase proportionately to their fall in price, or provided the velocity of currency decrease in the same proportion. The quantity of the circulating medium will increase, provided the number of commodities increase quicker, or the rapidity of circulation decrease quicker, than the prices fall.

The variations of the different factors may mutually compensate each other, so that notwithstanding their continued instability, the sum of the

prices to be realised and the quantity of money in circulation remains constant; consequently, we find, especially if we take long periods into consideration, that the deviations from the average level, of the quantity of money current in any country, are much smaller than we should at first sight expect, apart of course from excessive perturbations periodically arising from industrial and commercial crises, or, less frequently, from fluctuations in the value of money.

The law, that the quantity of the circulating medium is determined by the sum of the prices of the commodities circulating, and the average velocity of currency may also be stated as follows: given the sum of the values of commodities, and the average rapidity of their metamorphoses, the quantity of precious metal current as money depends on the value of that precious metal. The erroneous opinion that it is, on the contrary, prices that are determined by the quantity of the circulating medium, and that the latter depends on the quantity of the precious metals in a country; this opinion was based by those who first beheld it, on the absurd hypothesis that commodities are without a price, and money without a value, when they first enter into circulation, and that, one in the circulation, an aliquot part of the medley of commodities is exchanged for an aliquot part of the heap of precious metals.

#### Coin and symbols of value.

That money takes the shape of coin, springs from its function as the circulating medium. The weight of gold represented in imagination by the prices or money-names of commodities, must confront those commodities, within the circulation, in the shape of coins or pieces of gold of a given denomination. Coining, like the establishment of a standard of prices, is the business of the State. The different national uniforms worn at home by gold and silver as coins, and doffed again in the market of the world, indicate the separation between the internal or national spheres of the circulation of commodities, and their universal sphere.

The only difference, therefore, between coin and bullion, is one of shape, and gold can at any time pass from one form to the other. But no sooner does coin leave the mint, than it immediately finds itself on the high-road to the melting pot. During their currency, coins wear away, some more, others less. Name and substance, nominal weight and real weight, begin their process of separation. Coins of the same denomination become different in

value, because they are different in weight. The weight of gold fixed upon as the standard of prices, deviates from the weight that serves as the circulating medium, and the latter thereby ceases any longer to be a real equivalent of the commodities whose prices it realises. The history of coinage during the middle ages and down into the 18th century, records the ever renewed confusion arising from this cause. The natural tendency of circulation to convert coins into a mere semblance of what they profess to be, into a symbol of the weight of metal they are officially supposed to contain, is recognised by modern legislation, which fixes the loss of weight sufficient to demonetise a gold coin, or to make it no longer legal tender.

The fact that the currency of coins itself effects a separation between their nominal and their real weight, creating a distinction between them as mere pieces of metal on the one hand, and as coins with a definite function on the other — this fact implies the latent possibility of replacing metallic coins by tokens of some other material, by symbols serving the same purposes as coins. The practical difficulties in the way of coining extremely minute quantities of gold or silver, and the circumstance that at first the less precious metal is used as a measure of value instead of the more precious, copper instead of silver, silver instead of gold, and that the less precious circulates as money until dethroned by the more precious — all these facts explain the parts historically played by silver and copper tokens as substitutes for gold coins. Silver and copper tokens take the place of gold in those regions of the circulation where coins pass from hand to hand most rapidly, and are subject to the maximum amount of wear and tear. This occurs where sales and purchases on a very small scale are continually happening. In order to prevent these satellites from establishing themselves permanently in the place of gold, positive enactments determine the extent to which they must be compulsorily received as payment instead of gold. The particular tracks pursued by the different species of coin in currency, run naturally into each other. The tokens keep company with gold, to pay fractional parts of the smallest gold coin; gold is, on the one hand, constantly pouring into retail circulation, and on the other hand is as constantly being thrown out again by being changed into tokens.

The weight of metal in the silver and copper tokens is arbitrarily fixed by law. When in currency, they wear away even more rapidly than gold coins. Hence their functions are totally independent of their weight, and consequently of all value. The function of gold as coin becomes completely

independent of the metallic value of that gold. Therefore things that are relatively without value, such as paper notes, can serve as coins in its place. This purely symbolic character is to a certain extent masked in metal tokens. In paper money it stands out plainly. In fact, ce n'est que le premier pas qui coûte.

We allude here only to inconvertible paper money issued by the State and having compulsory circulation. It has its immediate origin in the metallic currency. Money based upon credit implies on the other hand conditions, which from our standpoint of the simple circulation of commodities, are as yet totally unknown to us. But we may affirm this much, that just as true paper money takes its rise in the function of money as the circulating medium, so money based upon credit takes root spontaneously in the function of money as the means of payment.

The State puts in circulation bits of paper on which their various denominations, say £1, £5, 8c., are printed. In so far as they actually take the place of gold to the same amount, their movement is subject to the laws that regulate the currency of money itself. A law peculiar to the circulation of paper money can spring up only from the proportion in which that paper money represents gold. Such a law exists; stated simply, it is as follows: the issue of paper money must not exceed in amount the gold (or silver as the case may be) which would actually circulate if not replaced by symbols. Now the quantity of gold which the circulation can absorb, constantly fluctuates about a given level. Still, the mass of the circulating medium in a given country never sinks below a certain minimum easily ascertained by actual experience. The fact that this minimum mass continually undergoes changes in its constituent parts, or that the pieces of gold of which it consists are being constantly replaced by fresh ones, causes of course no change either in its amount or in the continuity of its circulation. It can therefore be replaced by paper symbols. If, on the other hand, all the conduits of circulation were to-day filled with paper money, to the full extent of their capacity for absorbing money, they might to-morrow be overflowing in consequence of a fluctuation in the circulation of commodities. There would no longer be any standard. If the paper money exceed its proper limit, which is the amount of gold coins of the like denomination that can actually be current, it would, apart from the danger of falling into general disrepute, represent only that quantity of gold, which, in accordance with the laws of the circulation of commodities, is required,

and is alone capable of being represented by paper. If the quantity of paper money issued be double what it ought to be, then, as a matter of fact, £1 would be the money-name not of  $\frac{1}{4}$  of an ounce, but of  $\frac{1}{8}$  of an ounce of gold. The effect would be the same as if an alteration had taken place in the function of gold as a standard of prices. Those values that were previously expressed by the price of £1 would now be expressed by the price of £2.

Paper-money is a token representing gold or money. The relation between it and the values of commodities is this, that the latter are ideally expressed in the same quantities of gold that are symbolically represented by the paper. Only in so far as paper-money represents gold, which like all other commodities has value, is it a symbol of value.

Finally, some one may ask why gold is capable of being replaced by tokens that have no value? But, as we have already seen, it is capable of being so replaced only in so far as it functions exclusively as coin, or as the circulating medium, and as nothing else. Now, money has other functions besides this one, and the isolated function of serving as the mere circulating medium is not necessarily the only one attached to gold coin, although this is the case with those abraded coins that continue to circulate. Each piece of money is a mere coin, or means of circulation, only so long as it actually circulates. But this is just the case with that minimum mass of gold, which is capable of being replaced by paper-money. That mass remains constantly within the sphere of circulation, continually functions as a circulating medium, and exists exclusively for that purpose. Its movement therefore represents nothing but the continued alteration of the inverse phases of the metamorphosis  $C - M - C$ , phases in which commodities confront their value-forms, only to disappear again immediately. The independent existence of the exchange value of a commodity is here a transient apparition, by means of which the commodity is immediately replaced by another commodity. Hence, in this process which continually makes money pass from hand to hand, the mere symbolical existence of money suffices. Its functional existence absorbs, so to say, its material existence. Being a transient and objective reflex of the prices of commodities, it serves only as a symbol of itself, and is therefore capable of being replaced by a token. One thing is, however, requisite; this token must have an objective social validity of its own, and this the paper symbol acquires by its forced currency. This compulsory action of the State can take effect only within that inner sphere of circulation which is co-terminous with the territories of

the community, but it is also only within that sphere that money completely responds to its function of being the circulating medium, or becomes coin.

### SECTION 3. — MONEY.

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

#### Hoarding.

The continual movement in circuits of the two antithetical metamorphoses of commodities, or the never ceasing alternation of sale and purchase, is reflected in the restless currency of money, or in the function that money performs of a perpetuum mobile of circulation. But so soon as the series of metamorphoses is interrupted, so soon as sales are not supplemented by subsequent purchases, money ceases to be mobilised; it is transformed, as Boisguillebert says, from “meuble” into “immeuble,” from movable into immovable, from coin into money.

With the very earliest development of the circulation of commodities, there is also developed the necessity, and the passionate desire, to hold fast the product of the first metamorphosis. This product is the transformed shape of the commodity, or its gold-chrysalis. Commodities are thus sold not for the purpose of buying others, but in order to replace their commodity-form by their money-form. From being the mere means of effecting the circulation of commodities, this change of form becomes the end and aim. The changed form of the commodity is thus prevented from functioning as its unconditionally alienable form, or as its merely transient money-form. The money becomes petrified into a hoard, and the seller becomes a hoarder of money.

In the early stages of the circulation of commodities, it is the surplus use-values alone that are converted into money. Gold and silver thus become of themselves social expressions for superfluity or wealth. This naïve form of hoarding becomes perpetuated in those communities in which the traditional mode of production is carried on for the supply of a fixed and limited circle of home wants. It is thus with the people of Asia, and particularly of the East Indies. Vanderlint, who fancies that the prices of commodities in a country are determined by the quantity of gold and silver to be found in it, asks himself why Indian commodities are so cheap. Answer: Because the Hindoos bury their money. From 1602 to 1734, he remarks, they buried 150 millions of pounds sterling of silver, which originally came from America of Europe. In the 10 years from 1856 to 1866, England exported to India and China £120,000,000 in silver, which had been received in exchange for Australian gold. Most of the silver exported to China makes its way to India.

As the production of commodities further develops, every producer of commodities is compelled to make sure of the nexus rerum of the social pledge. His wants are constantly making themselves felt, and necessitate the continual purchase of other people's commodities, while the production and sale of his own goods require time, and depend upon circumstances. In order then to be able to buy without selling, he must have sold previously without buying. This operation, conducted on a general scale, appears to imply a contradiction. But the precious metals at the sources of their production are directly exchanged for other commodities. And here we have sales (by the owners of commodities) without purchases (by the owners of gold or silver.) And subsequent sales, by other producers, unaccompanied by purchases, merely bring about the distribution of the newly produced precious metals among all the owners of commodities. In this way, all along the line of exchange, hoards of gold and silver of varied extent are accumulated. With the possibility of holding and storing up exchange value in the shape of a particular commodity, arises also the greed for gold. Along with the extension of circulation, increases the power of money, that absolutely social form of wealth ever ready for use. "Gold is a wonderful thing! Whoever possesses it is lord of all he wants. By means of gold one can even get souls into Paradise." (Columbus in his letter from Jamaica, 1503.) Since gold does not disclose what has been transformed into it, everything, commodity or not, is convertible into gold. Everything becomes

saleable and buyable. The circulation becomes the great social retort into which everything is thrown, to come out again as a gold crystal. Not even are the bones of saints, and still less are more delicate *res sacrosanctæ extra commercium hominum* able to withstand this alchemy. Just as every qualitative difference between commodities is extinguished in money, so money, on its side, like the radical leveller that it is, does away with all distinctions. But money itself is a commodity, an external object, capable of becoming the private property of any individual. Thus social power becomes the private power of private persons. The ancients therefore denounced money as subversive of the economical and moral order of things. Modern society, which soon after its birth, pulled Plutus by the hair of his head from the bowels of the earth, greets gold as its Holy Grail, as the glittering incarnation of the very principle of its own life.

A commodity, in its capacity of a use-value, satisfies a particular want, and is a particular element of material wealth. But the value of a commodity measures the degree of its attraction for all other elements of material wealth, and therefore measures the social wealth of its owner. To a barbarian owner of commodities, and even to a West-European peasant, value is the same as value-form, and therefore, to him the increase in his hoard of gold and silver is an increase in value. It is true that the value of money varies, at one time in consequence of a variation in its own value, at another, in consequence of a change in the value of commodities. But this, on the one hand, does not prevent 200 ounces of gold from still containing more value than 100 ounces, nor, on the other hand, does it hinder the actual metallic form of this article from continuing to be the universal equivalent form of all other commodities, and the immediate social incarnation of all human labour. The desire after hoarding is in its very nature unsatiable. In its qualitative aspect, or formally considered, money has no bounds to its efficacy, i.e., it is the universal representative of material wealth, because it is directly convertible into any other commodity. But, at the same time, every actual sum of money is limited in amount, and therefore, as a means of purchasing, has only a limited efficacy. This antagonism between the quantitative limits of money and its qualitative boundlessness, continually acts as a spur to the hoarder in his Sisyphus-like labour of accumulating. It is with him as it is with a conqueror who sees in every new country annexed, only a new boundary.

In order that gold may be held as money, and made to form a hoard, it must be prevented from circulating, or from transforming itself into a means of enjoyment. The hoarder, therefore, makes a sacrifice of the lusts of the flesh to his gold fetish. He acts in earnest up to the Gospel of abstention. On the other hand, he can withdraw from circulation no more than what he has thrown into it in the shape of commodities. The more he produces, the more he is able to sell. Hard work, saving and avarice, are, therefore, his three cardinal virtues, and to sell much and buy little the sum of his political economy.

By the side of the gross form of a hoard, we find also its æsthetic form in the possession of gold and silver articles. This grows with the wealth of civil society. “Soyons riches ou paraissions riches “ (Diderot). In this way there is created, on the one hand, a constantly extending market for gold and silver, unconnected with their functions as money, and, on the other hand, a latent source of supply, to which recourse is had principally in times of crisis and social disturbance.

Hoarding serves various purposes in the economy of the metallic circulation. Its first function arises out of the conditions to which the currency of gold and silver coins is subject. We have seen how, along with the continual fluctuations in the extent and rapidity of the circulation of commodities and in their prices, the quantity of money current unceasingly ebbs and flows. This mass must, therefore, be capable of expansion and contraction. At one time money must be attached in order to act as circulating coin, at another, circulating coin must be repelled in order to act again as more or less stagnant money. In order that the mass of money, actually current, may constantly saturate the absorbing power of the circulation, it is necessary that the quantity of gold and silver in a country be greater than the quantity required to function as coin. This condition is fulfilled by money taking the form of hoards. These reserves serve as conduits for the supply or withdrawal of money to or from the circulation, which in this way never overflows its banks.

#### Means of Payment.

In the simple form of the circulation of commodities hitherto considered, we found a given value always presented to us in a double shape, as a commodity at one pole, as money at the opposite pole. The owners of commodities came therefore into contact as the respective representatives of what were already equivalents. But with the development of circulation,

conditions arise under which the alienation of commodities becomes separated, by an interval of time, from the realisation of their prices. It will be sufficient to indicate the most simple of these conditions. One sort of article requires a longer, another a shorter time for its production. Again, the production of different commodities depends on different seasons of the year. One sort of commodity may be born on its own market place, another has to make a long journey to market. Commodity-owner No. 1, may therefore be ready to sell, before No. 2 is ready to buy. When the same transactions are continually repeated between the same persons, the conditions of sale are regulated in accordance with the conditions of production. On the other hand, the use of a given commodity, of a house, for instance, is sold (in common parlance; let) for a definite period. Hence, it is only at the end of the term that the buyer has actually received the use-value of the commodity. He therefore buys it before he pays for it. The vendor sells an existing commodity, the purchaser buys as the mere representative of money, or rather of future money. The vendor becomes a creditor, the purchaser becomes a debtor. Since the metamorphosis of commodities, or the development of their value-form, appears here under a new aspect, money also acquires a fresh function; it becomes the means of payment.

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

Let us return to the circulation of commodities. The appearance of the two equivalents, commodities and money, at the two poles of the process of

sale, has ceased to be simultaneous. The money functions now, first as a measure of value in the determination of the price of the commodity sold; the price fixed by the contract measures the obligation of the debtor, or the sum of money that he has to pay at a fixed date. Secondly, it serves as an ideal means of purchase. Although existing only in the promise of the buyer to pay, it causes the commodity to change hands. It is not before the day fixed for payment that the means of payment actually steps into circulation, leaves the hand of the buyer for that of the seller. The circulating medium was transformed into a hoard, because the process stopped short after the first phase, because the converted shape of the commodity, viz., the money, was withdrawn from circulation. The means of payment enters the circulation, but only after the commodity has left it. The money is no longer the means that brings about the process. It only brings it to a close, by stepping in as the absolute form of existence of exchange value, or as the universal commodity. The seller turned his commodity into money, in order thereby to satisfy some want; the hoarder did the same in order to keep his commodity in its money-shape, and the debtor in order to be able to pay; if he do not pay, his goods will be sold by the sheriff. The value-form of commodities, money, is therefore now the end and aim of a sale, and that owing to a social necessity springing out of the process of circulation itself.

The buyer converts money back into commodities before he has turned commodities into money: in other words, he achieves the second metamorphosis of commodities before the first. The seller's commodity circulates, and realises its price, but only in the shape of a legal claim upon money. It is converted into a use-value before it has been converted into money. The completion of its first metamorphosis follows only at a later period.

The obligations falling due within a given period, represent the sum of the prices of the commodities, the sale of which gave rise to those obligations. The quantity of gold necessary to realise this sum, depends, in the first instance, on the rapidity of currency of the means of payment. That quantity is conditioned by two circumstances: first the relations between debtors and creditors form a sort of chain, in such a way that A, when he receives money from his debtor B, straightway hands it over to C his creditor, and so on; the second circumstance is the length of the intervals between the different due-days of the obligations. The continuous chain of

payments, or retarded first metamorphoses, is essentially different from that interlacing of the series of metamorphoses which we considered on a former page. By the currency of the circulating medium, the connexion between buyers and sellers, is not merely expressed. This connexion is originated by, and exists in, the circulation alone. Contrariwise, the movement of the means of payment expresses a social relation that was in existence long before.

The fact that a number of sales take place simultaneously, and side by side, limits the extent to which coin can be replaced by the rapidity of currency. On the other hand, this fact is a new lever in economising the means of payment. In proportion as payments are concentrated at one spot, special institutions and methods are developed for their liquidation. Such in the middle ages were the virements at Lyons. The debts due to A from B, to B from C, to C from A, and so on, have only to be confronted with each other, in order to annul each other to a certain extent like positive and negative quantities. There thus remains only a single balance to pay. The greater the amount of the payments concentrated, the less is this balance relatively to that amount, and the less is the mass of the means of payment in circulation.

The function of money as the means of payment implies a contradiction without a terminus medius. In so far as the payments balance one another, money functions only ideally as money of account, as a measure of value. In so far as actual payments have to be made, money does not serve as a circulating medium, as a mere transient agent in the interchange of products, but as the individual incarnation of social labour, as the independent form of existence of exchange value, as the universal commodity. This contradiction comes to a head in those phases of industrial and commercial crises which are known as monetary crises. Such a crisis occurs only where the ever-lengthening chain of payments, and an artificial system of settling them, has been fully developed. Whenever there is a general and extensive disturbance of this mechanism, no matter what its cause, money becomes suddenly and immediately transformed, from its merely ideal shape of money of account, into hard cash. Profane commodities can no longer replace it. The use-value of commodities becomes value-less, and their value vanishes in the presence of its own independent form. On the eve of crisis, the bourgeois, with the self-sufficiency that springs from intoxicating prosperity, declares money to be a

vain imagination. Commodities alone are money. But now the cry is everywhere: money alone is a commodity! As the hart pants after fresh water, so pants his soul after money, the only wealth. In a crisis, the antithesis between commodities and their value-form, money, becomes heightened into an absolute contradiction. Hence, in such events, the form under which money appears is of no importance. The money famine continues, whether payments have to be made in gold or in credit money such as bank notes.

If we now consider the sum total of the money current during a given period, we shall find that, given the rapidity of currency of the circulating medium and of the means of payment, it is equal to the sum of the prices to be realised, plus the sum of the payments falling due, minus the payments that balance each other, minus finally the number of circuits in which the same piece of coin serves in turn as means of circulation and of payment. Hence, even when prices, rapidity of currency, and the extent of the economy in payments, are given, the quantity of money current and the mass of commodities circulating during a given period, such as a day, no longer correspond. Money that represents commodities long withdrawn from circulation, continues to be current. Commodities circulate, whose equivalent in money will not appear on the scene till some future day. Moreover, the debts contracted each day, and the payments falling due on the same day, are quite incommensurable quantities.

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

When the production of commodities has sufficiently extended itself, money begins to serve as the means of payment beyond the sphere of the circulation of commodities. It becomes the commodity that is the universal subject-matter of all contracts. Rents, taxes, and such like payments are transformed from payments in kind into money payments. To what extent this transformation depends upon the general conditions of production, is shown, to take one example, by the fact that the Roman Empire twice failed

in its attempt to levy all contributions in money. The unspeakable misery of the French agricultural population under Louis XIV., a misery so eloquently denounced by Biosguillebert, Marshal, Vauban, and others, was due not only to the weight of the taxes, but also to the conversion of taxes in kind into money taxes. In Asia, on the other hand, the fact that state taxes are chiefly composed of rents payable in kind, depends on conditions of production that are reproduced with the regularity of natural phenomena. And this mode of payment tends in its turn to maintain the ancient form of production. It is one of the secrets of the conservation of the Ottoman Empire. If the foreign trade, forced upon Japan by Europeans, should lead to the substitution of money rents for rents in kind, it will be all up with the exemplary agriculture of that country. The narrow economical conditions under which that agriculture is carried on, will be swept away.

In every country, certain days of the year become by habit recognised settling days for various large and recurrent payments. These dates depend, apart from other revolutions in the wheel of reproduction, on conditions closely connected with the seasons. They also regulate the dates for payments that have no direct connexion with the circulation of commodities such as taxes, rents, and so on. The quantity of money requisite to make the payments, falling due on those dates all over the country, causes periodical, though merely superficial, perturbations in the economy of the medium of payment.

From the law of the rapidity of currency of the means of payment, it follows that the quantity of the means of payment required for all periodical payments, whatever their source, is in inverse proportion to the length of their periods.

The development of money into a medium of payment makes it necessary to accumulate money against the dates fixed for the payment of the sums owing. While hoarding, as a distinct mode of acquiring riches, vanishes with the progress of civil society, the formation of reserves of the means of payment grows with that progress.

#### Universal Money.

When money leaves the home sphere of circulation, it strips off the local garbs which it there assumes, of a standard of prices, of coin, of tokens, and of a symbol of value, and returns to its original form of bullion. In the trade between the markets of the world, the value of commodities is expressed so

as to be universally recognised. Hence their independent value-form also, in these cases, confronts them under the shape of universal money. It is only in the markets of the world that money acquires to the full extent the character of the commodity whose bodily form is also the immediate social incarnation of human labour in the abstract. Its real mode of existence in this sphere adequately corresponds to its ideal concept.

Within the sphere of home circulation, there can be but one commodity which, by serving as a measure of value, becomes money. In the markets of the world a double measure of value holds sway, gold and silver.

Money of the world serves as the universal medium of payment, as the universal means of purchasing, and as the universally recognised embodiment of all wealth. Its function as a means of payment in the settling of international balances is its chief one. Hence the watchword of the mercantilists, balance of trade. Gold and silver serve as international means of purchasing chiefly and necessarily in those periods when the customary equilibrium in the interchange of products between different nations is suddenly disturbed. And lastly, it serves as the universally recognised embodiment of social wealth, whenever the question is not of buying or paying, but of transferring wealth from one country to another, and whenever this transference in the form of commodities is rendered impossible, either by special conjunctures in the markets, or by the purpose itself that is intended.

Just as every country needs a reserve of money for its home circulation, so, too, it requires one for external circulation in the markets of the world. The functions of hoards, therefore, arise in part out of the function of money, as the medium of the home circulation and home payments, and in part out of its function of money of the world. For this latter function, the genuine money-commodity, actual gold and silver, is necessary. On that account, Sir James Steuart, in order to distinguish them from their purely local substitutes, calls gold and silver “money of the world.”

The current of the stream of gold and silver is a double one. On the one hand, it spreads itself from its sources over all the markets of the world, in order to become absorbed, to various extents, into the different national spheres of circulation, to fill the conduits of currency, to replace abraded gold and silver coins, to supply the material of articles of luxury, and to petrify into hoards. This first current is started by the countries that

exchange their labour, realise in commodities, for the labour embodied in the precious metals by gold and silver-producing countries. On the other hand, there is a continual flowing backwards and forwards of gold and silver between the different national spheres of circulation, a current whose motion depends on the ceaseless fluctuations in the course of exchange.

Countries in which the bourgeois form of production is developed to a certain extent, limit the hoards concentrated in the strong rooms of the banks to the minimum required for the proper performance of their peculiar functions. Whenever these hoards are strikingly above their average level, it is, with some exceptions, an indication of stagnation in the circulation of commodities, of an interruption in the even flow of their metamorphoses.

## **PART II. THE TRANSFORMATION OF MONEY INTO CAPITAL.**

## CHAPTER IV. THE GENERAL FORMULA FOR CAPITAL.

THE circulation of commodities is the starting point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical groundwork from which it rises. The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market.

If we abstract from the material substance of the circulation of commodities, that is, from the exchange of the various use-values, and consider only the economic forms produced by this process of circulation, we find its final result to be money: this final product of the circulation of commodities is the first form in which capital appears.

As a matter of history, capital, as opposed to landed property, invariably takes the form at first of money; it appears as moneyed wealth, as the capital of the merchant and of the usurer. But we have no need to refer to the origin of capital in order to discover that the first form of appearance of capital is money. We can see it daily under our very eyes. All new capital, to commence with, comes on the stage, that is, on the market, whether of commodities, labour, or money, even in our days, in the shape of money that by a definite process has to be transformed into capital.

The first distinction we notice between money that is money only, and money that is capital, is nothing more than a difference in their form of circulation.

The simplest form of the circulation of commodities is  $C — M — C$ , the transformation of commodities into money, and the change of the money back again into commodities; or selling in order to buy. But alongside of this form we find another specifically different form:  $M — C — M$ , the transformation of money into commodities, and the change of commodities back again into money; or buying in order to sell. Money that circulates in the latter manner is thereby transformed into, becomes capital, and is already potentially capital.

Now let us examine the circuit  $M — C — M$  a little closer. It consists, like the other, of two antithetical phases. In the first phase,  $M — C$ , or the purchase, the money is changed into a commodity. In the second phase,  $C$

— M, or the sale, the commodity is changed back into money. The combination of these two phases constitutes the single movement whereby money is exchanged for a commodity and the same commodity is again exchanged for money; whereby a commodity is bought in order to be sold, or, neglecting the distinction in form between buying and selling, whereby a commodity is bought with money, and then money is bought with a commodity. The result, in which the phases of the process vanish, is the exchange of money for money, M — M. If I purchase 2000 lbs. of cotton for £100, and resell the 2000 lbs. of cotton for £110, I have, in fact, exchanged £100 for £110, money for money.

Now it is evident that the circuit M — C — M would be absurd and without meaning if the intention were to exchange by this means two equal sums of money, £100 for £100. The miser's plan would be far simpler and surer; he sticks to his £100 instead of exposing it to the dangers of circulation. And yet, whether the merchant who has paid £100 for his cotton sells it for £110, or lets it go for £100, or even £50, his money has, at all events, gone through a characteristic and original movement, quite different in kind from that which it goes through in the hands of the peasant who sells corn, and with the money thus set free buys clothes. We have therefore to examine first the distinguishing characteristics of the forms of the circuits M — C — M and C — M — C, and in doing this the real difference that underlies the mere difference of form will reveal itself.

Let us see, in the first place, what the two forms have in common.

Both circuits are resolvable into the same two antithetical phases, C — M, a sale, and M — C, a purchase. In each of these phases the same material elements — a commodity, and money, and the same economical dramatis personæ, a buyer and a seller — confront one another. Each circuit is the unity of the same two antithetical phases, and in each case this unity is brought about by the intervention of three contracting parties, of whom one only sells, another only buys, while the third both buys and sells.

What, however, first and foremost distinguishes the circuit C — M — C from the circuit M — C — M, is the inverted order of succession of the two phases. The simple circulation of commodities begins with a sale and ends with a purchase, while the circulation of money as capital begins with a purchase and ends with a sale. In the one case both the starting point and the goal are commodities, in the other they are money. In the first form the

movement is brought about by the intervention of money, in the second by that of a commodity.

In the circulation  $C — M — C$ , the money is in the end converted into a commodity, that serves as a use-value; it is spent once for all. In the inverted form,  $M — C — M$ , on the contrary, the buyer lays out money in order that, as a seller, he may recover money. By the purchase of his commodity he throws money into circulation, in order to withdraw it again by the sale of the same commodity. He lets the money go, but only with the sly intention of getting it back again. The money, therefore, is not spent, it is merely advanced.

In the circuit  $C — M — C$ , the same piece of money changes its place twice. The seller gets it from the buyer and pays it away to another seller. The complete circulation, which begins with the receipt, concludes with the payment, of money for commodities. It is the very contrary in the circuit  $M — C — M$ . Here it is not the piece of money that changes its place twice, but the commodity. The buyer takes it from the hands of the seller and passes it into the hands of another buyer. Just as in the simple circulation of commodities the double change of place of the same piece of money effects its passage from one hand into another, so here the double change of place of the same commodity brings about the reflux of the money to its point of departure.

Such reflux is not dependent on the commodity being sold for more than was paid for it. This circumstance influences only the amount of the money that comes back. The reflux itself takes place, so soon as the purchased commodity is resold, in other words, so soon as the circuit  $M — C — M$  is completed. We have here, therefore, a palpable difference between the circulation of money as capital, and its circulation as mere money.

The circuit  $C — M — C$  comes completely to an end, so soon as the money brought in by the sale of one commodity is abstracted again by the purchase of another.

If, nevertheless, there follows a reflux of money to its starting point, this can only happen through a renewal or repetition of the operation. If I sell a quarter of corn for £3, and with this £3 buy clothes, the money, so far as I am concerned, is spent and done with. It belongs to the clothes merchant. If I now sell a second quarter of corn, money indeed flows back to me, not however as a sequel to the first transaction, but in consequence of its repetition. The money again leaves me, so soon as I complete this second

transaction by a fresh purchase. Therefore, in the circuit  $C — M — C$ , the expenditure of money has nothing to do with its reflux. On the other hand, in  $M — C — M$ , the reflux of the money is conditioned by the very mode of its expenditure. Without this reflux, the operation fails, or the process is interrupted and incomplete, owing to the absence of its complementary and final phase, the sale.

The circuit  $C — M — C$  starts with one commodity, and finishes with another, which falls out of circulation and into consumption. Consumption, the satisfaction of wants, in one word, use-value, is its end and aim. The circuit  $M — C — M$ , on the contrary, commences with money and ends with money. Its leading motive, and the goal that attracts it, is therefore mere exchange value.

In the simple circulation of commodities, the two extremes of the circuit have the same economic form. They are both commodities, and commodities of equal value. But they are also use-values differing in their qualities, as, for example, corn and clothes. The exchange of products, of the different materials in which the labour of society is embodied, forms here the basis of the movement. It is otherwise in the circulation  $M — C — M$ , which at first sight appears purposeless, because tautological. Both extremes have the same economic form. They are both money, and therefore are not qualitatively different use-values; for money is but the converted form of commodities, in which their particular use-values vanish. To exchange £100 for cotton, and then this same cotton again for £100, is merely a roundabout way of exchanging money for money, the same for the same, and appears to be an operation just as purposeless as it is absurd. One sum of money is distinguishable from another only by its amount. The character and tendency of the process  $M — C — M$ , is therefore not due to any qualitative difference between its extremes, both being money, but solely to their quantitative difference. More money is withdrawn from circulation at the finish than was thrown into it at the start. The cotton that was bought for £100 is perhaps resold for £100+£10 or £110. The exact form of this process is therefore  $M — C — M'$ , where  $M'=M+\Delta$ ;  $M$ =the original sum advanced, plus an increment. This increment or excess over the original value I call “surplus-value.” The value originally advanced, therefore, not only remains intact while in circulation, but adds to itself a surplus-value or expands itself. It is this movement that converts it into capital.

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

The repetition or renewal of the act of selling in order to buy, is kept within bounds by the very object it aims at, namely, consumption or the satisfaction of definite wants, an aim that lies altogether outside the sphere of circulation. But when we buy in order to sell, we, on the contrary, begin and end with the same thing, money, exchange-value; and thereby the movement becomes interminable. No doubt,  $M$  becomes  $M + \Delta M$ , £100 become £110. But when viewed in their qualitative aspect alone, £110 are the same as £100, namely money; and considered quantitatively, £110 is, like £100, a sum of definite and limited value. If now, the £110 be spent as money, they cease to play their part. They are no longer capital. Withdrawn from circulation, they become petrified into a hoard, and though they remained in that state till doomsday, not a single farthing would accrue to them. If, then, the expansion of value is once aimed at, there is just the same inducement to augment the value of the £110 as that of the £100; for both are but limited expressions for exchange-value, and therefore both have the same vocation to approach, by quantitative increase, as near as possible to absolute wealth. Momentarily, indeed, the value originally advanced, the £100 is distinguishable from the surplus value of £10 that is annexed to it during circulation; but the distinction vanishes immediately. At the end of the process we do not receive with one hand the original £100, and with the other, the surplus-value of £10. We simply get a value of £110, which is in exactly the same condition and fitness for commencing the expanding process, as the original £100 was. Money ends the movement only to begin it again. Therefore, the final result of every separate circuit, in which a purchase and consequent sale are completed, forms of itself the starting point of a new circuit. The simple circulation of commodities — selling in order to buy — is a means for carrying out a purpose unconnected with circulation, namely, the appropriation of use-values, the satisfaction of

wants. The circulation of money as capital is, on the contrary, an end in itself, for the expansion of value takes place only within this constantly renewed movement. The circulation of capital has therefore no limits. Thus the conscious representative of this movement, the possessor of money becomes a capitalist. His person, or rather his pocket, is the point from which the money starts and to which it returns. The expansion of value, which is the objective basis or main-spring of the circulation  $M — C — M$ , becomes his subjective aim, and it is only in so far as the appropriation of ever more and more wealth is the abstract becomes the sole motive of his operations, that he functions as a capitalist, that is, as capital personified and endowed with consciousness and a will. Use-values must therefore never be looked upon as the real aim of the capitalist; neither must the profit on any single transaction. The restless never-ending process of profit-making alone is what he aims at. This boundless greed after riches, this passionate chase after exchange-value, is common to the capitalist and the miser; but while the miser is merely a capitalist gone mad, the capitalist is a rational miser. The never-ending augmentation of exchange-value, which the miser strives after, by seeking to save his money from circulation, is attained by the more acute capitalist, by constantly throwing it afresh into circulation.

The independent form, i.e., the money-form, which the value of commodities assumes in the case of simple circulation, serves only one purpose, namely, their exchange, and vanishes in the final result of the movement. On the other hand, in the circulation  $M — C — M$ , both the money and the commodity represent only different modes of existence of value itself, the money its general mode, and the commodity its particular, or, so to say, disguised mode. It is constantly changing from one form to the other without thereby becoming lost, and thus assumes an automatically active character. If now we take in turn each of the two different forms which self-expanding value successively assumes in the course of its life, we then arrive at these two propositions: Capital is money: Capital is commodities. In truth, however, value is here the active factor in a process, in which, while, constantly assuming the form in turn of money and commodities, it at the same time changes in magnitude, differentiates itself by throwing off surplus-value from itself; the original value, in other words, expands spontaneously. For the movement, in the course of which it adds surplus value, is its own movement, its expansion, therefore, is

automatic expansion. Because it is value, it has acquired the occult quality of being able to add value to itself. It brings forth living offspring, or, at the least, lays golden eggs.

Value, therefore, being the active factor in such a process, and assuming at one time the form of money, at another that of commodities, but through all these changes preserving itself and expanding, it requires some independent form, by means of which its identity may at any time be established. And this form it possesses only in the shape of money. It is under the form of money that value begins and ends, and begins again, every act of its own spontaneous generation. It began by being £100, it is now £110, and so on. But the money itself is only one of the two forms of value. Unless it takes the form of some commodity, it does not become capital. There is here no antagonism, as in the case of hoardings, between the money and commodities. The capitalist knows that all commodities, however scurvy they may look, or however badly they may smell, are in faith and in truth money, inwardly circumcised Jews, and what is more, a wonderful means whereby out of money to make more money.

In simple circulation,  $C — M — C$ , the value of commodities attained at the most a form independent of their use-values, i.e., the form of money; but that same value now in the circulation  $M — C — M$ , or the circulation of capital, suddenly presents itself as an independent substance, endowed with a motion of its own, passing through a life-process of its own, in which money and commodities are mere forms which it assumes and casts off in turn. Nay, more: instead of simply representing the relations of commodities, it enters now, so to say, into private relations with itself. It differentiates itself as original value from itself as surplus-value; as the father differentiates himself from himself quâ the son, yet both are one and of one age: for only by the surplus value of £10 does the £100 originally advanced become capital, and so soon as this takes place, so soon as the son, and by the son, the father, is begotten, so soon does their difference vanish, and they again become one, £110.

Value therefore now becomes value in process, money in process, and, as such, capital. It comes out of circulation, enters into it again, preserves and multiplies itself within its circuit, comes back out of it with expanded bulk, and begins the same round ever afresh.  $M — M'$ , money which begets money, such is the description of Capital from the mouths of its first interpreters, the Mercantilists.

Buying in order to sell, or, more accurately, buying in order to sell dearer,  $M — C — M'$ , appears certainly to be a form peculiar to one kind of capital alone, namely, merchants' capital. But industrial capital too is money, that is changed into commodities, and by the sale of these commodities, is reconverted into more money. The events that take place outside the sphere of circulation, in the interval between the buying and selling, do not affect the form of this movement. Lastly, in the case of interest-bearing capital, the circulation  $M — C — M'$  appears abridged. We have its result without the intermediate stage, in the form  $M — M'$ , "en style lapidaire" so to say, money that is worth more money, value that is greater than itself.

$M — C — M'$  is therefore in reality the general formula of capital as it appears *prima facie* within the sphere of circulation.

## CHAPTER V. CONTRADICTIONS IN THE GENERAL FORMULA OF CAPITAL.

THE form which circulation takes when money becomes capital, is opposed to all the laws we have hitherto investigated bearing on the nature of commodities, value and money, and even of circulation itself. What distinguishes this form from that of the simple circulation of commodities, is the inverted order of succession of the two antithetical processes, sale and purchase. How can this purely formal distinction between these processes change their character as it were by magic?

But that is not all. This inversion has no existence for two out of the three persons who transact business together. As capitalist, I buy commodities from A and sell them again to B, but as a simple owner of commodities, I sell them to B and then purchase fresh ones from A. A and B see no difference between the two sets of transactions. They are merely buyers or sellers. And I on each occasion meet them as a mere owner of either money or commodities, as a buyer or a seller, and, what is more, in both sets of transactions, I am opposed to A only as a buyer and to B only as a seller, to the one only as money, to the other only as commodities, and to either of them as capital or a capitalist, or as representative of anything that is more than money or commodities, or that can produce any effect beyond what money and commodities can. For me the purchase from A and the sale to B are part of a series. But the connexion between the two acts exists for me alone. A does not trouble himself about my transaction with B, nor does B about my business with A. And if I offered to explain to them the meritorious nature of my action in inverting the order of succession, they would probably point out to me that I was mistaken as to that order of succession, and that the whole transaction, instead of beginning with a purchase and ending with a sale, began, on the contrary, with a sale and was concluded with a purchase. In truth, my first act, the purchase, was from the standpoint of A, a sale, and my second act, the sale, was from the standpoint of B, a purchase. Not content with that, A and B would declare that the whole series was superfluous and nothing but Hokus Pokus; that for the future A would buy direct from B, and B sell direct to A. Thus the whole transaction would be reduced to a single act forming an isolated, non-

complemented phase in the ordinary circulation of commodities, a mere sale from A's point of view, and from B's, a mere purchase. The inversion, therefore, of the order of succession, does not take us outside the sphere of the simple circulation of commodities, and we must rather look, whether there is in this simple circulation anything permitting an expansion of the value that enters into circulation, and, consequently, a creation of surplus-value.

Let us take the process of circulation in a form under which it presents itself as a simple and direct exchange of commodities. This is always the case when two owners of commodities buy from each other, and on the settling day the amounts mutually owing are equal and cancel each other. The money in this case is money of account and serves to express the value of the commodities by their prices, but is not, itself, in the shape of hard cash, confronted with them. So far as regards use-values, it is clear that both parties may gain some advantage. Both part with goods that, as use-values, are of no service to them, and receive others that they can make use of. And there may also be a further gain. A, who sells wine and buys corn, possibly produces more wine, with given labour time, than farmer B could, and B, on the other hand, more corn than wine-grower A could. A, therefore, may get, for the same exchange value, more corn, and B more wine, than each would respectively get without any exchange by producing his own corn and wine. With reference, therefore, to use-value, there is good ground for saying that "exchange is a transaction by which both sides gain." It is otherwise with exchange value. "A man who has plenty of wine and no corn treats with a man who has plenty of corn and no wine; an exchange takes place between them of corn to the value of 50, for wine of the same value. This act produces no increase of exchange value either for the one or the other; for each of them already possessed, before the exchange, a value equal to that which he acquired by means of that operation." The result is not altered by introducing money, as a medium of circulation, between the commodities, and making the sale and the purchase two distinct acts. The value of a commodity is expressed in its price before it goes into circulation, and is therefore a precedent condition of circulation, not its result.

Abstractedly considered, that is, apart from circumstances not immediately flowing from the laws of the simple circulation of commodities, there is in an exchange nothing (if we except the replacing of

one use-value by another) but a metamorphosis, a mere change in the form of the commodity. The same exchange value, i.e., the same quantity of incorporated social labour, remains throughout in the hands of the owner of the commodity first in the shape of his own commodity, then in the form of the money for which he exchanged it, and lastly, in the shape of the commodity he buys with that money. This change of form does not imply a change in the magnitude of the value. But the change, which the value of the commodity undergoes in this process, is limited to a change in its money form. This form exists first as the price of the commodity offered for sale, then as an actual sum of money, which, however, was already expressed in the price, and lastly, as the price of an equivalent commodity. This change of form no more implies, taken alone, a change in the quantity of value, than does the change of a £5 note into sovereigns, half sovereigns and shillings. So far therefore as the circulation of commodities effects a change in the form alone of their values, and is free from disturbing influences, it must be the exchange of equivalents. Little as Vulgar-Economy knows about the nature of value, yet whenever it wishes to consider the phenomena of circulation in their purity, it assumes that supply and demand are equal, which amounts to this, that their effect is nil. If therefore, as regards the use-values exchanged, both buyer and seller may possibly gain something, this is not the case as regards the exchange values. Here we must rather say, "Where equality exists there can be no gain." It is true, commodities may be sold at prices deviating from their values, but these deviations are to be considered as infractions of the laws of the exchange of commodities, which in its normal state is an exchange of equivalents, consequently, no method for increasing value.

Hence, we see that behind all attempts to represent the circulation of commodities as a source of surplus-value, there lurks a quid pro quo, a mixing up of use-value and exchange value. For instance, Condillac says: "It is not true that on an exchange of commodities we give value for value. On the contrary, each of the two contracting parties in every case, gives a less for a greater value....if we really exchanged equal values, neither party could make a profit. And yet, they both gain, or ought to gain. Why? The value of a thing consists solely in its relation to our wants. what is more to the one is less to the other, and vice versa....It is not to be assumed that we offer for sale articles required for our own consumption....We wish to part with a useless thing, in order to get one that we need; we want to give less

for more....It was natural to think that, in an exchange, value was given for value, whenever each of the articles exchanged was of equal value with the same quantity of gold....But there is another point to be considered in our calculation. The question is, whether we both exchange something superfluous for something necessary.” We see in this passage, how Condillac not only confuses use-value with exchange value, but in a really childish manner assumes, that in a society, in which the production of commodities is well developed, each producer produces his own means of subsistence, and throws into circulation only the excess over his own requirements. Still, Condillac’s argument is frequently used by modern economists, more especially when the point is to show, that the exchange of commodities in its developed form, commerce, is productive of surplus-value. For instance, “Commerce...adds value to products, for the same products in the hands of consumers, are worth more than in the hands of producers, and it may strictly be considered an act of production.” But commodities are not paid for twice over, once on account of their use-value, and again on account of their value. And though the use-value of a commodity is more serviceable to the buyer than to the seller, its money form is more serviceable to the seller. Would he otherwise sell it? We might therefore just as well say that the buyer performs “strictly an act of production,” by converting stockings, for example, into money.

If commodities, or commodities and money, of equal exchange-value, and consequently equivalents, are exchanged, it is plain that no one abstracts more value from, than he throws into, circulation. There is no creation of surplus-value. And, in its normal form, the circulation of commodities demands the exchange of equivalents. But in actual practice, the process does not retain its normal form. Let us, therefore, assume an exchange of non-equivalents.

In any case the market for commodities is only frequented by owners of commodities, and the power which these persons exercise over each other, is no other than the power of their commodities. The material variety of these commodities is the material incentive to the act of exchange, and makes buyers and sellers mutually dependent, because none of them possesses the object of his own wants, and each holds in his hand the object of another’s wants. Besides these material differences of their use-values, there is only one other difference between commodities, namely, that between their bodily form and the form into which they are converted by

sale, the difference between commodities and money. And consequently the owners of commodities are distinguishable only as sellers, those who own commodities, and buyers, those who own money.

Suppose then, that by some inexplicable privilege, the seller is enabled to sell his commodities above their value, what is worth 100 for 110, in which case the price is nominally raised 10%. The seller therefore pockets a surplus value of 10. But after he has sold he becomes a buyer. A third owner of commodities comes to him now as seller, who in this capacity also enjoys the privilege of selling his commodities 10% too dear. Our friend gained 10 as a seller only to lose it again as a buyer. The nett result is, that all owners of commodities sell their goods to one another at 10% above their value, which comes precisely to the same as if they sold them at their true value. Such a general and nominal rise of prices has the same effect as if the values had been expressed in weight of silver instead of in weight of gold. The nominal prices of commodities would rise, but the real relation between their values would remain unchanged.

Let us make the opposite assumption, that the buyer has the privilege of purchasing commodities under their value. In the case it is no longer necessary to bear in mind that he in his turn will become a seller. He was so before he became buyer; he had already lost 10% in selling before he gained 10% as buyer. Everything is just as it was.

The creation of surplus-value, and therefore the conversion of money into capital, can consequently be explained neither on the assumption that commodities are sold above their value, nor that they are bought below their value.

The problem is in no way simplified by introducing irrelevant matters after the manner of Col. Torrens: "Effectual demand consists in the power and inclination (!), on the part of consumers, to give for commodities, either by immediate or circuitous barter, some greater portion of...capital than their production costs." In relation to circulation, producers and consumers meet only as buyers and sellers. To assert that the surplus-value acquired by the producer has its origin in the fact that consumers pay for commodities more than their value, is only to say in other words: The owner of commodities possesses, as a seller, the privilege of selling too dear. The seller has himself produced the commodities or represents their producer, but the buyer has to no less extent produced the commodities represented by

his money, or represents their producer. The distinction between them is, that one buys and the other sells. The fact that the owner of the commodities, under the designation of consumer, pays too much for them, does not carry us a single step further.

To be consistent therefore, the upholders of the delusion that surplus-value has its origin in a nominal rise of prices or in the privilege which the seller has of selling too dear, must assume the existence of a class that only buys and does not sell, i.e., only consumes and does not produce. The existence of such a class is inexplicable from the standpoint we have so far reached, viz., that of simple circulation. But let us anticipate. The money with which such a class is constantly making purchases, must constantly flow into their pockets, without any exchange, gratis, by might or right, from the pockets of commodity-owners themselves. To sell commodities above their value to such a class, is only to crib back again a part of the money previously given to it. The towns of Asia Minor thus paid a yearly money tribute to ancient Rome. With this money Rome purchased from them commodities, and purchased them too dear. The provincials cheated the Romans, and thus got back from their conquerors, in the course of trade, a portion of the tribute. yet, for all that, the conquered were the really cheated. Their goods were still paid for with their own money. That is not the way to get rich or to create surplus-value.

Let us therefore keep within the bounds of exchange where sellers are also buyers, sellers. Our difficulty may perhaps have arisen from treating the actors as personifications instead of as individuals.

A may be clever enough to get the advantage of B or C without their being able to retaliate. A sells wine worth £40 to B, and obtains from his in exchange corn to the value of £50. A has converted his £0 into £50, has made more money out of less, and has converted his commodities into capital. Let us examine this a little more closely. Before the exchange we had £40 worth of wine in the hands of A, and £50 worth of corn in those of B, a total value of £90. After the exchange we have still the same total value of £90. The value in circulation has not increased by one iota, it is only distributed differently between A and B. What is a loss of value to B is a surplus-value to A; what is “minus” to one is “plus” to the other. The same change would have taken place, if A, without the formality of an exchange, had directly stolen the £10 from B. The sum of the values in circulation can clearly not be augmented by any change in their distribution, any more than

the quantity of the precious metals in a country by a Jew selling a Queen Ann's farthing for a guinea. The capitalist class, as a whole, in any country, cannot over-reach themselves.

Turn and twist then as we may, the fact remains unaltered. If equivalents are exchanged, no surplus-value results and if non-equivalents are exchanged, still no surplus-value. Circulation, or the exchange of commodities, begets no value.

The reason is now therefore plain why, in analysing the standard form of capital, the form under which it determines the economical organisation of modern society, we entirely left out of consideration its most popular, and, so to say, ante-diluvian forms, merchants' capital and money-lenders' capital.

The circuit  $M - C - M'$ , buying in order to sell dearer, is seen most clearly in genuine merchants' capital. But the movement takes place entirely within the sphere of circulation. Since, however, it is impossible, by circulation alone, to account for the conversion of money into capital, for the formation of surplus-value, it would appear, that merchants' capital is an impossibility, so long as equivalents are exchanged; that, therefore, it can only have its origin in the two fold advantage gained, over both the selling and buying producers, by the merchant who parasitically shoves himself in between them. It is in this sense that Franklin says, "war is robbery, commerce is generally cheating." If the transformation of merchants' money into capital is to be explained otherwise than by the producers being simply cheated, a long series of intermediate steps would be necessary, which, at present, when the simple circulation of commodities forms our only assumption, are entirely wanting.

What we have said with reference to merchants' capital, applies still more to money-lenders' capital. In merchants' capital, the two extremes, the money that is thrown upon the market, and the augmented money that is withdrawn from the market, are at least connected by a purchase and a sale, in other words by the movements of the circulation. In money-lenders' capital the form  $M - C - M'$  is reduced to the two extremes without a mean,  $M - M'$ , money exchanged for more money, a form that is incompatible with the nature of money and therefore remains inexplicable from the standpoint of the circulation of commodities. Hence Aristotle: "since chrematistic is a double science, one part belonging to commerce, the other to economic, the latter being necessary and praiseworthy, the

formed based on circulation and with justice disapproved (for it is not based on Nature, but on mutual cheating), therefore the usurer is most rightly hated, because money itself is the source of his gain, and is not used for the purposes for which it was invented. For it originated for the exchange of commodities, but interest makes out of money, more money. Hence its name ('tokos' interest and offspring). For the begotten are like those who beget them. But interest is money of money, so that of all modes of making a living, this is the most contrary to nature."

In the course of our investigation, we shall find that both merchants' capital and interest-bearing capital are derivative forms, and at the same time it will become clear, why these two forms appear in the course of history before the modern standard form of capital.

We have shown that surplus-value cannot be created by circulation, and, therefore, that in its formation, something must take place in the background, which is not apparent in the circulation itself. But can surplus-value possibly originate anywhere else than in circulation, which is the sum total of all the mutual relations of commodity-owners, as far as they are determined by their commodities? Apart from circulation, the commodity-owner is in relation only with his own commodity. So far as regards value, that relation is limited to this, that the commodity contains a quantity of his labour, that quantity being measured by a definite social standard. This quantity is expressed by the value of the commodity, and since the value is reckoned in money of account, this quantity is also expressed by the price, which we will suppose to be £10. But his labour is not represented both by the value of the commodity, and by a surplus over that value, not by a price of 10 that is also a price of 11, not by a value that is greater than itself. The commodity owner can, by his labour, create value, but not self-expanding value. He can increase the value of his commodity, by adding fresh labour, and therefore more value to the value in hand, by making, for instance, leather into boots. The same material has now more value, because it contains a greater quantity of labour. The boots have therefore more value than the leather, but the value of the leather remains what it was; it has not expanded itself, has not, during the making of the boots, annexed surplus value. It is therefore impossible that outside the sphere of circulation, a producer of commodities can, without coming into contact with other commodity owners, expand value, and consequently convert money or commodities into capital.

It is therefore impossible for capital to be produced by circulation, and it is equally impossible for it to originate apart from circulation. It must have its origin both in circulation and yet not in circulation.

We have, therefore, got a double result.

The conversion of money into capital has to be explained on the basis of the laws that regulate the exchange of commodities, in such a way that the starting point is the exchange of equivalents. Our friend, Moneybags, who as yet is only an embryo capitalist, must buy his commodities at their value, must sell them at their value, and yet at the end of the process must withdraw more value from circulation than he threw into it at starting. His development into a full-grown capitalist must take place, both within the sphere of circulation and without it. These are the conditions of the problem. *Hic Rhodus, hic salta!*

## CHAPTER VI. THE BUYING AND SELLING OF LABOUR-POWER.

THE change of value that occurs in the case of money intended to be converted into capital, cannot take place in the money itself, since in its function of means of purchase and of payment, it does no more than realise the price of the commodity it buys or pays for; and, as hard cash, it is value petrified, never varying. Just as little can it originate in the second act of circulation, the re-sale of the commodity, which does no more than transform the article from its bodily form back again into its money-form. The change must, therefore, take place in the commodity bought by the first act,  $M - C$ , but not in its value, for equivalents are exchanged, and the commodity is paid for at its full value. We are, therefore, forced to the conclusion that the change originates in the use-value, as such of the commodity, i.e., in its consumption. In order to be able to extract value from the consumption of a commodity, our friend, Moneybags, must be so lucky as to find, within the sphere of circulation, in the market, a commodity, whose use-value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labour, and, consequently, a creation of value. The possessor of money does find on the market such a special commodity in capacity for labour or labour-power.

By labour-power or capacity for labour is to be understood the aggregate of these mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description.

But in order that our owner of money may be able to find labour-power offered for sale as a commodity, various conditions must first be fulfilled. The exchange of commodities of itself implies no other relations of dependence than those which result from its own nature. On this assumption, labour-power can appear upon the market as a commodity only if, and so far as, its possessor, the individual whose labour-power it is, offers it for sale, or sells it, as a commodity. In order that he may be able to do this, he must have it at his disposal, must be the untrammelled owner of his capacity for labour, i.e., of his person. He and the owner of money meet in the market, and deal with each other as on the basis of equal rights, with

this difference alone, that one is buyer, the other seller; both, therefore, equal in the eyes of the law. The continuance of this relation demands that the owner of the labour-power should sell it only for a definite period, for if he were to sell it rump and stump, once for all, he would be selling himself, converting himself from a free man into a slave, from an owner of a commodity into a commodity. He must constantly look upon his labour-power as his own property, his own commodity, and this he can only do by placing it at the disposal of the buyer temporarily, for a definite period of time. By this means alone can he avoid renouncing his rights of ownership over it.

The second essential condition to the owner of money finding labour-power in the market as a commodity in this — that the labourer instead of being in the position to sell commodities in which his labour is incorporated, must be obliged to offer for sale as a commodity that very labour-power, which exists only in his living self.

In order that a man may be able to sell commodities other than labour-power, he must of course have the means of production, as raw material, implements, &c. No boots can be made without leather. He requires also the means of subsistence. Nobody — not even “a musician of the future” can live upon future products, or upon use-values in an unfinished state; and ever since the first moment of his appearance on the world’s stage, man always has been, and must still be a consumer, both before and while he is producing. In a society where all products assume the form of commodities, these commodities must be sold after they have been produced; it is only after their sale that they can serve in satisfying the requirements of their producer. The time necessary for their sale is superadded to that necessary for their production.

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

The question why this free labourer confronts him in the market, has no interest for the owner of money, who regards the labour market as a branch of the general market for commodities. And for the present it interests us just as little. We cling to the fact theoretically, as he does practically. One thing, however, is clear — nature does not produce on the one side owners

of money or commodities, and on the other men possessing nothing but their won labour-power. This relation has no natural basis, neither is its social basis one that is common to all historical periods. It is clearly the result of a past historical development, the product of many economical revolutions, of the extinction of a whole series of older forms of social production.

So, too, the economical categories, already discussed by us bear the stamp of history. Definite historical conditions are necessary that a product may become a commodity. It must not be produced as the immediate means of subsistence of the producer himself. Had we gone further, and inquired under what circumstances all, or even the majority of products take the form of commodities, we should have found that this can only happen with production of a very specific kind, capitalist production. Such an inquiry, however, would have been foreign to the analysis of commodities. Production and circulation of commodities can take place, although the great mass of the objects produced are intended for the immediate requirements of their producers, are not turned into commodities, and consequently social production is not yet by a long way dominated in its length and breadth by exchange-value, the appearance of products as commodities presupposed such a development of the social division of labour, that the separation of use-value from exchange-value, a separation which first begins with barter, must already have been completed. But such a degree of development is common to many forms of society, which in other respects present the most varying historical features. On the other hand, if we consider money, its existence implies a definite stage in the exchange of commodities. The particular functions of money which it performs, either as the mere equivalent of commodities, or as means of circulation, or means of payment, as hoard or as universal money, point, according to the extent and relative preponderance of the one function or the other, to very different stages in the process of social production. Yet we know by experience that a circulation of commodities relatively primitive, suffices for the production of all these forms. Otherwise with capital. The historical conditions of its existence are by no means given with the mere circulation of money and commodities. It can spring into life, only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour-power. And this one historical condition

comprises a world's history. Capital therefore, announces from its first appearance a new epoch in the process of social production.

We must now examine more closely this peculiar commodity, labour-power. Like all others it has a value. How is that value determined?

The value of labour-power is determined, as in the case of every other commodity, by the labour-time necessary for the production, and consequently also the reproduction, of this special article. So far as it has value, it represents no more than a definite quantity of the average labour of society incorporated in it. Labour-power exists only as a capacity, or power of the living individual. Its production consequently presupposes his existence. Given the individual, the production of labour-power consists in his reproduction of himself or his maintenance. For his maintenance he requires a given quantity of the means of subsistence. Therefore the labour-time requisite for the production of labour-power reduces itself to that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer. Labour-power, however, becomes a reality only by its exercise; it sets itself in action only by working. But thereby a definite quantity of human muscle, nerve, brain, &c., is wasted, and these require to be restored. This increased expenditure demands a larger income. If the owner of labour-power works to-day, to-morrow he must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel, and housing, vary according to the climatic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed. In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known.

The owner of labour-power is mortal. If then his appearance in the market is to be continuous, and the continuous conversion of money into capital assumes this, the seller of labour-power must perpetuate himself, “in the way that every living individual perpetuates himself, by procreation”. The labour-power withdrawn from the market by wear and tear and death, must be continually replaced by, at the very least, an equal amount of fresh labour-power. Hence the sum of the means of subsistence necessary for the production of labour-power must include the means necessary for the labourer’s substitutes, i.e., his children, in order that this race of peculiar commodity-owners may perpetuate its appearance in the market.

In order to modify the human organism, so that it may acquire skill and handiness in a given branch of industry, and become labour-power of a special kind, a special education or training is requisite, and this, on its part, costs an equivalent in commodities of a greater or less amount. This amount varies according to the more or less complicated character of the labour-power. The expenses of this education (excessively small in the case of ordinary labour-power), enter pro tanto into the total value spent in its production.

The value of labour-power resolves itself into the value of a definite quantity of the means of subsistence. It therefore varies with the value of these means or with the quantity of labour requisite for their production.

Some of the means of subsistence, such as food and fuel, are consumed daily, and a fresh supply must be provided daily. Others such a clothes and furniture last for longer periods and require to be replaced only at longer intervals. One article must be bought or paid for daily, another weekly, another quarterly, and so on. But in whatever way the sum total of these outlays may be spread over the year, they must be covered by the average income, taking one day with another. If the total of the commodities required daily for the production of labour-power=A, and those required weekly=B, and those required quarterly=C, and so on, the daily average of these commodities= $(365A+52B+4C+8c)/365$ . Suppose that in this mass of commodities requisite for the average day there are embodied 6 hours of social labour, then there is incorporated daily in labour-power half a day’s average social labour, in other words, half a day’s labour in requisite for the daily production of labour-power. This quantity of labour forms the value of a day’s labour-power or the value of the labour-power daily reproduced. If half a day’s average social labour is incorporated in three shillings, then

three shillings is the price corresponding to the value of a day's labour-power. If its owner therefore offers it for sale at three shillings a day, its selling price is equal to its value, and according to our supposition, our friend Moneybags, who is intent upon converting his three shillings into capital, pays this value.

The minimum limit of the value of labour-power is determined by the value of the commodities, without the daily supply of which the labourer cannot renew his vital energy, consequently by the value of those means of subsistence that are physically indispensable. If the price of labour-power fall to this minimum, it falls below its value, since under such circumstances it can be maintained and developed only in a crippled state. But the value of every commodity is determined by the labour-time requisite to turn it out so as to be of normal quality.

It is a very cheap sort of sentimentality which declares this method of determining the value of labour-power, a method prescribed by the very nature of the case, to be a brutal method, and which wails with Rossi that, "To comprehend capacity for labour (*puissance de travail*) at the same time that we make abstraction from the means of subsistence of the labourers during the process of production, is to comprehend a phantom (*être de raison*). When we speak of labour, or capacity for labour, we speak at the same time of the labourer and his means of subsistence, of labourer and wages". When we speak of capacity for labour, we do not speak of labour, any more than when we speak of capacity for digestion, we speak of digestion. The latter process requires something more than a good stomach. When we speak of capacity for labour we do not abstract from the necessary means of subsistence. On the contrary, their value is expressed in its value. If his capacity for labour remains unsold, the labourer derives no benefit from it, but rather he will feel it to be a cruel nature-imposed necessity that this capacity has cost for its production a definite amount of the means of subsistence and that it will continue to do so for its reproduction. He will then agree with Sismondi: "that capacity for labour... is nothing unless it is sold."

One consequence of the peculiar nature of labour-power as a commodity is, that its use-value does not, on the conclusion of this contract between the buyer and seller, immediately pass into the hands of the former. Its value, like that of every other commodity, is already fixed before it goes into circulation, since a definite quantity of social labour has been spent upon it;

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

We now know how the value paid by the purchaser to the possessor of this peculiar commodity, labour-power, is determined. The use-value which the former gets in exchange, manifests itself only in the actual usufruct, in the consumption of the labour-power. The money owner buys everything necessary for this purpose, such as raw material, in the market, and pays for it at its full value. The consumption of labour-power is at one and the same time the production of commodities and of surplus value. The consumption of labour-power is completed, as in the case of every other commodity, outside the limits of the market or of the sphere of circulation. Accompanied by Mr. Moneybags and by the possessor of labour-power, we therefore take leave for a time of this noisy sphere, where everything takes place on the surface and in view of all men, and follow them both into the hidden abode of production, on whose threshold there stares us in the face “No admittance except on business.” Here we shall see, not only how

capital produces, but how capital is produced. We shall at last force the secret of profit making.

This sphere that we are deserting, within whose boundaries the sale and purchase of labour-power goes, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, say of labour-power, are constrained only by their own free will. They contract as free agents, and the agreement they come to, is but the form in which they give legal expression to their common will. Equality, because each enters into relation with the other, as with a simply owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself. The only force that brings them together and puts them in relation with each other, is the selfishness, the gain and the private interests of each. Each looks to himself only, and no one troubles himself about the rest, and just because they do so, do they all, in accordance with the pre-established harmony of things, or under the auspices of an all-shrewd providence, work together to their mutual advantage, for the common weal and in the interest of all.

On leaving this sphere of simple circulation or of exchange of commodities, which furnishes the “Free-trader Vulgaris” with his views and ideas, and with the standard by which he judges a society based on capital and wages, we think we can perceive a change in the physiognomy of our *dramatis personæ*. He, who before was the money owner, now strides, in front as capitalist; the possessor of labour-power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but — a hiding.

**PART III. THE PRODUCTION OF ABSOLUTE  
SURPLUS-VALUE.**

# CHAPTER VII. THE LABOUR-PROCESS AND THE PROCESS OF PRODUCING SURPLUS-VALUE.

## SECTION 1. — THE LABOUR-PROCESS OR THE PRODUCTION OF USE-VALUES.

THE capitalist buys labour-power in order to use it; and labour-power in use is labour itself. The purchaser of labour-power consumes it by setting the seller of it to work. By working, the latter becomes actually, what before he only was potentially, labour-power in action, a labourer. In order that his labour may reappear in a commodity, he must, before all things, expend it on something useful, on something capable of satisfying a want of some sort. Hence, what the capitalist sets the labourer to produce, is a particular use-value, a specified article. The fact that the production of use-values, or goods, is carried on under the control of a capitalist and on his behalf, does not alter the general character of that production. We shall, therefore, in the first place, have to consider the labour-process independently of the particular form it assumes under given social conditions.

Labour is, in the first place, a process in which both man and Nature participate, and in which man of his own accord starts, regulates, and controls the material re-actions between himself and Nature. He opposes himself to Nature as one of her own forces, setting in motion arms and legs, head and hands, the natural forces of his body, in order to appropriate Nature's productions in a form adapted to his own wants. By thus acting on the external world and changing it, he at the same time change his own nature. He develops his slumbering powers and compels them to act in obedience to his sway. We are not now dealing with these primitive instinctive forms of labour that remind us of the mere animal. An immeasurable interval of time separates the state of things in which a man brings his labour-power to market for sale as a commodity, from that state in which human labour was still in its first instinctive stage. We presuppose labour in a form that stamps it as exclusively human. A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises his

structure in imagination before he erects it in reality. At the end of every labour-process, we get a result that already existed in the imagination of the labourer at its commencement. He not only effects a change of form in the material on which he works, but he also realises a purpose of his own that gives the law to his modus operandi, and to which he must subordinate his will. And this subordination is no mere momentary act. Besides the exertion of the bodily organs, the process demands that, during the whole operation, the workman's will be steadily in consonance with his purpose. This means close attention. The less he is attracted by the nature of the work, and the mode in which it is carried on, and the less, therefore, he enjoys it as something which gives play to his bodily and mental powers, the more close his attention is forced to be.

The elementary factors of the labour-process are 1, the personal activity of man, i.e., work itself, 2, the subject of that work, and 3, its instruments.

The soil (and this, economically speaking, includes water) in the virgin state in which it supplies man with necessaries or the means of subsistence ready to hand, exists independently of him, and is the universal subject of human labour. All those things which labour merely separates from immediate connection with their environment, are subjects of labour spontaneously provided by Nature. Such are fish which we catch and take from their element, water, timber which we fell in the virgin forest, and ores which we extract from their veins. If, on the other hand, the subject of labour has, so to say, been filtered through previous labour, we call it raw material; such is ore already extracted and ready for washing. All raw material is the subject of labour, but not every subject of labour is raw material; it can only become so, after it has undergone some alteration by means of labour.

An instrument of labour is a thing, or a complex of things, which the labourer interposes between himself and the subject of his labour, and which serves as the conductor of his activity. He makes use of the mechanical, physical, and chemical properties of some substances in order to make other substances subservient to his aims. Leaving out of consideration such ready-made means of subsistence as fruits, in gathering which a man's own limbs serve as the instruments of his labour, the first thing of which the labourer possesses himself is not the subject of labour but its instrument. Thus Nature becomes one of the organs of his activity, one that he annexes to his own bodily organs, adding stature to himself in

spite of the Bible. As the earth is his original larder, so too it is his original tool house. It supplies him, for instance, with stones for throwing, grinding, pressing, cutting, &c. The earth itself is an instrument of labour, but when used as such in agriculture implies a whole series of other instruments and a comparatively high development of labour. . No sooner does labour undergo the least development, than it requires specially prepared instruments. Thus in the oldest caves we find stone implements and weapons. In the earliest period of human history domesticated animals, i.e., animals which have been bred for the purpose, and have undergone modifications by means of labour, play the chief part as instruments of labour along with specially prepared stones, wood, bones, and shells. The use and fabrication of instruments of labour, although existing in the germ among certain species of animals, is specifically characteristic of the human labour-process, and Franklin therefore defines man as a tool-making animal. Relics of by-gone instruments of labour possess the same importance for the investigation of extinct economical forms of society, as do fossil bones for the determination of extinct species of animals. It is not the articles made, but how they are made, and by what instruments, that enables us to distinguish different economical epochs. Instruments of labour not only supply a standard of the degree of development to which human labour has attained, but they are also indicators of the social conditions under which that labour is carried on. Among the instruments of labour, those of a mechanical nature, which, taken as a whole, we may call the bone and muscles of production, offer much more decided characteristics of a given epoch of production, than those which, like pipes, tubs, baskets, jars, &c., serve only to hold the materials for labour, which latter class, we may in a general way, call the vascular system of production. The latter first begins to play an important part in the chemical industries.

In a wider sense we may include among the instruments of labour, in addition to those things that are used for directly transferring labour to its subject, and which therefore, in one way or another, serve as conductors of activity, all such objects as are necessary for carrying on the labour-process. These do not enter directly into the process, but without them it is either impossible for it to take place at all, or possible only to a partial extent. Once more we find the earth to be a universal instrument of this sort, for it furnishes a locus standi to the labourer and a field of employment for his

activity. Among instruments that are the result of previous labour and also belong to this class, we find workshops, canals, roads, and so forth.

In the labour-process, therefore, man's activity, with the help of the instruments of labour, effects an alteration, designed from the commencement, in the material worked upon. The process disappears in the product; the latter is a use-value, Nature's material adapted by a change of form to the wants of man. Labour has incorporated itself with its subject: the former is materialised, the latter transformed. That which in the labourer appeared as movement, now appears in the product as a fixed quality without motion. The blacksmith forges and the product is a forging.

If we examine the whole process from the point of view of its result, the product, it is plain that both the instruments and the subject of labour, are means of production, and that the labour itself is productive labour.

Though a use-value, in the form of a product, issues from the labour-process, yet other use-values, products of previous labour, enter into it as means of production. The same use-value is both the product of a previous process, and a means of production in a later process. Products are therefore not only results, but also essential conditions of labour.

With the exception of the extractive industries, in which the material for labour is provided immediately by nature, such as mining, hunting, fishing, and agriculture (so far as the latter is confined to breaking up virgin soil), all branches of industry manipulate raw material, objects already filtered through labour, already products of labour. Such is seed in agriculture. Animals and plants, which we are accustomed to consider as products of nature, are in their present form, not only products of, say last year's labour, but the result of a gradual transformation, continued through many generations, under man's superintendence, and by means of his labour. But in the great majority of cases, instruments of labour show even to the most superficial observer, traces of the labour of past ages.

Raw material may either form the principal substance of a product, or it may enter into its formation only as an accessory. An accessory may be consumed by the instruments of labour, as coal under a boiler, oil by a wheel, hay by draught-horses, or it may be mixed with the raw material in order to produce some modification thereof, as chlorine into unbleached linen, coal with iron, dye-stuff with wool, or again, it may help to carry on the work itself, as in the case of the materials used for heating and lighting workshops. The distinction between principal substance and accessory

vanishes in the true chemical industries, because there none of the raw material reappears, in its original composition, in the substance of the product.

Every object possesses various properties, and is thus capable of being applied to different uses. One and the same product may therefore serve as raw material in very different processes. Corn, for example, is a raw material for millers, starch-manufacturers, distillers, and cattle-breeders. It also enters as raw material into its own production in the shape of seed: coal, too, is at the same time the product of, and a means of production in, coal-mining.

Again, a particular product may be used in one and the same process, both as an instrument of labour and as raw material. Take, for instance, the fattening of cattle, where the animal is the raw material, and at the same time an instrument for the production of manure.

A product, though ready for immediate consumption, may yet serve as raw material for a further product, as grapes when they become the raw material for wine. On the other hand, labour may give us its product in such a form, that we can use it only as raw material, as is the case with cotton, thread, and yarn. Such a raw material, though itself a product, may have to go through a whole series of different processes: in each of these in turn, it serves, with constantly varying form, as raw material, until the last process of the series leaves it a perfect product, ready for individual consumption, or for use as an instrument of labour.

Hence we see, that whether a use-value is to be regarded as raw material, as instrument of labour, or as product, this is determined entirely by its function in the labour process, by the position it there occupies: as this varies, so does its character.

Whenever therefore a product enters as a means of production into a new labour-process, it thereby loses its character of product, and becomes a mere factor in the process. A spinner treats spindles only as implements for spinning, and flax only as the material that he spins. Of course it is impossible to spin without material and spindles; and therefore the existence of these things as products, at the commencement of the spinning operation, must be presumed: but in the process itself, the fact that they are products of previous labour, is a matter of utter indifference; just as in the digestive process, it is of no importance whatever, that bread is the produce of the previous labour of the farmer, the miller, and the baker. On the

contrary, it is generally by their imperfections as products, that the means of production in any process assert themselves in their character as products. A blunt knife or weak thread forcibly remind us of Mr. A., the cutler, or Mr. B., the spinner. In the finished product the labour by means of which it has acquired its useful qualities is not palpable, has apparently vanished.

A machine which does not serve the purposes of labour, is useless. In addition, it falls a prey to the destructive influence of natural forces. Iron rusts and wood rots. Yarn with which we neither weave nor knit, is cotton wasted. Living labour must seize upon these things and rouse them from their death-sleep, change them from mere possible use-values into real and effective ones. Bathed in the fire of labour, appropriated as part and parcel of labour's organism, and, as it were, made alive for the performance of their functions in the process, they are in truth consumed, but consumed with a purpose, as elementary constituents of new use-values, of new products, ever ready as means of subsistence for individual consumption, or as means of production for some new labour-process.

If then, on the one hand, finished products are not only results, but also necessary conditions, of the labour-process, on the other hand, their assumption into that process, their contact with living labour, is the sole means by which they can be made to retain their character of use-values, and be utilised.

Labour uses up its material factors, its subject and its instruments, consumes them, and is therefore a process of consumption. Such productive consumption is distinguished from individual consumption by this, that the latter uses up products, as means of subsistence for the living individual; the farmer, as means whereby alone, labour, the labour-power of the living individual, is enabled to act. The product, therefore, of individual consumption, is the consumer himself; the result of productive consumption, is a product distinct from the consumer.

In so far then, as its instruments and subjects are themselves products, labour consumes products in order to create products, or in other words, consumes one set of products by turning them into means of production for another set. But, just as in the beginning, the only participators in the labour-process were man and the earth, which latter exists independently of man, so even now we still employ in the process many means of production, provided directly by nature, that do not represent any combination of natural substances with human labour.

The labour process, resolved as above into its simple elementary factors, is human action with a view to the production of use-values, appropriation of natural substances to human requirements; it is the necessary condition for effecting exchange of matter between man and Nature; it is the everlasting nature-imposed condition of human existence, and therefore is independent of every social phase of that existence, or rather, is common to every such phase. It was, therefore, not necessary to represent our labourer in connexion with other labourers; man and his labour on one side, Nature and its materials on the other, sufficed. As the taste of the porridge does not tell you who grew the oats, no more does this simple process tell you of itself what are the social conditions under which it is taking place, whether under the slave-owner's brutal lash, or the anxious eye of the capitalist, whether Cincinnatus carries it on in tilling his modest farm or a savage in killing wild animals with stones.

Let us now return to our would-be capitalist. We left him just after he had purchased, in the open market, all the necessary factors of the labour-process; its objective factors, the means of production, as well as its subjective factor, labour-power. With the keen eye of an expert, he had selected the means of production and the kind of labour-power best adapted to his particular trade, be it spinning, bootmaking, or any other kind. He then proceeds to consume the commodity, the labour-power that he has just bought, by causing the labourer, the impersonation of that labour-power, to consume the means of production by his labour. The general character of the labour-process is evidently not changed by the fact, that the labourer works for the capitalist instead of for himself; moreover, the particular methods and operations employed in boot-making or spinning are not immediately changed by the intervention of the capitalist. He must begin by taking the labour-power as he finds it in the market, and consequently be satisfied with labour of such a kind as would be found in the period immediately preceding the rise of the capitalists. Changes in the methods of production by the subordination of labour to capital, can take place only at a later period, and therefore will have to be treated of in a later chapter.

The labour-process, turned into the process by which the capitalist consumes labour-power, exhibits two characteristic phenomena. First, the labourer works under the control of the capitalist to whom his labour belongs; the capitalist taking good care that the work is done in a proper manner, and that the means of production are used with intelligence, so that

there is no unnecessary waste of raw material, and no wear and tear of the implements beyond what is necessarily caused by the work.

Secondly, the product is the property of the capitalist and not that of the labourer, its immediate producer. Suppose that a capitalist pays for a day's labour-power at its value; then the right to use that power for a day belongs to him, just as much as the right to use any other commodity, such as a horse that he has hired for the day. To the purchaser of a commodity belongs its use, and the seller of labour-power, by giving his labour, does no more, in reality, than part with the use-value that he has sold. From the instant he steps into the workshop, the use-value of his labour-power, and therefore also its use, which is labour, belongs to the capitalist. By the purchase of labour-power, the capitalist incorporates labour, as a living ferment, with the lifeless constituents of the product. From his point of view, the labour-process is nothing more than the consumption of the commodity purchased, i.e., of labour-power; but this consumption cannot be effected except by supplying the labour-power with the means of production. The labour-process is a process between things that the capitalist has purchased, things that have become his property. The product of this process also belongs, therefore, to him, just as much as does the wine which is the product of a process of fermentation completed in his cellar.

## **SECTION 2. — THE PRODUCTION OF SURPLUS-VALUE.**

The product appropriated by the capitalist is a use-value, as yarn, for example, or boots. But, although boots are, in one sense, the basis of all social progress, and our capitalist is a decided "progressist," yet he does not manufacture boots for their own sake. Use-value is, by no means, the thing "qu'on aime pour lui-même" in the production of commodities. Use-values are only produced by capitalists, because, and in so far as, they are the material substratum, the depositaries of exchange-value. Our capitalist has two objects in view: in the first place, he wants to produce a use-value that has a value in exchange, that is to say, an article destined to be sold, a commodity; and secondly, he desires to produce a commodity whose value shall be greater than the sum of the values of the commodities used in its production, that is, of the means of production and the labour-power, that he purchased with his good money in the open market. His aim is to produce

not only a use-value, but a commodity also; not only use-value, but value; not only value, but at the same time surplus-value.

It must be borne in mind, that we are now dealing with the production of commodities, and that, up to this point, we have only considered one aspect of the process. Just as commodities are, at the same time, use-values and values, so the process of producing them must be a labour-process, and at the same time, a process of creating value.

Let us now examine production as a creation of value.

We know that the value of each commodity is determined by the quantity of labour expended on and materialised in it, by the working-time necessary, under given social conditions, for its production. This rule also holds good in the case of the product that accrued to our capitalist, as the result of the labour-process carried on for him. Assuming this product to be 10 lbs. of yarn, our first step is to calculate the quantity of labour realised in it.

For spinning the yarn, raw material is required; suppose in this case 10 lbs. of cotton. We have no need at present to investigate the value of this cotton, for our capitalist has, we will assume, bought it at its full value, say of ten shillings. In this price the labour required for the production of the cotton is already expressed in terms of the average labour of society. We will further assume that the wear and tear of the spindle, which, for our present purpose, may represent all other instruments of labour employed, amounts to the value of 2s. If, then, twenty-four hours' labour, or two working days, are required to produce the quantity of gold represented by twelve shillings, we have here, to begin with, two days' labour already incorporated in the yarn.

We must not let ourselves be misled by the circumstance that the cotton has taken a new shape while the substance of the spindle has to a certain extent been used up. By the general law of value, if the value of 40 lbs. of yarn = the value of 40 lbs. of cotton + the value of a whole spindle, i.e., if the same working time is required to produce the commodities on either side of this equation, then 10 lbs. of yarn are an equivalent for 10 lbs. of cotton, together with one-fourth of a spindle. In the case we are considering the same working time is materialised in the 10 lbs. of yarn on the one hand, and in the 10 lbs. of cotton and the fraction of a spindle on the other. Therefore, whether value appears in cotton, in a spindle, or in yarn, makes

no difference in the amount of that value. The spindle and cotton, instead of resting quietly side by side, join together in the process, their forms are altered, and they are turned into yarn; but their value is no more affected by this fact than it would be if they had been simply exchanged for their equivalent in yarn.

The labour required for the production of the cotton, the raw material of the yarn, is part of the labour necessary to produce the yarn, and is therefore contained in the yarn. The same applies to the labour embodied in the spindle, without whose wear and tear the cotton could not be spun.

Hence, in determining the value of the yarn, or the labour-time required for its production, all the special processes carried on at various times and in different places, which were necessary, first to produce the cotton and the wasted portion of the spindle, and then with the cotton and spindle to spin the yarn, may together be looked on as different and successive phases of one and the same process. The whole of the labour in the yarn is past labour; and it is a matter of no importance that the operations necessary for the production of its constituent elements were carried on at times which, referred to the present, are more remote than the final operation of spinning. If a definite quantity of labour, say thirty days, is requisite to build a house, the total amount of labour incorporated in it is not altered by the fact that the work of the last day is done twenty-nine days later than that of the first. Therefore the labour contained in the raw material and the instruments of labour can be treated just as if it were labour expended in an earlier stage of the spinning process, before the labour of actual spinning commenced.

The values of the means of production, i.e., the cotton and the spindle, which values are expressed in the price of twelve shillings, are therefore constituent parts of the value of the yarn, or, in other words, of the value of the product.

Two conditions must nevertheless be fulfilled. First, the cotton and spindle must concur in the production of a use-value; they must in the present case become yarn. Value is independent of the particular use-value by which it is borne, but it must be embodied in a use-value of some kind. Secondly, the time occupied in the labor of production must not exceed the time really necessary under the given social conditions of the case. Therefore, if no more than 1 lb. of cotton be requisite to spin 1 lb. of yarn, care must be taken that no more than this weight of cotton is consumed in the production of 1 lb. of yarn; and similarly with regard to the spindle.

Though the capitalist have a hobby, and use a gold instead of a steel spindle, yet the only labour that counts for anything in the value of the yarn is that which would be required to produce a steel spindle, because no more is necessary under the given social conditions.

We now know what portion of the value of the yarn is owing to the cotton and the spindle. It amounts to twelve shillings or the value of two days' work. The next point for our consideration is, what portion of the value of the yarn is added to the cotton by the labour of the spinner.

We have now to consider this labour under a very different aspect from that which it had during the labour-process; there, we viewed it solely as that particular kind of human activity which changes cotton into yarn; there, the more the labour was suited to the work, the better the yarn, other circumstances remaining the same. The labour of the spinner was then viewed as specifically different from other kinds of productive labour, different on the one hand in its special aim, viz., spinning, different, on the other hand, in the special character of its operations, in the special nature of its means of production and in the special use-value of its product. For the operation of spinning, cotton and spindles are a necessity, but for making rifled cannon they would be of no use whatever. Here, on the contrary, where we consider the labour of the spinner only so far as it is value-creating, i.e., a source of value, his labour differs in no respect from the labour of the man who bores cannon, or (what here more nearly concerns us), from the labour of the cotton-planter and spindle-maker incorporated in the means of production. It is solely by reason of this identity, that cotton planting, spindle making and spinning, are capable of forming the component parts, differing only quantitatively from each other, of one whole, namely, the value of the yarn. Here, we have nothing more to do with the quality, the nature and the specific character of the labour, but merely with its quantity. And this simply requires to be calculated. We proceed upon the assumption that spinning is simple, unskilled labour, the average labour of a given state of society. Hereafter we shall see that the contrary assumption would make no difference.

While the labourer is at work, his labour constantly undergoes a transformation: from being motion, it becomes an object without motion; from being the labourer working, it becomes the thing produced. At the end of one hour's spinning, that act is represented by a definite quantity of yarn; in other words, a definite quantity of labour, namely that of one hour, has

become embodied in the cotton. We say labour, i.e., the expenditure of his vital force by the spinner, and not spinning labour, because the special work of spinning counts here, only so far as it is the expenditure of labour-power in general, and not in so far as it is the specific work of the spinner.

In the process we are now considering it is of extreme importance, that no more time be consumed in the work of transforming the cotton into yarn than is necessary under the given social conditions. If under normal, i.e., average social conditions of production, a pounds of cotton ought to be made into  $b$  pounds of yarn by one hour's labour, then a day's labour does not count as 12 hours' labour unless 12 a pounds of cotton have been made into 12  $b$  pounds of yarn; for in the creation of value, the time that is socially necessary alone counts.

Not only the labour, but also the raw material and the product now appear in quite a new light, very different from that in which we viewed them in the labour-process pure and simple. The raw material serves now merely as an absorbent of a definite quantity of labour. By this absorption it is in fact changed into yarn, because it is spun, because labour-power in the form of spinning is added to it; but the product, the yarn, is now nothing more than a measure of the labour absorbed by the cotton. If in one hour  $1\frac{2}{3}$  lbs. of cotton can be spun into  $1\frac{2}{3}$  lbs. of yarn, then 10 lbs. of yarn indicate the absorption of 6 hours' labour. Definite quantities of product, these quantities being determined by experience, now represent nothing but definite quantities of labour, definite masses of crystallized labour-time. They are nothing more than the materialisation of so many hours or so many days of social labour.

We are here no more concerned about the facts, that the labour is the specific work of spinning, that its subject is cotton and its product yarn, than we are about the fact that the subject itself is already a product and therefore raw material. If the spinner, instead of spinning, were working in a coal mine, the subject of his labour, the coal, would be supplied by Nature; nevertheless, a definite quantity of extracted coal, a hundred weight, for example, would represent a definite quantity of absorbed labour.

We assumed, on the occasion of its sale, that the value of a day's labour-power is three shillings, and that six hours' labour are incorporated in that sum; and consequently that this amount of labour is requisite to produce the necessaries of life daily required on an average by the labourer. If now our spinner by working for one hour, can convert  $1\frac{2}{3}$  lbs. of cotton into  $1\frac{2}{3}$

lbs. of yarn, it follows that in six hours he will convert 10 lbs. of cotton into 10 lbs. of yarn. Hence, during the spinning process, the cotton absorbs six hours' labour. The same quantity of labour is also embodied in a piece of gold of the value of three shillings. Consequently by the mere labour of spinning, a value of three shillings is added to the cotton.

Let us now consider the total value of the product, the 10 lbs. of yarn. Two and a half days' labour have been embodied in it, of which two days were contained in the cotton and in the substance of the spindle worn away, and half a day was absorbed during the process of spinning. This two and a half days' labour is also represented by a piece of gold of the value of fifteen shillings. Hence, fifteen shillings is an adequate price for the 10 lbs. of yarn, or the price of one pound is eighteen-pence.

Our capitalist stares in astonishment. The value of the product is exactly equal to the value of the capital advanced. The value so advanced has not expanded, no surplus-value has been created, and consequently money has not been converted into capital. The price of the yarn is fifteen shillings, and fifteen shillings were spent in the open market upon the constituent elements of the product, or, what amounts to the same thing; upon the factors of the labour-process; ten shillings were paid for the cotton, two shillings for the substance of the spindle worn away, and three shillings for the labour-power. The swollen value of the yarn is of no avail, for it is merely the sum of the values formerly existing in the cotton, the spindle, and the labour-power; out of such a simple addition of existing values, no surplus-value can possibly arise. These separate values are now all concentrated in one thing; but so they were also in the sum of fifteen shillings, before it was split up into three parts, by the purchase of the commodities.

There is in reality nothing very strange in this result. The value of one pound of yarn being eighteenpence, if our capitalist buys 10 lbs. of yarn in the market, he must pay fifteen shillings for them. It is clear that, whether a man buys his house ready built, or gets it built for him, in neither case will the mode of acquisition increase the amount of money laid out on the house.

Our capitalist, who is at home in his vulgar economy, exclaims: "Oh! but I advanced my money for the express purpose of making more money." The way to Hell is paved with good intentions, and he might just as easily have intended to make money, without producing at all. He threatens all sorts of things. He won't be caught napping again. In future he will buy the

commodities in the market, instead of manufacturing them himself. But if all his brother capitalists were to do the same, where would he find his commodities in the market? And his money he cannot eat. He tries persuasion. "Consider my abstinence; I might have played ducks and drakes with the 15 shillings; but instead of that I consumed it productively, and made yarn with it." Very well, and by way of reward he is now in possession of good yarn instead of a bad conscience; and as for playing the part of a miser, it would never do for him to relapse into such bad ways as that; we have seen before to what results such asceticism leads. Besides, where nothing is, the king has lost his rights: whatever may be the merit of his abstinence, there is nothing wherewith specially to remunerate it, because the value of the product is merely the sum of the values of the commodities that were thrown into the process of production. Let him therefore console himself with the reflection that virtue is its own reward. But no, he becomes importunate. He says: "The yarn is of no use to me: I produced it for sale." In that case let him sell it, or, still better, let him for the future produce only things for satisfying his personal wants, a remedy that his physician M'Culloch has already prescribed as infallible against an epidemic of over-production. He now gets obstinate. "Can the labourer," he asks, "merely with his arms and legs, produce commodities out of nothing? Did I not supply him with the materials, by means of which, and in which alone, his labour could be embodied? And as the greater part of society consists of such ne'er-do-weels, have I not rendered society incalculable service by my instruments of production, my cotton and my spindle, and not only society, but the labourer also, whom in addition I have provided with the necessaries of life? And am I to be allowed nothing in return for all this service?" Well, but has not the labourer rendered him the equivalent service of changing his cotton and spindle into yarn? Moreover, there is here no question of service. A service is nothing more than the useful effect of a use-value, be it of a commodity, or be it of labour. But here we are dealing with exchange-value. The capitalist paid to the labourer a value of 3 shillings, and the labourer gave him back an exact equivalent in the value of 3 shillings, added by him to the cotton: he gave him value for value. Our friend, up to this time so purse-proud, suddenly assumes the modest demeanour of his own workman, and exclaims: "Have I myself not worked? Have I not performed the labour of superintendence and of overlooking the spinner? And does not this labour, too, create value?" His overlooker and

his manager try to hide their smiles. Meanwhile, after a hearty laugh, he re-assumes his usual mien. Though he chanted to us the whole creed of the economists, in reality, he says, he would not give a brass farthing for it. He leaves this and all such like subterfuges and juggling tricks to the professors of political economy, who are paid for it. He himself is a practical man; and though he does not always consider what he says outside his business, yet in his business he knows what he is about.

Let us examine the matter more closely. The value of a day's labour-power amounts to 3 shillings, because on our assumption half a day's labour is embodied in that quantity of labour-power, i.e., because the means of subsistence that are daily required for the production of labour-power, cost half a day's labour. But the past labour that is embodied in the labour-power, and the living labour that it can call into action; the daily cost of maintaining it, and its daily expenditure in work, are two totally different things. The former determines the exchange-value of the labour-power, the latter is its use value. The fact that half a day's labour is necessary to keep the labourer alive during 24 hours, does not in any way prevent him from working a whole day. Therefore, the value of labour-power, and the value which that labour-power creates in the labour process, are two entirely different magnitudes; and this difference of the two values was what the capitalist had in view, when he was purchasing the labour-power. The useful qualities that labour-power possesses, and by virtue of which it makes yarn or boots, were to him nothing more than a condition sine qua non; for in order to create value, labour must be expended in a useful manner. What really influenced him was the specific use-value which this commodity possesses of being a source not only of value, but of more value than it has itself. This is the special service that the capitalist expects from labour-power, and in this transaction he acts in accordance with the "eternal laws" of the exchange of commodities. The seller of labour-power, like the seller of any other commodity, realises its exchange-value, and parts with its use-value. He cannot take the one without giving the other. The use-value of labour-power, or in other words, labour, belongs just as little to its seller, as the use-value of oil after it has been sold belongs to the dealer who has sold it. The owner of the money has paid the value of a day's labour-power; his, therefore, is the use of it for a day; a day's labour belongs to him. The circumstance, that on the one hand the daily sustenance of labour-power costs only half a day's labour, while on the other hand the very same labour-

power can work during a whole day, that consequently the value which its use during one day creates, is double what he pays for that use, this circumstance is, without doubt, a piece of good luck for the buyer, but by no means an injury to the seller.

Our capitalist foresaw this state of things, and that was the cause of his laughter. The labourer therefore finds, in the workshop, the means of production necessary for working, not only during six, but during twelve hours. Just as during the six hours' process our 10 lbs. of cotton absorbed six hours' labour, and became 10 lbs. of yarn, so now, 20 lbs. of cotton will absorb 12 hours' labour and be changed into 20 lbs. of yarn. Let us now examine the product of this prolonged process. There is now materialised in this 20 lbs. of yarn the labour of five days, of which four days are due to the cotton and the lost steel of the spindle, the remaining day having been absorbed by the cotton during the spinning process. Expressed in gold, the labour of five days is thirty shillings. This is therefore the price of the 20 lbs. of yarn, giving, as before, eighteenpence as the price of a pound. But the sum of the values of the commodities that entered into the process amounts to 27 shillings. The value of the yarn is 30 shillings. Therefore the value of the product is  $\frac{1}{9}$  greater than the value advanced for its production; 27 shillings have been transformed into 30 shillings; a surplus-value of 3 shillings has been created. The trick has at last succeeded; money has been converted into capital.

Every condition of the problem is satisfied, while the laws that regulate the exchange of commodities, have been in no way violated. Equivalent has been exchanged for equivalent. For the capitalist as buyer paid for each commodity, for the cotton, the spindle and the labour-power, its full value. He then did what is done by every purchaser of commodities; he consumed their use-value. The consumption of the labour-power, which was also the process of producing commodities, resulted in 20 lbs. of yarn, having a value of 30 shillings. The capitalist, formerly a buyer, now returns to market as a seller, of commodities. He sells his yarn at eighteenpence a pound, which is its exact value. Yet for all that he withdraws 3 shillings more from circulation than he originally threw into it. This metamorphosis, this conversion of money into capital, takes place both within the sphere of circulation and also outside it; within the circulation, because conditioned by the purchase of the labour-power in the market; outside the circulation, because what is done within it is only a stepping-stone to the production of

surplus-value, a process which is entirely confined to the sphere of production. Thus “tout est pour le mieux dans le meilleur des mondes possibles.”

By turning his money into commodities that serve as the material elements of a new product, and as factors in the labour-process, by incorporating living labour with their dead substance, the capitalist at the same time converts value, i.e., past, materialised, and dead labour into capital, into value big with value, a live monster that is fruitful and multiplies.

If we now compare the two processes of producing value and of creating surplus-value, we see that the latter is nothing but the continuation of the former beyond a definite point. If on the one hand the process be not carried beyond the point, where the value paid by the capitalist for the labour-power is replaced by an exact equivalent, it is simply a process of producing value; if, on the other hand, it be continued beyond that point, it becomes a process of creating surplus-value.

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

Moreover, only so much of the time spent in the production of any article is counted, as, under the given social conditions, is necessary. The consequences of this are various. In the first place, it becomes necessary that the labour should be carried on under normal conditions. If a self-acting

mule is the implement in general use for spinning, it would be absurd to supply the spinner with a distaff and spinning wheel. The cotton too must not be such rubbish as to cause extra waste in being worked, but must be of suitable quality. Otherwise the spinner would be found to spend more time in producing a pound of yarn than is socially necessary, in which case the excess of time would create neither value nor money. But whether the material factors of the process are of normal quality or not, depends not upon the labourer, but entirely upon the capitalist. Then again, the labour-power itself must be of average efficacy. In the trade in which it is being employed, it must possess the average skill, handiness and quickness prevalent in that trade, and our capitalist took good care to buy labour-power of such normal goodness. This power must be applied with the average amount of exertion and with the usual degree of intensity; and the capitalist is as careful to see that this is done, as that his workmen are not idle for a single moment. He has bought the use of the labour-power for a definite period, and he insists upon his rights. He has no intention of being robbed. Lastly, and for this purpose our friend has a penal code of his own, all wasteful consumption of raw material or instruments of labour is strictly forbidden, because what is so wasted, represents labour superfluously expended, labour that does not count in the product or enter into its value.

We now see, that the difference between labour, considered on the one hand as producing utilities, and on the other hand, as creating value, a difference which we discovered by our analysis of a commodity, resolves itself into a distinction between two aspects of the process of production.

The process of production, considered on the one hand as the unity of the labour-process and the process of creating value, is production of commodities; considered on the other hand as the unity of the labour-process and the process of producing surplus-value, it is the capitalist process of production, or capitalist production of commodities.

We stated, on a previous page, that in the creation of surplus-value it does not in the least matter, whether the labour appropriated by the capitalist be simple unskilled labour of average quality or more complicated skilled labour. All labour of a higher or more complicated character than average labour is expenditure of labour-power of a more costly kind, labour-power whose production has cost more time and labour, and which therefore has a higher value, than unskilled or simple labour-power. This power being of higher value, its consumption is labour of a higher class,

labour that creates in equal times proportionally higher values than unskilled labour does. Whatever difference in skill there may be between the labour of a spinner and that of a jeweller, the portion of his labour by which the jeweller merely replaces the value of his own labour-power, does not in any way differ in quality from the additional portion by which he creates surplus-value. In the making of jewellery, just as in spinning, the surplus-value results only from a quantitative excess of labour, from a lengthening-out of one and the same labour-process, in the one case, of the process of making jewels, in the other of the process of making yarn.

But on the other hand, in every process of creating value, the reduction of skilled labour to average social labour, e.g., one day of skilled to six days of unskilled labour, is unavoidable. We therefore save ourselves a superfluous operation, and simplify our analysis, by the assumption, that the labour of the workman employed by the capitalist is unskilled average labour.

## CHAPTER VIII. CONSTANT CAPITAL AND VARIABLE CAPITAL

THE various factors of the labour-process play different parts in forming the value of the product.

The labourer adds fresh value to the subject of his labour by expending upon it a given amount of additional labour, no matter what the specific character and utility of that labour may be. On the other hand, the values of the means of production used up in the process are preserved, and present themselves afresh as constituent parts of the value of the product; the values of the cotton and the spindle, for instance, reappear again in the value of the yarn. The value of the means of production is therefore preserved, by being transferred to the product. This transfer takes place during the conversion of those means into a product, or in other words, during the labour-process. It is brought about by labour; but how?

The labourer does not perform two operations at once, one in order to add value to the cotton, the other in order to preserve the value of the means of production, or, in what amounts to the same thing, to transfer to the yarn, to the product, the value of the cotton on which he works, and part of the value of the spindle with which he works. But, by the very act of adding new value, he preserves their former values. Since, however, the addition of new value to the subject of his labour, and the preservation of its former value, are two entirely distinct results, produced simultaneously by the labourer, during one operation, it is plain that this twofold nature of the result can be explained only by the twofold nature of his labour; at one and the same time, it must in one character create value, and in another character preserve or transfer value.

Now, in what manner does every labourer add new labour and consequently new value? Evidently, only by labouring productively in a particular way; the spinner by spinning, the weaver by weaving, the smith by forging. But, while thus incorporating labour generally, that is value, it is by the particular form alone of the labour, by the spinning, the weaving and the forging respectively, that the means of production, the cotton and spindle, the yarn and loom, and the iron and anvil become constituent elements of the product, of a new use-value. Each use-value disappears, but

only to re-appear under a new form in a new use-value. Now, we saw, when we were considering the process of creating value, that, if a use-value be effectively consumed in the production of a new use-value, the quantity of labour expended in the production of the consumed article, forms a portion of the quantity of labour necessary to produce the new use-value; this portion is therefore labour transferred from the means of production to the new product. Hence, the labourer preserves the values of the consumed means of production, or transfers them as portions of its value to the product, not by virtue of his additional labour, abstractedly considered, but by virtue of the particular useful character of that labour, by virtue of its special productive form. In so far then as labour is such specific productive activity, in so far as it is spinning, weaving, or forging, it raises, by mere contact, the means of production from the dead, makes them living factors of the labour-process, and combines with them to form the new products.

If the special productive labour of the workman were not spinning, he could not convert the cotton into yarn, and therefore could not transfer the values of the cotton and spindle to the yarn. Suppose the same workman were to change his occupation to that of a joiner, he would still by a day's labour add value to the material he works upon. Consequently, we see, first, that the addition of new value takes place not by virtue of his labour being spinning in particular, or joinering in particular, but because it is labour in the abstract, a portion of the total labour of society; and we see next, that the value added is of a given definite amount, not because his labour has a special utility, but because it is exerted for a definite time. On the one hand, then, it is by virtue of its general character, as being expenditure of human labour-power in the abstract, that spinning adds new value to the values of the cotton and the spindle; and on the other hand, it is by virtue of its special character, as being a concrete, useful process, that the same labour of spinning both transfers the values of the means of production to the product, and preserves them in the product. Hence at one and the same time there is produced a twofold result.

By the simple addition of a certain quantity of labour, new value is added, and by the quality of this added labour, the original values of the means of production are preserved in the product. This twofold effect, resulting from the two-fold character of labour, may be traced in various phenomena.

Let us assume, that some invention enables the spinner to spin as much cotton in 6 hours as he was able to spin before in 36 hours. His labour is now six times as effective as it was, for the purposes of useful production. The product of 6 hours' work has increased sixfold, from 6 lbs. to 36 lbs. But now the 36 lbs. of cotton absorb only the same amount of labour as formerly did the 6 lbs. One-sixth as much new labour is absorbed by each pound of cotton, and consequently, the value added by the labour to each pound is only one-sixth of what it formerly was. On the other hand, in the product, in the 36 lbs. of yarn, the value transferred from the cotton is six times as great as before. By the 6 hours' spinning, the value of the raw material preserved and transferred to the product is six times as great as before, although the new value added by the labour of the spinner to each pound of the very same raw material is one-sixth what it was formerly. This shows that the two properties of labour, by virtue of which it is enabled in one case to preserve value, and in the other to create value, are essentially different. On the one hand, the longer the time necessary to spin a given weight of cotton into yarn, the greater is the new value added to the material; on the other hand, the greater the weight of the cotton spun in a given time, the greater is the value preserved, by being transferred from it to the product.

Let us now assume, that the productiveness of the spinner's labour, instead of varying, remains constant, that he therefore requires the same time as he formerly did, to convert one pound of cotton into yarn, but that the exchange value of the cotton varies, either by rising to six times its former value or falling to one-sixth of that value. In both these cases, the spinner puts the same quantity of labour into a pound of cotton, and therefore adds as much value, as he did before the change in the value: he also produces a given weight of yarn in the same time as he did before. Nevertheless, the value that he transfers from the cotton to the yarn is either one-sixth of what it was before the variation, or, as the case may be, six times as much as before. The same result occurs when the value of the instruments of labour rises or falls, while their useful efficacy in the process remains unaltered.

Again, if the technical conditions of the spinning process remain unchanged, and no change of value takes place in the means of production, the spinner continues to consume in equal working-times equal quantities of raw material, and equal quantities of machinery of unvarying value. The

value that he preserves in the product is directly proportional to the new value that he adds to the product. In two weeks he incorporates twice as much labour, and therefore twice as much value, as in one week, and during the same time he consumes twice as much material, and wears out twice as much machinery, of double the value in each case; he therefore preserves, in the product of two weeks, twice as much value as in the product of one week. So long as the conditions of production remain the same, the more value the labourer adds by fresh labour, the more value he transfers and preserves; but he does so merely because this addition of new value takes place under conditions that have not varied and are independent of his own labour. Of course, it may be said in one sense, that the labourer preserves old value always in proportion to the quantity of new value that he adds. Whether the value of cotton rise from one shilling to two shillings, or fall to six-pence, the workman invariably preserves in the product of one hour only one half as much value as he preserves in two hours. In like manner, if the productiveness of his own labour varies by rising or falling, he will in one hour spin either more or less cotton, as the case may be, than he did before, and will consequently preserve in the product of one hour, more or less value of cotton; but, all the same, he will preserve by two hours' labour twice as much value as he will by one.

Value exists only in articles of utility, in objects: we leave out of consideration its purely symbolical representation by tokens. (Man himself, viewed as the impersonation of labour-power, is a natural object, a thing, although a living conscious thing, and labour is the manifestation of this power residing in him.) If therefore an article loses its utility, it also loses its value. The reason why means of production do not lose their value, at the same time that they lose their use-value, is this: they lose in the labour-process the original form of their use-value, only to assume in the product the form of a new use-value. But, however important it may be to value, that it should have some object of utility to embody itself in, yet it is a matter of complete indifference what particular object serves this purpose; this we saw when treating of the metamorphosis of commodities. Hence it follows that in the labour-process the means of production transfer their value to the product only so far as along with their use-value they lose also their exchange value. They give up to the product that value alone which they themselves lose as means of production. But in this respect the material factors of the labour-process do not all behave alike.

The coal burnt under the boiler vanishes without leaving a trace; so, too, the tallow with which the axles of wheels are greased. Dye stuffs and other auxiliary substances also vanish but re-appear as properties of the product. Raw material forms the substance of the product, but only after it has changed its form. Hence raw material and auxiliary substances lost the characteristic form with which they are clothed on entering the labour-process. It is otherwise with the instruments of labour. Tools, machines, workshops, and vessels, are of use in the labour-process, only so long as they retain their original shape, and are ready each morning to renew the process with their shape unchanged. And just as during their lifetime, that is to say, during the continued labour-process in which they serve, they retain their shape independent of the product, so, too, they do after their death. The corpses of machines, tools, workshops, &c., are always separate and distinct from the product they helped to turn out. If we now consider the case of any instrument of labour during the whole period of its service, from the day of its entry into the workshop, till the day of its banishment into the lumber room, we find that during this period its use-value has been completely consumed, and therefore its exchange value completely transferred to the product. For instance, if a spinning machine lasts for 10 years, it is plain that during that working period its total value is gradually transferred to the product of the 10 years. The lifetime of an instrument of labour, therefore, is spent in the repetition of a greater or less number of similar operations. Its life may be compared with that of a human being. Every day brings a man 24 hours nearer to his grave: but how many days he has still to travel on that road, no man can tell accurately by merely looking at him. This difficulty, however, does not prevent life insurance offices from drawing, by means of the theory of averages, very accurate, and at the same time very profitable conclusions. So it is with the instruments of labour. It is known by experience how long on the average a machine of a particular kind will last. Suppose its use-value in the labour-process to last only six days. Then, on the average, it loses each day one-sixth of its use-value, and therefore parts with one-sixth of its value to the daily product. The wear and tear of all instruments, their daily loss of use-value, and the corresponding quantity of value they part with to the product, are accordingly calculated upon this basis.

It is thus strikingly clear, that means of production never transfer more value to the product than they themselves lose during the labour-process by

the destruction of their own use-value. If such an instrument has no value to lose, if, in other words, it is not the product of human labour, it transfers no value to the product. It helps to create use-value without contributing to the formation of exchange value. In this class are included all means of production supplied by Nature without human assistance, such as land, wind, water, metals in situ, and timber in virgin forests.

Yet another interesting phenomenon here presents itself. Suppose a machine to be worth £1000, and to wear out in 1000 days. Then one thousandth part of the value of the machine is daily transferred to the day's product. At the same time, though with diminishing vitality, the machine as a whole continues to take part in the labour-process. Thus it appears that one factor of the labour-process, a means of production, continually enters as a whole into that process, while it enters into the process of the formation of value by fractions only. The difference between the two processes is here reflected in their material factors, by the same instrument of production taking part as a whole in the labour-process, while at the same time as an element in the formation of value, it enters only by fractions.

On the other hand, a means of production may take part as a whole in the formation of value, while into the labour-process it enters only bit by bit. Suppose that in spinning cotton, the waste for every 115 lbs. used amounts to 15 lbs., which is converted, not into yarn, but into "devil's dust." Now, although this 15 lbs. of cotton never becomes a constituent element of the yarn, yet assuming this amount of waste to be normal and inevitable under average conditions of spinning, its value is just as surely transferred to the value of the yarn, as is the value of the 100 lbs. that form the substance of the yarn. The use-value of 15 lbs. of cotton must vanish into dust, before 100 lbs. of yarn can be made. The destruction of this cotton is therefore a necessary condition in the production of the yarn. And because it is a necessary condition, and for no other reason, the value of that cotton is transferred to the product. The same holds good for every kind of refuse resulting from a labour-process, so far at least as such refuse cannot be further employed as a means in the production of new and independent use-values. Such an employment of refuse may be seen in the large machine works at Manchester, where mountains of iron turnings are carted away to the foundry in the evening, in order the next morning to re-appear in the workshops as solid masses of iron.

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

While productive labour is changing the means of production into constituent elements of a new product, their value undergoes a metempsychosis. It deserts the consumed body, to occupy the newly created one. But this transmigration takes place, as it were, behind the back of the labourer. He is unable to add new labour, to create new value, without at the same time preserving old values, and this, because the labour he adds must be of a specific useful kind; and he cannot do work of a useful kind, without employing products as the means of production of a new product, and thereby transferring their value to the new product. The property therefore which labour-power in action, living labour, possesses of preserving value, at the same time that it adds it, is a gift of Nature which costs the labourer nothing, but which is very advantageous to the capitalist inasmuch as it preserves the existing value of his capital. So long as trade is good, the capitalist is too much absorbed in money-grubbing to take notice of this gratuitous gift of labour. A violent interruption of the labour-process by a crisis, makes him sensitively aware of it.

As regards the means of production, what is really consumed is their use-value, and the consumption of this use-value by labour results in the product. There is no consumption of their value, and it would therefore be inaccurate to say that it is reproduced. It is rather preserved; not by reason

of any operation it undergoes itself in the process; but because the article in which it originally exists, vanishes, it is true, but vanishes into some other article. Hence, in the value of the product, there is a re-appearance of the value of the means of production, but there is, strictly speaking, no reproduction of that value. That which is produced is a new use-value in which the old exchange-value re-appears.

It is otherwise with the subjective factor of the labour-process, with labour-power in action. While the labourer, by virtue of his labour being of a specialised kind that has a special object, preserves and transfers to the product the value of the means of production, he at the same time, by the mere act of working, creates each instant an additional or new value. Suppose the process of production to be stopped just when the workman has produced an equivalent for the value of his own labour-power, when, for example, by six hours' labour, he has added a value of three shillings. This value is the surplus, of the total value of the product, over the portion of its value that is due to the means of production. It is the only original bit of value formed during this process, the only portion of the value of the product created by this process. Of course, we do not forget that this new value only replaces the money advanced by the capitalist in the purchase of the labour-power, and spent by the labourer on the necessaries of life. With regard to the money spent, the new value is merely a reproduction; but, nevertheless, it is an actual, and not, as in the case of the value of the means of production, only an apparent, reproduction. The substitution of one value for another, is here effected by the creation of new value.

We know, however, from what has gone before, that the labour-process may continue beyond the time necessary to reproduce and incorporate in the product a mere equivalent for the value of the labour-power. Instead of the six hours that are sufficient for the latter purpose, the process may continue for twelve hours. The action of labour-power, therefore, not only reproduces its own value, but produces value over and above it. This surplus-value is the difference between the value of the product and the value of the elements consumed in the formation of that product, in other words, of the means of production and the labour-power.

By our explanation of the different parts played by the various factors of the labour-process in the formation of the product's value, we have, in fact, disclosed the characters of the different functions allotted to the different elements of capital in the process of expanding its own value. The surplus

of the total value of the product, over the sum of the values of its constituent factors, is the surplus of the expanded capital over the capital originally advanced. The means of production on the one hand, labour-power on the other, are merely the different modes of existence which the value of the original capital assumed when from being money it was transformed into the various factors of the labour-process. That part of capital then, which is represented by the means of production, by the raw material, auxiliary material and the instruments of labour, does not, in the process of production, undergo any quantitative alteration of value. I therefore call it the constant part of capital, or, more shortly, constant capital.

On the other hand, that part of capital, represented by labour-power, does, in the process of production, undergo an alteration of value. It both reproduces the equivalent of its own value, and also produces an excess, a surplus-value, which may itself vary, may be more or less according to circumstances. This part of capital is continually being transformed from a constant into a variable magnitude. I therefore call it the variable part of capital, or, shortly, variable capital. The same elements of capital which, from the point of view of the labour-process, present themselves respectively as the objective and subjective factors, as means of production and labour-power, present themselves, from the point of view of the process of creating surplus-value, as constant and variable capital.

The definition of constant capital given above by no means excludes the possibility of a change of value in its elements. Suppose the price of cotton to be one day sixpence a pound, and the next day, in consequence of a failure of the cotton crop, a shilling a pound. Each pound of the cotton bought at sixpence, and worked up after the rise in value, transfers to the product a value of one shilling; and the cotton already spun before the rise, and perhaps circulating in the markets as yarn, likewise transfers to the product twice its original value. It is plain, however, that these changes of value are independent of the increment or surplus-value added to the value of the cotton by the spinning itself. If the old cotton had never been spun, it could, after the rise, be resold at a shilling a pound instead of at sixpence. Further, the fewer the processes the cotton has gone through, the more certain is this result. We therefore find that speculators make it a rule when such sudden changes in value occur to speculate in that material on which the least possible quantity of labour has been spent: to speculate, therefore, in yarn rather than in cloth, in cotton itself, rather than in yarn. The change

of value in the case we have been considering, originates, not in the process in which the cotton plays the part of a means of production, and in which it therefore functions as constant capital, but in the process in which the cotton itself is produced. The value of a commodity, it is true, is determined by the quantity of labour contained in it, but this quantity is itself limited by social conditions. If the time socially necessary for the production of any commodity alters — and a given weight of cotton represents, after a bad harvest, more labour than after a good one — all previously existing commodities of the same class are affected, because they are, as it were, only individuals of the species, and their value at any given time is measured by the labour socially necessary, i.e., by the labour necessary for their production under the then existing social conditions.

As the value of the raw material may change, so, too, may that of the instruments of labour, of the machinery, &c., employed in the process; and consequently that portion of the value of the product transferred to it from them, may also change. If in consequence of a new invention, machinery of a particular kind can be produced by a diminished expenditure of labour, the old machinery becomes depreciated more or less and consequently transfers so much less value to the product. But here again, the change in value originates outside the process in which the machine is acting as a means of production. Once engaged in this process, the machine cannot transfer more value than it possesses apart from the process.

Just as a change in the value of the means of production, even after they have commenced to take a part in the labour process, does not alter their character as constant capital, so, too, a change in the proportion of constant to variable capital does not affect the respective functions of these two kinds of capital. The technical conditions of the labour process may be revolutionised to such an extent, that where formerly ten men using ten implements of small value worked up a relatively small quantity of raw material, one man may now, with the aid of one expensive machine, work up one hundred times as much raw material. In the latter case we have an enormous increase in the constant capital, that is represented by the total value of the means of production used, and at the same time a great reduction in the variable capital, invested in labour-power. Such a revolution, however, alters only the quantitative relation between the constant and the variable capital, or the proportions in which the total capital is split

up into its constant and variable constituents; it has not in the least degree affected the essential difference between the two.

# CHAPTER IX. THE RATE OF SURPLUS-VALUE.

## SECTION 1. — THE DEGREE OF EXPLOITATION OF LABOUR-POWER.

THE surplus-value generated in the process of production by C, the capital advanced, or in other words, the self-expansion of the value of the capital C, presents itself for our consideration, in the first place, as a surplus, as the amount by which the value of the product exceeds the value of its constituent element.

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

Nevertheless, we must examine this tautology a little more closely. The two things compared are, the value of the product, and the value of its constituents consumed in the process of production. Now we have seen how that portion of the constant capital which consists of the instruments of labour, transfers to the product only a fraction of its value, while the remainder of that value continues to reside in those instruments. Since this remainder plays no part in the formation of value, we may at present leave it on one side. To introduce it into the calculation would make no difference. For instance, taking our former example,  $c=£410$ : suppose this sum to

consist of £312 value of raw material, £44 value of auxiliary material, and £54 value of the machinery worn away in the process; and suppose that the total value of the machinery employed is £1,054. Out of this latter sum, then, we reckon as advanced for the purpose of turning out the product, the sum of £54 alone, which the machinery loses by wear and tear in the process; for this is all it parts with to the product. Now if we also reckon the remaining £1,000, which still continues in the machinery, as transferred to the product, we ought also to reckon it as part of the value advanced, and thus make it appear on both sides of our calculation. We should, in this way, get £1,500 on one side and £1,590 on the other. The difference of these two sums, or the surplus-value, would still be £90. Throughout this Book therefore, by constant capital advanced for the production of value, we always mean, unless the context is repugnant thereto, the value of the means of production actually consumed in the process, and that value alone.

This being so, let us return to the formula  $C=c+v$ , which we saw transformed into  $C'=(c+v)+s$ ,  $C$  becoming  $C'$ . We know that the value of the constant capital is transferred to, and merely re-appears in the product. The new value actually created in the process, the value produced, or value-product, is therefore not the same as the value of the product; it is not, as it would at first sight appear  $(c+v)+s$  or £410 const.+£90 var.+£90 surpl.; but  $v+s$  or £90 var.+£90 surpl. not £590 but £180. If  $c=0$ , or in other words, if there were branches of industry in which the capitalist could dispense with all means of production made by previous labour, whether they be raw material, auxiliary material, or instruments of labour, employing only labour-power and materials supplied by Nature, in that case, there would be no constant capital to transfer to the product. This component of the value of the product, i.e., the £410 in our example, would be eliminated, but the sum of £180, the amount of new value created, or the value produced, which contains £90 of surplus-value, would remain just as great as if  $c$  represented the highest value imaginable. We should have  $C=(0+v)=v$  or  $C'$  the expanded capital= $v+s$  and therefore  $C'-C=s$  as before. On the other hand, if  $s=0$ , or in other words, if the labour-power, whose value is advanced in the form of variable capital, were to produce only its equivalent, we should have  $C=c+v$  or  $C'$  the value of the product= $(c+v)+0$  or  $C=C'$ . The capital advanced would, in this case, not have expanded its value.

From what has gone before, we know that surplus-value is purely the result of a variation in the value of  $v$ , of that portion of the capital which is

transformed into labour-power; consequently,  $v+s=v+v'$  or  $v$  plus an increment of  $v$ . But the fact that it is  $v$  alone that varies, and the conditions of that variation, are obscured by the circumstance that in consequence of the increase in the variable component of the capital, there is also an increase in the sum total of the advanced capital. It was originally £500 and becomes £590. Therefore in order that our investigation may lead to accurate results, we must make abstraction from that portion of the value of the product, in which constant capital alone appears, and consequently must equate the constant capital to zero or make  $c=0$ . This is merely an application of a mathematical rule, employed whenever we operate with constant and variable magnitudes, related to each other by the symbols of addition and subtraction only.

A further difficulty is caused by the original form of the variable capital. In our example,  $C'=\text{£}410 \text{ const.}+\text{£}90 \text{ var} +\text{£}90 \text{ surpl.}$ ; but £90 is a given and therefore a constant quantity; hence it appears absurd to treat it as variable. But in fact, the term £90 var. is here merely a symbol to show that this value undergoes a process. The portion of the capital invested in the purchase of labour-power is a definite quantity of materialised labour, a constant value like the value of the labour-power purchased. But in the process of production the place of the £90 is taken by the labour-power in action, dead labour is replaced by living labour, something stagnant by something flowing, a constant by a variable. The result is the reproduction of  $v$  plus an increment of  $v$ . From the point of view, then, of capitalist production, the whole process appears as the spontaneous variation of the originally constant value, which is transformed into labour-power. Both the process and its result, appear to be owing to this value. If, therefore, such expressions as “£90 variable capital,” or “so much self-expanding value,” appear contradictory, this is only because they bring to the surface a contradiction immanent in capitalist production.

At first sight it appears a strange proceeding, to equate the constant capital to zero. Yet it is what we do every day. If, for example, we wish to calculate the amount of England's profits from the cotton industry, we first of all deduct the sums paid for cotton to the United States, India, Egypt and other countries; in other words, the value of the capital that merely re-appears in the value of the product, is put=0.

Of course the ratio of surplus-value not only to that portion of the capital from which it immediately springs, and whose change of value it represents,

but also to the sum total of the capital advanced is economically of very great importance. We shall, therefore, in the third book, treat of this ratio exhaustively. In order to enable one portion of a capital to expand its value by being converted into labour-power, it is necessary that another portion be converted into means of production. In order that variable capital may perform its function, constant capital must be advanced in proper proportion, a proportion given by the special technical conditions of each labour-process. The circumstance, however, that retorts and other vessels, are necessary to a chemical process, does not compel the chemist to notice them in the result of his analysis. If we look at the means of production, in their relation to the creation of value, and to the variation in the quantity of value, apart from anything else, they appear simply as the material in which labour-power, the value-creator, incorporates itself. Neither the nature, nor the value of this material is of any importance. The only requisite is that there be a sufficient supply to absorb the labour expended in the process of production. That supply once given, the material may rise or fall in value, or even be, as land and the sea, without any value in itself; but this will have no influence on the creation of value or on the variation in the quantity of value.

In the first place then we equate the constant capital to zero. The capital advanced is consequently reduced from  $c+v$  to  $v$ , and instead of the value of the product  $(c+v)+s$  we have now the value produced  $(v+s)$ . Given the new value produced = £180, which sum consequently represents the whole labour expended during the process, then subtracting from it £90 the value of the variable capital, we have remaining £90, the amount of the surplus-value. This sum of £90 or  $s$  expresses the absolute quantity of surplus-value produced. The relative quantity produced, or the increase per cent of the variable capital, is determined, it is plain, by the ratio of the surplus-value to the variable capital, or is expressed by  $s/v$ . In our example this ratio is  $90/90$ , which gives an increase of 100%. This relative increase in the value of the variable capital, or the relative magnitude of the surplus-value, I call, "The rate of surplus-value."

We have seen that the labourer, during one portion of the labour-process, produces only the value of his labour-power, that is, the value of his means of subsistence. Now since his work forms part of a system, based on the social division of labour, he does not directly produce the actual necessities which he himself consumes; he produces instead a particular commodity,

yarn for example, whose value is equal to the value of those necessaries or of the money with which they can be bought. The portion of his day's labour devoted to this purpose, will be greater or less, in proportion to the value of the necessaries that he daily requires on an average, or, what amounts to the same thing, in proportion to the labour-time required on an average to produce them. If the value of those necessaries represents on an average the expenditure of six hours' labour, the workman must on an average work for six hours to produce that value. If instead of working for the capitalist, he worked independently on his own account, he would, other things being equal, still be obliged to labour for the same number of hours, in order to produce the value of his labour-power, and thereby to gain the means of subsistence necessary for his conservation or continued reproduction. But as we have seen, during that portion of his day's labour in which he produces the value of his labour-power, say three shillings, he produces only an equivalent for the value of his labour-power already advanced by the capitalist; the new value created only replaces the variable capital advanced. It is owing to this fact, that the production of the new value of three shillings takes the semblance of a mere reproduction. That portion of the working day, then, during which this reproduction takes place, I call "necessary" labour-time, and the labour expended during that time I call "necessary" labour. Necessary, as regards the labourer, because independent of the particular social form of his labour; necessary, as regards capital, and the world of capitalists, because on the continued existence of the labourer depends their existence also.

During the second period of the labour-process, that in which his labour is no longer necessary labour, the workman, it is true, labours, expends labour-power; but his labour, being no longer necessary labour, he creates no value for himself. He creates surplus-value which, for the capitalist, has all the charms of a creation out of nothing. This portion of the working day, I name surplus labour-time, and to the labour expended during that time, I give the name of surplus-labour. It is every bit as important, for a correct understanding of surplus-value, to conceive it as a mere congelation of surplus-labour-time, as nothing but materialised surplus-labour, as it is, for a proper comprehension of value, to conceive it as a mere congelation of so many hours of labour, as nothing but materialised labour. The essential difference between the various economic forms of society, between, for instance, a society based on slave labour, and one based on wage labour, lies

only in the mode in which this surplus-labour is in each case extracted from the actual producer, the labourer.

Since, on the one hand, the values of the variable capital and of the labour-power purchased by that capital are equal, and the value of this labour-power determines the necessary portion of the working day; and since, on the other hand, the surplus-value is determined by the surplus portion of the working day, it follows that surplus-value bears the same ratio to variable capital, that surplus-labour does to necessary labour, or in other words, the rate of surplus-value  $s/v = (\text{surplus labor})/(\text{necessary labor})$ . Both ratios,  $s/v$  and  $(\text{surplus labor})/(\text{necessary labor})$  express the same thing in different ways; in the one case by reference to materialised, incorporated labour, in the other by reference to living, fluent labour.

The rate of surplus-value is therefore an exact expression for the degree of exploitation of labour-power by capital, or of the labourer by the capitalist.

We assumed in our example, that the value of the product = £410 const. + £90 var. + £90 surpl., and that the capital advanced = £500. Since the surplus-value = £90, and the advanced capital = £500, we should, according to the usual way of reckoning, get as the rate of surplus value (generally confounded with rate of profits) 18%, a rate so low as possibly to cause a pleasant surprise to Mr. Carey and other harmonisers. But in truth, the rate of surplus-value is not equal to  $s/c$  or  $s/cv$  but to  $s/v$ : thus it is not  $90/500$  but  $90/90$  or 100%, which is more than five times the apparent degree of exploitation. Although, in the case we have supposed, we are ignorant of the actual length of the working day, and of the duration in days or weeks of the labour-process, as also of the number of labourers employed, yet the rate of surplus-value  $s/v$  accurately discloses to us, by means of its equivalent expression,  $(\text{surplus labor})/(\text{necessary labor})$  the relation between the two parts of the working day. This relation is here one of equality, the rate being 100%. Hence, it is plain, the labourer, in our example, works one half of the day for himself, the other half for the capitalist.

The method of calculating the rate of surplus value is therefore, shortly, as follows. We take the total value of the product and put the constant capital which merely re-appears in it, equal to zero. What remains, is the only value that has, in the process of producing the commodity, been actually created. If the amount of surplus-value be given, we have only to

deduct it from this remainder, to find the variable capital. And vice versa, if the latter be given, and we require to find the surplus-value. If both be given, we have only to perform the concluding operation, viz., to calculate  $s/v$ , the ratio of the surplus-value to the variable capital.

Though the method is so simple, yet it may not be amiss, by means of a few examples, to exercise the reader in the application of the novel principles underlying it.

First we will take the case of a spinning mill containing 10,000 mule spindles, spinning No. 32 yarn from American cotton, and producing 1 lb. of yarn weekly per spindle. We assume the waste to be 6%: under these circumstances 10,600 lbs. of cotton are consumed weekly, of which 600 lbs. go to waste. The price of the cotton in April, 1871, was  $7\frac{3}{4}$ d. per lb.; the raw material therefore costs in round numbers £342. The 10,000 spindles, including preparation-machinery, and motive power, cost, we will assume, £1 per spindle, amounting to a total of £10,000. The wear and tear we put at 10%, or £1000 yearly=£20 weekly. The rent of the building we suppose to be £300 a year or £6 a week. Coal consumed (for 100 horse-power indicated, at 4 lbs. of coal per horse-power per hour during 60 hours, and inclusive of that consumed in heating the mill), 11 tons a week at 8s. 6d. a ton, amounts to about £4½ a week: gas, £1 a week, oil, 8c., £4½ a week. Total cost of the above auxiliary materials, £10 weekly. Therefore the constant portion of the value of the week's product is £378. Wages amount to £52 a week. The price of the yarn is  $12\frac{1}{4}$ d. per lb., which gives for the value of 10,000 lbs. the sum of £510. The surplus value is therefore in this case £510 — £430=£80. We put the constant part of the value of the product=0, as it plays no part in the creation of value. There remains £132 as the weekly value created, which=£52 var.+ £80 surpl. The rate of surplus-value is therefore  $\frac{80}{52} = 153\frac{11}{13}\%$ . In a working day of 10 hours with average labour the result is: necessary labour=3  $\frac{31}{33}$  hours and surplus-labour =6  $\frac{2}{33}$ .

One more example. Jacob gives the following calculation for the year 1815. Owing to the previous adjustment of several items it is very imperfect; nevertheless for our purpose it is sufficient. In it he assumes the price of wheat to be 8s. a quarter, and the average yield per acre to be 22 bushels,

## VALUE PRODUCED PER ACRE.

Seed,...	£1	9	0	Tithes, Rates, and Taxes,...	£1	1	0
Manure,...	2	10	0	Rent... Farmer's	1	8	0
Wages,...	3	10	0	Profit and Interest,...	1	2	0
Total,...	£7	9	0	Total,...	£3	11	0

Assuming that the price of the product is the same as its value, we here find the surplus-value distributed under the various heads of profit, interest, rent, &c. We have nothing to do with these in detail; we simply add them together, and the sum is a surplus-value of £3 11s. 0d. The sum of £3 19s. 0d., paid for seed and manure, is constant capital, and we put it equal to zero. There is left the sum of £3 10s. 0d., which is the variable capital advanced: and we see that a new value of £3 10s. 0d.+£3 11s. 0d. has been produced in its place. Therefore  $s/v = (£3\ 11s.\ 0d.)/ (£3\ 10s.\ 0d.)$ , giving a rate of surplus-value of more than 100%. The labourer employs more than one half of his working day in producing the surplus-value, which different persons, under different pretexts, share amongst themselves.

## **SECTION 2. — THE REPRESENTATION OF THE COMPONENTS OF THE VALUE OF THE PRODUCT BY CORRESPONDING PROPORTIONAL PARTS OF THE PRODUCT ITSELF.**

Let us now return to the example by which we were shown how the capitalist converts money into capital.

The product of a working day of 12 hours is 20 lbs. of yarn, having a value of 30s. No less than 8/10ths of this value, or 24s., is due to mere re-appearance in it, of the value of the means of production (20 lbs. of cotton, value 20s., and spindle worn away, 4s.): it is therefore constant capital. The remaining 2/10ths or 6s. is the new value created during the spinning process: of this one half replaces the value of the day's labour-power, or the variable capital, the remaining half constitutes a surplus-value of 3s. The total value then of the 20 lbs. of yarn is made up as follows:

30s. value of yarn=24 const.+3s. var.+3s. surpl.

Since the whole of the value is contained in the 20 lbs. of yarn produced, it follows that the various component parts of this value, can be represented as being contained respectively in corresponding parts of the product.

If the value of 30s. is contained in 20 lbs. of yarn, then 8/10ths of this value, or the 24s. that form its constant part, is contained in 8/10ths of the product or in 16 lbs. of yarn. Of the latter 13 1/3 lbs. represent the value of the raw material, the 20s. worth of cotton spun, and 2 2/3 lbs. represent the 4s. worth of spindle, 8c., worn away in the process.

Hence the whole of the cotton used up in spinning the 20 lbs. of yarn, is represented by 13 1/3 lbs. of yarn. This latter weight of yarn contains, it is true, by weight, no more than 13 1/3 lbs. of cotton, worth 13 1/3 shillings; but the 6 2/3 shillings additional value contained in it, are the equivalent for the cotton consumed in spinning the remaining 6 2/3 lbs. of yarn. The effect is the same as if these 6 2/3 lbs. of yarn contained no cotton at all, and the whole 20 lbs. of cotton were concentrated in the 13 1/3 lbs. of yarn. The latter weight, on the other hand, does not contain an atom either of the value of the auxiliary materials and implements, or of the value newly created in the process.

In the same way, the 2 2/3 lbs. of yarn, in which the 4s., the remainder of the constant capital, is embodied, represents nothing but the value of the auxiliary materials and instruments of labour consumed in producing the 20 lbs. of yarn.

We have, therefore, arrived at this result: although eight-tenths of the product, or 16 lbs. of yarn, is, in its character of an article of utility, just as much the fabric of the spinner's labour, as the remainder of the same product, yet when viewed in this connexion, it does not contain, and has not absorbed any labour expended during the process of spinning. It is just as if the cotton had converted itself into yarn, without help; as if the shape it had assumed was mere trickery and deceit: for so soon as our capitalist sells it for 24s., and with the money replaces his means of production, it becomes evident that this 16 lbs. of yarn is nothing more than so much cotton and spindle-waste in disguise.

On the other hand, the remaining 2/10ths of the product, or 4 lbs. of yarn, represent nothing but the new value of 6s., created during the 12 hours' spinning process. All the value transferred to those 4 lbs., from the raw material and instruments of labour consumed, was, so to say, intercepted in

order to be incorporated in the 16 lbs. first spun. In this case, it is as if the spinner had spun 4 lbs. of yarn out of air, or, as if he had spun them with the aid of cotton and spindles, that, being the spontaneous gift of Nature, transferred no value to the product.

Of this 4 lbs. of yarn, in which the whole of the value newly created during the process, is condensed, one half represents the equivalent for the value of the labour consumed, or the 3s. variable capital, the other half represents the 3s. surplus-value.

Since 12 working hours of the spinner are embodied in 6s., it follows that in yarn of the value of 30s., there must be embodied 60 working hours. And this quantity of labour-time does in fact exist in the 20 lbs. of yarn; for in 8/10ths or 16 lbs. there are materialised the 48 hours of labour expended, before the commencement of the spinning process, on the means of production; and in the remaining 2/10ths or 4 lbs. there are materialised the 12 hours' work done during the process itself.

On a former page we saw that the value of the yarn is equal to the sum of the new value created during the production of that yarn plus the value previously existing in the means of production.

It has now been shown how the various component parts of the value of the product, parts that differ functionally from each other, may be represented by corresponding proportional parts of the product itself.

To split up in this manner the product into different parts, of which one represents only the labour previously spent on the means of production, or the constant capital, another, only the necessary labour spent during the process of production, or the variable capital, and another and last part, only the surplus-labour expended during the same process, or the surplus-value; to do this, is, as will be seen later on from its application to complicated and hitherto unsolved problems, no less important than it is simple.

In the preceding investigation we have treated the total product as the final result, ready for use, of a working day of 12 hours. We can however follow this total product through all the stages of its production; and in this way we shall arrive at the same result as before, if we represent the partial products, given off at the different stages, as functionally different parts of the final or total product.

The spinner produces in 12 hours 20 lbs. of yarn, or in 1 hour  $1\frac{2}{3}$  lbs.; consequently he produces in 8 hours  $13\frac{1}{3}$  lbs., or a partial product equal in value to all the cotton that is spun in a whole day. In like manner the partial

product of the next period of 1 hour and 36 minutes, is  $2 \frac{2}{3}$  lbs. of yarn: this represents the value of the instruments of labour that are consumed in 12 hours. In the following hour and 12 minutes, the spinner produces 2 lbs. of yarn worth 3 shillings, a value equal to the whole value he creates in his 6 hours necessary labour. Finally, in the last hour and 12 minutes he produces another 2 lbs. of yarn, whose value is equal to the surplus-value, created by his surplus-labour during half a day. This method of calculation serves the English manufacturer for everyday use; it shows, he will say, that in the first 8 hours, or  $\frac{2}{3}$  of the working day, he gets back the value of his cotton; and so on for the remaining hours. It is also a perfectly correct method: being in fact the first method given above with this difference, that instead of being applied to space, in which the different parts of the completed product lie side by side, it deals with time, in which those parts are successively produced. But it can also be accompanied by very barbarian notions, more especially in the heads of those who are as much interested, practically, in the process of making value beget value, as they are in misunderstanding that process theoretically. Such people may get the notion into their heads, that one spinner, for example, produces or replaces in the first 8 hours of his working day the value of the cotton; in the following hour and 36 minutes the value of the instruments of labour worn away; in the next hour and 12 minutes the value of the wages; and that he devotes to the production of surplus-value for the manufacturer, only that well known "last hour." In this way the poor spinner is made to perform the two-fold miracle not only of producing cotton, spindles, steam-engine, coal, oil, &c., at the same time that he spins with them, but also of turning one working day into five; for in, the example we are considering, the production of the raw material and instruments of labour demands four working days of twelve hours each, and their conversion into yarn requires another such day. That the love of lucre induces an easy belief in such miracles, and that sycophant doctrinaires are never wanting to prove them, is vouched for by the following incident of historical celebrity.

### **SECTION 3. — SENIOR'S "LAST HOUR."**

One fine morning, in the year 1836, Nassau W. Senior, who may be called the bel-esprit of English economists, well known, alike for his economical "science," and for his beautiful style, was summoned from Oxford to Manchester, to learn in the latter place the political economy that he taught

in the former. The manufacturers elected him as their champion, not only against the newly passed Factory Act, but against the still more menacing Ten-hours' agitation. With their usual practical acuteness, they had found out that the learned Professor "wanted a good deal of finishing;" it was this discovery that caused them to write for him. On his side the Professor has embodied the lecture he received from the Manchester manufacturers, in a pamphlet, entitled: "Letters on the Factory Act, as it affects the cotton manufacture." London, 1837. Here we find, amongst others, the following edifying passage: "Under the present law, no mill in which persons under 18 years of age are employed,...can be worked more than 11½ hours a day, that is 12 hours for 5 days in the week, and nine on Saturday.

"Now the following analysis (!) will show that in a mill so worked, the whole net profit is derived from the last hour. I will suppose a manufacturer to invest £100,000: — £80,000 in his mill and machinery, and £20,000 in raw material and wages. The annual return of that mill, supposing the capital to be turned once a year, and gross profits to be 15 per cent., ought to be goods worth £115,000.... Of this £115,000, each of the twenty-three half-hours of work produces 5-115ths or one twenty-third. Of these 23-23rds (constituting the whole £115,000) twenty, that is to say £100,000 out of the £115,000, simply replace the capital; — one twenty-third (or £5000 out of the £115,000) makes up for the deterioration of the mill and machinery. The remaining 2-23rds, that is, the last two of the twenty-three half-hours of every day, produce the net profit of 10 per cent. If, therefore (prices remaining the same), the factory could be kept at work thirteen hours instead of eleven and a half, with an addition of about £2600 to the circulating capital, the net profit would be more than doubled. On the other hand, if the hours of working were reduced by one hour per day (prices remaining the same), the net profit would be destroyed — if they were reduced by one hour and a half, even the gross profit would be destroyed."

And the professor calls this an "analysis!" If, giving credence to the outcries of the manufacturers, he believed that the workmen spend the best part of the day in the production, i.e., the reproduction or replacement of the value of the buildings, machinery, cotton, coal, &c., then his analysis was superfluous. His answer would simply have been: — Gentlemen! if you work your mills for 10 hours instead of 11½, then, other things being equal, the daily consumption of cotton, machinery, &c., will decrease in proportion.

You gain just as much as you lose. Your work-people will in future spend one hour and a half less time in producing or replacing the capital that has been advanced. — If, on the other hand, he did not believe them without further inquiry, but, as being an expert in such matters, deemed an analysis necessary, then he ought, in a question that is concerned exclusively with the relations of net profit to the length of the working day, before all things to have asked the manufacturers, to be careful not to lump together machinery, workshops, raw material, and labour, but to be good enough to place the constant capital, invested in buildings, machinery, raw material, &c., on one side of the account, and the capital advanced in wages on the other side. If the professor then found, that in accordance with the calculation of the manufacturers, the workman reproduced or replaced his wages in 2 half-hours, in that case, he should have continued his analysis thus:

According to your figures, the workman in the last hour but one produces his wages, and in the last hour your surplus-value or net profit. Now, since in equal periods he produces equal values, the produce of the last hour but one, must have the same value as that of the last hour. Further, it is only while he labours that he produces any value at all, and the amount of his labour is measured by his labour-time. This you say, amounts to  $11\frac{1}{2}$  hours a day. He employs one portion of these  $11\frac{1}{2}$  hours, in producing or replacing his wages, and the remaining portion in producing your net profit. Beyond this he does absolutely nothing. But since, on your assumption, his wages, and the surplus-value he yields, are of equal value, it is clear that he produces his wages in  $5\frac{3}{4}$  hours, and your net profit in the other  $5\frac{3}{4}$  hours. Again, since the value of the yarn produced in 2 hours, is equal to the sum of the values of his wages and of your net profit, the measure of the value of this yarn must be  $11\frac{1}{2}$  working hours, of which  $5\frac{3}{4}$  hours measure the value of the yarn produced in the last hour but one, and  $5\frac{3}{4}$ , the value of the yarn produced in the last hour. We now come to a ticklish point; therefore, attention! The last working hour but one is, like the first, an ordinary working hour, neither more nor less. How then can the spinner produce in one hour, in the shape of yarn, a value that embodies  $5\frac{3}{4}$  hours labour? The truth is that he performs no such miracle. The use-value produced by him in one hour, is a definite quantity of yarn. The value of this yarn is measured by  $5\frac{3}{4}$  working hours, of which  $4\frac{3}{4}$  were, without any assistance from him, previously embodied in the means of production, in the cotton, the machinery, and so on; the remaining one hour is added by him. Therefore

since his wages are produced in  $5\frac{3}{4}$  hours, and the yarn produced in one hour also contains  $5\frac{3}{4}$  hours' work, there is no witchcraft in the result, that the value created by his  $5\frac{3}{4}$  hours' spinning, is equal to the value of the product spun in one hour. You are altogether on the wrong track, if you think that he loses a single moment of his working day, in reproducing or replacing the values of the cotton, the machinery, and so on. On the contrary, it is because his labour converts the cotton and spindles into yarn, because he spins, that the values of the cotton and spindles go over to the yarn of their own accord. This result is owing to the quality of his labour, not to its quantity. It is true, he will in one hour transfer to the yarn more value, in the shape of cotton, than he will in half an hour; but that is only because in one hour he spins up more cotton than in half an hour. You see then, your assertion, that the workman produces, in the last hour but one, the value of his wages, and in the last hour your net profit, amounts to no more than this, that in the yarn produced by him in 2 working hours, whether they are the 2 first or the 2 last hours of the working day, in that yarn, there are incorporated  $11\frac{1}{2}$  working hours, or just a whole day's work, i.e., two hours of his own work and  $9\frac{1}{2}$  hours of other people's. And my assertion that, in the first  $5\frac{3}{4}$  hours, he produces his wages, and in the last  $5\frac{3}{4}$  hours your net profit, amounts only to this, that you pay him for the former, but not for the latter. In speaking of payment of labour, instead of payment of labour-power, I only talk your own slang. Now, gentlemen, if you compare the working time you pay for, with that which you do not pay for, you will find that they are to one another, as half a day is to half a day; this gives a rate of 100%, and a very pretty percentage it is. Further, there is not the least doubt, that if you make your "hands" toil for 13 hours instead of  $11\frac{1}{2}$ , and, as may be expected from you, treat the work done in that extra one hour and a half, as pure surplus-labour, then the latter will be increased from  $5\frac{3}{4}$  hours' labour to  $7\frac{1}{4}$  hours' labour, and the rate of surplus-value from 100%, to  $126\frac{2}{23}\%$ . So that you are altogether too sanguine in expecting that by such an addition of  $1\frac{1}{2}$  hours to the working day, the rate will rise from 100% to 200% and more, in other words that it will be "more than doubled." On the other hand — man's heart is a wonderful thing, especially when carried in the purse — you take too pessimistic a view, when you fear, that with a reduction of the hours of labour from  $11\frac{1}{2}$  to 10, the whole of your net profit will go to the dogs. Not at all. All other conditions remaining the same, the surplus-labour will fall from  $5\frac{3}{4}$  hours to  $4\frac{3}{4}$  hours, a period that still gives a

very profitable rate of surplus-value, namely  $82 \frac{14}{32}\%$ . But this dreadful “last hour,” about which you have invented more stories than have the millenarians about the day of judgment, is “all bosh.” If it goes, it will cost neither you, your net profit, nor the boys and girls whom you employ, their “purity of mind.” Whenever your “last hour” strikes in earnest, think on the Oxford Professor. And now, gentleman, “farewell, and may we meet again in yonder better world, but not before.”

Senior invented the battle cry of the “last hour” in 1836. In the London Economist of the 15th April, 1848, the same cry was again raised by James Wilson, an economical mandarin of high standing: this time in opposition to the 10 hours’ bill.

#### **SECTION 4. — SURPLUS PRODUCE**

The portion of the product that represents the surplus-value, (one-tenth of the 20 lbs., or 2 lbs. of yarn, in the example given in Sec. 2,) we call “surplus-produce.” Just as the rate of surplus-value is determined by its relation, not to the sum total of the capital, but to its variable part; in like manner, the relative quantity of surplus-produce is determined by the ratio that this produce bears, not to the remaining part of the total product, but to that part of it in which is incorporated the necessary labour. Since the production of surplus-value is the chief end and aim of capitalist production, it is clear, that the greatness of a man’s or a nation’s wealth should be measured, not by the absolute quantity produced, but by the relative magnitude of the surplus-produce.

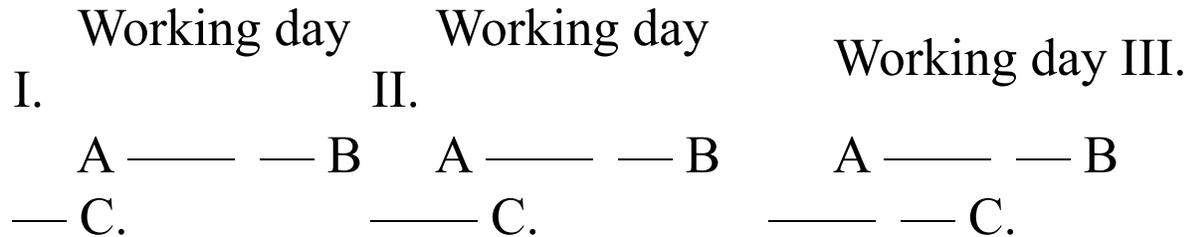
The sum of the necessary labour and the surplus-labour, i.e., of the periods of time during which the workman replaces the value of his labour-power, and produces the surplus-value, this sum constitutes the actual time during which he works, i.e., the working day.

# CHAPTER X. THE WORKING DAY

## SECTION 1 — THE LIMITS OF THE WORKING DAY

WE started with the supposition that labour-power is bought and sold at its value. Its value, like that of all other commodities, is determined by the working time necessary to its production. If the production of the average daily means of subsistence of the labourer takes up 6 hours, he must work, on the average, 6 hours every day, to produce his daily labour-power, or to reproduce the value received as the result of its sale. The necessary part of his working day amounts to 6 hours, and is, therefore, *cœteris paribus*, a given quantity. But with this, the extent of the working day itself is not yet given.

Let us assume that the line A B represents the length of the necessary working time, say 6 hours. If the labour be prolonged 1, 3, or 6 hours beyond A B, we have 3 other lines:



representing 3 different working days of 7, 9, and 12 hours. The extension B C of the line A B represents the length of the surplus labour. As the working day is A B + B C or A C, it varies with the variable quantity B C. Since A B is constant, the ratio of B C to A B can always be calculated. In working day I. it is 1/6, in working day II, 3/6 in working day III, 6/6 of A B. Since, further the ratio (surplus working time)/(necessary working time) determines the rate of the surplus-value, the latter is given by the ratio of B C to A B. It amounts in the 3 different working days respectively to 16 2/3, 50 and 100 per cent. On the other hand, the rate of surplus-value alone would not give us the extent of the working day. If this rate e.g., were 100 per cent., the working day might be of 8, 10, 12, or more hours. It would indicate that the 2 constituent parts of the working day, necessary-labour and surplus-labour time, were equal in extent, but not how long each of these two constituent parts was.

The working day is thus not a constant, but a variable quantity. One of its parts, certainly, is determined by the working time required for the reproduction of the labour-power of the labourer himself. But its total amount varies with the duration of the surplus-labour. The working day is, therefore, determinable, but is, per se, indeterminate.

Although the working day is not a fixed, but a fluent quantity, it can, on the other hand, only vary within certain limits. The minimum limit is, however, not determinable; of course, if we make the extension line BC or the surplus-labour=0, we have a minimum limit, i.e., the part of the day which the labourer must necessarily work for his own maintenance. On the basis of capitalist production, however, this necessary labour can form a part only of the working day; the working day itself can never be reduced to this minimum. On the other hand, the working day has a maximum limit. It cannot be prolonged beyond a certain point. This maximum limit is conditioned by two things. First, by the physical bounds of labour-power. Within the 24 hours of the natural day a man can expend only a definite quantity of his vital force, A horse, in like manner, can only work from day to day, 8 hours. During part of the day this force must rest, sleep; during another part the man has to satisfy other physical needs, to feed, wash, and clothe himself. Besides these purely physical limitations, the extension of the working day encounters moral ones. The labourer needs time for satisfying his intellectual and social wants, the extent and number of which are conditioned by the general state of social advancement. The variation of the working day fluctuates, therefore, within physical and social bounds. But both these limiting conditions are of a very elastic nature, and allow the greatest latitude. So we find working days of 8, 10, 12, 14, 16, 18 hours, i.e., of the most different lengths.

The capitalist has bought the labour-power at its day-rate. To him its use-value belongs during one working day. He has thus acquired the right to make the labour work for him during one day. But what is a working day?

At all events, less than a natural day. By how much? The capitalist has his own views of this ultima Thule, the necessary limit of the working day. As capitalist, he is only capital personified. His soul is the soul of capital. But capital has one single life impulse, the tendency to create value and surplus-value, to make its constant factor, the means of production, absorb the greatest possible amount of surplus-labour.

Capital is dead labour, that vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks. The time during which the labourer works, is the time during which the capitalist consumes the labour-power he has purchased of him.

If the labourer consumes his disposable time for himself, he robs the capitalist.

The capitalist then takes his stand on the law of the exchange of commodities. He, like all other buyers, seeks to get the greatest possible benefit out of the use-value of his commodity. Suddenly the voice of the labourer, which had been stifled in the storm and stress of the process of production, rises:

The commodity that I have sold to you differs from the crowd of other commodities, in that its use creates value, and a value greater than its own. That is why you bought it. That which on your side appears a spontaneous expansion of capital, is on mine extra expenditure of labour-power. You and I know on the market only one law, that of the exchange of commodities. And the consumption of the commodity belongs not to the seller who parts with it, but to the buyer, who acquires it. To you, therefore, belongs the use of my daily labour-power. But by means of the price that you pay for it each day, I must be able to reproduce it daily, and to sell it again. Apart from natural exhaustion through age, &c., I must be able on the morrow to work with the same normal amount of force, health and freshness as to-day. You preach to me constantly the gospel of “saving” and “abstinence.” Good! I will, like a sensible saving owner, husband my sole wealth, labour-power, and abstain from all foolish waste of it. I will each day spend, set in motion, put into action only as much of it as is compatible with its normal duration, and healthy development. By an unlimited extension of the working day, you may in one day use up a quantity of labour-power greater than I can restore in three. What you gain in labour I lose in substance. The use of my labour-power and the spoliation of it are quite different things. If the average time that (doing a reasonable amount of work) an average labourer can live, is 30 years, the value of my labour-power, which you pay me from day to day is  $\frac{1}{365} \times 30$  or  $\frac{1}{10950}$  of its total value. But if you consume it in ten years, you pay me daily  $\frac{1}{10950}$  instead of  $\frac{1}{3650}$  of its total value, i.e., only  $\frac{1}{3}$  of its daily value, and you rob me, therefore, every day of  $\frac{2}{3}$  of the value of my commodity. You pay me for one day’s labour-power, whilst you use that of 3 days. That is against our contract and the law of

exchanges. I demand, therefore, a working day of normal length, and I demand it without any appeal to your heart, for in money matters sentiment is out of place. You may be a model citizen, perhaps a member of the Society for the Prevention of Cruelty to Animals, and in the odour of sanctity to boot; but the thing that you represent face to face with me has no heart in its breast. That which seems to throb there is my own heart-beating. I demand the normal working day because I, like every other seller, demand the value of my commodity.

We see then, that, apart from extremely elastic bounds, the nature of the exchange of commodities itself imposes no limit to the working day, no limit to surplus-labour. The capitalist maintains his rights as a purchaser when he tries to make the working day as long as possible, and to make, whenever possible, two working days out of one. On the other hand, the peculiar nature of the commodity sold implies a limit to its consumption by the purchaser, and the labourer maintains his right as seller when he wishes to reduce the working day to one of definite normal duration. There is here, therefore, an antinomy, right against right, both equally bearing the seal of the law of exchanges. Between equal rights force decides. Hence is it that in the history of capitalist production, the determination of what is a working day, presents itself as the result of a struggle, a struggle between collective capital, i.e., the class of capitalists, and collective labour, i.e., the working class.

## **SECTION 2. — THE GREED FOR SURPLUS LABOR, MANUFACTURER AND BOYARD**

Capital has not invented surplus-labour. Wherever a part of society possesses the monopoly of the means of production, the labourer free or not free, must add to the working time necessary for his own maintenance an extra working time in order to produce the means of subsistence for the owners of the means of production, whether this proprietor be the Athenian ‘kalos kagathos’, Etruscan theocrat, civis Romanus, Norman baron, American slave owner, Wallachian Boyard, modern landlord or capitalist. It is, however, clear that in any given economic formation of society, where not the exchange value but the use-value of the product predominates, surplus-labour will be limited by a given set of wants which may be greater or less, and that here no boundless thirst for surplus-labour arises from the

nature of the production itself. Hence in antiquity overwork becomes horrible only when the object is to obtain exchange value in its specific independent moneyform; in the production of gold and silver. Compulsory working to death is here the recognized form of over-work. Only read Diodorus Siculus. Still these are exceptions in antiquity. But as soon as people, whose production still moves within the lower forms of slave-labour, *corvée*-labour, &c., are drawn into the whirlpool of an international market dominated by the capitalistic mode of production, the sale of their products for export becoming their principal interest, the civilized horrors of over-work are grafted on the barbaric horrors of slavery, serfdom, &c. Hence the negro labour in the Southern States of the American Union preserved something of a patriarchal character, so long as production was chiefly directed to immediate local consumption. But in proportion, as the export of cotton became of vital interest to these states, the over-working of the negro and sometimes the using up of his life in 7 years' of labour became a factor in a calculated and calculating system. It was no longer a question of obtaining from him a certain quantity of useful products. It was now a question of production of surplus-labour itself. So was it also with the *corvée*, e.g., in the Danubian Principalities (now Roumania).

The comparison of the greed for surplus-labour in the Danubian Principalities with the same greed in English factories has special interest, because surplus-labour, in the *corvée* has an independent and palpable form.

Suppose the working day consists of 6 hours of necessary labour, and 6 hours of surplus-labour. Then the free labourer gives the capitalist every week  $6 \times 6$  or 36 hours of surplus-labour. It is the same as if he worked 3 days in the week for himself, and 3 days in the week gratis for the capitalist. But this is not evident on the surface. Surplus-labour and necessary labour glide one into the other. I can, therefore, express the same relationship by saying, e.g., that the labourer in every minute works 30 seconds for himself, and 30 for the capitalist, etc. It is otherwise with the *corvée*. The necessary labour which the Wallachian peasant does for his own maintenance is distinctly marked off from his surplus-labour on behalf of the Boyard. The one he does on his own field, the other on the seignorial estate. Both parts of the labour-time exist, therefore, independently, side by side one with the other. In the *corvée* the surplus-labour is accurately marked off from the necessary labour. This, however, can make no difference with regard to the

quantitative relation of surplus-labour, to necessary labour. Three days' surplus-labour in the week remain three days that yield no equivalent to the labourer himself, whether it be called *corvée* or wage-labour. But in the capitalist the greed for surplus-labour appears in the straining after an unlimited extension of the working day, in the Boyard more simply in a direct hunting after days of *corvée*.

In the Danubian Principalities the *corvée* was mixed up with rents in kind and other appurtenances of bondage, but it formed the most important tribute paid to the ruling class. Where this was the case, the *corvée* rarely arose from serfdom; serfdom much more frequently on the other hand took origin from the *corvée*. This is what took place in the Roumanian Provinces. Their original mode of production was based on community of the soil, but not in the Slavonic or Indian form. Part of the land was cultivated in severalty as freehold by the members of the community, another part — *ager publicus* — was cultivated by them in common. The products of this common labour served partly as a reserve fund against bad harvests and other accidents, partly as a public store for providing the costs of war, religion, and other common expenses. In course of time military and clerical dignitaries usurped, along with the common land, the labour spent upon it. The labour of the free peasants on their common land was transformed into *corvée* for the thieves of the common land. This *corvée* soon developed into a servile relationship existing in point of fact, not in point of law, until Russia, the liberator of the world, made it legal under pretence of abolishing serfdom. The code of the *corvée*, which the Russian General Kisseleff proclaimed in 1831, was of course dictated by the Boyards themselves. Thus Russia conquered with one blow the magnates of the Danubian provinces, and the applause of liberal *crétins* throughout Europe.

According to the “*Réglement organique*,” as this code of the *corvée* is called, every Wallachian peasant owes to the so-called landlord, besides a mass of detailed payments in kind: (1), 12 days of general labour; (2), one day of field labour; (3), one day of wood carrying. In all, 14 days in the year. With deep insight into political economy, however, the working day is not taken in its ordinary sense, but as the working day necessary to the production of an average daily product; and that average daily product is determined in so crafty a way that no Cyclops would be done with it in 24 hours. In dry words, the *Réglement* itself declares with true Russian irony

that by 12 working days one must understand the product of the manual labour of 36 days, by 1 day of field labour 3 days, and by 1 day of wood carrying in like manner three times as much. In all, 42 corvée days. To this had to be added the so-called jobagie, service due to the lord for extraordinary occasions. In proportion to the size of its population, every village has to furnish annually a definite contingent to the jobagie. This additional corvée is estimated at 14 days for each Wallachian peasant. Thus the prescribed corvée amounts to 56 working days yearly. But the agricultural year in Wallachia numbers in consequence of the severe climate only 210 days, of which 40 for Sundays and holidays, 30 on an average for bad weather, together 70 days, do not count. 140 working days remain. The ratio of the corvée to the necessary labour  $56/84$  or  $66\frac{2}{3}\%$  gives a much smaller rate of surplus-value than that which regulates the labour of the English agricultural or factory labourer. This is, however, only the legally prescribed corvée. And in a spirit yet more "liberal" than the English Factory Acts, the "Réglement organique" has known how to facilitate its own evasion. After it has made 56 days out of 12, the nominal days work of each of the 56 corvée days is again so arranged that a portion of it must fall on the ensuing day. In one day, e.g., must be weeded an extent of land, which, for this work, especially in maize plantations, needs twice as much time. The legal day's work for some kinds of agricultural labour is interpretable in such a way that the day begins in May and ends in October. In Moldavia conditions are still harder. "The corvée days of the 'Réglement organique,'" cried a Boyard, drunk with victory, "amount to 365 days in the year."

If the Réglement organique of the Danubian provinces was a positive expression of the greed for surplus-labour which every paragraph legalised, the English Factory Acts are the negative expression of the same greed. These acts curb the passion of capital for a limitless draining of labour-power, by forcibly limiting the working day by state regulations, made by a state that is ruled by capitalist and landlord. Apart from the working-class movement that daily grew more threatening, the limiting of factory labour was dictated by the same necessity which spread guano over the English fields. The same blind eagerness for plunder that in the one case exhausted the soil, had, in the other, torn up by the roots the living force of the nation. Periodical epidemics speak on this point as clearly as the diminishing military standard in Germany and France.

The Factory Act of 1850 now in force (1867) allows for the average working-day 10 hours, i.e., for the first 5 days 12 hours from 6 a.m. to 6 p.m., including  $\frac{1}{2}$  an hour for breakfast, and an hour for dinner, and thus leaving  $10\frac{1}{2}$  working hours, and 8 hours for Saturday, from 6 a.m. to 2 p.m., of which  $\frac{1}{2}$  an hour is subtracted for breakfast. 60 working hours are left,  $10\frac{1}{2}$  for each of the first 5 days,  $7\frac{1}{2}$  for the last. Certain guardians of these laws are appointed, Factory Inspectors, directly under the Home Secretary, whose reports are published half-yearly by order of Parliament. They give regular and official statistics of the capitalistic greed for surplus-labour.

Let us listen, for a moment, to the Factory Inspectors.

“The fraudulent millowner begins work at a quarter of an hour (sometimes more, sometimes less) before 6 a.m., and leaves off a quarter of an hour (sometimes more, sometimes less) after 6 p.m. He takes 5 minutes from the beginning and from the end of the half hour nominally allowed for breakfast, and 10 minutes at the beginning and end of the hour nominally allowed for dinner. He works for a quarter of an hour (sometimes more, sometimes less after 2 p.m. on Saturday. Thus his gain is

Before 6 a. m....	15 minutes.
After 6 p. m....	15 minutes.
At breakfast time...	10 minutes.
At dinner time...	20 minutes.
	60 minutes.
Five days —	300 minutes.
On Saturday before 6 a. m....	15 minutes.
At breakfast time...	10 minutes.
After 2 p. m....	15 minutes.
	40 minutes.
Total weekly...	340 minutes.

Or 5 hours and 40 minutes weekly, which multiplied by 50 working weeks in the year (allowing two for holidays and occasional stoppages) is equal to 27 working days.”

“Five minutes a day’s increased work, multiplied by 50 weeks, are equal to two and a half days of produce in the year.”

“An additional hour a day gained by small instalments before 6 a.m., after 6 p.m., and at the beginning and end of the times nominally fixed for meals, is nearly equivalent to working 13 months in the year.”

Crises during which production is interrupted and the factories work “short time,” i.e., for only a part of the week, naturally do not affect the tendency to extend the working day. The less business there is, the more profit has to be made on the business done. The less time spent in work, the more of that time has to be turned into surplus labour-time.

Thus the Factory Inspector’s report on the period of the crisis from 1857 to 1858:

“It may seem inconsistent that there should be any over-working at a time when trade is so bad; but that very badness leads to the transgression by unscrupulous men, they get the extra profit of it... In the last half year, says Leonard Horner, 122 mills in my district have been given up; 143 were found standing,” yet, overwork is continued beyond the legal hours.

“For a great part of the time,” says Mr. Howell, “owing to the depression of trade, many factories were altogether closed, and a still greater number were working short time. I continue, however, to receive about the usual number of complaints that half, or three-quarters of an hour in the day, are snatched from the workers by encroaching upon the times professedly allowed for rest and refreshment.” The same phenomenon was reproduced on a smaller scale during the frightful cotton-crisis from 1861 to 1865. “It is sometimes advanced by way of excuse, when persons are found at work in a factory, either at a meal hour, or at some illegal time, that they will not leave the mill at the appointed hour, and that compulsion is necessary to force them to cease work [cleaning their machinery, &c.], especially on Saturday afternoons. But, if the hands remain in a factory after the machinery has ceased to revolve...they would not have been so employed if sufficient time had been set apart specially for cleaning, &c., either before 6 a.m. [sic!] or before 2 p. m. on Saturday afternoons.”

“The profit to be gained by it (over-working in violation of the Act) appears to be, to many, a greater temptation than they can resist; they calculate upon the chance of not being found out; and when they see the small amount of penalty and costs, which those who have been convicted have had to pay, they find that if they should be detected there will still be a

considerable balance of gain.... In cases where the additional time is gained by a multiplication of small thefts in the course of the day, there are insuperable difficulties to the inspectors making out a case.”

These “small thefts” of capital from the labourer’s meal and recreation time, the factory inspectors also designate as “petty pilfering of minutes,” “snatching a few minutes,” or, as the labourers technically called them, “nibbling and cribbling at meal times.”

It is evident that in this atmosphere the formation of surplus-value by surplus-labour, is not secret. “If you allow me,” said a highly respectable master to me, “to work only ten minutes in the day over-time, you put one thousand a year in my pocket.” “Moments are the elements of profit.”

Nothing is from this point of view more characteristic than the designation of the workers who work full time as “full-timers,” and the children under 13 who are only allowed to work 6 hours as “half-timers.” The worker is here nothing more than personified labour-time. All individual distinctions are merged in those of “full-timers” and “half-timers.”

### **SECTION 3. — BRANCHES OF ENGLISH INDUSTRY WITHOUT LEGAL LIMITS TO EXPLOITATION**

We have hitherto considered the tendency to the extension of the working day, the were-wolf’s hunger for surplus-labour in a department where the monstrous exactions, not surpassed, says an English bourgeois economist, by the cruelties of the Spaniards to the American red-skins, caused capital at last to be bound by the chains of legal regulations. Now, let us cast a glance at certain branches of production in which the exploitation of labour is either free from fetters to this day, or was so yesterday.

Mr. Broughton Charlton, county magistrate, declared as chairman of a meeting held at the Assembly Rooms, Nottingham, on the 14th of January, 1860, “that there was an amount of privation and suffering among that portion of the population connected with the lace trade, unknown in other parts of the kingdom, indeed, in the civilized world...Children of nine or ten years are dragged from their squalid beds at two, three, or four o’clock in the morning and compelled to work for a bare subsistence until ten, eleven, or twelve at night, their limbs wearing away, their frames dwindling, their

faces whitening, and their humanity absolutely sinking into a stone-like torpor, utterly horrible to contemplate.... We are not surprised that Mr. Mallett, or any other manufacturer, should stand forward and protest against discussion.... The system, as the Rev. Montagu Valpy describes it, is one of unmitigated slavery, socially, physically, morally, and spiritually.... What can be thought of a town which holds a public meeting to petition that the period of labour for men shall be diminished to eighteen hours a day?.... We declaim against the Virginian and Carolina cotton-planters. Is their black-market, their lash, and their barter of human flesh more detestable than this slow sacrifice of humanity which takes place in order that veils and collars may be fabricated for the benefit of capitalists?"

The potteries of Staffordshire have, during the last 22 years, been the subject of three parliamentary inquiries. The result is embodied in Mr. Scriven's Report of 1841 to the "Children's Employment Commissioners," in the report of Dr. Greenhow of 1860 published by order of the medical officer of the Privy Council (Public Health, 3rd Report, 112-113), lastly, in the report of Mr. Longe of 1862 in the "First Report of the Children's Employment Commission, of the 13th June, 1863." For my purpose it is enough to take, from the reports of 1860 and 1863, some depositions of the exploited children themselves. From the children we may form an opinion as to the adults, especially the girls and women, and that in a branch of industry by the side of which cotton-spinning appears an agreeable and healthful occupation.

William Wood, 9 years old, was 7 years and 10 months when he began to work. He "ran moulds" (carried ready-moulded articles into the drying room, afterwards bringing back the empty mould) from the beginning. He came to work every day in the week at 6 a.m., and left off about 9 p.m. "I work till 9 o'clock at night six days in the week. I have done so seven or eight weeks." Fifteen hours of labour for a child of 7 years old! J. Murray, 12 years of age, says: "I turn jigger, and run moulds. I come at 6. Sometimes I come at 4. I worked all last night, till 6 o'clock this morning. I have not been in bed since the night before last. There were eight or nine other boys working last night. All but one have come this morning. I get 3 shillings and sixpence. I do not get any more for working at night. I worked two nights last week." Fernyhough, a boy of ten: "I have not always an hour (for dinner). I have only half an hour sometimes; on Thursday, Friday, and Saturday."

Dr. Greenhow states that the average duration of life in the pottery districts of Stoke-on-Trent, and Wolstanton is extraordinarily short. Although in the district of Stoke, only 36.6% and in Wolstanton only 30.4% of the adult male population above 20 are employed in the potteries, among the men of that age in the first district more than half, in the second, nearly 2/5 of the whole deaths are the result of pulmonary diseases among the potters. Dr. Boothroyd, a medical practitioner at Hanley, says: "Each successive generation of potters is more dwarfed and less robust than the preceding one." In like manner another doctor, Mr. M'Bean: "Since he began to practise among the potters 25 years ago, he has observed a marked degeneration especially shown in diminution of stature and breadth." These statements are taken from the report of Dr. Greenhow in 1860.

From the report of the Commissioners in 1863, the following: Dr. J. T. Arledge, senior physician of the North Staffordshire Infirmary, says: "The potters as a class, both men and women, represent a degenerated population, both physically and morally. They are, as a rule, stunted in growth, ill-shaped, and frequently ill-formed in the chest; they become prematurely old, and are certainly short-lived; they are phlegmatic and bloodless, and exhibit their debility of constitution by obstinate attacks of dyspepsia, and disorders of the liver and kidneys, and by rheumatism. But of all diseases they are especially prone to chest-disease, to pneumonia, phthisis, bronchitis, and asthma. One form would appear peculiar to them, and is known as potter's asthma, or potter's consumption. Scrofula attacking the glands, or bones, or other parts of the body, is a disease of two-thirds or more of the potters.... That the 'degenerescence' of the population of this district is not even greater than it is, is due to the constant recruiting from the adjacent country, and intermarriages with more healthy races."

Mr. Charles Parsons, late house surgeon of the same institution, writes in a letter to Commissioner Longe, amongst other things: "I can only speak from personal observation and not from statistical data (but I do not hesitate to assert that my indignation has been aroused again and again at the sight of poor children whose health has been sacrificed to gratify the avarice of either parents or employers." He enumerates the causes of the diseases of the potters, and sums them up in the phrase, "long hours." The report of the Commission trusts that "a manufacture which has assumed so prominent a place in the whole world, will not long be subject to the remark that its great success is accompanied with the physical deterioration, wide-spread bodily

suffering, and early death of the workpeople . . . by whose labour and skill such great results have been achieved.” And all that holds of the potteries in England is true of those in Scotland.

The manufacture of lucifer matches dates from 1833, from the discovery of the method of applying phosphorus to the match itself. Since 1845 this manufacture has rapidly developed in England, and has extended especially amongst the thickly populated parts of London as well as in Manchester, Birmingham, Liverpool, Bristol, Norwich, Newcastle and Glasgow. With it has spread the form of lockjaw, which a Vienna physician in 1845 discovered to be a disease peculiar to lucifer-matchmakers. Half the workers are children under thirteen, and young persons under eighteen. The manufacture is on account of its unhealthiness and unpleasantness in such bad odour that only the most miserable part of the labouring class, half-starved widows and so forth, deliver up their children to it, “the ragged, half-starved, untaught children.”

Of the witnesses that Commissioner White examined (1863), 270 were under 18, 50 under 10, 10 only 8, and 5 only 6 years old. A range of the working day from 12 to 14 or 15 hours, night-labour, irregular meal times, meals for the most part taken in the very workrooms that are pestilent with phosphorus. Dante would have found the worst horrors of his *Inferno* surpassed in this manufacture.

In the manufacture of paper-hangings the coarser sorts are printed by machine; the finer by hand (block-printing). The most active business months are from the beginning of October to the end of April. During this time the work goes on fast and furious without intermission from 6 a.m. to 10 p.m. or further into the night.

J. Leach deposes: “Last winter six out of nineteen girls were away from ill-health at one time from over-work. I have to bawl at them to keep them awake.” W. Duffy: “I have seen when the children could none of them keep their eyes open for the work; indeed, none of us could.” J. Lightbourne: “Am 13...We worked last winter till 9 (evening), and the winter before till 10. I used to cry with sore feet every night last winter.” G. Apsden: “That boy of mine...when he was 7 years old I used to carry him on my back to and fro through the snow, and he used to have 16 hours a day...I have often knelt down to feed him as he stood by the machine, for he could not leave it or stop.” Smith, the managing partner of a Manchester factory: “We (he means his “hands” who work for “us”) work on, with no stoppage for

meals, so that the day's work of 10½ hours is finished by 4.30. p.m., and all after that is overtime." (Does this Mr. Smith take no meals himself during 10½ hours?) "We (this same Smith) seldom leave off working before 6 p.m. (he means leave off the consumption of 'our' labour-power machines), so that we (iterum Crispinus) are really working overtime the whole year round.... For all these, children and adults alike (152 children and young persons and 140 adults), the average work for the last 18 months has been at the very least 7 days, 5 hours, or 78½ hours a week. For the six weeks ending May 2nd this year (1862), the average was higher — 8 days or 84 hours a week." Still this same Mr. Smith, who is so extremely devoted to the pluralis majestatis, adds with a smile, "Machine work is not great." So the employers in the block-printing say: "Hand labour is more healthy than machine-work." On the whole, manufacturers declare with indignation against the proposal "to stop the machines at least during meal times." A clause, says Mr. Otley, manager of a wall-paper factory in the Borough, "which allowed work between, say 6 a.m. and 9 p.m....would suit us (!) very well, but the factory hours, 6 a.m. to 6 p.m., are not suitable. Our machine is always stopped for dinner. (What generosity!) There is no waste of paper and colour to speak of. But," he adds sympathetically, "I can understand the loss of time not being liked." The report of the Commission opines with naïveté that the fear of some "leading firms" of losing time, i.e., the time for appropriating the labour of others, and thence losing profit is not a sufficient reason for allowing children under 13, and young persons under 18, working 12 to 16 hours per day, to lose their dinner, nor for giving it to them as coal and water are supplied to the steam-engine, soap to wool, oil to the wheel — as merely auxiliary material to the instruments of labour, during the process of production itself.

No branch of industry in England (we do not take into account the making of bread by machinery recently introduced) has preserved up to the present day a method of production so archaic, so — as we see from the poets of the Roman Empire — pre-Christian, as baking. But capital, as was said earlier, is at first indifferent as to the technical character of the labour-process; it begins by taking it just as it finds it.

The incredible adulteration of bread, especially in London, was first revealed by the House of Commons Committee "on the adulteration of articles of food" (1855-56), and Dr. Hassall's work, "Adulterations detected." The consequence of these revelations was the Act of August 6th,

1860, “for preventing the adulteration of articles of food and drink,” an inoperative law, as it naturally shows the tenderest consideration for every free-trader who determines by the buying or selling of adulterated commodities “to turn an honest penny.” The Committee itself formulated more or less naïvely its conviction that free-trade meant essentially trade with adulterated, or as the English ingeniously put it, “sophisticated” goods. In fact this kind of sophistry knows better than Protagoras how to make white black, and black white, and better than the Eleatics how to demonstrate *ad oculos* that everything is only appearance.

At all events the committee had directed the attention of the public to its “daily bread,” and therefore to the baking trade. At the same time in public meetings and in petitions to Parliament rose the cry of the London journeymen bakers against their over-work, 8c. The cry was so urgent that Mr. H. S. Tremeneere, also a member of the Commission of 1863 several times mentioned, was appointed Royal Commissioner of Inquiry. His report, together with the evidence given, roused not the heart of the public but its stomach. Englishmen, always well up in the Bible, knew well enough that man, unless by elective grace a capitalist, or landlord, or sinecurist, is commanded to eat his bread in the sweat of his brow, but they did not know that he had to eat daily in his bread a certain quantity of human perspiration mixed with the discharge of abscesses, cobwebs, dead black-beetles, and putrid German yeast, without counting alum, sand, and other agreeable mineral ingredients. Without any regard to his holiness, Freetrade, the free baking-trade was therefore placed under the supervision of the State inspectors (Close of the Parliamentary session of 1863), and by the same Act of Parliament, work from 9 in the evening to 5 in the morning was forbidden for journeymen bakers under 18. The last clause speaks volumes as to the over-work in this old-fashioned, homely line of business.

“The work of a London journeyman baker begins, as a rule, at about eleven at night. At that hour he ‘makes the dough,’ — a laborious process, which lasts from half-an-hour to three quarters of an hour, according to the size of the batch or the labour bestowed upon it. He then lies down upon the kneading-board, which is also the covering of the trough in which the dough is ‘made;’ and with a sack under him, and another rolled up as a pillow, he sleeps for about a couple of hours. He is then engaged in a rapid and continuous labour for about five hours — throwing out the dough, ‘scaling it off,’ moulding it, putting it into the oven, preparing and baking

rolls and fancy bread, taking the batch bread out of the oven, and up into the shop, 8c., 8c. The temperature of a bakehouse ranges from about 75 to upwards of 90 degrees, and in the smaller bakehouses approximates usually to the higher rather than to the lower degree of heat. When the business of making the bread, rolls, 8c., is over, that of its distribution begins, and a considerable proportion of the journeymen in the trade, after working hard in the manner described during the night, are upon their legs for many hours during the day, carrying baskets, or wheeling hand-carts, and sometimes again in the bakehouse, leaving off work at various hours between 1 and 6 p.m. according to the season of the year, or the amount and nature of their master's business; while others are again engaged in the bakehouse in 'bringing out' more batches until late in the afternoon. ...During what is called 'the London season,' the operatives belonging to the 'full-priced' bakers at the West End of the town, generally begin work at 11 p.m., and are engaged in making the bread, with one or two short (sometimes very short) intervals of rest, up to 8 o'clock the next morning. They are then engaged all day long, up to 4, 5, 6, and as late as 7 o'clock in the evening carrying out bread, or sometimes in the afternoon in the bakehouse again, assisting in the biscuitbaking. They may have, after they have done their work, sometimes five or six, sometimes only four or five hours' sleep before they begin again. On Fridays they always begin sooner, some about ten o'clock, and continue in some cases, at work, either in making or delivering the bread up to 8 p.m. on Saturday night, but more generally up to 4 or 5 o'clock, Sunday morning. On Sundays the men must attend twice or three times during the day for an hour or two to make preparations for the next day's bread.... The men employed by the underselling masters (who sell their bread under the 'full price,' and who, as already pointed out, comprise three-fourths of the London bakers) have not only to work on the average longer hours, but their work is almost entirely confined to the bakehouse. The underselling masters generally sell their bread...in the shop. If they send it out, which is not common, except as supplying chandlers' shops, they usually employ other hands for that purpose. It is not their practice to deliver bread from house to house. Towards the end of the week...the men begin on Thursday night at 10 o'clock, and continue on with only slight intermission until late on Saturday evening."

Even the bourgeois intellect understands the position of the "underselling" masters. "The unpaid labour of the men was made the source

whereby the competition was carried on.” And the “full-priced” baker denounces his underselling competitors to the Commission of Inquiry as thieves of foreign labour and adulterators. “They only exist now by first defrauding the public, and next getting 18 hours work out of their men for 12 hours’ wages.”

The adulteration of bread and the formation of a class of bakers that sells the bread below the full price, date from the beginning of the 18th century, from the time when the corporate character of the trade was lost, and the capitalist in the form of the miller or flour-factor, rises behind the nominal master baker. Thus was laid the foundation of capitalistic production in this trade, of the unlimited extension of the working day and of night labour, although the latter only since 1824 gained a serious footing, even in London.

After what has just been said, it will be understood that the Report of the Commission classes journeymen bakers among the short-lived labourers, who, having by good luck escaped the normal decimation of the children of the working-class, rarely reach the age of 42. Nevertheless, the baking trade is always overwhelmed with applicants. The sources of the supply of these labour-powers to London are Scotland, the western agricultural districts of England, and Germany.

In the years 1858-60, the journeymen bakers in Ireland organized at their own expense great meetings to agitate against night and Sunday work. The public — e.g., at the Dublin meeting in May, 1860 — took their part with Irish warmth. As a result of this movement, day labor alone was successfully established in Wexford, Kilkenny, Clonmel, Waterford, &c. “In Limerick, where the grievances of the journeymen are demonstrated to be excessive, the movement has been defeated by the opposition of the master bakers, the miller bakers being the greatest opponents. The example of Limerick led to a retrogression in Ennis and Tipperary. In Cork, where the strongest possible demonstration of feeling took place, the masters, by exercising their power of turning the men out of employment, have defeated the movement. In Dublin, the master bakers have offered the most determined opposition to the movement, and by discountenancing as much as possible the journeymen promoting it, have succeeded in leading the men into acquiescence in Sunday work and night work, contrary to the convictions of the men.”

The Committee of the English Government, which Government, in Ireland, is armed to the teeth, and generally knows how to show it, remonstrates in mild, though funereal, tones with the implacable master bakers of Dublin, Limerick, Cork, &c.: “The Committee believe that the hours of labour are limited by natural laws, which cannot be violated with impunity. That for master bakers to induce their workmen, by the fear of losing employment, to violate their religious convictions and their better feelings, to disobey the laws of the land, and to disregard public opinion (this all refers to Sunday labour), is calculated to provoke ill-feeling between workmen and masters,...and affords an example dangerous to religion, morality, and social order.... The Committee believe that any constant work beyond 12 hours a-day encroaches on the domestic and private life of the working man, and so leads to disastrous moral results, interfering with each man’s home, and the discharge of his family duties as a son, a brother, a husband, a father. That work beyond 12 hours has a tendency to undermine the health of the working man, and so leads to premature old age and death, to the great injury of families of working men, thus deprived of the care and support of the head of the family when most required.”

So far, we have dealt with Ireland. On the other side of the channel, in Scotland, the agricultural labourer, the ploughman, protests against his 13-14 hours’ work in the most inclement climate, with 4 hours’ additional work on Sunday (in this land of Sabbatarians!), whilst, at the same time, three railway men are standing before a London coroner’s jury — a guard, an engine-driver, a signalman. A tremendous railway accident has hurried hundreds of passengers into another world. The negligence of the employés is the cause of the misfortune. They declare with one voice before the jury that ten or twelve years before, their labour only lasted eight hours a-day. During the last five or six years it had been screwed up to 14, 18, and 20 hours, and under a specially severe pressure of holiday-makers, at times of excursion trains, it often lasted for 40 or 50 hours without a break. They were ordinary men, not Cyclops. At a certain point their labour-power failed. Torpor seized them. Their brain ceased to think, their eyes to see. The thoroughly “respectable” British jurymen answered by a verdict that sent them to the next assizes on a charge of manslaughter, and, in a gentle “rider” to their verdict, expressed the pious hope that the capitalistic magnates of the railways would, in future, be more extravagant in the

purchase of a sufficient quantity of labour-power, and more “abstemious,” more “self-denying,” more “thrifty,” in the draining of paid labour-power.

From the motley crowd of labourers of all callings, ages, sexes, that press on us more busily than the souls of the slain on Ulysses, on whom — without referring to the blue books under their arms — we see at a glance the mark of over-work, let us take two more figures whose striking contrast proves that before capital all men are alike — a milliner and a blacksmith.

In the last week of June, 1863, all the London daily papers published a paragraph with the “sensational” heading “Death from simple over-work.” It dealt with the death of the milliner, Mary Anne Walkley, 20 years of age, employed in a highly-respectable dressmaking establishment, exploited by a lady with the pleasant name of Elise. The old, often-told story, was once more recounted. This girl worked, on an average, 16½ hours, during the season often 30 hours, without a break, whilst her failing labour-power was revived by occasional supplies of sherry, port, or coffee. It was just now the height of the season. It was necessary to conjure up in the twinkling of an eye the gorgeous dresses for the noble ladies bidden to the ball in honour of the newly-imported Princess of Wales. Mary Anne Walkley had worked without intermission for 26½ hours, with 60 other girls, 30 in one room, that only afforded 1/3 of the cubic feet of air required for them. At night, they slept in pairs in one of the stifling holes into which the bedroom was divided by partitions of board. And this was one of the best millinery establishments in London. Mary Anne Walkley fell ill on the Friday, died on Sunday, without, to the astonishment of Madame Elise, having previously completed the work in hand. The doctor, Mr. Keys, called too late to the deathbed, duly bore witness before the coroner’s jury that “Mary Anne Walkley had died from long hours of work in an overcrowded workroom, and a too small and badly-ventilated bedroom.” In order to give the doctor a lesson in good manners, the coroner’s jury thereupon brought in a verdict that “the deceased had died of apoplexy, but there was reason to fear that her death had been accelerated by over-work in an over-crowded workroom, &c.” “Our white slaves,” cried the “Morning Star,” the organ of the free-traders, Cobden and Bright, “our white slaves, who are toiled into the grave, for the most part silently pine and die.”

“It is not in dressmakers’ rooms that working to death is the order of the day, but in a thousand other places; in every place I had almost said, where ‘a thriving business’ has to be done.... We will take the blacksmith as a type.

If the poets were true, there is no man so hearty, so merry, as the blacksmith; he rises early and strikes his sparks before the sun; he eats and drinks and sleeps as no other man. Working in moderation, he is, in fact, in one of the best of human positions, physically speaking. But we follow him into the city or town, and we see the stress of work on that strong man, and what then is his position in the death-rate of his country. In Marylebone, blacksmiths die at the rate of 31 per thousand per annum, or 11 above the mean of the male adults of the country in its entirety. The occupation, instinctive almost as a portion of human art, unobjectionable as a branch of human industry, is made by mere excess of work, the destroyer of the man. He can strike so many blows per day, walk so many steps, breathe so many breaths, produce so much work, and live an average, say of fifty years; he is made to strike so many more blows, to walk so many more steps, to breathe so many more breaths per day, and to increase altogether a fourth of his life. He meets the effort; the result is, that producing for a limited time a fourth more work, he dies at 37 for 50.”

#### **SECTION 4. — DAY AND NIGHT WORK. THE RELAY SYSTEM**

Constant capital, the means of production, considered from the standpoint of the creation of surplus-value, only exist to absorb labour, and with every drop of labour a proportional quantity of surplus-labour. While they fail to do this, their mere existence causes a relative loss to the capitalist, for they represent during the time they lie fallow, a useless advance of capital. And this loss becomes positive and absolute as soon as the intermission of their employment necessitates additional outlay at the recommencement of work. The prolongation of the working day beyond the limits of the natural day, into the night, only acts as a palliative. It quenches only in a slight degree the vampire thirst for the living blood of labour. To appropriate labour during all the 24 hours of the day is, therefore, the inherent tendency of capitalist production. But as it is physically impossible to exploit the same individual labourpower constantly during the night as well as the day, to overcome this physical hindrance, an alternation becomes necessary between the workpeople whose powers are exhausted by day, and those who are used up by night. This alternation may be effected in various ways; e.g., it may be so arranged that part of the workers are one week employed on day work, the next week on night work. It is well-known that this relay

system, this alternation of two sets of workers, held full sway in the full-blooded youth-time of the English cotton manufacture, and that at the present time it still flourishes, among others, in the cotton spinning of the Moscow district. This 24 hours' process of production exists to-day as a system in many of the branches of industry of Great Britain that are still "free," in the blast-furnaces, forges, plate-rolling mills, and other metallurgical establishments in England, Wales, and Scotland. The working time here includes, besides the 24 hours of the 6 working days, a great part also of the 24 hours of Sunday. The workers consist of men and women, adults and children of both sexes. The ages of the children and young persons run through all intermediate grades, from 8 (in some cases from 6) to 18.

In some branches of industry, the girls and women work through the night together with the males.

Placing on one side the generally injurious influence of night-labour, the duration of the process of production, unbroken during the 24 hours, offers very welcome opportunities of exceeding the limits of the normal working day, e.g., in the branches of industry already mentioned, which are of an exceedingly fatiguing nature; the official working day means for each worker usually 12 hours by night or day. But the over-work beyond this amount is in many cases, to use the words of the English official report, "truly fearful."

"It is impossible," the report continues, "for any mind to realise the amount of work described in the following passages as being performed by boys of from 9 to 12 years of age.... without coming irresistibly to the conclusion that such abuses of the power of parents and of employers can no longer be allowed to exist."

"The practice of boys working at all by day and night turns either in the usual course of things, or at pressing times, seems inevitably to open the door to their not unfrequently working unduly long hours. These hours are, indeed, in some cases, not only cruelly but even incredibly long for children. Amongst a number of boys it will, of course, not unfrequently happen that one or more are from some cause absent. When this happens, their place is made up by one or more boys, who work in the other turn. That this is a well understood system is plain...from the answer of the manager of some large rolling-mills, who, when I asked him how the place

of the boys absent from their turn was made up, 'I daresay, sir, you know that as well as I do,' and admitted, the fact."

"At a rolling-mill where the proper hours were from 6 a.m. to 5½ p.m., a boy worked about four nights every week till 8½ p.m. at least...and this for six months. Another, at 9 years old, sometimes made three 12-hour shifts running, and, when 10, has made two days and two nights running." A third, "now 10...worked from 6 a.m. till 12 p.m. three nights, and till 9 p.m. the other nights." "Another, now 13,...worked from 6 p.m. till 12 noon next day, for a week together, and sometimes for three shifts together, e.g., from Monday morning till Tuesday night." "Another, now 12, has worked in an iron foundry at Stavely from 6 a.m. till 12 p.m. for a fortnight on end; could not do it any more." "George Allinsworth, age 9, came here as cellar-boy last Friday; next morning we had to begin at 3, so I stopped here all night. Live five miles off. Slept on the floor of the furnace, over head, with an apron under me, and a bit of a jacket over me. The two other days I have been here at 6 a.m. Aye! it is hot in here. Before I came here I was nearly a year at the same work at some works in the country. Began there, too, at 3 on Saturday morning — always did, but was very gain [near] home, and could sleep at home. Other days I began at 6 in the morning, and gi'en over at 6 or 7 in the evening," 8c.

Let us now hear how capital itself regards this 24 hours' system. The extreme forms of the system, its abuse in the "cruel and incredible" extension of the working day are naturally passed over in silence. Capital only speaks of the system in its "normal" form.

Messrs. Naylor & Vickers, steel manufacturers, who employ between 600 and 700 persons, among whom only 10 per cent. are under 18, and of those, only 20 boys under 18 work in night sets thus express themselves: "The boys do not suffer from the heat. The temperature is probably from 86° to 90°.... At the forges and in the rolling-mills the hands work night and day, in relays, but all the other parts of the work are day work, i.e., from 6 a.m. to 6 p.m. In the forge the hours are from 12 to 12. Some of the hands always work in the night, without any alternation of day and night work.... We do not find any difference in the health of those who work regularly by night and those who work by day, and probably people can sleep better if they have the same period of rest than if it is changed.... About 20 of the boys under the age of 18 work in the night sets.... We could not well do without

lads under 18 working by night. The objection would be in the increase in the cost of production.... Skilled hands and the heads in every department are difficult to get, but of the lads we could get any number.... But from the small proportion of boys that we employ the subject (i.e., of restrictions on night work) is of little importance or interest to us.”

Mr. J. Ellis, one of the firm of Messrs. John Brown & Co., steel and iron works, employing about 3000 men and boys, part of whose operations, namely, iron and heavier steel work, goes on night and day by relays states “that in the heavier steel work one or two boys are employed to a score or two men.” Their concern employs upwards of 500 boys under 18 of whom about 1/3 or 170 are under the age of 13. With reference to the proposed alteration of the law, Mr. Ellis says: “I do not think it would be very objectionable to require that no person under the age of 18 should work more than 12 hours in the 24. But we do not think that any line could be drawn over the age of 12, at which boys could be dispensed with for night work. But we would sooner be prevented from employing boys under the age of 13, or even so high as 14, at all, than not be allowed to employ boys that we do have at night. Those boys who work in the day sets must take their turn in the night sets also, because the men could not work in the night sets only; it would ruin their health.... We think, however, that night work in alternate weeks is no harm. (Messrs. Naylor & Vickers, on the other hand, in conformity with the interest of their business, considered that periodically changed night-labour might possibly do more harm than continual night-labour.) We find the men who do it, as well as the others who do other work only by day...Our objections to not allowing boys under 18 to work at night, would be on account of the increase of expense, but this is the only reason. (What cynical naïveté!) We think that the increase would be more than the trade, with due regard to its being successfully carried out, could fairly bear. (What mealy-mouthed phraseology!) Labour is scarce here, and might fall short if there were such a regulation.” (i.e., Ellis Brown & Co. might fall into the fatal perplexity of being obliged to pay labour-power its full value.)

The “Cyclops Steel and Iron Works,” of Messrs. Cammel & Co., are conducted on the same large scale as those of the above mentioned John Brown & Co. The managing director had handed in his evidence to the Government Commissioner, Mr. White, in writing. Later he found it convenient to suppress the MS. when it had been returned to him for revision. Mr. White, however, has a good memory. He remembered quite

clearly that for the Messrs. Cyclops the forbidding of the night-labour of children and young persons “would be impossible, it would be tantamount to stopping their works,” and yet their business employs little more than 6% of boys under 18, and less than 1% under 13.

On the same subject Mr. E. F. Sanderson, of the firm of Sanderson, Bros., & Co., steel rolling-mills and forges, Attercliffe, says: “Great difficulty would be caused by preventing boys under 18 from working at night. The chief would be the increase of cost from employing men instead of boys. I cannot say what this would be, but probably it would not be enough to enable the manufacturers to raise the price of steel, and consequently it would fall on them, as of course the men (what queer-headed folk!) would refuse to pay it.” Mr. Sanderson does not know how much he pays the children, but “perhaps the younger boys get from 4s. to 5s. a week.... The boys’ work is of a kind for which the strength of the boys is generally (‘generally,’ of course not always) quite sufficient, and consequently there would be no gain in the greater strength of the men to counterbalance the loss, or it would be only in the few cases in which the metal is heavy. The men would not like so well not to have boys under them, as men would be less obedient. Besides, boys must begin young to learn the trade. Leaving day work alone open to boys would not answer this purpose.” And why not? Why could not boys learn their handicraft in the day-time? Your reason? “Owing to the men working days and nights in alternate weeks, the men would be separated half the time from their boys, and would lose half the profit which they make from them. The training which they give to an apprentice is considered as part of the return for the boys’ labour, and thus enables the men to get it at a cheaper rate. Each man would want half of this profit.” In other words, Messrs. Sanderson would have to pay part of the wages of the adult men out of their own pockets instead of by the night work of the boys. Messrs. Sanderson’s profit would thus fall to some extent, and this is the good Sandersonian reason why boys cannot learn their handicraft in the day. In addition to this, it would throw night labour on those who worked instead of the boys, which they would not be able to stand. The difficulties in fact would be so great that they would very likely lead to the giving up of night work altogether, and “as far as the work itself is concerned,” says E. F. Sanderson, “this would suit as well, but—” But Messrs. Sanderson have something else to make besides steel. Steel-making is simply a pretext for surplus-value making. The

smelting furnaces, rolling-mills, &c., the buildings, machinery, iron, coal, &c. have something more to do than transform themselves into steel. They are there to absorb surplus-labour, and naturally absorb more in 24 hours than in 12. In fact they give, by grace of God and law, the Sandersons a cheque on the working time of a certain number of hands for all the 24 hours of the day, and they lose their character as capital, are therefore a pure loss for the Sandersons, as soon as their function of absorbing labour is interrupted. "But then there would be the loss from so much expensive machinery, lying idle half the time, and to get through the amount of work which we are able to do on the present system, we should have to double our premises and plant, which would double the outlay." But why should these Sandersons pretend to a privilege not enjoyed by the other capitalists who only work during the day, and whose buildings, machinery, raw material, therefore lie "idle" during the night? E. F. Sanderson answers in the name of all the Sandersons: "It is true that there is this loss from machinery lying idle in those manufactories in which work only goes on by day. But the use of furnaces would involve a further loss in our case. If they were kept up there would be a waste of fuel (instead of, as now, a waste of the living substance of the workers), and if they were not, there would be loss of time in laying the fires and getting the heat up (whilst the loss of sleeping time, even to children of 8, is a gain of working time for the Sanderson tribe), and the furnaces themselves would suffer from the changes of temperature." (Whilst those same furnaces suffer nothing from the day and night changes of labour.)

## **SECTION 5. — THE STRUGGLE FOR A NORMAL WORKING DAY. COMPULSORY LAWS FOR THE EXTENSION OF THE WORKING DAY FROM THE MIDDLE OF THE 14TH TO THE END OF THE 17TH CENTURY**

"What is a working day? What is the length of time during which capital may consume the labour-power whose daily value it buys? How far may the working day be extended beyond the working time necessary for the reproduction of labour-power itself?" It has been seen that to these questions capital replies: the working day contains the full 24 hours, with the deduction of the few hours of repose without which labour-power absolutely refuses its services again. Hence it is self-evident that the

labourer is nothing else, his whole life through, than labour-power, that therefore all his disposable time is by nature and law labour-time, to be devoted to the self-expansion of capital. Time for education, for intellectual development, for the fulfilling of social functions and for social intercourse, for the free-play of his bodily and mental activity, even the rest time of Sunday (and that in a country of Sabbatarians!) — moonshine! But in its blind unrestrainable passion, its were-wolf hunger for surplus-labour, capital oversteps not only the moral, but even the merely physical maximum bounds of the working day. It usurps the time for growth, development, and healthy maintenance of the body. It steals the time required for the consumption of fresh air and sunlight. It higgles over a meal-time, incorporating it where possible with the process of production itself, so that food is given to the labourer as to a mere means of production, as coal is supplied to the boiler, grease and oil to the machinery. It reduces the sound sleep needed for the restoration, reparation, refreshment of the bodily powers to just so many hours of torpor as the revival of an organism, absolutely exhausted, renders essential. It is not the normal maintenance of the labour-power which is to determine the limits of the working day; it is the greatest possible daily expenditure of labour-power, no matter how diseased, compulsory, and painful it may be, which is to determine the limits of the labourers' period of repose. Capital cares nothing for the length of life of labour-power. All that concerns it is simply and solely the maximum of labour-power, that can be rendered fluent in a working day. It attains this end by shortening the extent of the labourer's life, as a greedy farmer snatches increased produce from the soil by robbing it of its fertility.

The capitalistic mode of production (essentially the production of surplus value, the absorption of surplus-labour), produces thus, with the extension of the working day, not only the deterioration of human labour-power by robbing it of its normal, moral and physical, conditions of development and function. It produces also the premature exhaustion and death of this labour-power itself. It extends the labourer's time of production during a given period by shortening his actual life-time.

But the value of the labour-power includes the value of the commodities necessary for the reproduction of the worker, or for the keeping up of the working class. If then the unnatural extension of the working day, that capital necessarily strives after in its unmeasured passion for self-expansion, shortens the length of life of the individual labourer, and

therefore the duration of his labour-power, the forces used up have to be replaced at a more rapid rate and the sum of the expenses for the reproduction of labour-power will be greater; just as in a machine the part of its value to be reproduced every day is greater the more rapidly the machine is worn out. It would seem therefore that the interest of capital itself points in the direction of a normal working day.

The slave-owner buys his labourer as he buys his horse. If he loses his slave, he loses capital that can only be restored by new outlay in the slave-market. But “the rice-grounds of Georgia, or the swamps of the Mississippi may be fatally injurious to the human constitution; but the waste of human life which the cultivation of these districts necessitates, is not so great that it cannot be repaired from the teeming preserves of Virginia and Kentucky. Considerations of economy, moreover, which, under a natural system, afford some security for humane treatment by identifying the master’s interest with the slave’s preservation, when once trading in slaves is practised, become reasons for racking to the uttermost the toil of the slave; for, when his place can at once be supplied from foreign preserves, the duration of his life becomes a matter of less moment than its productiveness while it lasts. It is accordingly a maxim of slave management, in slave-importing countries, that the most effective economy is that which takes out of the human chattel in the shortest space of time the utmost amount of exertion it is capable of putting forth. It is in tropical culture, where annual profits often equal the whole capital of plantations, that negro life is most recklessly sacrificed. It is the agriculture of the West Indies, which has been for centuries prolific of fabulous wealth, that has engulfed millions of the African race. It is in Cuba, at this day, whose revenues are reckoned by millions, and whose planters are princes, that we see in the servile class, the coarsest fare, the most exhausting and unremitting toil, and even the absolute destruction of a portion of its numbers every year.”

*Mutato nomine de te fabula narratur.* For slave-trade read labour-market, for Kentucky and Virginia, Ireland and the agricultural districts of England, Scotland, and Wales, for Africa, Germany. We heard how over-work thinned the ranks of the bakers in London. Nevertheless the London labour-market is always over-stocked with German and other candidates for death in the bakeries. Pottery, as we saw, is one of the shortest-lived industries. Is there any want therefore of potters? Josiah Wedgwood, the inventor of modern pottery, himself originally a common workman, said in 1785 before

the House of Commons that the whole trade employed from 15,000 to 20,000 people. In the year 1861 the population alone of the town centres of this industry in Great Britain numbered 101,302. “The cotton trade has existed for ninety years.... It has existed for three generations of the English race, and I believe I may safely say that during that period it has destroyed nine generations of factory operatives.

No doubt in certain epochs of feverish activity the labour-market shows significant gaps. In 1834, e.g. But then the manufacturers proposed to the Poor Law Commissioners that they should send the “surplus-population” of the agricultural districts to the north, with the explanation “that the manufacturers would absorb and use it up.” “Agents were appointed with the consent of the Poor Law Commissioners.... An office was set up in Manchester, to which lists were sent of those workpeople in the agricultural districts wanting employment, and their names were registered in books. The manufacturers attended at these offices, and selected such persons as they chose; when they had selected such persons as their ‘wants required,’ they gave instructions to have them forwarded to Manchester, and they were sent, ticketed like bales of goods, by canals, or with carriers, others tramping on the road, and many of them were found on the way lost and half-starved. This system had grown up into a regular trade. This House will hardly believe it, but I tell them, that this traffic in human flesh was as well kept up, they were in effect as regularly sold to these [Manchester] manufacturers as slaves are sold to the cotton-grower in the United States.... In 1860, ‘the cotton trade was at its zenith.’...The manufacturers again found that they were short of hands.... They applied to the ‘flesh agents,’ as they are called. Those agents sent to the southern downs of England, to the pastures of Dorsetshire, to the glades of Devonshire, to the people tending kine in Wiltshire, but they sought in vain. The surplus-population was ‘absorbed.’” The “Bury Guardian,” said, on the completion of the French treaty, that “10,000 additional hands could be absorbed by Lancashire, and that 30,000 or 40,000 will be needed.” After the “flesh agents and subagents” had in vain sought through the agricultural districts, “a deputation came up to London, and waited on the right hon. gentleman [Mr. Villiers, President of the Poor Law Board] with a view of obtaining poor children from certain union houses for the mills of Lancashire.”

What experience shows to the capitalist generally is a constant excess of population, i.e., an excess in relation to the momentary requirements of surplus-labour-absorbing capital, although this excess is made up of generations of human beings stunted, short-lived, swiftly replacing each other, plucked, so to say, before maturity. And, indeed, experience shows to the intelligent observer with what swiftness and grip the capitalist mode of production, dating, historically speaking, only from yesterday, has seized the vital power of the people by the very root — show how the degeneration of the industrial population is only retarded by the constant absorption of primitive and physically uncorrupted elements from the country — shows how even the country labourers, in spite of fresh air and the principle of natural selection, that works so powerfully amongst them, and only permits the survival of the strongest, are already beginning to die off. Capital that has such good reasons for denying the sufferings of the legions of workers that surround it, is in practice moved as much and as little by the sight of the coming degradation and final depopulation of the human race, as by the probable fall of the earth into the sun. In every stock-jobbing swindle every one knows that some time or other the crash must come, but every one hopes that it may fall on the head of his neighbour, after he himself has caught the shower of gold and placed it in safety. *Après moi le déluge!* is the watchword of every capitalist and of every capitalist nation. Hence Capital is reckless of the health or length of life of the labourer, unless under compulsion from society. To the outcry as to the physical and mental degradation, the premature death, the torture of overwork, it answers: Ought these to trouble us since they increase our profits? But looking at things as a whole, all this does not, indeed, depend on the good or ill will of the individual capitalist. Free competition brings out the inherent laws of capitalist production, in the shape of external coercive laws having power over every individual capitalist.

The establishment of a normal working day is the result of centuries of struggle between capitalist and labourer. The history of this struggle shows two opposed tendencies. Compare, e.g., the English factory legislation of our time with the English Labour Statutes from the 14th century to well into the middle of the 18th. Whilst the modern Factory Acts compulsorily shortened the working-day, the earlier statutes tried to lengthen it by compulsion. Of course the pretensions of capital in embryo — when, beginning to grow, it secures the right of absorbing a quantum sufficit of

surplus-labour, not merely by the force of economic relations, but by the help of the State — appear very modest when put face to face with the concessions that, growling and struggling, it has to make in its adult condition. It takes centuries ere the “free” labourer, thanks to the development of capitalistic production, agrees, i.e., is compelled by social conditions, to sell the whole of his active life, his very capacity for work, for the price of the necessaries of life, his birthright for a mess of pottage. Hence it is natural that the lengthening of the working day, which capital from the middle of the 14th to the end of the 17th century, tries to impose by State-measures on adult labourers, approximately coincides with the shortening of the working day which, in the second half of the 19th century, has here and there been effected by the State to prevent the coining of children’s blood into capital. That which to-day, e.g., in the State of Massachusetts, until recently the freest State of the North-American Republic, has been proclaimed as the statutory limit of the labour of children under 12, was in England, even in the middle of the 17th century, the normal working-day of able-bodied artizans, robust labourers, athletic blacksmiths.

The first “Statute of Labourers” (23 Edward III., 1349) found its immediate pretext (not its cause, for legislation of this kind lasts centuries after the pretext for it has disappeared) in the great plague that decimated the people, so that, as a Tory writer says, “The difficulty of getting men to work on reasonable terms (i.e., at a price that left their employers a reasonable quantity of surplus-labour) grew to such a height as to be quite intolerable.” Reasonable wages were, therefore, fixed by law as well as the limits of the working day. The latter point, the only one that here interests us, is repeated in the Statute of 1496 (Henry VIII.). The working day for all artificers and field labourers from March to September ought, according to this statute (which, however, could not be enforced), to last from 5 in the morning to between 7 and 8 in the evening. But the meal times consist of 1 hour for breakfast, 1½ hours for dinner, and ½ an hour for “noonmeate,” i.e., exactly twice as much as under the factory acts now in force. In winter, work was to last from 5 in the morning until dark, with the same intervals. A statute of Elizabeth of 1562 leaves the length of the working day for all labourers “hired for daily or weekly wage” untouched, but aims at limiting the intervals to 2½ hours in the summer, or to 2 in the winter. Dinner is only to last 1 hour, and the “afternoon-sleep of half an hour” is only allowed

between the middle of May and the middle of August. For every hour of absence 1d. is to be subtracted from the wage. In practice, however, the conditions were much more favourable to the labourers than in the statute-book. William Petty, the father of political economy, and to some extent the founder of Statistics, says in a work that he published in the last third of the 17th century: "Labouring-men (then meaning field-labourers) work 10 hours per diem, and make 20 meals per week, viz., 3 a day for working days, and 2 on Sundays; whereby it is plain, that if they could fast on Fryday nights, and dine in one hour and a half, whereas they take two, from eleven to one; thereby this working 1/20 more, and spending 1/20 less, the above-mentioned (tax) might be raised." Was not Dr. Andrew Ure right in crying down the 12 hours' bill of 1833 as a retrogression to the times of the dark ages? It is true, these regulations contained in the statute mentioned by Petty, apply also to apprentices. But the condition of child-labour, even at the end of the 17th century, is seen from the following complaint: "'Tis not their practice (in Germany) as with us in this kingdom, to bind an apprentice for seven years; three or four is their common standard: and the reason is, because they are educated from their cradle to something of employment, which renders them the more apt to docile, and consequently the more capable of attaining to a ripeness and quicker proficiency in business. Whereas our youth, here in England, being bred to nothing before they come to be apprentices, make a very slow progress and require much longer time wherein to reach the perfection of accomplished artists."

Still, during the greater part of the 18th century, up to the epoch of Modern Industry and machinism, capital in England had not succeeded in seizing for itself, by the payment of the weekly value of labour-power, the whole week of the labourer with the exception, however, of the agricultural labourers. The fact that they could live for a whole week on the wage of four days, did not appear to the labourers a sufficient reason that they should work the other two days for the capitalist. One party of English economists, in the interest of capital, denounces this obstinacy in the most violent manner, another party defends the labourers. Let us listen, e.g., to the contest between Postlethwayt whose Dictionary of Trade then had the same reputation as the kindred works of M'Culloch and M'Gregor to-day, and the author (already quoted) of the "Essay on Trade and Commerce."

Postlethwayt says among other things: "We cannot put an end to those few observations, without noticing that trite remark in the mouth of too

many; that if the industrious poor can obtain enough to maintain themselves in five days, they will not work the whole six. Whence they infer the necessity of even the necessaries of life being made dear by taxes, or any other means, to compel the working artizan and manufacturer to labour the whole six days in the week, without ceasing. I must beg leave to differ in sentiment from those great politicians, who contend for the perpetual slavery of the working people of this kingdom; they forget the vulgar adage, all work and no play. Have not the English boasted of the ingenuity and dexterity of her working artists and manufacturers which have heretofore given credit and reputation to British wares in general? What has this been owing to? To nothing more probably than the relaxation of the working people in their own way. Were they obliged to toil the year round, the whole six days in the week, in a repetition of the same work, might it not blunt their ingenuity, and render them stupid instead of alert and dexterous; and might not our workmen lose their reputation instead of maintaining it by such eternal slavery?...And what sort of workmanship could we expect from such hard-driven animals?...Many of them will execute as much work in four days as a Frenchman will in five or six. But if Englishmen are to be eternal drudges, 'tis to be feared they will degenerate below the Frenchmen. As our people are famed for bravery in war, do we not say that it is owing to good English roast beef and pudding in their bellies, as well as their constitutional spirit of liberty? And why may not the superior ingenuity and dexterity of our artists and manufactures, be owing to that freedom and liberty to direct themselves in their own way, and I hope we shall never have them deprived of such privileges and that good living from whence their ingenuity no less than their courage may proceed.” Thereupon the author of the “Essay on Trade and Commerce” replies: “If the making of every seventh day an holiday is supposed to be of divine institution, as it implies the appropriating the other six days to labour” (he means capital as we shall soon see) “surely it will not be thought cruel to enforce it.... That mankind in general, are naturally inclined to ease and indolence, we fatally experience to be true, from the conduct of our manufacturing populace, who do not labour, upon an average, above four days in a week, unless provisions happen to be very dear.... Put all the necessaries of the poor under one denomination; for instance, call them all wheat, or suppose that...the bushel of wheat shall cost five shillings and that he (a manufacturer) earns a shilling by his labour, he then would be obliged to

work five days only in a week. If the bushel of wheat should cost but four shillings, he would be obliged to work but four days; but as wages in this kingdom are much higher in proportion to the price of necessaries...the manufacturer, who labours four days, has a surplus of money to live idle with the rest of the week...I hope I have said enough to make it appear that the moderate labour of six days in a week is no slavery. Our labouring people do this, and to all appearance are the happiest of all our labouring poor, but the Dutch do this in manufactures, and appear to be a very happy people. The French do so, when holidays do not intervene. But our populace have adopted a notion, that as Englishmen they enjoy a birthright privilege of being more free and independent than in any country in Europe. Now this idea, as far as it may affect the bravery of our troops, may be of some use; but the less the manufacturing poor have of it, certainly the better for themselves and for the State. The labouring people should never think themselves independent of their superiors.... It is extremely dangerous to encourage mobs in a commercial state like ours, where, perhaps, seven parts out of eight of the whole, are people with little or no property. The cure will not be perfect, till our manufacturing poor are contented to labour six days for the same sum which they now earn in four days." To this end, and for "extirpating idleness, debauchery and excess," promoting a spirit of industry, "lowering the price of labour in our manufactories, and easing the lands of the heavy burden of poor's rates," our "faithful Eckart" of capital proposes this approved device: to shut up such labourers as become dependent on public support, in a word, paupers, in "an ideal work-house." Such ideal workhouse must be made a "House of Terror," and not an asylum for the poor, "where they are to be plentifully fed, warmly and decently clothed, and where they do but little work." In this "House of Terror," this "ideal workhouse, the poor shall work 14 hours in a day, allowing proper time for meals, in such manner that there shall remain 12 hours of neat-labour."

Twelve working hours daily in the Ideal Workhouse, in the "House of Terror" of 1770! 63 years later, in 1833, when the English Parliament reduced the working day for children of 13 to 18, in four branches of industry to 12 full hours, the judgment day of English Industry had dawned! In 1852, when Louis Bonaparte sought to secure his position with the bourgeoisie by tampering with the legal working day, the French people cried out with one voice "the law that limits the working day to 12 hours is

the one good that has remained to us of the legislation of the Republic!" . At Zürich the work of children over 10, is limited to 12 hours; in Aargau in 1862, the work of children between 13 and 16, was reduced from 12½ to 12 hours; in Austria in 1860, for children between 14 and 16, the same reduction was made. "What a progress," since 1770! Macaulay would shout with exultation!

The "House of Terror" for paupers of which the capitalistic soul of 1770 only dreamed, was realized a few years later in the shape of a gigantic "Workhouse" for the industrial worker himself. It is called the Factory. And the ideal this time fades before the reality.

### **SECTION 6. — THE STRUGGLE FOR THE NORMAL WORKING DAY. COMPULSORY LIMITATION BY LAW OF THE WORKING TIME. THE ENGLISH FACTORY ACTS, 1833 TO 1864.**

After capital had taken centuries in extending the working-day to its normal maximum limit, and then beyond this to the limit of the natural day of 12 hours, there followed on the birth of machinism and modern industry in the last third of the 18th century, a violent encroachment like that of an avalanche in its intensity and extent. All bounds of morals and nature, age and sex, day and night, were broken down. Even the ideas of day and night, of rustic simplicity in the old statutes, became so confused that an English judge, as late as 1860, needed a quite Talmudic sagacity to explain "judicially" what was day and what was night. Capital celebrated its orgies.

As soon as the working class, stunned at first by the noise and turmoil of the new system of production, recovered, in some measure, its senses, its resistance began, and first in the native land of machinism, in England. For 30 years, however, the concessions conquered by the workpeople were purely nominal. Parliament passed 5 Labour Laws between 1802 and 1833, but was shrewd enough not to vote a penny for their carrying out, for the requisite officials, &c.

They remained a dead letter. "The fact is, that prior to the Act of 1833, young persons and children were worked all night, all day, or both ad libitum."

A normal working day for modern industry only dates from the Factory Act of 1833, which included cotton, wool, flax, and silk factories. Nothing

is more characteristic of the spirit of capital than the history of the English Factory Acts from 1833 to 1864.

The Act of 1833 declares the ordinary factory working day to be from half-past five in the morning to half-past eight in the evening, and within these limits, a period of 15 hours, it is lawful to employ young persons (i.e., persons between 13 and 18 years of age), at any time of the day, provided no one individual young person should work more than 12 hours in any one day, except in certain cases especially provided for. The 6th section of the Act provided: "That there shall be allowed in the course of every day not less than one and a half hours for meals to every such person restricted as hereinbefore provided." The employment of children under 9, with exceptions mentioned later, was forbidden; the work of children between 9 and 13 was limited to 8 hours a day, night work, i.e., according to this Act, work between 8.30 p.m. and 5.30 a.m., was forbidden for all persons between 9 and 18.

The law-makers were so far from wishing to trench on the freedom of capital to exploit adult labour-power, or, as they called it, "the freedom of labour," that they created a special system in order to prevent the Factory Acts from having a consequence so outrageous.

"The great evil of the factory system as at present conducted," says the first report of the Central Board of the Commission of June 28th, 1833, "has appeared to us to be that it entails the necessity of continuing the labour of children to the utmost length of that of the adults. The only remedy for this evil, short of the limitation of the labour of adults, which would, in our opinion, create an evil greater than that which is sought to be remedied, appears to be the plan of working double sets of children."...Under the name of System of Relays, this "plan" was therefore carried out, so that, e.g., from 5.30 a.m. until 1.30 in the afternoon, one set of children between 9 and 13, and from 1.30 p.m. to 8.30 in the evening another set were "put to," 8c.

In order to reward the manufacturers for having, in the most barefaced way, ignored all the Acts as to children's labour passed during the last twenty-two years, the bill was yet further gilded for them. Parliament decreed that after March 1st, 1834, no child under 11, after March 1st, 1835, no child under 12, and after March 1st, 1836, no child under 13, was to work more than eight hours in a factory. This "liberalism," so full consideration for "capital," was the more noteworthy as, Dr. Farre, Sir A. Carlisle, Sir B. Brodie, Sir C. Bell, Mr. Guthrie, 8c., in a word, the most

distinguished physicians and surgeons in London, had declared in their evidence before the House of Commons, that there was danger in delay. Dr. Farre expressed himself still more coarsely. "Legislation is necessary for the prevention of death, in any form in which it can be prematurely inflicted, and certainly this (i.e., the factory method) must be viewed as a most cruel mode of inflicting it."

That same "reformed" Parliament, which in its delicate consideration for the manufacturers, condemned children under 13, for years to come, to 72 hours of work per week in the Factory Hell, on the other hand, in the Emancipation Act, which also administered freedom drop by drop, forbade the planters, from the outset, to work any negro slave more than 45 hours a week.

But in no wise conciliated capital now began a noisy agitation that went on for several years. It turned chiefly on the age of those who, under the name of children, were limited to 8 hours work, and were subject to a certain amount of compulsory education. According to capitalistic anthropology, the age of childhood ended at 10, or at the outside, at 11. The more nearly the time approached for the coming into full force of the Factory Act, the fatal year 1836, the more wildly raged the mob of manufacturers. They managed, in fact, to intimidate the government to such an extent that in 1835 it proposed to lower the limit of the age of childhood from 13 to 12. In the meantime the pressure from without grew more threatening. Courage failed the House of Commons. It refused to throw children of 13 under the Juggernaut Car of capital for more than 8 hours a day, and the Act of 1833 came into full operation. It remained unaltered until June, 1844.

In the ten years during which it regulated factory work, first in part, and then entirely, the official reports of the factory inspectors teem with complaints as to the impossibility of putting the Act into force. As the law of 1833 left it optional with the lords of capital during the 15 hours, from 5.30 a.m. to 8.30 p.m., to make every "young person," and "every child" begin, break off, resume, or end his 12 or 8 hours at any moment they liked, and also permitted them to assign to different persons different times for meals, these gentlemen soon discovered a new "system of relays," by which the labour-horses were not changed at fixed stations, but were constantly re-harnessed at changing stations. We do not pause longer on the beauty of this system, as we shall have to return to it later. But this much is clear at the

first glance: that this system annulled the whole Factory Act, not only in the spirit, but in the letter. How could factory inspectors, with this complex book-keeping in respect to each individual child or young person, enforce the legally determined work time and the granting of the legal meal-times? In a great many of the factories, the old brutalities soon blossomed out again unpunished. In an interview with the Home Secretary (1844), the factory inspectors demonstrated the impossibility of any control under the newly invented relay system. In the mean-time, however, circumstances had greatly changed. The factory hands, especially since 1838, had made the Ten Hours' Bill their economical, as they had made the Charter their political, election-cry. Some of the manufacturers, even, who had managed their factories in conformity with the Act of 1833, overwhelmed Parliament with memorials on the immoral competition of their false brethren whom greater impudence, or more fortunate local circumstances, enabled to break the law. Moreover, however much the individual manufacturer might give the rein to his old lust for gain, the spokesmen and political leaders of the manufacturing class ordered a change of front and of speech towards the workpeople. They had entered upon the contest for the repeal of the Corn Laws, and needed the workers to help them to victory. They promised, therefore, not only a double-sized loaf of bread, but the enactment of the Ten Hours' Bill in the Free Trade millenium. Thus they still less dared to oppose a measure intended only to make the law of 1833 a reality. Threatened in their holiest interest, the rent of land, the Tories thundered with philanthropic indignation against the "nefarious practices" of their foes.

This was the origin of the additional Factory Act of June 7th, 1844. It came into effect on September 10th, 1844. It places under protection a new category of workers, viz., the women over 18. They were placed in every respect on the same footing as the young persons, their work time limited to twelve hours, their night-labour forbidden, &c. For the first time, legislation saw itself compelled to control directly and officially the labour of adults. In the Factory Report of 1844-1845, it is said with irony: "No instances have come to my knowledge of adult women having expressed any regret at their rights being thus far interfered with." The working time of children under 13 was reduced to 6½, and in certain circumstances to 7 hours a-day.

To get rid of the abuses of the "spurious relay-system," the law established besides others the following important regulations:— "That the

hours of work of children and young persons shall be reckoned from the time when any child or young person shall begin to work in the morning.” So that if A, e.g., begins work at 8 in the morning, and B at 10, B’s workday must nevertheless end at the same hour as A’s. “The time shall be regulated by a public clock,” for example, the nearest railway clock, by which the factory clock is to be set. The occupier is to hang up a “legible” printed notice stating the hours for the beginning and ending of work and the times allowed for the several meals. Children beginning work before 12 noon may not be again employed after 1 p.m. The afternoon shift must therefore consist of other children than those employed in the morning. Of the hour and a half for meal times, “one hour thereof at the least shall be given before three of the clock in the afternoon.... and at the same period of the day. No child or young person shall be employed more than five hours before 1 p.m. without an interval for meal time of at least 30 minutes. No child or young person [or female] shall be employed or allowed to remain in any room in which any manufacturing process is then [i.e., at meal times] carried on,” 8c.

It has been seen that these minutiae, which, with military uniformity, regulate by stroke of the clock the times, limits, pauses of the work, were not at all the products of Parliamentary fancy. They developed gradually out of circumstances as natural laws of the modern mode of production. Their formulation, official recognition, and proclamation by the State, were the result of a long struggle of classes. One of their first consequences was that in practice the working day of the adult males in factories became subject to the same limitations, since in most processes of production the co-operation of the children, young persons, and women is indispensable. On the whole, therefore, during the period from 1844 to 1847, the 12 hours’ working day became general and uniform in all branches of industry under the Factory Act.

The manufacturers, however, did not allow this “progress” without a compensating “retrogression.” At their instigation the House of Commons reduced the minimum age for exploitable children from 9 to 8, in order to assure that additional supply of factory children which is due to capitalists, according to divine and human law.

The years 1846-47 are epoch-making in the economic history of England. The Repeal of the Corn Laws, and of the duties on cotton and other raw material; free trade proclaimed as the guiding star of legislation;

in a word, the arrival of the millenium. On the other hand, in the same years, the Chartist movement and the 10 hours' agitation reached their highest point. They found allies in the Tories panting for revenge. Despite the fanatical opposition of the army of perjured Free-traders, with Bright and Cobden at their head, the Ten Hours' Bill, struggled for so long, went through Parliament.

The new Factory Act of June 8th, 1847, enacted that on July 1st, 1847, there should be a preliminary shortening of the working day for "young persons" (from 13 to 18), and all females to 11 hours, but that on May 1st, 1848, there should be a definite limitation of the working day to 10 hours. In other respects, the Act only amended and completed the Acts of 1833 and 1844.

Capital now entered upon a preliminary campaign in order to hinder the Act from coming into full force on May 1st, 1848. And the workers themselves, under the pretence that they had been taught by experience, were to help in the destruction of their own work. The moment was cleverly chosen. "It must be remembered, too, that there has been more than two years of great suffering (in consequence of the terrible crisis of 1846-47) among the factory operatives, from many mills having worked short time, and many being altogether closed. A considerable number of the operatives must therefore be in very narrow circumstances; many, it is to be feared, in debt; so that it might fairly have been presumed that at the present time they would prefer working the longer time, in order to make up for past losses, perhaps to pay off debts, or get their furniture out of pawn, or replace that sold, or to get a new supply of clothes for themselves and their families."

The manufacturers tried to aggravate the natural effect of these circumstances by a general reduction of wages by 10%. This was done, so to say, to celebrate the inauguration of the new Free Trade era. Then followed a further reduction of 8 1/3% as soon as the working day was shortened to 11, and a reduction of double that amount as soon as it was finally shortened to 10 hours. Wherever, therefore, circumstances allowed it, a reduction of wages of at least 25% took place. Under such favourably prepared conditions the agitation among the factory workers for the repeal of the Act of 1847 was begun. Neither lies, bribery, nor threats were spared in this attempt. But all was in vain. Concerning the half-dozen petitions in which workpeople were made to complain of "their oppression by the Act," the petitioners themselves declared under oral examination, that their

signatures had been extorted from them. "They felt themselves oppressed, but not exactly by the Factory Act." But if the manufacturers did not succeed in making the workpeople speak as they wished, they themselves shrieked all the louder in press and Parliament in the name of the workpeople. They denounced the Factory Inspectors as a kind of revolutionary commissioners like those of the French National Convention ruthlessly sacrificing the unhappy factory workers to their humanitarian crotchet. This manœuvre also failed. Factory Inspector Leonard Horner conducted in his own person, and through his sub-inspectors, many examinations of witnesses in the factories of Lancashire. About 70% of the workpeople examined declared in favour of 10 hours, a much smaller percentage in favour of 11, and an altogether insignificant minority for the old 12 hours.

Another "friendly" dodge was to make the adult males work 12 to 15 hours, and then to blazon abroad this fact as the best proof of what the proletariat desired in its heart of hearts. But the "ruthless" Factory Inspector Leonard Horner was again to the fore. The majority of the "over-timers" declared: "They would much prefer working ten hours for less wages, but that they had no choice; that so many were out of employment (so many spinners getting very low wages by having to work as piecers, being unable to do better), that if they refused to work the longer time, others would immediately get their places, so that it was a question with them of agreeing to work the long time, or of being thrown out of employment altogether."

The preliminary campaign of capital thus came to grief, and the Ten Hours' Act came into force May 1st, 1848. But mean-while the fiasco of the Chartist party whose leaders were imprisoned, and whose organisation was dismembered, had shaken the confidence of the English working class in its own strength. Soon after this the June insurrections in Paris and its bloody suppression united, in England as on the Continent, all fractions of the ruling classes, landlords and capitalists, stock-exchange wolves and shop-keepers. Protectionists and Free-traders, government and opposition, priests and free-thinkers, young whores and old nuns, under the common cry for the salvation of Property, Religion, the Family and Society. The working class was everywhere proclaimed, placed under a ban, under a virtual law of suspects. The manufacturers had no need any longer to restrain themselves. They broke out in open revolt not only against the Ten Hours' Act, but

against the whole of the legislation that since 1833 had aimed at restricting in some measure the “free” exploitation of labour-power. It was a pro-slavery rebellion in miniature, carried on for over two years with a cynical recklessness, a terrorist energy all the cheaper because the rebel capitalist risked nothing except the skin of his “hands.”

To understand that which follows we must remember that the Factory Acts of 1833, 1844, and 1847 were all three in force so far as the one did not amend the other: that not one of these limited the working day of the male worker over 18, and that since 1833 the 15 hours from 5.30 a.m. to 8.30 p.m. had remained the legal “day,” within the limits of which at first the 12, and later the 10 hours’ labour of young persons and women had to be performed under the prescribed conditions.

The manufacturers began by here and there discharging a part of, in many cases half of, the young persons and women employed by them, and then, for the adult males, restoring the almost obsolete night-work. The Ten Hours’ Act, they cried, leaves no other alternative.

Their second step dealt with the legal pauses for meals. Let us hear the Factory Inspectors. “Since the restriction of the hours of work to ten, the factory occupiers maintain, although they have not yet practically gone the whole length, that supposing the hours of work to be from 9 a.m. to 7 p.m., they fulfil the provisions of the statutes by allowing an hour before 9 a.m. and half-an-hour after 7 p.m. [for meals]. In some cases they now allow an hour, or half an hour for dinner, insisting at the same time, that they are not bound to allow any part of the hour and a half in the course of the factory working-day.” The manufacturers maintained therefore that the scrupulously strict provisions of the Acts of 1844 with regard to meal times only gave the operatives permission to eat and drink before coming into, and after leaving the factory — i.e., at home. And why should not the workpeople eat their dinner before 9 in the morning? The crown lawyers, however, decided that the prescribed meal times “must be in the interval during the working hours, and that it will not be lawful to work for 10 hours continuously, from 9 a.m. to 7 p.m., without any interval.”

After these pleasant demonstrations, Capital precluded its revolt by a step which agreed with the letter of the law of 1844, and was therefore legal.

The Act of 1844 certainly prohibited the employment after 1 p.m. of such children, from 8 to 13, as had been employed before noon. But it did not regulate in any way the 6½ hours’ work of the children whose work-

time began at 12 midday or later. Children of 8 might, if they began work at noon, be employed from 12 to 1, 1 hour; from 2 to 4 in the afternoon, 2 hours; from 5 to 8:30 in the evening, 3½ hours; in all, the legal 6½ hours. Or better still. In order to make their work coincide with that of the adult male labourers up to 8.30 p.m., the manufacturers only had to give them no work till 2 in the afternoon; they could then keep them in the factory without intermission till 8.30 in the evening. “And it is now expressly admitted that the practice exists in England from the desire of mill-owners to have their machinery at work for more than 10 hours a-day, to keep the children at work with male adults after all the young persons and women have left, and until 8.30 p.m., if the factory-owners choose.” Workmen and factory inspectors protested on hygienic and moral grounds, but Capital answered:

“My deeds upon my head! I crave the law,  
The penalty and forfeit of my bond.”

In fact, according to statistics laid before the House of Commons on July 26th, 1850, in spite of all protests, on July 15th, 1850, 3,742 children were subjected to this “practice” in 257 factories. Still this was not enough. The lynx eye of Capital discovered that the Act of 1844 did not allow 5 hours’ work before mid-day without a pause of at least 30 minutes for refreshment, but prescribed nothing of the kind for work after mid-day. Therefore, it claimed and obtained the enjoyment not only of making children of 8 drudge without intermission from 2 to 8.30 p.m., but also of making them hunger during that time.

“Ay, his heart,  
So says the bond.”

This Shylock-clinging to the letter of the law of 1844, so far as it regulated children’s labour, was but to lead up to an open revolt against the same law, so far as it regulated the labour of “young persons and women.” It will be remembered that the abolition of the “false relay system” was the chief aim and object of that law. The masters began their revolt with the simple declaration that the sections of the Act of 1844 which prohibited the ad libitum use of young persons and women in such short fractions of the day of 15 hours as the employer chose, were “comparatively harmless” so

long as the work-time was fixed at 12 hours. But under the Ten Hours' Act they were a "grievous hardship." They informed the inspectors in the coolest manner that they should place themselves above the letter of the law, and re-introduce the old system on their own account. They were acting in the interests of the ill-advised operatives themselves, "in order to be able to pay them higher wages." "This was the only possible plan by which to maintain, under the Ten Hours' Act, the industrial supremacy of Great Britain." "Perhaps it may be a little difficult to detect irregularities under the relay system; but what of that? Is the great manufacturing interest of this country to be treated as a secondary matter in order to save some little trouble to Inspectors and Sub-Inspectors of Factories?"

All these shifts naturally were of no avail. The Factory Inspectors appealed to the Law Courts. But soon such a cloud of dust in the way of petitions from the masters overwhelmed the Home Secretary, Sir George Grey, that in a circular of August 5th, 1848, he recommends the inspectors not "to lay informations against mill-owners for a breach of the letter of the Act, or for employment of young persons by relays in cases in which there is no reason to believe that such young persons have been actually employed for a longer period than that sanctioned by law." Hereupon, Factory Inspector J. Stuart allowed the so-called relay system during the 15 hours of the factory day throughout Scotland, where it soon flourished again as of old. The English Factory Inspectors, on the other hand, declared that the Home Secretary had no power dictatorially to suspend the law, and continued their legal proceedings against the pro-slavery rebellion.

But what was the good of summoning the capitalists when the Courts, in this case the country magistrates — Cobbett's "Great Unpaid" — acquitted them? In these tribunals, the masters sat in judgment on themselves. An example. One Eskrigge, cotton-spinner, of the firm of Kershaw, Leese, & Co., had laid before the Factory Inspector of his district the scheme of a relay system intended for his mill. Receiving a refusal, he at first kept quiet. A few months later, an individual named Robinson, also a cotton-spinner, and if not his Man Friday, at all events related to Eskrigge, appeared before the borough magistrates of Stockport on a charge of introducing the identical plan of relays invented by Eskrigge. Four Justices sat, among them three cotton-spinners, at their head this same inevitable Eskrigge. Eskrigge acquitted Robinson, and now was of opinion that what was right for Robinson was fair for Eskrigge. Supported by his own legal decision, he

introduced the system at once into his own factory. Of course, the composition of this tribunal was in itself a violation of the law. These judicial farces, exclaims Inspector Howell, urgently call for a remedy — either that the law should be so altered as to be made to conform to these decisions, or that it should be administered by a less fallible tribunal, whose decisions would conform to the law...when these cases are brought forward. I long for a stipendiary magistrate.”

The Crown lawyers declared the masters’ interpretation of the Act of 1848 absurd. But the Saviours of Society would not allow themselves to be turned from their purpose. Leonard Horner reports, “Having endeavoured to enforce the Act...by ten prosecutions in seven magisterial divisions, and having been supported by the magistrates in one case only.... I considered it useless to prosecute more for this evasion of the law. That part of the Act of 1884 which was framed for securing uniformity in the hours of work,...is thus no longer in force in my district (Lancashire). Neither have the sub-inspectors or myself any means of satisfying ourselves, when we inspect a mill working by shifts, that the young persons and women are not working more than 10 hours a-day.... In a return of the 30th April,...of mill-owners working by shifts, the number amounts to 114, and has been for some time rapidly increasing. In general, the time of working the mill is extended to 13½ hours, from 6 a.m. to 7½ p.m.,...in some instances it amounts to 15 hours, from 5½ a.m. to 8½ p.m.” Already, in December, 1848, Leonard Horner had a list of 65 manufacturers and 29 overlookers who unanimously declared that no system of supervision could, under this relay system, prevent enormous overwork. Now, the same children and young persons were shifted from the spinning-room to the weaving-room, now, during 15 hours, from one factory to another. How was it possible to control a system which, “under the guise of relays, is some one of the many plans for shuffling ‘the hands’ about in endless variety, and shifting the hours of work and of rest for different individuals throughout the day, so that you may never have one complete set of hands working together in the same room at the same time.”

But altogether independently of actual overwork, this so-called relay-system was an offspring of capitalistic fantasy such as Fourier, in his humorous sketches of “Courtes Séances,” has never surpassed, except that the “attraction of labour” was changed into the attraction of capital. Look, for example, at those schemes of the masters which the “respectable” press

praised as models of “what a reasonable degree of care and method can accomplish.” The personnel of the work-people was sometimes divided into from 12 to 14 categories, which themselves constantly changed and rechanged their constituent parts. During the 15 hours of the factory day, capital dragged in the labourer now for 30 minutes, now for an hour, and then pushed him out again, to drag him into the factory and to thrust him out afresh, hounding him hither and thither, in scattered shreds of time, without ever losing hold of him until the full 10 hours’ work was done. As on the stage, the same persons had to appear in turns in the different scenes of the different acts. But as an actor during the whole course of the play belongs to the stage, so the operatives, during 15 hours, belonged to the factory, without reckoning the time for going and coming. Thus the hours of rest were turned into hours of enforced idleness, which drove the youths to the pot-house, and the girls to the brothel. At every new trick that the capitalist, from day to day, hit upon for keeping his machinery going 12 or 15 hours without increasing the number of his hands, the worker had to swallow his meals now in this fragment of time, now in that. At the time of the 10 hours’ agitation, the masters cried out that the working mob petitioned in the hope of obtaining 12 hours’ wages for 10 hours’ work. Now they reversed the medal. They paid 10 hours’ wages for 12 or 15 hours’ lordship over labour-power. This was the gist of the matter, this the masters’ interpretation of the 10 hours’ law! These were the same unctuous free-traders, perspiring with the love of humanity, who for full 10 years, during the Anti-Corn Law agitation, had preached to the operatives, by a reckoning of pounds, shillings and pence, that with free importation of corn, and with the means possessed by English industry, 10 hours’ labour would be quite enough to enrich the capitalist. This revolt of capital, after two years, was at last crowned with victory by a decision of one of the four highest Courts of Justice in England, the Court of Exchequer, which in a case brought before it on February 8th, 1850, decided that the manufacturers were certainly acting against the sense of the Act of 1844, but that this Act itself contained certain words that rendered it meaningless. “By this decision, the Ten Hours’ Act was abolished.” A crowd of masters, who until then had been afraid of using the relay-system for young persons and women, now took it up heart and soul.

But on this apparently decisive victory of capital, followed at once a revulsion. The workpeople had hitherto offered a passive, although

inflexible and unremitting resistance. They now protested in Lancashire and Yorkshire in threatening meetings. The pretended Ten Hours' Act, was thus simple humbug, parliamentary cheating, had never existed! The Factory Inspectors urgently warned the Government that the antagonism of classes had arrived at an incredible tension. Some of the masters themselves murmured: "On account of the contradictory decisions of the magistrates, a condition of things altogether abnormal and anarchial obtains. One law holds in Yorkshire, another in Lancashire; one law in one parish of Lancashire, another in its immediate neighborhood. The manufacturer in large towns could evade the law, the manufacturer in country districts could not find the people necessary for the relay-system, still less for the shifting of hands from one factory to another," 8c. And the first birth-right of capital is equal exploitation of labour-power by all capitalists.

Under these circumstances a compromise between masters and men was effected that received the seal of Parliament in the additional Factory Act of August 5th, 1850. The working day for "young persons and women," was raised from 10 to 10½ hours for the first five days of the week, and was shortened to 7½ on the Saturday. The work was to go on between 6 a.m. and 6 p.m., with pauses of not less than 1½ hours for meal-times, these meal-times to be allowed at one and the same time for all, and conformably to the conditions of 1844. By this an end was put to the relay-system once for all. For children's labour, the Act of 1844 remained in force.

One set of masters, this time as before, secured to itself special seigniorial rights over the children of the proletariat. These were the silk manufacturers. In 1833 they had howled out in threatening fashion, "if the liberty of working children of any age for 10 hours a day were taken away, it would stop their works." It would be impossible for them to buy a sufficient number of children over 13. They extorted the privilege they desired. The pretext was shown on subsequent investigation to be a deliberate lie. It did not, however, prevent them, during 10 years, from spinning silk 10 hours a day out of the blood of little children who had to be placed upon stools for the performance of their work. The Act of 1844 certainly "robbed" them of the "liberty" of employing children under 11 longer than 6½ hours a day. But it secured to them, on the other hand, the privilege of working children between 11 and 13, 10 hours a day, and of annulling in their case the education made compulsory for all other factory children. This time the pretext was "the delicate texture of the fabric in

which they were employed, requiring a lightness of touch, only to be acquired by their early introduction to these factories.” The children were slaughtered out-and-out for the sake of their delicate fingers, as in Southern Russia the horned cattle for the sake of their hide and tallow. At length, in 1850, the privilege granted in 1844 was limited to the departments of silk-twisting and silk-winding. But here, to make amends to capital bereft of its “freedom,” the work time for children from 11 to 13 was raised from 10 to 10½ hours. Pretext: “Labour in silk mills was lighter than in mills for other fabrics, and less likely in other respects also to be prejudicial to health.” Official medical inquiries proved afterwards that, on the contrary, “the average death-rate is exceedingly high in the silk districts, and amongst the female part of the population is higher even than it is in the cotton districts of Lancashire.” Despite the protests of the Factory Inspector, renewed every 6 months, the mischief continues to this hour.

The Act of 1850 changed the 15 hours’ time from 6 a.m. to 8.30 p.m., into the 12 hours from 6 a.m. to 6 p.m. for “young persons and women” only. It did not, therefore, affect children who could always be employed for half an hour before and 2½ hours after this period, provided the whole of their labour did not exceed 6½ hours. Whilst the bill was under discussion, the Factory Inspectors laid before Parliament statistics of the infamous abuses due to this anomaly. To no purpose. In the background lurked the intention of screwing up, during prosperous years, the working day of adult males to 15 hours by the aid of the children. The experience of the three following years showed that such an attempt must come to grief against the resistance of the adult male operatives. The Act of 1850 was therefore finally completed in 1853 by forbidding the “employment of children in the morning before and in the evening after young persons and women.” Henceforth with a few exceptions the Factory Act of 1850 regulated the working day of all workers in the branches of industry that come under it. Since the passing of the first Factory Act half a century had elapsed.

Factory legislation for the first time went beyond its original sphere in the “Printworks’ Acts of 1845.” The displeasure with which capital received this new “extravagance” speaks through every line of the Act. It limits the working day for children from 8 to 13, and for women to 16 hours, between 6 a.m. and 10 p.m., without any legal pause for meal times. It allows males over 13 to be worked at will day and night. It is a Parliamentary abortion.

However, the principle had triumphed with its victory in those great branches of industry which form the most characteristic creation of the modern mode of production. Their wonderful development from 1853 to 1860, hand-in-hand with the physical and moral regeneration of the factory workers, struck the most purblind. The masters from whom the legal limitation and regulation had been wrung step by step after a civil war of half a century, themselves referred ostentatiously to the contrast with the branches of exploitation still “free.” The Pharisees of “political economy” now proclaimed the discernment of the necessity of a legally fixed working day as a characteristic new discovery of their “science.” It will be easily understood that after the factory magnates had resigned themselves and become reconciled to the inevitable, the power of resistance of capital gradually weakened, whilst at the same time the power of attack of the working class grew with the number of its allies in the classes of society not immediately interested in the question. Hence the comparatively rapid advance since 1860.

The dye-works and bleach-works all came under the Factory Act of 1850 in 1860; lace and stocking manufacturers in 1861.

In consequence of the first report of the Commission on the employment of children (1863), the same fate was shared by the manufacturers of all earthenwares (not merely pottery), lucifer-matches, percussion-caps, cartridges, carpets, fustian-cutting, and many processes included under the name of “finishing.” In the year 1863 bleaching in the open air and baking were placed under special Acts, by which, in the former, the labour of young persons and women during the night-time (from 8 in the evening to 6 in the morning), and in the latter, the employment of journeymen bakers under 18, between 9 in the evening and 5 in the morning were forbidden. We shall return to the later proposals of the same Commission, which threatened to deprive of their “freedom” all the important branches of English Industry, with the exception of agriculture, mines, and the means of transport.

## **SECTION 7. — THE STRUGGLE FOR THE NORMAL WORKING-DAY. RE-ACTION OF THE ENGLISH ACTS ON OTHER COUNTRIES.**

The reader will bear in mind that the production of surplus-value, or the extraction of surplus-labour, is the specific end and aim, the sum and substance, of capitalist production quite apart from any changes in the mode of production, which may arise from the subordination of labour to capital. He will remember that as far as we have at present gone, only the independent labourer, and therefore only the labourer legally qualified to act for himself, enters as a vendor of a commodity into a contract with the capitalist. If, therefore, in our historical sketch, on the one hand, modern industry; on the other, the labour of those who are physically and legally minors, play important parts, the former was to us only a special department, and the latter only a specially striking example of labour exploitation. Without, however, anticipating the subsequent development of our inquiry, from the mere connexion of the historic facts before us, it follows:

First. The passion of capital for an unlimited and reckless extension of the working day, is first gratified in the industries earliest revolutionised by water-power, steam, and machinery, in those first creations of the modern mode of production, cotton, wool, flax, and silk spinning, and weaving. The changes in the material mode of production, and the corresponding changes in the social relations of the producers gave rise first to an extravagance beyond all bounds, and then in opposition to this, called forth a control on the part of Society which legally limits, regulates, and makes uniform the working day and its pauses. This control appears, therefore, during the first half of the nineteenth century simply as exceptional legislation. As soon as this primitive dominion of the new mode of production was conquered, it was found that, in the meantime, not only had many other branches of production been made to adopt the same factory system, but that manufacturers with more or less obsolete methods, such as potteries, glass-making, &c., that old-fashioned handicrafts, like baking, and, finally, even that the so-called domestic industries such as nail-making, had long since fallen as completely under capitalist exploitation as the factories themselves. Legislation was, therefore, compelled to gradually get rid of its exceptional character, or where, as in England, it proceeds after the manner of the Roman Casuists, to declare any house in which work was done to be a factory.

Second. The history of the regulation of the working day in certain branches of production, and the struggle still going on in others in regard to

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

France limps slowly behind England. The February revolution was necessary to bring into the world the 12 hours’ law, which is much more deficient than its English original. For all that, the French revolutionary method has its special advantages. It once for all commands the same limit to the working-day in all shops and factories without distinction, whilst English legislation reluctantly yields to the pressure of circumstances, now on this point, now on that, and is getting lost in a hopelessly bewildering tangle of contradictory enactments. On the other hand, the French law proclaims as a principle that which in England was only won in the name of children, minors, and women, and has been only recently for the first time claimed as a general right.

In the United States of North America, every independent movement of the workers was paralysed so long as slavery disfigured a part of the Republic. Labour cannot emancipate itself in the white skin where in the black it is branded. But out of the death of slavery a new life at once arose. The first fruit of the Civil War was the eight hours’ agitation, that ran with the seven-leagued boots of the locomotive from the Atlantic to the Pacific, from New England to California. The General Congress of Labour at Baltimore (August 16th, 1866) declared: “The first and great necessity of the present, to free the labour of this country from capitalistic slavery, is the passing of a law by which eight hours shall be the normal working-day in all States of the American Union. We are resolved to put forth all our

strength until this glorious result is attained.” At the same time, the Congress of the International Working Men’s Association at Geneva, on the proposition of the London General Council, resolved that “the limitation of the working-day is a preliminary condition without which all further attempts at improvement and emancipation must prove abortive...the Congress proposes eight hours as the legal limit of the working-day.”

Thus the movement of the working-class on both sides of the Atlantic, that had grown instinctively out of the conditions of production themselves, endorsed the words of the English Factory Inspector, R. J. Saunders: “Further steps towards a reformation of society can never be carried out with any hope of success, unless the hours of labour be limited, and the prescribed limit strictly enforced.”

It must be acknowledged that our labourer comes out of the process of production other than he entered. In the market he stood as owner of the commodity “labour-power” face to face with other owners of commodities, dealer against dealer. The contract by which he sold to the capitalist his labour-power proved, so to say, in black and white that he disposed of himself freely. The bargain concluded, it is discovered that he was no “free agent,” that the time for which he is free to sell his labour-power is the time for which he is forced to sell it, that in fact the vampire will not lose its hold on him “so long as there is a muscle, a nerve, a drop of blood to be exploited.” For “protection” against “the serpent of their agonies,” the labourers must put their heads together, and, as a class, compel the passing of a law, an all-powerful social barrier that shall prevent the very workers from selling, by voluntary contract with capital, themselves and their families into slavery and death. In place of the pompous catalogue of the “inalienable rights of man” comes the modest Magna Charta of a legally limited working-day, which shall make clear “when the time which the worker sells is ended, and when his own begins.” *Quantum mutatus ab illo!*

## CHAPTER XI. RATE AND MASS OF SURPLUS-VALUE.

IN this chapter, as hitherto, the value of labour-power, and therefore the part of the working-day necessary for the reproduction or maintenance of that labour-power, are supposed to be given, constant magnitudes.

This premised, with the rate, the mass is at the same time given of the surplus-value that the individual labourer furnishes to the capitalist in a definite period of time. If, e.g., the necessary labour amounts to 6 hours daily, expressed in a quantum of gold=3 shillings, then 3s. is the daily value of one labour-power or the value of the capital advanced in the buying of one labour-power. If, further, the rate of surplus-value be=100%, this variable capital of 3s. produces a mass of surplus-value of 3s., or the labourer supplies daily a mass of surplus-labour equal to 6 hours.

But the variable capital of a capitalist is the expression in money of the total value of all the labour-powers that he employs simultaneously. Its value is, therefore, equal to the average value of one labour-power, multiplied by the number of labour-powers employed. With a given value of labour-power, therefore, the magnitude of the variable capital varies directly as the number of labourers employed simultaneously. If the daily value of one labour-power=3s., then a capital of 300s. must be advanced in order to exploit daily 100 labour-powers, or  $n$  times 3s., in order to exploit daily  $n$  labour-powers.

In the same way, if a variable capital of 3s., being the daily value of one labour-power, produce a daily surplus-value of 3s., a variable capital of 300s. will produce a daily surplus-value of 300s., and one of  $n$  times 3s. a daily surplus-value of  $n \times 3s.$  The mass of the surplus-value produced is therefore equal to the surplus-value which the working-day of one labourer supplies multiplied by the number of labourers employed. But as further the mass of surplus-value which a single labourer produces, the value of labour-power being given, is determined by the rate of the surplus-value, this law follows: the mass of the surplus-value produced is equal to the amount of the variable capital advanced, multiplied by the rate of surplus-value; in other words: it is determined by the compound ratio between the

number of labour-powers exploited simultaneously by the same capitalist and the degree of exploitation of each individual labour-power.

Let the mass of the surplus-value be  $S$ , the surplus-value supplied by the individual labourer in the average day  $s$ , the variable capital daily advanced in the purchase of one individual labour-power  $v$ , the sum total of the variable capital  $V$ , the value of an average labour-power  $P$ , its degree of exploitation  $[a' \text{ (surplus-labor)}]/[a \text{ (necessary-labor)}]$  and the number of labourers employed  $n$ ; we have:

$$S = \begin{cases} \frac{s}{v} \times V \\ P \times \frac{a'}{a} \times n \end{cases}$$

It is always supposed, not only that the value of an average labour-power is constant, but that the labourers employed by a capitalist are reduced to average labourers. There are exceptional cases in which the surplus-value produced does not increase in proportion to the number of labourers exploited, but then the value of the labour-power does not remain constant.

In the production of a definite mass of surplus-value, therefore, the decrease of one factor may be compensated by the increase of the other. If the variable capital diminishes, and at the same time the rate of surplus-value increases in the same ratio, the mass of surplus-value produced remains unaltered. If on our earlier assumption the capitalist must advance 300s., in order to exploit 100 labourers a day, and if the rate of surplus-value amounts to 50%, this variable capital of 300s. yields a surplus-value of 150s. or of  $100 \times 3$  working hours. If the rate of surplus-value doubles, or the working day, instead of being extended from 6 to 9, is extended from 6 to 12 hours and at the same time variable capital is lessened by half, and reduced to 150s., it yields also a surplus-value of 150s. or  $50 \times 6$  working hours. Diminution of the variable capital may therefore be compensated by a proportionate rise in the degree of exploitation of labour-power, or the decrease in the number of the labourers employed by a proportionate extension of the working-day. Within certain limits therefore the supply of

labour exploitable by capital is independent of the supply of labourers. On the contrary, a fall in the rate of surplus-value leaves unaltered the mass of the surplus-value produced, if the amount of the variable capital, or number of the labourers employed, increases in the same proportion.

Nevertheless, the compensation of a decrease in the number of labourers employed, or of the amount of variable capital advanced, by a rise in the rate of surplus-value, or by the lengthening of the working-day, has impassable limits. Whatever the value of labour-power may be, whether the working time necessary for the maintenance of the labourer is 2 or 10 hours, the total value that a labourer can produce, day in, day out, is always less than the value in which 24 hours of labour are embodied, less than 12s., if 12s. is the money expression for 24 hours of realized labour. In our former assumption, according to which 6 working hours are daily necessary in order to reproduce the labour-power itself or to replace the value of the capital advanced in its purchase, a variable capital of 1500s., that employs 500 labourers at a rate of surplus-value of 100% with a 12 hours' working-day, produces daily a surplus-value of 1500s. or of  $6 \times 500$  working hours. A capital of 300s. that employs 100 labourers a day with a rate of surplus-value of 200% or with a working-day of 18 hours, produces only a mass of surplus-value of 600s. or  $12 \times 100$  working hours; and its total value-product, the equivalent of the variable capital advanced plus the surplus-value, can, day in, day out, never reach the sum of 1200s. or  $24 \times 100$  working hours. The absolute limit of the average working-day — this being by Nature always less than 24 hours — sets an absolute limit to the compensation of a reduction of variable capital by a higher rate of surplus-value, or of the decrease of the number of labourers exploited by a higher degree of exploitation of labour-power. This palpable law is of importance for the clearing up of many phenomena, arising from a tendency (to be worked out later on) of capital to reduce as much as possible the number of labourers employed by it, or its variable constituent transformed into labour-power, in contradiction to its other tendency to produce the greatest possible mass of surplus-value. On the other hand, if the mass of labour-power employed, or the amount of variable capital, increases, but not in proportion to the fall in the rate of surplus-value, the mass of the surplus-value produced, falls.

A third law results from the determination, of the mass of the surplus-value produced, by the two factors: rate of surplus-value and amount of variable capital advanced. The rate of surplus-value, or the degree of

exploitation of labour-power, and the value of labour-power, or the amount of necessary working time being given, it is self-evident that the greater the variable capital, the greater would be the mass of the value produced and of the surplus-value. If the limit of the working-day is given, and also the limit of its necessary constituent, the mass of value and surplus-value that an individual capitalist produces, is clearly exclusively dependent on the mass of labour that he sets in motion. But this, under the conditions supposed above, depends on the mass of labour-power, or the number of labourers whom he exploits, and this number in its turn is determined by the amount of the variable capital advanced. With a given rate of surplus-value, and a given value of labour-power, therefore, the masses of surplus-value produced vary directly as the amounts of the variable capitals advanced. Now we know that the capitalist divides his capital into two parts. One part he lays out in means of production. This is the constant part of his capital. The other part he lays out in living labour-power. This part forms his variable capital. On the basis of the same mode of social production, the division of capital into constant and variable differs in different branches of production, and within the same branch of production, too, this relation, changes with changes in the technical conditions and in the social combinations of the processes of production. But in whatever proportion a given capital breaks up into a constant and a variable part, whether the latter is to the former as 1:2 or 1:10 or 1:x, the law just laid down is not affected by this. For, according to our previous analysis, the value of the constant capital reappears in the value of the product, but does not enter into the newly produced value, the newly created value-product. To employ 1000 spinners, more raw material, spindles, &c., are, of course, required, than to employ 100. The value of these additional means of production however may rise, fall, remain unaltered, be large or small; it has no influence on the process of creation of surplus-value by means of the labour-powers that put them in motion. The law demonstrated above now, therefore, takes this form: the masses of value and of surplus-value produced by different capitals — the value of labour-power being given and its degree of exploitation being equal — vary directly as the amounts of the variable constituents of these capitals, i.e., as their constituents transformed into living labour-power.

This law clearly contradicts all experience based on appearance. Every one knows that a cotton spinner, who, reckoning the percentage on the

whole of his applied capital, employs much constant and little variable capital, does not, on account of this, pocket less profit or surplus-value than a baker, who relatively sets in motion much variable and little constant capital. For the solution of this apparent contradiction, many intermediate terms are as yet wanted, as from the standpoint of elementary algebra many intermediate terms are wanted to understand that  $0/0$  may represent an actual magnitude. Classical economy, although not formulating the law, holds instinctively to it, because it is a necessary consequence of the general law of value. It tries to rescue the law from collision with contradictory phenomena by a violent abstraction. It will be seen later how the school of Ricardo has come to grief over this stumbling-block. Vulgar economy which, indeed, "has really learnt nothing," here as everywhere sticks to appearances in opposition to the law which regulates and explains them. In opposition to Spinoza, it believes that "ignorance is a sufficient reason."

The labour which is set in motion by the total capital of a society, day in, day out, may be regarded as a single collective working-day. If, e.g., the number of labourers is a million, and the average working-day of a labourer is 10 hours, the social working-day consists of ten million hours. With a given length of this working-day, whether its limits are fixed physically or socially, the mass of surplus-value can only be increased by increasing the number of labourers, i.e., of the labouring population. The growth of population here forms the mathematical limit to the production of surplus-value by the total social capital. On the contrary, with a given amount of population, this limit is formed by the possible lengthening of the working-day. It will, however, be seen in the following chapter that this law only holds for the form of surplus-value dealt with up to the present.

From the treatment of the production of surplus-value, so far, it follows that not every sum of money, or of value, is at pleasure transformable into capital. To effect this transformation, in fact, a certain minimum of money or of exchange-value must be presupposed in the hands of the individual possessor of money or commodities. The minimum of variable capital is the cost price of a single labour-power, employed the whole year through, day in, day out, for the production of surplus-value. If this labourer were in possession of his own means of production, and were satisfied to live as a labourer, he need not work beyond the time necessary for the reproduction of his means of subsistence, say 8 hours a day. He would, besides, only require the means of production sufficient for 8 working hours. The

capitalist, on the other hand, who makes him do, besides these 8 hours, say 4 hours' surplus-labour, requires an additional sum of money for furnishing the additional means of production. On our supposition, however, he would have to employ two labourers in order to live, on the surplus-value appropriated daily, as well as, and no better than a labourer, i.e., to be able to satisfy his necessary wants. In this case the mere maintenance of life would be the end of his production, not the increase of wealth; but this latter is implied in capitalist production. That he may live only twice as well as an ordinary labourer, and besides turn half of the surplus-value produced into capital, he would have to raise, with the number of labourers, the minimum of the capital advanced 8 times. Of course he can, like his labourer, take to work himself, participate directly in the process of production, but he is then only a hybrid between capitalist and labourer, a "small master." A certain stage of capitalist production necessitates that the capitalist be able to devote the whole of the time during which he functions as a capitalist, i.e., as personified capital, to the appropriation and therefore control of the labour of others, and to the selling of the products of this labour. The guilds of the middle ages therefore tried to prevent by force the transformation of the master of a trade into a capitalist, by limiting the number of labourers that could be employed by one master within a very small maximum. The possessor of money or commodities actually turns into a capitalist in such cases only where the minimum sum advanced for production greatly exceeds the maximum of the middle ages. Here, as in natural science, is shown the correctness of the law discovered by Hegel (in his "Logic"), that merely quantitative differences beyond a certain point pass into qualitative changes.

The minimum of the sum of value that the individual possessor of money or commodities must command, in order to metamorphose himself into a capitalist, changes with the different stages of development of capitalist production, and is at given stages different in different spheres of production, according to their special and technical conditions. Certain spheres of production demand, even at the very outset of capitalist production, a minimum of capital that is not as yet found in the hands of single individuals. This gives rise partly to state subsidies to private persons, as in France in the time of Colbert, and as in many German states up to our own epoch; partly to the formation of societies with legal

monopoly for the exploitation of certain branches of industry and commerce, the fore-runners of our own modern joint-stock companies.

Within the process of production, as we have seen, capital acquired the command over labour, i.e., over functioning labouring-power or the labourer himself. Personified capital, the capitalist takes care that the labourer does his work regularly and with the proper degree of intensity.

Capital further developed into a coercive relation, which compels the working class to do more work than the narrow round of its own life-wants prescribes. As a producer of the activity of others, as a pumper-out of surplus-labour and exploiter of labour-power, it surpasses in energy, disregard of bounds, recklessness and efficiency, all earlier systems of production based on directly compulsory labour.

At first, capital subordinates labour on the basis of the technical conditions in which it historically finds it. It does not, therefore, change immediately the mode of production. The production of surplus-value — in the form hitherto considered by us — by means of simple extension of the working-day, proved, therefore, to be independent of any change in the mode of production itself. It was not less active in the old-fashioned bakeries than in the modern cotton factories.

If we consider the process of production from the point of view of the simple labour-process, the labourer stands in relation to the means of production, not in their quality as capital, but as the mere means and material of his own intelligent productive activity. In tanning, e.g., he deals with the skins as his simple object of labour. It is not the capitalist whose skin he tans. But it is different as soon as we deal with the process of production from the point of view of the process of creation of surplus-value. The means of production are at once changed into means for the absorption of the labour of others. It is now no longer the labourer that employs the means of production, but the means of production that employ the labourer. Instead of being consumed by him as material elements of his productive activity, they consume him as the ferment necessary to their own life-process, and the life-process of capital consists only in its movement as value constantly expanding, constantly multiplying itself. Furnaces and workshops that stand idle by night, and absorb no living labour, are “a mere loss” to the capitalist. Hence, furnaces and workshops constitute lawful claims upon the night-labour of the workpeople. The simple transformation of money into the material factors of the process of

production, into means of production, transforms the latter into a title and a right to the labour and surplus-labour of others. An example will show, in conclusion, how this sophistication, peculiar to and characteristic of capitalist production, this complete inversion of the relation between dead and living labour, between value and the force that creates value, mirrors itself in the consciousness of capitalists. During the revolt of the English factory lords between 1848 and 1850, “the head of one of the oldest and most respectable houses in the West of Scotland, Messrs. Carlile Sons & Co., of the linen and cotton thread factory at Paisley, a company which has now existed for about a century, which was in operation in 1752, and four generations of the same family have conducted it”...this “very intelligent gentleman” then wrote a letter in the “Glasgow Daily Mail” of April 25th, 1849, with the title, “The relay system,” in which among other things the following grotesquely naïve passage occurs: “Let us now...see what evils will attend the limiting to 10 hours the working of the factory.... They amount to the most serious damage to the millowner’s prospects and property. If he (i.e., his “hands”) worked 12 hours before, and is limited to 10, then every 12 machines or spindles in his establishment shrink to 10, and should the works be disposed of, they will be valued only as 10, so that a sixth part would thus be deducted from the value of every factory in the country.”

To this West of Scotland bourgeois brain, inheriting the accumulated capitalistic qualities of “four generations,” the value of the means of production, spindles, &c. is so inseparably mixed up with their property, as capital, to expand their own value, and to swallow up daily a definite quantity of the unpaid labour of others, that the head of the firm of Carlile & Co. actually imagines that if he sells his factory, not only will the value of the spindles be paid to him, but, in addition, their power of annexing surplus-value, not only the labour which is embodied in them, and is necessary to the production of spindles of this kind, but also the surplus-labour which they help to pump out daily from the brave Scots of Paisley, and for that very reason he thinks that with the shortening of the working-day by 2 hours, the selling-price of 12 spinning machines dwindles to that of 10!

**PART IV. PRODUCTION OF RELATIVE  
SURPLUS-VALUE.**

## CHAPTER XII. THE CONCEPT OF RELATIVE SURPLUS-VALUE.

THAT portion of the working-day which merely produces an equivalent for the value paid by the capitalist for his labour-power, has, up to this point, been treated by us as a constant magnitude; and such in fact it is, under given conditions of production and at a given stage in the economical development of society. Beyond this, his necessary labour-time, the labourer, we saw, could continue to work for 2, 3, 4, 6, 8c., hours. The rate of surplus-value and the length of the working day depended on the magnitude of this prolongation. Though the necessary labour-time was constant, we saw, on the other hand, that the total working-day was variable. Now suppose we have a working-day whose length, and whose apportionment between necessary labour and surplus-labour, are given. Let the whole line a c, a ——— b — c, represent, for example, a working-day of 12 hours; the portion of a b 10 hours of necessary labour, and the portion b c 2 hours of surplus-labour. How now can the production of surplus-value be increased, i.e., how can the surplus-labour be prolonged, without, or independently of, any prolongation of a c?

Although the length of a c is given, b c appears to be capable of prolongation, if not by extension beyond its end c, which is also the end of the working day a c, yet, at all events, by pushing back its starting point b in the direction of a. Assume that b' — b in the line, a b' b c is equal to half of b c

a ——— b' — b ——— c

or to one hour's labour-time. If now, in a c, the working day of 12 hours, we move the point b to b', b c becomes b' c; the surplus-labour increases by one-half, from 2 hours to 3 hours, although the working day remains as before at 12 hours. This extension of the surplus labour-time from b c to b' c, from 2 hours to 3 hours, is, however, evidently impossible, without a simultaneous contraction of the necessary labour-time from a b into a b', from 10 hours to 9 hours. The prolongation of the surplus-labour would correspond to a shortening of the necessary labour; or a portion of the labour-time previously consumed, in reality, for the labourer's own benefit, would be converted into labour-time for the benefit of the capitalist. There

would be an alteration, not in the length of the working day, but in its division into necessary labour-time and surplus labour-time.

On the other hand, it is evident that the duration of the surplus-labour is given, when the length of the working day, and the value of labour-power, are given. The value of labour-power, i.e., the labour-time requisite to produce labour-power, determines the labour-time necessary for the reproduction of that value. If one working hour be embodied in sixpence, and the value of a day's labour-power be five shillings, the labourer must work 10 hours a day, in order to replace the value paid by capital for his labour-power, or to produce an equivalent for the value of his daily necessary means of subsistence. Given the value of these means of subsistence, the value of his labour-power is given; and given the value of his labour-power, the duration of his necessary labour-time is given. The duration of the surplus-labour, however, is arrived at, by subtracting the necessary labour-time from the total working day. Ten hours subtracted from twelve, leave two, and it is not easy to see, how, under the given conditions, the surplus-labour can possibly be prolonged beyond two hours. No doubt, the capitalist can, instead of five shillings, pay the labourer four shillings and sixpence or even less. For the reproduction of this value of four shillings and sixpence, nine hours labour-time would suffice; and consequently three hours of surplus-labour, instead of two, would accrue to the capitalist, and the surplus-value would rise from one shilling to eighteenpence. This result, however, would be obtained only by lowering the wages of the labourer below the value of his labour-power. With the four shillings and sixpence which he produces in nine hours, he commands one-tenth less of the necessaries of life than before, and consequently the proper reproduction of his labour-power is crippled. The surplus-labour would in this case be prolonged only by an overstepping of its normal limits; its domain would be extended only by a usurpation of part of the domain of necessary labour-time. Despite the important part which this method plays in actual practice, we are excluded from considering it in this place, by our assumption, that all commodities, including labour-power, are bought and sold at their full value. Granted this, it follows that the labour-time necessary for the production of labour-power, or for the reproduction of its value, cannot be lessened by a fall in the labourer's wages below the value of his labour-power, but only by a fall in this value itself. Given the length of the working day, the prolongation of the surplus-labour must of

necessity originate in the curtailment of the necessary labour-time; the latter cannot arise from the former. In the example we have taken, it is necessary that the value of labour-power should actually fall by one-tenth, in order that the necessary labour-time may be diminished by one-tenth, i.e., from ten hours to nine, and in order that the surplus-labour may consequently be prolonged from two hours to three.

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

The surplus-value produced by prolongation of the working day, I call absolute surplus-value. On the other hand, the surplus-value arising from the curtailment of the necessary labour-time, and from the corresponding alteration in the respective lengths of the two components of the working day, I call relative surplus-value.

In order to effect a fall in the value of labour-power, the increase in the productiveness of labour must seize upon those branches of industry, whose products determine the value of labour-power, and consequently either belong to the class of customary means of subsistence, or are capable of supplying the place of those means. But the value of a commodity is determined, not only by the quantity of labour which the labourer directly bestows upon that commodity, but also by the labour contained in the means of production. For instance, the value of a pair of boots depends, not only on the cobbler's labour, but also on the value of the leather, wax, thread, &c. Hence, a fall in the value of labour-power is also brought about by an increase in the productiveness of labour, and by a corresponding cheapening of commodities in those industries which supply the instruments of labour and the raw material, that form the material elements of the constant capital required for producing the necessaries of life. But an increase in the productiveness of labour in those branches of industry which supply neither the necessaries of life, nor the means of production for such necessaries, leaves the value of labour-power undisturbed.

The cheapened commodity, of course, causes only a pro tanto fall in the value of labour-power, a fall proportional to the extent of that commodity's employment in the reproduction of labour-power. Shirts, for instance, are a necessary means of subsistence, but are only one out of many. The totality of the necessaries of life consists, however, of various commodities, each the product of a distinct industry; and the value of each of those commodities enters as a component part into the value of labour-power. This latter value decreases with the decrease of the labour-time necessary for its reproduction; the total decrease being the sum of all the different curtailments of labour-time effected in those various and distinct industries. This general result is treated, here, as if it were the immediate result directly aimed at in each individual case. Whenever an individual capitalist cheapens shirts, for instance, by increasing the productiveness of labour, he by no means necessarily aims at reducing the value of labour-power and shortening, pro tanto, the necessary labour-time. But it is only in so far as he ultimately contributes to this result, that he assists in raising the general rate of surplus-value. The general and necessary tendencies of capital must be distinguished from their forms of manifestation.

It is not our intention to consider, here, the way in which the laws, immanent in capitalist production, manifest themselves in the movements of

individual masses of capital, where they assert themselves as coercive laws of competition, and are brought home to the mind and consciousness of the individual capitalist as the directing motives of his operations. But this much is clear; a scientific analysis of competition is not possible, before we have a conception of the inner nature of capital, just as the apparent motions of the heavenly bodies are not intelligible to any but him, who is acquainted with their real motions, motions which are not directly perceptible by the senses. Nevertheless, for the better comprehension of the production of relative surplus-value, we may add the following remarks, in which we assume nothing more than the results we have already obtained.

If one hour's labour is embodied in sixpence, a value of six shillings will be produced in a working day of 12 hours. Suppose, that with the prevailing productiveness of labour, 12 articles are produced in these 12 hours. Let the value of the means of production used in each article be sixpence. Under these circumstances, each article costs one shilling: sixpence for the value of the means of production, and sixpence for the value newly added in working with those means. Now let some one capitalist contrive to double the productiveness of labour, and to produce in the working day of 12 hours, 24 instead of 12 such articles. The value of the means of production remaining the same, the value of each article will fall to ninepence, made up of sixpence for the value of the means of production and threepence for the value newly added by the labour. Despite the doubled productiveness of labour, the day's labour creates, as before, a new value of six shillings and no more, which, however, is now spread over twice as many articles. Of this value each article now has embodied in it  $\frac{1}{24}$ th, instead of  $\frac{1}{12}$ th, threepence instead of sixpence; or, what amounts to the same thing, only half an hour's instead of a whole hour's labour-time, is now added to the means of production while they are being transformed into each article. The individual value of these articles is now below their social value; in other words, they have cost less labour-time than the great bulk of the same article produced under the average social conditions. Each article costs, on an average, one shilling, and represents 2 hours of social labour; but under the altered mode of production it costs only ninepence, or contains only  $1\frac{1}{2}$  hours' labour. The real value of a commodity is, however, not its individual value, but its social value; that is to say, the real value is not measured by the labour-time that the article in each individual case costs the producer, but by the labour-time socially required for its production. If therefore, the

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

Nevertheless, even in this case, the increased production of surplus-value arises from the curtailment of the necessary labour-time, and from the corresponding prolongation of the surplus-labour. Let the necessary labour-time amount to 10 hours, the value of a day's labour-power to five shillings, the surplus labour-time to 2 hours, and the daily surplus-value to one shilling. But the capitalist now produces 24 articles, which he sells at tenpence a-piece, making twenty shillings in all. Since the value of the means of production is twelve shillings,  $14 \frac{2}{5}$  of these articles merely replace the constant capital advanced. The labour of the 12 hours' working day is represented by the remaining  $9 \frac{3}{5}$  articles. Since the price of the labour power is five shillings, 6 articles represent the necessary labour-time, and  $3 \frac{3}{5}$  articles the surplus-labour. The ratio of the necessary labour to the surplus-labour, which under average social conditions was 5:1, is now only 5:3. The same result may be arrived at in the following way. The value of the product of the working day of 12 hours is twenty shillings. Of this sum, twelve shillings belong to the value of the means of production, a value that merely re-appears. There remain eight shillings, which are the expression in money, of the value newly created during the working day. This sum is greater than the sum in which average social labour of the same kind is expressed: twelve hours of the latter labour are expressed by six shillings

only. The exceptionally productive labour operates as intensified labour; it creates in equal periods of time greater values than average social labour of the same kind. (See Ch. I. Sect. 1. .) But our capitalist still continues to pay as before only five shillings as the value of a day's labour-power. Hence, instead of 10 hours, the labourer need now work only  $7 \frac{1}{5}$  hours, in order to re-produce this value. His surplus-labour is, therefore increased  $2 \frac{4}{5}$  hours, and the surplus-value he produces grows from one, into three shillings. Hence, the capitalist who applies the improved method of production appropriates to surplus-labour a greater portion of the working day, than the other capitalists in the same trade. He does individually, what the whole body of capitalists engaged in producing relative surplus-value, do collectively. On the other hand, however, this extra surplus-value vanishes, so soon as the new method of production has become general and has consequently caused the difference between the individual value of the cheapened commodity and its social value to vanish. The law of the determination of value by labour-time, a law which brings under its sway the individual capitalist who applies the new method of production, by compelling him to sell his goods under their social value, this same law, acting as a coercive law of competition, forces his competitors to adopt the new method. The general rate of surplus-value is, therefore, ultimately affected by the whole process, only when the increase in the productiveness of labour, has seized upon those branches of production that are connected with, and has cheapened those commodities that form part of, the necessary means of subsistence, and are therefore elements of the value of labour-power.

The value of commodities is in inverse ratio to the productiveness of labour. And so, too, is the value of labour-power, because it depends on the values of commodities. Relative surplus-value is, on the contrary, directly proportional to that productiveness. It rises with rising and falls with falling productiveness. The value of money being assumed to be constant, an average social working day of 12 hours always produces the same new value, six shillings, no matter how this sum may be apportioned between surplus-value and wages. But if, in consequence of increased productiveness, the value of the necessaries of life fall, and the value of a day's labour-power be thereby reduced from five shillings to three, the surplus-value increases from one shilling to three. Ten hours were necessary for the reproduction of the value of the labourpower; now only

six are required. Four hours have been set free, and can be annexed to the domain of surplus-labour. Hence there is immanent in capital an inclination and constant tendency, to heighten the productiveness of labour, in order to cheapen commodities, and by such cheapening to cheapen the labourer himself.

The value of a commodity is, in itself, of no interest to the capitalist. What alone interests him, is the surplus-value that dwells in it, and is realisable by sale. Realisation of the surplus-value necessarily carries with it the refunding of the value that was advanced. Now, since relative surplus-value increases in direct proportion to the development of the productiveness of labour, while, on the other hand, the value of commodities diminishes in the same proportion; since one and the same process cheapens commodities, and augments the surplus-value contained in them; we have here the solution of the riddle: why does the capitalist, whose sole concern is the production of exchange-value, continually strive to depress the exchange-value of commodities? A riddle with which Quesnay, one of the founders of political economy, tormented his opponents, and to which they could give him no answer. "You acknowledge," he says, "that the more expenses and the cost of labour can, in the manufacture of industrial products, be reduced without injury to production, the more advantageous is such reduction, because it diminishes the price of the finished article. And yet, you believe that the production of wealth, which arises from the labour of the workpeople, consists in the augmentation of the exchange-value of their products."

The shortening of the working day is, therefore, by no means what is aimed at, in capitalist production, when labour is economised by increasing its productiveness. It is only the shortening of the labour-time, necessary for the production of a definite quantity of commodities, that is aimed at. The fact that the workman, when the productiveness of his labour has been increased, produces, say 10 times as many commodities as before, and thus spends one-tenth as much labour-time on each, by no means prevents him from continuing to work 12 hours as before, nor from producing in those 12 hours 1200 articles instead of 120. Nay, more, his working day may be prolonged at the same time, so as to make him produce, say 1400 articles in 14 hours. In the treatises, therefore, of economists of the stamp of MacCulloch, Ure, Senior, and tutti quanti, we may read upon one page, that the labourer owes a debt of gratitude to capital for developing his

productiveness, because the necessary labour-time is thereby shortened, and on the next page, that he must prove his gratitude by working in future for 15 hours instead of 10. The object of all development of the productiveness of labour, within the limits of capitalist production, is to shorten that part of the working day, during which the workman must labour for his own benefit, and by that very shortening, to lengthen the other part of the day, during which he is at liberty to work gratis for the capitalist. How far this result is also attainable, without cheapening commodities, will appear from an examination of the particular modes of producing relative surplus-value, to which examination we now proceed.

## CHAPTER XIII. CO-OPERATION.

CAPITALIST production only then really begins, as we have already seen, when each individual capital employs simultaneously a comparatively large number of labourers; when consequently the labour-process is carried on on an extensive scale and yields, relatively, large quantities of products. A greater number of labourers working together, at the same time, in one place (or, if you will, in the same field of labour), in order to produce the same sort of commodity under the mastership of one capitalist, constitutes, both historically and logically, the starting point of capitalist production. With regard to the mode of production itself, manufacture, in its strict meaning, is hardly to be distinguished, in its earliest stages, from the handicraft trades of the guilds, otherwise than by the greater number of workmen simultaneously employed by one and the same individual capital. The workshop of the mediæval master handicraftsman is simply enlarged.

At first, therefore, the difference is purely quantitative. We have shown that the surplus-value produced by a given capital is equal to the surplus-value produced by each workman multiplied by the number of workmen simultaneously employed. The number of workmen in itself does not affect, either the rate of surplus-value, or the degree of exploitation of labour-power. If a working day of 12 hours be embodied in six shillings, 1200 such days will be embodied in 1200 times 6 shillings. In one case  $12 \times 1200$  working hours, and in the other 12 such hours are incorporated in the product. In the production of value a number of workmen rank merely as so many individual workmen; and it therefore makes no difference in the value produced whether the 1200 men work separately or united under the control of one capitalist.

Nevertheless, within certain limits, a modification takes place. The labour realised in value, is labour of an average social quality; is consequently the expenditure of average labour-power. Any average magnitude, however, is merely the average of a number of separate magnitudes all of one kind, but differing as to quantity. In every industry, each individual labourer, be he Peter or Paul, differs from the average labourer. These individual differences, or “errors” as they are called in mathematics, compensate one another, and vanish, whenever a certain

minimum number of workmen are employed together. The celebrated sophist and sycophant, Edmund Burke, goes so far as to make the following assertion, based on his practical observations as a farmer; viz., that “in so small a platoon” as that of five farm labourers, all individual differences in the labour vanish, and that consequently any given five adult farm labourers taken together, will in the same time do as much work as any other five. But, however that may be, it is clear, that the collective working day of a large number of workmen simultaneously employed, divided by the number of these workmen, gives one day of average social labour. For example, let the working day of each individual be 12 hours. Then the collective working day of 12 men simultaneously employed, consists of 144 hours; and although the labour of each of the dozen men may deviate more or less from average social labour, each of them requiring a different time for the same operation, yet since the working day of each is one-twelfth of the collective working day of 144 hours, it possesses the qualities of an average social working day. From the point of view, however, of the capitalist who employs these 12 men, the working day is that of the whole dozen. Each individual man’s day is an aliquot part of the collective working day, no matter whether the 12 men assist one another in their work, or whether the connexion between their operations consists merely in the fact, that the men are all working for the same capitalist. But if the 12 men are employed in six pairs, by as many different small masters, it will be quite a matter of chance, whether each of these masters produces the same value, and consequently whether he realises the general rate of surplus-value. Deviations would occur in individual cases. If one workman required considerably more time for the production of a commodity than is socially necessary, the duration of the necessary labour-time would, in his case, sensibly deviate from the labour-time socially necessary on an average; and consequently his labour would not count as average labour, nor his labour-power as average labour-power. It would either be not saleable at all, or only at something below the average value of labour-power. A fixed minimum of efficiency in all labour is therefore assumed, and we shall see, later on, that capitalist production provides the means of fixing this minimum. Nevertheless, this minimum deviates from the average, although on the other hand the capitalist has to pay the average value of labour-power. Of the six small masters, one would therefore squeeze out more than the average rate of surplus-value, another less. The inequalities would be

compensated for the society at large, but not for the individual masters. Thus the laws of the production of value are only fully realised for the individual producer, when he produces as a capitalist, and employes a number of workmen together, whose labour, by its collective nature, is at once stamped as average social labour.

Even without an alteration in the system of working, the simultaneous employment of a large number of labourers effects a revolution in the material conditions of the labourprocess. The buildings in which they work, the store-houses for the raw material, the implements and utensils used simultaneously or in turns by the workmen; in short, a portion of the means of production, are now consumed in common. On the one hand, the exchange-value of these means of production is not increased; for the exchange value of a commodity is not raised by its use-value being consumed more thoroughly and to greater advantage. On the other hand, they are used in common, and therefore on a larger scale than before. A room where twenty weavers work at twenty looms must be larger than the room of a single weaver with two assistants. But it costs less labour to build one workshop for twenty persons than to build ten to accommodate two weavers each; thus the value of the means of production that are concentrated for use in common on a large scale does not increase in direct proportion to the expansion and to the increased useful effect of those means. When consumed in common, they give up a smaller part of their value to each single product; partly because the total value they part with is spread over a greater quantity of products, and partly because their value, though absolutely greater, is, having regard to their sphere of action in the process, relatively less than the value of isolated means of production. Owing to this, the value of a part of the constant capital falls, and in proportion to the magnitude of the fall, the total value of the commodity also falls. The effect is the same as if the means of production had cost less. The economy in their application is entirely owing to their being consumed in common by a large number of workmen. Moreover, this character of being necessary conditions of social labour, a character that distinguishes them from the dispersed and relatively more costly means of production of isolated, independent labourers, or small masters, is acquired even when the numerous workmen assembled together do not assist one another, but merely work side by side. A portion of the instruments of labour acquires this social character before the labour-process itself does so.

Economy in the use of the means of production has to be considered under two aspects. First, as cheapening commodities, and thereby bringing about a fall in the value of labour-power. Secondly, as altering the ratio of the surplus-value to the total capital advanced, i.e., to the sum of the values of the constant and variable capital. The latter aspect will not be considered until we come to the third volume, to which, with the object of treating them in their proper connexion, we also relegate many other points that relate to the present question. The march of our analysis compels this splitting up of the subject matter, a splitting up that is quite in keeping with the spirit of capitalist production. For since, in this mode of production, the workman finds the instruments of labour existing independently of him as another man's property, economy in their use appears, with regard to him, to be a distinct operation, one that does not concern him, and which, therefore, has no connexion with the methods by which his own personal productiveness is increased.

When numerous labourers work together side by side, whether in one and the same process, or in different but connected processes, they are said to co-operate, or to work in co-operation.

Just as the offensive power of a squadron of cavalry, or the defensive power of a regiment of infantry, is essentially different from the sum of the offensive or defensive powers of the individual cavalry or infantry soldiers taken separately, so the sum total of the mechanical forces exerted by isolated workmen differs from the social force that is developed, when many hands take part simultaneously in one and the same undivided operation, such as raising a heavy weight, turning a winch, or removing an obstacle. In such cases the effect of the combined labour could either not be produced at all by isolated individual labour, or it could only be produced by a great expenditure of time, or on a very dwarfed scale. Not only have we here an increase in the productive power of the individual, by means of co-operation, but the creation of a new power, namely, the collective power of masses.

Apart from the new power that arises from the fusion of many forces into one single force, mere social contact begets in most industries an emulation and a stimulation of the animal spirits that heighten the efficiency of each individual workman. Hence it is that a dozen persons working together will, in their collective working-day of 144 hours, produce far more than twelve isolated men each working 12 hours, or than one man who works twelve

days in succession. The reason of this is that a man is, if not as Aristotle contends, a political, at all events a social animal.

Although a number of man may be occupied together at the same time on the same, or the same kind of work, yet the labour of each, as a part of the collective labour, may correspond to a distinct phase of the labour-process, through all whose phases, in consequence of co-operation, the subject of their labour passes with greater speed. For instance, if a dozen masons place themselves in a row, so as to pass stones from the foot of a ladder to its summit, each of them does the same thing; nevertheless, their separate acts form connected parts of one total operation; they are particular phases, which must be gone through by each stone; and the stones are thus carried up quicker by the 24 hands of the row of men than they could be if each man went separately up and down the ladder with his burden. The object is carried over the same distance in a shorter time. Again, a combination of labour occurs whenever a building, for instance, is taken in hand on different sides simultaneously; although here also the cooperating masons are doing the same, or the same kind of work. The 12 masons, in their collective working day of 144 hours, make much more progress with the building than one mason could make working for 12 days, or 144 hours. The reason is, that a body of men working in concert has hands and eyes both before and behind, and is, to a certain degree, omni-present. The various parts of the work progress simultaneously.

In the above instances we have laid stress upon the point that the men do the same, or the same kind of work, because this, the most simple form of labour in common, plays a great part in co-operation, even in its most fully developed stage. If the work be complicated, then the mere number of the men who co-operate allows of the various operations being apportioned to different hands, and, consequently, of being carried on simultaneously. The time necessary for the completion of the whole work is thereby shortened.

In many industries, there are critical periods, determined by the nature of the process, during which certain definite results must be obtained. For instance, if a flock of sheep has to be shorn, or a field of wheat to be cut and harvested, the quantity and quality of the product depends on the work being begun and ended within a certain time. In these cases, the time that ought to be taken by the process is prescribed, just as it is in herring fishing. A single person cannot carve a working day of more than, say 12 hours, out of the natural day, but 100 men co-operating extend the working

day to 1,200 hours. The shortness of the time allowed for the work is compensated for by the large mass of labour thrown upon the field of production at the decisive moment. The completion of the task within the proper time depends on the simultaneous application of numerous combined working days; the amount of useful effect depends on the number of labourers; this number, however, is always smaller than the number of isolated labourers required to do the same amount of work in the same period. It is owing to the absence of this kind of co-operation that, in the western part of the United States, quantities of corn, and in those parts of East India where English rule has destroyed the old communities, quantities of cotton, are yearly wasted.

On the one hand, co-operation allows of the work being carried on over an extended space; it is consequently imperatively called for in certain undertakings, such as draining, constructing dykes, irrigation works, and the making of canals, roads and railways. On the other hand, while extending the scale of production, it renders possible a relative contraction of the arena. This contraction of arena simultaneous with, and arising from, extension of scale, whereby a number of useless expenses are cut down, is owing to the conglomeration of labourers, to the aggregation of various processes, and to the concentration of the means of production.

The combined working day produces, relatively to an equal sum of isolated working-days, a greater quantity of use-values, and, consequently, diminishes the labour-time necessary for the production of a given useful effect. Whether the combined working-day, in a given case, acquires this increased productive power, because it heightens the mechanical force of labour, or extends its sphere of action over a greater space, or contracts the field of production relatively to the scale of production, or at the critical moment sets large masses of labour to work, or excites emulation between individuals and raises their animal spirits, or impresses on the similar operations carried on by a number of men the stamp of continuity and many-sidedness, or performs simultaneously different operations, or economises the means of production by use in common, or lends to individual labour the character of average social labour — which ever of these be the cause of the increase, the special productive power of the combined working day is, under all circumstances, the social productive power of labour, or the productive power of social labour. This power is due

to co-operation itself. When the labourer co-operates systematically with others, he strips off the fetters of his individuality, and develops the capabilities of his species.

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

And as with the variable, so it is with the constant capital. For example, the outlay on raw material is 30 times as great, for the capitalist who employs 300 men, as it is for each of the 30 capitalists who employ 10 men. The value and quantity of the instruments of labour used in common do not, it is true, increase at the same rate as the number of workmen, but they do increase very considerably. Hence, concentration of large masses of the means of production in the hands of individual capitalists, is a material condition for the co-operation of wage-labourers, and the extent of the co-operation or the scale of production, depends on the extent of this concentration.

We saw in a former chapter, that a certain minimum amount of capital was necessary, in order that the number of labourers simultaneously employed, and, consequently, the amount of surplus-value produced, might suffice to liberate the employer himself from manual labour, to convert him from a small master into a capitalist, and thus formally to establish capitalist production. We now see that a certain minimum amount is a necessary condition for the conversion of numerous isolated and independent processes into one combined social process.

We also saw that at first, the subjection of labour to capital was only a formal result of the fact, that the labourer, instead of working for himself, works for and consequently under the capitalist. By the co-operation of numerous wage-labourers, the sway of capital develops into a requisite for carrying on the labour-process itself, into a real requisite of production. That a capitalist should command on the field of production, is now as indispensable as that a general should command on the field of battle.

All combined labour on a large scale requires, more or less, a directing authority, in order to secure the harmonious working of the individual activities, and to perform the general functions that have their origin in the action of the combined organism, as distinguished from the action of its separate organs. A single violin player is his own conductor; an orchestra requires a separate one. The work of directing, superintending, and adjusting, becomes one of the functions of capital, from the moment that the labour under the control of capital, becomes co-operative. Once a function of capital, it acquires special characteristics.

The directing motive, the end and aim of capitalist production, is to extract the greatest possible amount of surplus-value, and consequently to exploit labour-power to the greatest possible extent. As the number of the co-operating labourers increases, so too does their resistance to the domination of capital, and with it, the necessity for capital to overcome this resistance by counter-pressure. The control exercised by the capitalist is not only a special function, due to the nature of the social labour-process, and peculiar to that process, but it is, at the same time, a function of the exploitation of a social labour-process, and is consequently rooted in the unavoidable antagonism between the exploiter and the living and labouring raw material he exploits.

Again, in proportion to the increasing mass of the means of production, now no longer the property of the labourer, but of the capitalist, the necessity increases for some effective control over the proper application of those means. Moreover, the co-operation of wage labourers is entirely brought about by the capital that employs them. Their union into one single productive body and the establishment of a connexion between their individual functions, are matters foreign and external to them, are not their own act, but the act of the capital that brings and keeps them together. Hence the connexion existing between their various labours appears to them, ideally, in the shape of a preconceived plan of the capitalist, and

practically in the shape of the authority of the same capitalist, in the shape of the powerful will of another, who subjects their activity to his aims. If, then, the control of the capitalist is in substance twofold by reason of the twofold nature of the process of production itself, — which, on the one hand, is a social process for producing use-values, on the other, a process for creating surplus-value — in form that control is despotic. As co-operation extends its scale, this despotism takes forms peculiar to itself. Just as at first the capitalist is relieved from actual labour so soon as his capital has reached that minimum amount with which capitalist production, as such begins, so now, he hands over the work of direct and constant supervision of the individual workmen, and groups of workmen, to a special kind of wage labourer. An industrial army of workmen, under the command of a capitalist, requires, like a real army, officers (managers), and sergeants (foremen, overlookers), who, while the work is being done, command in the name of the capitalist. The work of supervision becomes their established and exclusive function. When comparing the mode of production of isolated peasants and artizans with production by slave labour the political economist counts this labour of superintendence among the faux frais of production. But, when considering the capitalist mode of production, he, on the contrary, treats the work of control made necessary by the co-operative character of the labour process as identical with the different work of control, necessitated by the capitalist character of that process and the antagonism of interests between capitalist and labourer. It is not because he is a leader of industry that a man is a capitalist; on the contrary, he is a leader of industry because he is a capitalist. The leadership of industry is an attribute of capital, just as in feudal times the functions of general and judge were attributes of landed property.

The labourer is the owner of his labour-power until he has done bargaining for its sale with the capitalist; and he can sell no more than what he has — i.e., his individual, isolated labour-power. This state of things is in no way altered by the fact that the capitalist, instead of buying the labour-power of one man, buys that of 100, and enters into separate contracts with 100 unconnected men instead of with one. He is at liberty to set the 100 men to work, without letting them co-operate. He pays them the value of 100 independent labour-powers, but he does not pay for the combined labour-power of the hundred. Being independent of each other, the labourers are isolated persons, who enter into relations with the capitalist,

but not with one another. This co-operation begins only with the labour process, but they have then ceased to belong to themselves. On entering that process, they become incorporated with capital. As co-operators, as members of a working organism, they are but special modes of existence of capital. Hence, the productive power developed by the labourer when working in co-operation, is the productive power of capital. This power is developed gratuitously, whenever the workmen are placed under given conditions, and it is capital that places them under such conditions. Because this power costs capital nothing, and because, on the other hand, the labourer himself does not develop it before his labour belongs to capital, it appears as a power with which capital is endowed by Nature — a productive power that is immanent in capital.

The colossal effects of simple co-operation are to be seen in the gigantic structures of the ancient Asiatics, Egyptians, Etruscans, &c. “It has happened in times past that these Oriental States, after supplying the expenses of their civil and military establishments, have found themselves in possession of a surplus which they could apply to works of magnificence or utility, and in the construction of these their command over the hands and arms of almost the entire non-agricultural population has produced stupendous monuments which still indicate their power. The teeming valley of the Nile...produced food for a swarming non-agricultural population, and this food, belonging to the monarch and the priesthood, afforded the means of erecting the mighty monuments which filled the land.... In moving the colossal statues and vast masses of which the transport creates wonder, human labour almost alone, was prodigally used.... The number of the labourers and the concentration of their efforts sufficed. We see mighty coral reefs rising from the depths of the ocean into islands and firm land, yet each individual depositor is puny, weak, and contemptible. The non-agricultural labourers of an Asiatic monarchy have little but their individual bodily exertions to bring to the task, but their number is their strength, and the power of directing these masses gave rise to the palaces and temples, the pyramids, and the armies of gigantic statues of which the remains astonish and perplex us. It is that confinement of the revenues which feed them, to one or a few hands, which makes such undertakings possible.” This power of Asiatic and Egyptian kings, Etruscan theocrats, &c., has in modern society been transferred to the capitalist, whether he be an isolated, or as in joint stock companies, a collective capitalist.

Co-operation, such as we find it at the dawn of human development, among races who live by the chase, or say, in the agriculture of Indian communities, is based, on the one hand, on ownership in common of the means of production, and on the other hand, on the fact, that in those cases, each individual has no more torn himself off from the navel-string of his tribe or community, than each bee has freed itself from connexion with the hive. Such co-operation is distinguished from capitalistic co-operation by both of the above characteristics. The sporadic application of co-operation on a large scale in ancient times, in the middle ages, and in modern colonies, reposes on relations of dominion and servitude, principally on slavery. The capitalistic form, on the contrary, presupposes from first to last, the free wage labourer, who sells his labour-power to capital. Historically, however, this form is developed in opposition to peasant agriculture and to the carrying on of independent handicrafts whether in guilds or not. From the standpoint of these, capitalistic co-operation does not manifest itself as a particular historical form of co-operation, but co-operation itself appears to be a historical form peculiar to, and specifically distinguishing, the capitalist process of production.

Just as the social productive power of labour that is developed by co-operation, appears to be the productive power of capital, so co-operation itself, contrasted with the process of production carried on by isolated independent labourers, or even by small employers, appears to be a specific form of the capitalist process of production. It is the first change experienced by the actual labour-process, when subjected to capital. This change takes place spontaneously. The simultaneous employment of a large number of wage-labourers, in one and the same process, which is a necessary condition of this change, also forms the starting point of capitalist production. This point coincides with the birth of capital itself. If then, on the one hand, the capitalist mode of production presents itself to us historically, as a necessary condition to the transformation of the labour-process into a social process, so, on the other hand, this social form of the labour-process presents itself, as a method employed by capital for the more profitable exploitation of labour, by increasing that labour's productiveness.

In the elementary form, under which we have hitherto viewed it, co-operation is a necessary concomitant of all production on a large scale, but it does not, in itself, represent a fixed form characteristic of a particular epoch in the development of the capitalist mode of production. At the most

it appears to do so, and that only approximately, in the handicraft-like beginnings of manufacture, and in that kind of agriculture on a large scale, which corresponds to the epoch of manufacture, and is distinguished from peasant agriculture, mainly by the number of the labourers simultaneously employed, and by the mass of the means of production concentrated for their use. Simple co-operation is always the prevailing form, in those branches of production in which capital operates on a large scale, and division of labour and machinery play but a subordinate part.

Co-operation ever constitutes the fundamental form of the capitalist mode of production; nevertheless, the elementary form of co-operation continues to subsist as a particular form of capitalist production side by side with the more developed forms of that mode of production.

# CHAPTER XIV. DIVISION OF LABOUR AND MANUFACTURE.

## SECTION 1. — TWOFOLD ORIGIN OF MANUFACTURE.

THAT co-operation which is based on division of labour, assumes its typical form in the manufacture, and is the prevalent characteristic form of the capitalist process of production throughout the manufacturing period properly so called. That period, roughly speaking, extends from the middle of the 16th to the last third of the 18th century.

Manufacture takes its rise in two ways: —

By the assemblage, in one workshop under the control of a single capitalist, of labourers belonging to various independent handicrafts, but through whose hands a given article must pass on its way to completion. A carriage, for example, was formerly the product of the labour of a great number of independent artificers, such as wheelwrights, harness-makers, tailors, locksmiths, upholsterers, turners, fringe-makers, glaziers, painters, polishers, gilders, &c. In the manufacture of carriages, however, all these different artificers are assembled in one building, where they work into one another's hands. It is true that a carriage cannot be gilt before it has been made. But if a number of carriages are being made simultaneously, some may be in the hands of the gilders while others are going through an earlier process. So far, we are still in the domain of simple co-operation, which finds its materials ready to hand in the shape of men and things. But very soon an important change takes place. The tailor, the locksmith, and the other artificers, being now exclusively occupied in carriage-making, each gradually loses, through want of practice, the ability to carry on, to its full extent, his old handicraft. But, on the other hand, his activity now confined in one groove, assumes the form best adapted to the narrowed sphere of action. At first, carriage manufacture is a combination of various independent handicrafts. By degrees, it becomes the splitting up of carriage making into its various detail processes, each of which crystallizes into the exclusive function of a particular workman, the manufacture, as a whole, being carried on by the men in conjunction. In the same way, cloth manufacture, as also a whole series of other manufactures, arose by

combining different handicrafts together under the control of a single capitalist.

(2.) Manufacture also arises in a way exactly the reverse of this — namely, by one capitalist employing simultaneously in one workshop a number of artificers, who all do the same, or the same kind of work, such as making paper, type, or needles. This is co-operation in its most elementary form. Each of these artificers (with the help, perhaps, of one or two apprentices), makes the entire commodity, and he consequently performs in succession all the operations necessary for its production. He still works in his old handicraft-like way. But very soon external circumstances cause a different use to be made of the concentration of the workmen on one spot, and of the simultaneousness of their work. An increased quantity of the article has perhaps to be delivered within a given time. The work is therefore re-distributed. Instead of each man being allowed to perform all the various operations in succession, these operations are changed into disconnected, isolated ones, carried on side by side; each is assigned to a different artificer, and the whole of them together are performed simultaneously by the co-operating workmen. This accidental repartition gets repeated, develops advantages of its own, and gradually ossifies into a systematic division of labour. The commodity, from being the individual product of an independent artificer, becomes the social product of a union of artificers, each of whom performs one, and only one, of the constituent partial operations. The same operations which, in the case of a papermaker belonging to a German Guild, merged one into the other as the successive acts of one artificer, became in the Dutch paper manufacture so many partial operations carried on side by side by numerous co-operating labourers. The needlemaker of the Nuremberg Guild was the cornerstone on which the English needle manufacture was raised. But while in Nuremberg that single artificer performed a series of perhaps 20 operations one after another, in England it was not long before there were 20 needlemakers side by side, each performing one alone of those 20 operations; and in consequence of further experience, each of those 20 operations was again split up, isolated, and made the exclusive function of a separate workman.

The mode in which manufacture arises, its growth out of handicrafts, is therefore twofold. On the one hand, it arises from the union of various

independent handicrafts, which become stripped of their independence and specialised to such an extent as to be reduced to mere supplementary partial processes in the production of one particular commodity. On the other hand, it arises from the co-operation of artificers of one handicraft; it splits up that particular handicraft into its various detail operations, isolating, and making these operations independent of one another up to the point where each becomes the exclusive function of a particular labourer. On the one hand, therefore, manufacture either introduces division of labour into a process of production, or further develops that division; on the other hand, it unites together handicrafts that were formerly separate. But whatever may have been its particular starting point, its final form is invariably the same — a productive mechanism whose parts are human beings.

For a proper understanding of the division of labour in manufacture, it is essential that the following points be firmly grasped. First, the decomposition of a process of production into its various successive steps coincides, here, strictly with the resolution of a handicraft into its successive manual operations. Whether complex or simple, each operation has to be done by hand, retains the character of a handicraft, and is therefore dependent on the strength, skill, quickness, and sureness, of the individual workman in handling his tools. The handicraft continues to be the basis. This narrow technical basis excludes a really scientific analysis of any definite process of industrial production, since it is still a condition that each detail process gone through by the product must be capable of being done by hand and of forming, in its way, a separate handicraft. It is just because handicraft skill continues, in this way, to be the foundation of the process of production, that each workman becomes exclusively assigned to a partial function, and that for the rest of his life, his labour-power is turned into the organ of this detail function.

Secondly, this division of labour is a particular sort of co-operation, and many of its disadvantages spring from the general character of co-operation, and not from this particular form of it.

## **SECTION 2. — THE DETAIL LABOURER AND HIS IMPLEMENTS.**

If we now go more into detail, it is, in the first place, clear that a labourer who all his life performs one and the same simple operation, converts his

whole body into the automatic, specialised implement of that operation. Consequently, he takes less time in doing it, than the artificer who performs a whole series of operations in succession. But the collective labourer, who constitutes the living mechanism of manufacture, is made up solely of such specialised detail labourers. Hence, in comparison with the independent handicraft, more is produced in a given time, or the productive power of labour is increased. Moreover, when once this fractional work is established as the exclusive function of one person, the methods it employs become perfected. The workman's continued repetition of the same simple act, and the concentration of his attention on it, teach him by experience how to attain the desired effect with the minimum of exertion. But since there are always several generations of labourers living at one time, and working together at the manufacture of a given article, the technical skill, the tricks of the trade thus acquired, become established, and are accumulated and handed down. Manufacture, in fact, produces the skill of the detail labourer, by reproducing, and systematically driving to an extreme within the workshop, the naturally developed differentiation of trades, which it found ready to hand in society at large. On the other hand, the conversion of fractional work into the life-calling of one man, corresponds to the tendency shown by earlier societies, to make trades hereditary; either to petrify them into castes, or whenever definite historical conditions beget in the individual a tendency to vary in a manner incompatible with the nature of castes, to ossify them into guilds. Castes and guilds arise from the action of the same natural law, that regulates the differentiation of plants and animals into species and varieties, except that, when a certain degree of development has been reached, the heredity of castes and the exclusiveness of guilds are ordained as a law of society. "The muslins of Dakka in fineness, the calicoes and other piece goods of Coromandel in brilliant and durable colours, have never been surpassed. Yet they are produced without capital, machinery, division of labour, or any of those means which give such facilities to the manufacturing interest of Europe. The weaver is merely a detached individual, working a web when ordered of a customer, and with a loom of the rudest construction, consisting sometimes of a few branches or bars of wood, put roughly together. There is even no expedient for rolling up the warp; the loom must therefore be kept stretched to its full length, and becomes so inconveniently large, that it cannot be contained within the hut of the manufacturer, who is therefore compelled to ply his

trade in the open air, where it is interrupted by every vicissitude of the weather.” It is only the special skill accumulated from generation to generation, and transmitted from father to son, that gives to the Hindoo, as it does to the spider, this proficiency. And yet the work of such a Hindoo weaver is very complicated, compared with that of a manufacturing labourer.

An artificer, who performs one after another the various fractional operations in the production of a finished article, must at one time change his place, at another his tools. The transition from one operation to another interrupts the flow of his labour, and creates, so to say, gaps in his working day. These gaps close up so soon as he is tied to one and the same operation all day long; they vanish in proportion as the changes in his work diminish. The resulting increased productive power is owing either to an increased expenditure of labour-power in a given time — i.e., to increased intensity of labour — or to a decrease in the amount of labour-power unproductively consumed. The extra expenditure of power, demanded by every transition from rest to motion, is made up for by prolonging the duration of the normal velocity when once acquired. On the other hand, constant labour of one uniform kind disturbs the intensity and flow of a man’s animal spirits, which find recreation and delight in mere change of activity.

The productiveness of labour depends not only on the proficiency of the workman, but on the perfection of his tools. Tools of the same kind, such as knives, drills, gimlets, hammers, &c. may be employed in different processes; and the same tool may serve various purposes in a single process. But so soon as the different operations of a labour-process are disconnected the one from the other, and each fractional operation acquires in the hands of the detail labourer a suitable and peculiar form, alterations become necessary in the implements that previously served more than one purpose. The direction taken by this change is determined by the difficulties experienced in consequence of the unchanged form of the implement. Manufacture is characterized by the differentiation of the instruments of labour — a differentiation whereby implements of a given sort acquire fixed shapes, adapted to each particular application, and by the specialisation of those instruments, giving to each special instrument its full play only in the hands of a specific detail labourer. In Birmingham alone 500 varieties of hammers are produced, and not only is each adapted to one particular process, but several varieties often serve exclusively for the different

operations in one and the same process. The manufacturing period simplifies, improves, and multiplies the implements of labour, by adapting them to the exclusively special functions of each detail labourer. It thus creates at the same time one of the material conditions for the existence of machinery, which consists of a combination of simple instruments.

The detail labourer and his implements are the simplest elements of manufacture. Let us now turn to its aspect as a whole.

### **SECTION 3. — THE TWO FUNDAMENTAL FORMS OF MANUFACTURE: HETEROGENEOUS MANUFACTURE, SERIAL MANUFACTURE.**

The organisation of manufacture has two fundamental forms, which, in spite of occasional blending, are essentially different in kind, and, moreover, play very distinct parts in the subsequent transformation of manufacture into modern industry carried on by machinery. This double character arises from the nature of the article produced. This article either results from the mere mechanical fitting together of partial products made independently, or owes its completed shape to a series of connected processes and manipulations.

A locomotive, for instance, consists of more than 5000 independent parts. It cannot, however, serve as an example of the first kind of genuine manufacture, for it is a structure produced by modern mechanical industry. But a watch can; and William Petty used it to illustrate the division of labour in manufacture. Formerly the individual work of a Nuremberg artificer, the watch has been transformed into the social product of an immense number of detail labourers, such as mainspring makers, dial makers, spiral spring makers, jewelled hole makers, ruby lever makers, hand makers, case makers, screw makers, gilders, with numerous subdivisions, such as wheel makers (brass and steel separate), pin makers, movement makers, *acheveur de pignon* (fixes the wheels on the axles, polishes the facets, &c.), pivot makers, *planteur de finissage* (puts the wheels and springs in the works), *finisseur de barillet* (cuts teeth in the wheels, makes the holes of the right size, &c.), escapement makers, cylinder makers for cylinder escapement, escapement wheel makers, balance wheel makers, *raquette makers* (apparatus for regulating the watch), the *planteur d'échappement* (escapement maker proper); then the *repasser de barillet*

(finishes the box for the spring, 8c.), steel polishers, wheel polishers, screw polishers, figure painters, dial enamellers (melt the enamel on the copper), fabricant de pendants (makes the ring by which the case is hung), finisseur de charnière (puts the brass hinge in the cover, 8c.) faiseur de secret (puts in the springs that open the case), graveur, ciseleur, polisseur de boîte, 8c., 8c., and last of all the repasseur, who fits together the whole watch and hands it over in a going state. Only a few parts of the watch pass through several hands; and all these membra disjecta come together for the first time in the hand that binds them into one mechanical whole. This external relation between the finished product, and its various and diverse elements makes it, as well in this case as in the case of all similar finished articles, a matter of chance whether the detail labourers are brought together in one workshop or not. The detail operations may further be carried on like so many independent handicrafts, as they are in the Cantons of Vaud and Neuchâtel; while in Geneva there exist large watch manufactories where the detail labourers directly co-operate under the control of a single capitalist. And even in the latter case the dial, the springs, and the case, are seldom made in the factory itself. To carry on the trade as a manufacture, with concentration of workmen, is, in the watch trade, profitable only under exceptional conditions, because competition is greater between the labourers who desire to work at home, and because the splitting up of the work into a number of heterogeneous processes, permits but little use of the instruments of labour in common, and the capitalist, by scattering the work, saves the outlay on workshops, 8c. Nevertheless the position of this detail labourer who, though he works at home, does so for a capitalist (manufacturer, établisseur), is very different from that of the independent artificer, who works for his own customers.

The second kind of manufacture, its perfected form, produces articles that go through connected phases of development, through a series of processes step by step, like the wire in the manufacture of needles, which passes through the hands of 72 and sometimes even 92 different detail workmen.

In so far as such a manufacture, when first started, combines scattered handicrafts, it lessens the space by which the various phases of production are separated from each other. The time taken in passing from one stage to another is shortened, so is the labour that effectuates this passage. In comparison with a handicraft, productive power is gained, and this gain is

owing to the general co-operative character of manufacture. On the other hand, division of labour, which is the distinguishing principle of manufacture, requires the isolation of the various stages of production and their independence of each other. The establishment and maintenance of a connexion between the isolated functions necessitates the incessant transport of the article from one hand to another, and from one process to another. From the standpoint of modern mechanical industry, this necessity stands forth as a characteristic and costly disadvantage, and one that is immanent in the principle of manufacture.

If we confine our attention to some particular lot of raw materials, of rags, for instance, in paper manufacture, or of wire in needle manufacture, we perceive that it passes in succession through a series of stages in the hands of the various detail workmen until completion. On the other hand, if we look at the workshop as a whole, we see the raw material in all the stages of its production at the same time. The collective labourer, with one set of his many hands armed with one kind of tools, draws the wire, with another set, armed with different tools, he, at the same time, straightens it, with another, he cuts it, with another points it and so on. The different detail processes which were successive in time, have become simultaneous, go on side by side in space. Hence, production of greater quantum of finished commodities in a given time. This simultaneity, it is true, is due to the general co-operative form of the process as a whole; but Manufacture not only finds the conditions for co-operation really to hand, it also, to some extent, creates them by the sub-division of handicraft labour. On the other hand, it accomplishes this social organisation of the labour-process only by riveting each labourer to a single fractional detail.

Since the fractional product of each detail labourer is, at the same time, only a particular stage in the development of one and the same finished article, each labourer, or each group of labourers, prepares the raw material for another labourer or group. The result of the labour of the one is the starting point for the labour of the other. The workman therefore gives occupation directly to the other. The labour-time necessary in each partial process, for attaining the desired effect, is learnt by experience; and the mechanism of Manufacture, as a whole, is based on the assumption that a given result will be obtained in a given time. It is only on this assumption that the various supplementary labour-processes can proceed uninterruptedly, simultaneously, and side by side. It is clear that this direct

dependence of the operations, and therefore of the labourers, on each other, compels each one of them to spend on his work no more than the necessary time, and thus a continuity, uniformity, regularity, order, and even intensity of labour, of quite a different kind, is begotten than is to be found in an independent handicraft or even in simple co-operation. The rule that the labour-time expended on a commodity should not exceed that which is socially necessary for its production, appears, in the production of commodities generally, to be established by the mere effect of competition; since, to express ourselves superficially, each single producer is obliged to sell his commodity at its market price. In Manufacture, on the contrary, the turning out of a given quantum of product in a given time is a technical law of the process of production itself.

Different operations take, however, unequal periods, and yield therefore, in equal times unequal quantities of fractional products. If, therefore, the same labourer has, day after day, to perform the same operation, there must be a different number of labourers for each operation; for instance, in type manufacture, there are four founders and two breakers to one rubber: the founder casts 2,000 type an hour, the breaker breaks up 4,000, and the rubber polishes 8,000. Here we have again the principle of co-operation in its simplest form, the simultaneous employment of many doing the same thing; only now, this principle is the expression of an organic relation. The division of labour, as carried out in the Manufacture, not only simplifies and multiplies the qualitatively different parts of the social collective labourer, but also creates a fixed mathematical relation or ratio which regulates the qualitative extent of those parts — i.e., the relative number of labourers, or the relative size of the group of labourers, for each detail operation. It develops, along with the qualitative sub-division of the social labour process, a quantitative rule and proportionality for that process.

When once the most fitting proportion has been experimentally established for the numbers of the detail labourers in the various groups when producing on a given scale, that scale can be extended only by employing a multiple of each particular group. There is this to boot, that the same individual can do certain kinds of work just as well on a large as on a small scale; for instance, the labour of superintendence, the carriage of the fractional product from one stage to the next, &c. The isolation of such functions, their allotment to a particular labourer, does not become

advantageous till after an increase in the number of labourers employed; but this increase must affect every group proportionally.

The isolated group of labourers to whom any particular detail function is assigned, is made up of homogeneous elements, and is one of the constituent parts of the total mechanism. In many manufactures, however, the group itself is an organised body of labour, the total mechanism being a repetition or multiplication of these elementary organisms. Take, for instance, the manufacture of glass bottles. It may be resolved into three essentially different stages. First, the preliminary stage, consisting of the preparation of the components of the glass, mixing the sand and lime, &c., and melting them into a fluid mass of glass. Various detail labourers are employed in this first stage, and also in the final one of removing the bottles from the drying furnace, sorting and packing them, &c. In the middle, between these two stages, comes the glass melting proper, the manipulation of the fluid mass. At each mouth of the furnace, there works a group, called "the hole," consisting of one bottlemaker or finisher, one blower, one gatherer, one putter-up or whetter-off, and one taker-in. These five detail workers are so many special organs of a single working organism that acts only as a whole, and therefore can operate only by the direct co-operation of the whole five. The whole body is paralysed if but one of its members be wanting. But a glass furnace has several openings (in England from 4 to 6), each of which contains an earthenware melting-pot full of molten glass, and employs a similar five-membered group of workers. The organisation of each group is based on division of labour, but the bond between the different groups is simple co-operation, which, by using in common one of the means of production the furnace, causes it to be more economically consumed. Such a furnace, with its 4-6 groups, constitutes a glass house; and a glass manufactory comprises a number of such glass houses, together with the apparatus and workmen requisite for the preparatory and final stages.

Finally, just as Manufacture arises in part from the combination of various handicrafts, so, too, it develops into a combination of various manufactures. The larger English glass manufacturers, for instance, make their own earthenware melting-pots, because, on the quality of these depends, to a great extent, the success or failure of the process. The manufacture of one of the means of production is here united with that of the product. On the other hand, the manufacture of the product may be

united with other manufactures, of which that product is the raw material, or with the products of which it is itself subsequently mixed. Thus, we find the manufacture of flint glass combined with that of glass cutting and brass founding; the latter for the metal settings of various articles of glass. The various manufactures so combined form more or less separate departments of a larger manufacture, but are at the same time independent processes, each with its own division of labour. In spite of the many advantages offered by this combination of manufactures, it never grows into a complete technical system on its own foundation. That happens only on its transformation into an industry carried on by machinery.

Early in the manufacturing period, the principle of lessening the necessary labour-time in the production of commodities, was accepted and formulated: and the use of machines, especially for certain simple first processes that have to be conducted on a very large scale, and with the application of great force, sprang up here and there. Thus, at an early period in paper manufacture, the tearing up of the rags was done by paper mills; and in metal works, the pounding of the ores was effected by stamping mills. The Roman Empire had handed down the elementary form of all machinery in the water-wheel.

The handicraft period bequeathed to us the great inventions of the compass, of gunpowder, of type-printing, and of the automatic clock. But, on the whole, machinery played that subordinate part which Adam Smith assigns to it in comparison with division of labour. The sporadic use of machinery in the 17th century was of the greatest importance, because it supplied the great mathematicians of that time with a practical basis and stimulant to the creation of the science of mechanics.

The collective labourer, formed by the combination of a number of detail labourers, is the machinery specially characteristic of the manufacturing period. The various operations that are performed in turns by the producer of a commodity, and coalesce one with another during the progress of production, lay claim to him in various ways. In one operation he must exert more strength, in another more skill, in another more attention; and the same individual does not possess all these qualities in an equal degree. After Manufacture has once separated, made independent, and isolated the various operations, the labourers are divided, classified, and grouped according to their predominating qualities. If their natural endowments are, on the one hand, the foundation on which the division of labour is built up,

on the other hand, Manufacture, once introduced, develops in them new powers that are by nature fitted only for limited and special functions. The collective labourer now possesses, in an equal degree of excellence, all the qualities requisite for production, and expends them in the most economical manner, by exclusively employing all his organs, consisting of particular labourers, or groups of labourers, in performing their special functions. The one-sidedness and the deficiencies of the detail labourer become perfections when he is a part of the collective labourer. The habit of doing only one thing converts him into a never failing instrument, while his connexion with the whole mechanism compels him to work with the regularity of the parts of a machine.

Since the collective labourer has functions, both simple and complex, both high and low, his members, the individual labour-powers, require different degrees of training, and must therefore have different values. Manufacture, therefore, develops a hierarchy of labour-powers, to which there corresponds a scale of wages. If, on the one hand, the individual laborers are appropriated and annexed for life by a limited function; on the other hand, the various operations of the hierarchy are parcelled out among the laboures according to both their natural and their acquired capabilities. Every process of production, however, requires certain simple manipulations, which every man is capable of doing. They too are now severed from their connexion with more pregnant moments of activity, and ossified into exclusive functions of specially appointed labourers. Hence, Manufacture begets, in every handicraft that it seizes upon, a class of so-called unskilled labourers, a class which handicraft industry strictly excluded. If it develops a one-sided specialty into a perfection, at the expense of the whole of a man's working capacity, it also begins to make a specialty of the absence of all development. Alongside of the hierarchic gradation there steps the simple separation of the labourers into skilled and unskilled. For the latter, the cost of apprenticeship vanishes; for the former, it diminishes, compared with that of artificers, in consequence of the functions being simplified. In both cases the value of labour-power falls. An exception to this law holds good whenever the decomposition of the labour-process begets new and comprehensive functions, that either had no place at all, or only a very modest one, in handicrafts. The fall in the value of labour-power, caused by the disappearance or diminution of the expense of apprenticeship, implies a direct increase of surplus-value for the benefit of

capital; for everything that shortens the necessary labour-time required for the reproduction of labour-power, extends the domain of surplus-labour.

#### **SECTION 4. — DIVISION OF LABOUR IN MANUFACTURE, AND DIVISION OF LABOUR IN SOCIETY.**

We first considered the origin of Manufacture, then its simple elements, then the detail labourer and his implements, and finally, the totality of the mechanism. We shall now lightly touch upon the relation between the division of labour in manufacture, and the social division of labour, which forms the foundation of all production of commodities.

If we keep labour alone in view, we may designate the separation of social production into its main division or genera — viz., agriculture, industries, etc., as division of labour in general, and the splitting up of these families into species and sub-species, as division of labour in particular, and the division of labour within the workshop as division of labour in singular or in detail.

Division of labour in a society, and the corresponding tying down of individuals to a particular calling, develops itself, just as does the division of labour in manufacture, from opposite starting points. Within a family, and after further development within a tribe, there springs up naturally a division of labour, caused by differences of sex and age, a division that is consequently based on a purely physiological foundation, which division enlarges its materials by the expansion of the community, by the increase of population, and more especially, by the conflicts between different tribes, and the subjugation of one tribe by another. On the other hand, as I have before remarked, the exchange of products springs up at the points where different families, tribes, communities, come in contact; for, in the beginning of civilisation, it is not private individuals but families, tribes, &c., that meet on an independent footing. Different communities find different means of production and different means of subsistence in their natural environment. Hence, their modes of production, and of living, and their products are different. It is this spontaneously developed difference which, when different communities come in contact, calls forth the mutual exchange of products, and the consequent gradual conversion of those products into commodities. Exchange does not create the differences

between the spheres of production, but brings such as are already different into relation, and thus converts them into more or less inter-dependent branches of the collective production of an enlarged society. In the latter case, the social division of labour arises from the exchange between spheres of production, that are originally distinct and independent of one another. In the former, where the physiological division of labour is the starting point, the particular organs of a compact whole grow loose, and break off, principally owing to the exchange of commodities with foreign communities, and then isolate themselves so far, that the sole bond, still connecting the various kinds of work, is the exchange of the products as commodities. In the one case, it is the making dependent what was before independent; in the other case, the making independent what was before dependent.

The foundation of every division of labour that is well developed, and brought about by the exchange of commodities, is the separation between town and country. It may be said, that the whole economical history of society is summed up in the movement of this antithesis. We pass it over, however, for the present.

Just as a certain number of simultaneously employed labourers are the material pre-requisites for division of labour in manufacture, so are the number and density of the population, which here correspond to the agglomeration in one workshop, a necessary condition for the division of labour in society. Nevertheless, this density is more or less relative. A relatively thinly populated country, with well-developed means of communication, has a denser population than a more numerous populated country, with badly-developed means of communication; and in this sense the Northern States of the American Union, for instance, are more thickly populated than India.

Since the production and the circulation of commodities are the general pre-requisites of the capitalist mode of production, division of labour in manufacture demands, that division of labour in society at large should previously have attained a certain degree of development. Inversely, the former division reacts upon and develops and multiplies the latter. Simultaneously, with the differentiation of the instruments of labour, the industries that produce these instruments, become more and more differentiated. If the manufacturing system seize upon an industry, which, previously, was carried on in connexion with others, either as a chief or as a

subordinate industry, and by one producer, these industries immediately separate their connexion, and become independent. If it seize upon a particular stage in the production of a commodity, the other stages of its production become converted into so many independent industries. It has already been stated, that where the finished article consists merely of a number of parts fitted together, the detail operations may re-establish themselves as genuine and separate handicrafts. In order to carry out more perfectly the division of labour in manufacture, a single branch of production is, according to the varieties of its raw material, or the various forms that one and the same raw material may assume, split up into numerous, and to some extent, entirely new manufactures. Accordingly, in France alone, the first half of the 18th century, over 100 different kinds of silk stuffs were woven, and in Avignon, it was law, that “every apprentice should devote himself to only one sort of fabrication, and should not learn the preparation of several kinds of stuff at once.” The territorial division of labour, which confines special branches of production to special districts of a country, acquires fresh stimulus from the manufacturing system, which exploits every special advantage. The Colonial system and the opening out of the markets of the world, both of which are included in the general conditions of existence of the manufacturing period, furnish rich material for developing the division of labour in society. It is not the place, here, to go on to show how division of labour seizes upon, not only the economical, but every other sphere of society, and everywhere lays the foundation of that all engrossing system of specialising and sorting men, that development in a man of one single faculty at the expense of all other faculties, which caused A. Ferguson, the master of Adam Smith, to exclaim: “We make a nation of Helots, and have no free citizens.”

But, in spite of the numerous analogies and links connecting them, division of labour in the interior of a society, and that in the interior of a workshop, differ not only in degree, but also in kind. The analogy appears most indisputable where there is an invisible bond uniting the various branches of trade. For instance the cattle breeder produces hides, the tanner makes the hides into leather, and the shoemaker, the leather into boots. Here the thing produced by each of them is but a step towards the final form, which is the product of all their labours combined. There are, besides, all the various industries that supply the cattle-breeder, the tanner, and the shoemaker with the means of production. Now it is quite possible to

imagine, with Adam Smith, that the difference between the above social division of labour, and the division in manufacture, is merely subjective, exists merely for the observer, who, in a manufacture, can see with one glance, all the numerous operations being performed on one spot, while in the instance given above, the spreading out of the work over great areas, and the great number of people employed in each branch of labour, obscure the connexion. But what is it that forms the bond between the independent labours of the cattle-breeder, the tanner, and the shoemaker? It is the fact that their respective products are commodities. What, on the other hand, characterises division of labour in manufactures? The fact that the detail labourer produces no commodities. It is only the common product of all the detail labourers that becomes a commodity. Division of labour in a society is brought about by the purchase and sale of the products of different branches of industry, while the connexion between the detail operations in a workshop, are due to the sale of the labour-power of several workmen to one capitalist, who applies it as combined labour-power. The division of labour in the workshop implies concentration of the means of production in the hands of one capitalist; the division of labour in society implies their dispersion among many independent producers of commodities. While within the workshop, the iron law of proportionality subjects definite numbers of workmen to definite functions, in the society outside the workshop, chance and caprice have full play in distributing the producers and their means of production among the various branches of industry. The different spheres of production, it is true, constantly tend to an equilibrium: for, on the one hand, while each producer of a commodity is bound to produce a use-value, to satisfy a particular social want, and while the extent of these wants differs quantitatively, still there exists an inner relation which settles their proportions into a regular system, and that system one of spontaneous growth; and, on the other hand, the law of the value of commodities ultimately determines how much of its disposable working-time society can expend on each particular class of commodities. But this constant tendency to equilibrium, of the various spheres of production, is exercised, only in the shape of a reaction against the constant upsetting of this equilibrium. The a priori system on which the division of labour, within the workshop, is regularly carried out, becomes in the division of labour within the society, an a posteriori, nature-imposed necessity, controlling the lawless caprice of the producers, and perceptible in the barometrical

fluctuations of the market prices. Division of labour within the workshop implies the undisputed authority of the capitalist over men, that are but parts of a mechanism that belongs to him. The division of labour within the society brings into contact independent commodity-producers, who acknowledge no other authority but that of competition, of the coercion exerted by the pressure of their mutual interests; just as in the animal kingdom, the bellum omnium contra omnes more or less preserves the conditions of existence of every species. The same bourgeois mind which praises division of labour in the workshop, lifelong annexation of the labourer to a partial operation, and his complete subjection to capital, as being an organisation of labour that increases its productiveness — that same bourgeois mind denounces with equal vigour every conscious attempt to socially control and regulate the process of production, as an inroad upon such sacred things as the rights of property, freedom and unrestricted play for the bent of the individual capitalist. It is very characteristic that the enthusiastic apologists of the factory system have nothing more damning to urge against a general organization of the labour of society, than that it would turn all society into one immense factory.

If, in a society with capitalist production, anarchy in the social division of labour and despotism in that of the workshop are mutual conditions the one of the other, we find, on the contrary, in those earlier forms of society in which the separation of trades has been spontaneously developed, then crystallized, and finally made permanent by law, on the one hand, a specimen of the organization of the labour of society, in accordance with an approved and authoritative plan, and on the other, the entire exclusion of division of labour in the workshop, or at all events a mere dwarflike or sporadic and accidental development of the same.

Those small and extremely ancient Indian communities, some of which have continued down to this day, are based on possession in common of the land, on the blending of agriculture and handicrafts, and on an unalterable division of labour, which serves, whenever a new community is started, as a plan and scheme ready cut and dried. Occupying areas of from 100 up to several thousand acres, each forms a compact whole producing all it requires. The chief part of the products is destined for direct use by the community itself, and does not take the form of a commodity. Hence, production here is independent of that division of labour brought about, in Indian society as a whole, by means of the exchange of commodities. It is

the surplus alone that becomes a commodity; and a portion of even that, not until it has reached the hands of the State, into whose hands from time immemorial a certain quantity of these products has found its way in the shape of rent in kind. The constitution of these communities varies in different parts of India. In those of the simplest form, the land is tilled in common, and the produce divided among the members. At the same time, spinning and weaving are carried on in each family as subsidiary industries. Side by side with the masses thus occupied with one and the same work, we find the “chief inhabitant,” who is judge, police, and tax-gatherer in one; the bookkeeper who keeps the accounts of the tillage and registers everything relating thereto; another official, who prosecutes criminals, protects strangers travelling through, and escorts them to the next village; the boundary man, who guards the boundaries against neighbouring communities; the water-over-seer, who distributes the water from the common tanks for irrigation; the Brahmin, who conducts the religious services; the schoolmaster, who on the sand teaches the children reading and writing; the calendar-Brahmin, or astrologer, who makes known the lucky or unlucky days for seed-time and harvest, and for every other kind of agricultural work; a smith and a carpenter, who make and repair all the agricultural implements; the potter, who makes all the pottery of the village; the barber, the washerman, who washes clothes, the silversmith, here and there the poet, who in some communities replaces the silversmith, in others the schoolmaster. This dozen of individuals is maintained at the expense of the whole community. If the population increases, a new community is founded, on the pattern of the old one, on unoccupied land. The whole mechanism discloses a systematic division of labour; but a division like that in manufactures is impossible, since the smith and the carpenter, &c., find an unchanging market, and at the most there occur, according to the sizes of the villages, two or three of each, instead of one. The law that regulates the division of labour in the community acts with the irresistible authority of a law of Nature, at the same time that each individual artificer, the smith, the carpenter, and so on, conducts in his workshop all the operations of his handicraft in the traditional way, but independently, and without recognizing any authority over him. The simplicity of the organisation for production in these self-sufficing communities that constantly reproduce themselves in the same form, and when accidentally destroyed, spring up again on the spot and with the same name — this simplicity supplies the

key to the secret of the unchangeableness of Asiatic societies, an unchangeableness in such striking contrast with the constant dissolution and refounding of Asiatic States, and the never-ceasing changes of dynasty. The structure of the economical elements of society remains untouched by the storm-clouds of the political sky.

The rules of the guilds, as I have said before, by limiting most strictly the number of apprentices and journeymen that a single master could employ, prevented him from becoming a capitalist. Moreover, he could not employ his journeymen in any other handicraft than the one in which he was a master. The guilds zealously repelled every encroachment by the capital of merchants, the only form of free capital with which they came in contact. A merchant could buy every kind of commodity, but labour as a commodity he could not buy. He existed only on sufferance, as a dealer in the products of the handicrafts. If circumstances called for a further division of labour, the existing guilds split themselves up into varieties, or founded new guilds by the side of the old ones; all this, however, without concentrating various handicrafts in a single workshop. Hence, the guild organization, however much it may have contributed by separating, isolating, and perfecting the handicrafts, to create the material conditions for the existence of manufacture, excluded division of labour in the workshop. On the whole, the labourer and his means of production remained closely united, like the snail with its shell, and thus there was wanting the principal basis of manufacture, the separation of the labourer from his means of production, and the conversion of these means into capital.

While division of labour in society at large, whether such division be brought about or not by exchange of commodities, is common to economical formations of society the most diverse, division of labour in the workshop, as practised by manufacture, is a special creation of the capitalist mode of production alone.

## **SECTION 5. — THE CAPITALISTIC CHARACTER OF MANUFACTURE.**

An increased number of labourers under the control of one capitalist is the natural starting-point, as well of co-operation generally, as of manufacture in particular. But the division of labour in the manufacture makes this

increase in the number of workmen a technical necessity. The minimum number that any given capitalist is bound to employ is here prescribed by the previously established division of labour. On the other hand, the advantages of further division are obtainable only by adding to the number of workmen, and this can be done only by adding multiples of the various detail groups. But an increase in the variable component of the capital employed necessitates an increase in its constant component, too, in the workshops, implements, &c., and, in particular, in the raw material, the call for which grows quicker than the number of workmen. The quantity of it consumed in a given time, by a given amount of labour, increases in the same ratio as does the productive power of that labour in consequence of its division. Hence, it is a law, based on the very nature of manufacture, that the minimum amount of capital, which is bound to be in the hands of each capitalist, must keep increasing; in other words, that the transformation into capital of the social means of production and subsistence must keep extending.

In manufacture, as well as in simple co-operation, the collective working organism is a form of existence of capital. The mechanism that is made up of numerous individual detail labourers belongs to the capitalist. Hence, the productive power resulting from a combination of labourers appears to be the productive power of capital. Manufacture proper not only subjects the previously independent workman to the discipline and command of capital, but, in addition, creates a hierarchic gradation of the workmen themselves. While simple co-operation leaves the mode of working by the individual for the most part unchanged, manufacture thoroughly revolutionises it, and seizes labour-power by its very roots. It converts the labourer into a crippled monstrosity, by forcing his detail dexterity at the expense of a world of productive capabilities and instincts; just as in the States of La Plata they butcher a whole beast for the sake of his hide or his tallow. Not only is the detail work distributed to the different individuals, but the individual himself is made the automatic motor of a fractional operation, and the absurd fable of Menenius Agrippa, which makes man a mere fragment of his own body, becomes realised. If, at first, the workman sells his labour-power to capital, because the material means of producing a commodity fail him, now his very labour-power refuses its services unless it has been sold to capital. Its functions can be exercised only in an environment that exists in the workshop of the capitalist after the sale. By nature unfitted to make

anything independently, the manufacturing labourer develops productive activity as a mere appendage of the capitalist's workshop. As the chosen people bore in their features the sign manual of Jehovah, so division of labour brands the manufacturing workman as the property of capital.

The knowledge, the judgment, and the will, which, though in ever so small a degree, are practised by the independent peasant or handicraftsman, in the same way as the savage makes the whole art of war consist in the exercise of his personal cunning — these faculties are now required only for the workshop as a whole. Intelligence in production expands in one direction, because it vanishes in many others. What is lost by the detail labourers, is concentrated in the capital that employs them. It is a result of the division of labour in manufactures, that the labourer is brought face to face with the intellectual potencies of the material process of production, as the property of another, and as a ruling power. This separation begins in simple co-operation, where the capitalist represents to the single workman, the oneness and the will of the associated labour. It is developed in manufacture which cuts down the labourer into a detail labourer. It is completed in modern industry, which makes science a productive force distinct from labour and presses it into the service of capital.

In manufacture, in order to make the collective labourer, and through him capital, rich in social productive power, each labourer must be made poor in individual productive powers. "Ignorance is the mother of industry as well as of superstition. Reflection and fancy are subject to err; but a habit of moving the hand or the foot is independent of either. Manufactures, accordingly, prosper most where the mind is least consulted, and where the workshop may...be considered as an engine, the parts of which are men." As a matter of fact, some few manufacturers in the middle of the 18th century preferred, for certain operations that were trade secrets, to employ halfidiotic persons.

"The understandings of the greater part of men," says Adam Smith, "are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations...has no occasion to exert his understanding.... He generally becomes as stupid and ignorant as it is possible for a human creature to become." After describing the stupidity of the detail labourer he goes on: "The uniformity of his stationary life naturally corrupts the courage of his mind.... It corrupts even the activity of his body and renders him incapable of exerting his strength with vigour and

perseverance in any other employments than that to which he has been bred. His dexterity at his own particular trade seems in this manner to be acquired at the expense of his intellectual, social, and martial virtues. But in every improved and civilised society, this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall.” For preventing the complete deterioration of the great mass of the people by division of labour, A. Smith commends education of the people by the State, but prudently, and in homœopathie doses. G. Garnier, his French translator and commentator, who, under the first French Empire, quite naturally developed into a senator, quite as naturally opposes him on this point. Education of the masses, he urges, violates the first law of the division of labour, and with it “our whole social system would be proscribed.” “Like all other divisions of labour,” he says, “that between hand labour and head labour is more pronounced and decided in proportion as society (he rightly uses this word, for capital, landed property and their State) becomes richer. This division of labour, like every other, is an effect of past, and a cause of future progress...ought the government then to work in opposition to this division of labour, and to hinder its natural course? Ought it to expend a part of the public money in the attempt to confound and blend together two classes of labour, which are striving after division and separation?”

Some crippling of body and mind is inseparable even from division of labour in society as a whole. Since, however, manufacture carries this social separation of branches of labour much further, and also, by its peculiar division, attacks the individual at the very roots of his life, it is the first to afford the materials for, and to give a start to, industrial pathology.

“To subdivide a man is to execute him, if he deserves the sentence, to assassinate him if he does not... The subdivision of labour is the assassination of a people.”

Co-operation based on division of labour, in other words, manufacture, commences as a spontaneous formation. So soon as it attains some consistence and extension, it becomes the recognised methodical and systematic form of capitalist production. History shows how the division of labour peculiar to manufacture, strictly so called, acquires the best adapted form at first by experience, as it were behind the backs of the actors, and then, like the guild handicrafts, strives to hold fast that form when once found, and here and there succeeds in keeping it for centuries. Any

alteration in this form, except in trivial matters, is solely owing to a revolution in the instruments of labour. Modern manufacture wherever it arises — I do not here allude to modern industry based on machinery — either finds the *disjecta membra poetæ* ready to hand, and only waiting to be collected together, as is the case in the manufacture of clothes in large towns, or it can easily apply the principle of division, simply by exclusively assigning the various operations of a handicraft (such as bookbinding) to particular men. In such cases, a week's experience is enough to determine the proportion between the numbers of the hands necessary for the various functions.

By decomposition of handicrafts, by specialisation of the instruments of labour, by the formation of detail labourers, and by grouping and combining the latter into a single mechanism, division of labour in manufacture creates a qualitative gradation, and a quantitative proportion in the social process of production; it consequently creates a definite organization of the labour of society, and thereby develops at the same time new productive forces in the society. In its specific capitalist form — and under the given conditions, it could take no other form than a capitalistic one — manufacture is but a particular method of begetting relative surplus-value, or of augmenting at the expense of the labourer the self-expansion of capital — usually called social wealth, “Wealth of Nations,” 8c. It increases the social productive power of labour, not only for the benefit of the capitalist instead of for that of the labourer, but it does this by crippling the individual labourers. It creates new conditions for the lordship of capital over labour. If, therefore, on the one hand, it presents itself historically as a progress and as a necessary phase in the economic development of society, on the other hand it is a refined and civilised method of exploitation.

Political economy, which as an independent science, first sprang into being during the period of manufacture, views the social division of labour only from the standpoint of manufacture, and sees in it only the means of producing more commodities with a given quantity of labour, and, consequently, of cheapening commodities and hurrying on the accumulation of capital. In most striking contrast with this accentuation of quantity and exchange-value, is the attitude of the writers of classical antiquity, who hold exclusively by quality and use-value. In consequence of the separation of the social branches of production, commodities are better made, the various bents and talents of men select a suitable field, and

without some restraint no important results can be obtained anywhere. Hence both product and producer are improved by division of labour. If the growth of the quantity produced is occasionally mentioned, this is only done with reference to the greater abundance of use values. There is not a word alluding to exchange-value or to the cheapening of commodities. This aspect, from the standpoint of use-value alone, is taken as well by Plato, who treats division of labour as the foundation on which the division of society into classes is based, as by Xenophon, who with characteristic bourgeois instinct, approaches more nearly to division of labour within the workshop. Plato's Republic, in so far as division of labour is treated in it, as the formative principle of the State, is merely the Athenian idealisation of the Egyptian system of castes, Egypt having served as the model of an industrial country to many of his contemporaries also, amongst others to Isocrates, and it continued to have this importance to the Greeks of the Roman Empire.

During the manufacturing period proper, i.e., the period during which manufacture is the predominant form taken by capitalist production, many obstacles are opposed to the full development of the peculiar tendencies of manufacture. Although manufacture creates, as we have already seen, a simple separation of the labourers into skilled and unskilled, simultaneously with their hierarchic arrangement in classes, yet the number of the unskilled labourers, owing to the preponderating influence of the skilled, remains very limited. Although it adapts the detail operations to the various degrees of maturity, strength, and development of the living instruments of labour, thus conducing to exploitation of women and children, yet this tendency as a whole is wrecked on the habits and the resistance of the male labourers. Although the splitting up of handicrafts lowers the cost of forming the workman, and thereby lowers his value, yet for the more difficult detail work, a longer apprenticeship is necessary, and, even where it would be superfluous, is jealously insisted upon by the workmen. In England, for instance, we find the laws of apprenticeship, with the seven years' probation, in full force down to the end of the manufacturing period; and they are not thrown on one side till the advent of Modern Industry. Since handicraft skill is the foundation of manufacture, and since the mechanism of manufacture as a whole possesses no framework, apart from the labourers themselves, capital is constantly compelled to wrestle with the insubordination of the workmen. "By the infirmity of human nature," says

friend Ure, “it happens that the more skilful the workman, the more self-willed and intractable he is apt to become, and of course the less fit a component of a mechanical system in which...he may do great damage to the whole.” Hence throughout the whole manufacturing period there runs the complaint of want of discipline among the workmen. And had we not the testimony of contemporary writers, the simple facts that, during the period between the 16th century and the epoch of Modern Industry, capital failed to become the master of the whole disposable working-time of the manufacturing labourers, that manufactures are short-lived, and change their locality from one country to another with the emigrating or immigrating workmen, these facts would speak volumes. “Order must in one way or another be established,” exclaims in 1770 the oft-cited author of the “Essay on Trade and Commerce.” “Order,” re-echoes Dr. Andrew Ure 66 years later, “Order” was wanting in manufacture based on “the scholastic dogma of division of labour,” and “Arkwright created order.”

At the same time manufacture was unable, either to seize upon the production of society to its full extent, or to revolutionise that production to its very core. It towered up as an economical work of art, on the broad foundation of the town handicrafts, and of the rural domestic industries. At a given stage in its development, the narrow technical basis on which manufacture rested, came into conflict with requirements of production that were created by manufacture itself.

One of its most finished creations was the workshop for the production of the instruments of labour themselves, including especially the complicated mechanical apparatus then already employed. A machine-factory, says Ure, “displayed the division of labour in manifold gradations — the file, the drill, the lathe, having each its different workman in the order of skill.” (.) This workshop, the product of the division of labour in manufacture, produced in its turn — machines. It is they that sweep away the handicraftsman’s work as the regulating principle of social production. Thus, on the one hand, the technical reason for the life-long annexation of the workman to a detail function is removed. On the other hand, the fetters that this same principle laid on the dominion of capital, fall away.

# CHAPTER XV. MACHINERY AND MODERN INDUSTRY.

## SECTION 1. — THE DEVELOPMENT OF MACHINERY.

JOHN STUART MILL says in his Principles of Political Economy: “It is questionable if all the mechanical inventions yet made have lighted the day’s toil of any human being.” That is, however, by no means the aim of the capitalistic application of machinery. Like every other increase in the productiveness of labour, machinery is intended to cheapen commodities, and, by shortening that portion of the working-day, in which the labourer works for himself, to lengthen the other portion that he gives, without an equivalent, to the capitalist. In short, it is a means for producing surplus-value.

In manufacture, the revolution in the mode of production begins with the labour-power, in modern industry it begins with the instruments of labour. Our first inquiry then is, how the instruments of labour are converted from tools into machines, or what is the difference between a machine and the implements of a handicraft? We are only concerned here with striking and general characteristics; for epochs in the history of society are no more separated from each other by hard and fast lines of demarcation, than are geological epochs.

Mathematicians and mechanics, and in this they are followed by a few English economists, call a tool a simple machine, and a machine a complex tool. They see no essential difference between them, and even give the name of machine to the simple mechanical powers, the lever, the inclined plane, the screw, the wedge, &c. As a matter of fact, every machine is a combination of those simple powers, no matter how they may be disguised. From the economical standpoint this explanation is worth nothing, because the historical element is wanting. Another explanation of the difference between tool and machine is that in the case of a tool, man is the motive power, while the motive power of a machine is something different from man, is, for instance, an animal, water, wind, and so on. According to this, a plough drawn by oxen, which is a contrivance common to the most different epochs, would be a machine, while Claussen’s circular

loom, which, worked by a single labourer, weaves 96,000 picks per minute, would be a mere tool. Nay, this very loom, though a tool when worked by hand, would, if worked by steam, be a machine. And since the application of animal power is one of man's earliest inventions, production by machinery would have preceded production by handicrafts. When in 1735, John Wyalt brought out his spinning machine, and began the industrial revolution of the 18th century, not a word did he say about an ass driving it instead of a man, and yet this part fell to the ass. He described it as a machine "to spin without fingers."

All fully developed machinery consists of three essentially different parts, the motor mechanism, the transmitting mechanism, and finally the tool or working machine. The motor mechanism is that which puts the whole in motion. It either generates its own motive power, like the steam engine, the caloric engine, the electro-magnetic machine, &c., or it receives its impulse from some already existing natural force, like the water-wheel from a head of water, the wind-mill from wind, &c. The transmitting mechanism, composed of fly-wheels, shafting, toothed wheels, pullies, straps, ropes, bands, pinions, and gearing of the most varied kinds, regulates the motion, changes its form where necessary, as for instance, from linear to circular, and divides and distributes it among the working machines. These two first parts of the whole mechanism are there, solely for putting the working machines in motion, by means of which motion the subject of labour is seized upon and modified as desired. The tool or working-machine is that part of the machinery with which the industrial revolution of the 18th century started. And to this day it constantly serves as such a starting point, whenever a handicraft, or a manufacture, is turned into an industry carried on by machinery.

On a closer examination of the working-machine proper, we find in it, as a general rule, though often, no doubt, under very altered forms, the apparatus and tools used by the handicraftsman or manufacturing workman; with this difference, that instead of being human implements, they are the implements of a mechanism, or mechanical implements. Either the entire machine is only a more or less altered mechanical edition of the old handicraft tool, as, for instance, the power-loom; or the working parts fitted in the frame of the machine are old acquaintances, as spindles are in a mule, needles in a stocking-loom, saws in a sawing machine, and knives in a

chopping machine. The distinction between these tools and the body proper of the machine, exists from their very birth; for they continue for the most part to be produced by handicraft, or by manufacture, and are afterwards fitted into the body of the machine, which is the product of machinery. The machine proper is therefore a mechanism that, after being set in motion, performs with its tools the same operations that were formerly done by the workman with similar tools. Whether the motive power is derived from man, or from some other machine, makes no difference in this respect. From the moment that the tool proper is taken from man, and fitted into a mechanism, a machine takes the place of a mere implement. The difference strikes one at once, even in those cases where man himself continues to be the prime mover. The number of implements that he himself can use simultaneously, is limited by the number of his own natural instruments of production, by the number of his bodily organs. In Germany, they tried at first to make one spinner work two spinning wheels, that is, to work simultaneously with both hands and both feet. This was too difficult. Later, a treddle spinning wheel with two spindles was invented, but adepts in spinning, who could spin two threads at once, were almost as scarce as two-headed men. The Jenny, on the other hand, even at its very birth, spun with 12-18 spindles, and the stocking-loom knits with many thousand needles at once. The number of tools that a machine can bring into play simultaneously, is from the very first emancipated from the organic limits that hedge in the tools of a handicraftsman.

In many manual implements the distinction between man as mere motive power, and man as the workman or operator properly so-called, is brought into striking contrast. For instance, the foot is merely the prime mover of the spinning wheel, while the hand, working with the spindle, and drawing and twisting, performs the real operation of spinning. It is this last part of the handicraftsman's implement that is first seized upon by the industrial revolution, leaving to the workman, in addition to his new labour of watching the machine with his eyes and correcting its mistakes with his hands, the merely mechanical part of being the moving power. On the other hand, implements, in regard to which man has always acted as a simple motive power, as, for instance, by turning the crank of a mill, by pumping, by moving up and down the arm of a bellows, by pounding with a mortar, &c., such implements soon call for the application of animals, water, and wind as motive powers. Here and there, long before the period of

manufacture, and also, to some extent, during that period, these implements pass over into machines, but without creating any revolution in the mode of production. It becomes evident, in the period of Modern Industry, that these implements, even under their form of manual tools, are already machines. For instance, the pumps with which the Dutch, in 1836-7, emptied the Lake of Harlem, were constructed on the principle of ordinary pumps; the only difference being, that their pistons were driven by cyclopean steam-engines, instead of by men. The common and very imperfect bellows of the blacksmith is, in England, occasionally converted into a blowing-engine, by connecting its arm with a steam-engine. The steam-engine itself, such as it was at its invention, during the manufacturing period at the close of the 17th century, and such as it continued to be down to 1780, did not give rise to any industrial revolution. It was, on the contrary, the invention of machines that made a revolution in the form of steam-engines necessary. As soon as man, instead of working with an implement on the subject of his labour, becomes merely the motive power of an implement-machine, it is a mere accident that motive power takes the disguise of human muscle; and it may equally well take the form of wind, water or steam. Of course, this does not prevent such a change of form from producing great technical alterations in the mechanism that was originally constructed to be driven by man alone. Nowadays, all machines that have their way to make, such as sewing machines, bread-making machines, &c., are, unless from their very nature their use on a small scale is excluded, constructed to be driven both by human and by purely mechanical motive power.

The machine, which is the starting point of the industrial revolution, supersedes the workman, who handles a single tool, by a mechanism operating with a number of similar tools, and set in motion by a single motive power, whatever the form of that power may be. Here we have the machine, but only as an elementary factor of production by machinery.

Increase in the size of the machine, and in the number of its working tools, calls for a more massive mechanism to drive it; and this mechanism requires, in order to overcome its resistance, a mightier moving power than that of man, apart from the fact that man is a very imperfect instrument for producing uniform continued motion. But assuming that he is acting simply as a motor, that a machine has taken the place of his tool, it is evident that he can be replaced by natural forces. Of all the great motors handed down from the manufacturing period, horse-power is the worst, partly because a

horse has a head of his own, partly because he is costly, and the extent to which he is applicable in factories is very restricted. Nevertheless the horse was extensively used during the infancy of Modern Industry. This is proved, as well by the complaints of contemporary agriculturists, as by the term "horse-power," which has survived to this day as an expression for mechanical force.

Wind was too inconstant and uncontrollable, and besides, in England, the birthplace of Modern Industry, the use of water-power preponderated even during the manufacturing period. In the 17th century attempts had already been made to turn two pairs of millstones with a single water-wheel. But the increased size of the gearing was too much for the water-power, which had now become insufficient, and this was one of the circumstances that led to a more accurate investigation of the laws of friction. In the same way the irregularity caused by the motive power in mills that were put in motion by pushing and pulling a lever, led to the theory, and the application, of the fly-wheel, which afterwards plays so important a part in Modern Industry. In this way, during the manufacturing period, were developed the first scientific and technical elements of Modern Mechanical Industry. Arkwright's throstle-spinning mill was from the very first turned by water. But for all that, the use of water, as the predominant motive power, was beset with difficulties. It could not be increased at will, it failed at certain seasons of the year, and, above all, it was essentially local. Not till the invention of Watt's second and so called double-acting steam-engine, was a prime mover found, that begot its own force by the consumption of coal and water, whose power was entirely under man's control, that was mobile and a means of locomotion, that was urban and not, like the water-wheel, rural, that permitted production to be concentrated in towns instead of, like the water-wheels, being scattered up and down the country, that was of universal technical application, and, relatively speaking, little affected in its choice of residence by local circumstances. The greatness of Watt's genius showed itself in the specification of the patent that he took out in April, 1784. In that specification his steam-engine is described, not as an invention for a specific purpose, but as an agent universally applicable in Mechanical Industry. In it he points out applications, many of which, as for instance, the steam-hammer, were not introduced till half a century later. Nevertheless he doubted the use of steam-engines in navigation. His successors, Boulton

and Watt, sent to the exhibition of 1851 steam-engines of colossal size for ocean steamers.

As soon as tools had been converted from being manual implements of man into implements of a mechanical apparatus, of a machine, the motive mechanism also acquired an independent form, entirely emancipated from the restraints of human strength. Thereupon the individual machine, that we have hitherto been considering, sinks into a mere factor in production by machinery. One motive mechanism was now able to drive many machines at once. The motive mechanism grows with the number of the machines that are turned simultaneously, and the transmitting mechanism becomes a wide-spreading apparatus.

We now proceed to distinguish the co-operation of a number of machines of one kind from a complex system of machinery.

In the one case, the product is entirely made by a single machine, which performs all the various operations previously done by one handicraftsman with his tool; as, for instance, by a weaver with his loom; or by several handicraftsmen successively, either separately or as members of a system of Manufacture. For example, in the manufacture of envelopes, one man folded the paper with the folder, another laid on the gum, a third turned the flap over, on which the device is impressed, a fourth embossed the device, and so on; and for each of these operations the envelope had to change hands. One single envelope machine now performs all these operations at once, and makes more than 3000 envelopes in an hour. In the London exhibition of 1862, there was an American machine for making paper cornets. It cut the paper, pasted, folded, and finished 300 in a minute. Here, the whole process, which, when carried on as Manufacture, was split up into, and carried out by, a series of operations, is completed by a single machine, working a combination of various tools. Now, whether such a machine be merely a reproduction of a complicated manual implement, or a combination of various simple implements specialised by Manufacture, in either case, in the factory, i.e., in the workshop in which machinery alone is used, we meet again with simple co-operation; and, leaving the workman out of consideration for the moment, this co-operation presents itself to us, in the first instance, as the conglomeration in one place of similar and simultaneously acting machines. Thus, a weaving factory is constituted of a number of power-looms, working side by side, and a sewing factory of a number of sewing machines all in the same building. But there is here a

technical oneness in the whole system, owing to all the machines receiving their impulse simultaneously, and in an equal degree, from the pulsations of the common prime mover, by the intermediary of the transmitting mechanism; and this mechanism, to a certain extent, is also common to them all, since only particular ramifications of it branch off to each machine. Just as a number of tools, then, form the organs of a machine, so a number of machines of one kind constitute the organs of the motive mechanism.

A real machinery system, however, does not take the place of these independent machines, until the subject of labour goes through a connected series of detail processes, that are carried out by a chain of machines of various kinds, the one supplementing the other. Here we have again the co-operation by division of labour that characterises Manufacture; only now, it is a combination of detail machines. The special tools of the various detail workmen, such as those of the beaters, combers, spinners, &c., in the woollen manufacture, are now transformed into the tools of specialised machines, each machine constituting a special organ, with a special function, in the system. In those branches of industry in which the machinery system is first introduced, Manufacture itself furnishes, in a general way, the natural basis for the division, and consequent organisation, of the process of production. Nevertheless an essential difference at once manifests itself. In Manufacture it is the workmen who, with their manual implements, must, either singly or in groups, carry on each particular detail process. If, on the one hand, the workman becomes adapted to the process, on the other, the process was previously made suitable to the workman. This subjective principle of the division of labour no longer exists in production by machinery. Here, the process as a whole is examined objectively, in itself, that is to say, without regard to the question of its execution by human hands, it is analysed into its constituent phases; and the problem, how to execute each detail process, and bind them all into a whole, is solved by the aid of machines, chemistry, &c. But, of course, in this case also, theory must be perfected by accumulated experience on a large scale. Each detail machine supplies raw material to the machine next in order; and since they are all working at the same time, the product is always going through the various stages of its fabrication, and is also constantly in a state of transition, from one phase to another. Just as in Manufacture, the direct co-operation of the detail labourers establishes a

numerical proportion between the special groups, so in an organised system of machinery, where one detail machine is constantly kept employed by another, a fixed relation is established between their numbers, their size, and their speed. The collective machine, now an organised system of various kinds of single machines, and of groups of single machines, becomes more and more perfect, the more the process as a whole becomes a continuous one, i.e., the less the raw material is interrupted in its passage from its first phase to its last; in other words, the more its passage from one phase to another is effected, not by the hand of man, but by the machinery itself. In Manufacture the isolation of each detail process is a condition imposed by the nature of division of labour, but in the fully developed factory the continuity of those processes is, on the contrary, imperative.

A system of machinery, whether it reposes on the mere co-operation of similar machines, as in weaving, or on a combination of different machines, as in spinning, constitutes in itself a huge automaton, whenever it is driven by a self-acting prime mover. But although the factory as a whole be driven by its steam-engine, yet either some of the individual machines may require the aid of the workman for some of their movements (such aid was necessary for the running in of the mule carriage, before the invention of the self-acting mule, and is still necessary in fine-spinning mills); or, to enable a machine to do its work, certain parts of it may require to be handled by the workman like a manual tool; this was the case in machine-makers' workshops, before the conversion of the slide rest into a self-actor. As soon as a machine executes, without man's help, all the movements requisite to elaborate the raw material, needing only attendance from him, we have an automatic system of machinery, and one that is susceptible of constant improvement in its details. Such improvements as the apparatus that stops a drawing frame, whenever a sliver breaks, and the self-acting stop, that stops the power-loom so soon as the shuttle bobbin is emptied of weft, are quite modern inventions. As an example, both of continuity of production, and of the carrying out of the automatic principle, we may take a modern paper mill. In the paper industry generally, we may advantageously study in detail not only the distinctions between modes of production based on different means of production, but also the connexion of the social conditions of production with those modes: for the old German paper-making furnishes us with a sample of handicraft production; that of Holland in the 17th and of France in the 18th century with a sample of manufacturing in the strict

sense; and that of modern England with a sample of automatic fabrication of this article. Besides these, there still exist, in India and China, two distinct antique Asiatic forms of the same industry.

An organised system of machines, to which motion is communicated by the transmitting mechanism from a central automaton, is the most developed form of production by machinery. Here we have, in the place of the isolated machine, a mechanical monster whose body fills whole factories, and whose demon power, at first veiled under the slow and measured motions of his giant limbs, at length breaks out into the fast and furious whirl of his countless working organs.

There were mules and steam-engines before there were any labourers, whose exclusive occupation it was to make mules and steam-engines; just as men wore clothes before there were such people as tailors. The inventions of Vaucanson, Arkwright, Watt, and others, were, however, practicable, only because those inventors found, ready to hand, a considerable number of skilled mechanical workmen, placed at their disposal by the manufacturing period. Some of these workmen were independent handicraftsmen of various trades, others were grouped together in manufactures, in which, as before-mentioned, division of labour was strictly carried out. As inventions increased in number, and the demand for the newly discovered machines grew larger, the machine-making industry split up, more and more, into numerous independent branches, and division of labour in these manufactures was more and more developed. Here, then, we see in Manufacture the immediate technical foundation of Modern Industry. Manufacture produced the machinery, by means of which Modern Industry abolished the handicraft and manufacturing systems in those spheres of production that it first seized upon. The factory system was therefore raised, in the natural course of things, on an inadequate foundation. When the system attained to a certain degree of development, it had to root up this ready-made foundation, which in the meantime had been elaborated on the old lines, and to build up for itself a basis that should correspond to its methods of production. Just as the individual machine retains a dwarfish character, so long as it is worked by the power of man alone, and just as no system of machinery could be properly developed before the steam engine took the place of the earlier motive powers, animals, wind, and even water; so, too, Modern Industry was crippled in its complete development, so long as its characteristic instrument of

production, the machine, owed its existence to personal strength and personal skill, and depended on the muscular development, the keenness of sight, and the cunning of hand, with which the detail workmen in manufactures, and the manual labourers in handicrafts, wielded their dwarfish implements. Thus, apart from the dearness of the machines made in this way, a circumstance that is ever present to the mind of the capitalist, the expansion of industries carried on by means of machinery, and the invasion by machinery of fresh branches of production, were dependent on the growth of a class of workmen, who, owing to the almost artistic nature of their employment, could increase their numbers only gradually, and not by leaps and bounds. But besides this, at a certain stage of its development, Modern Industry became technologically incompatible with the basis furnished for it by handicraft and Manufacture. The increasing size of the prime movers, of the transmitting mechanism, and of the machines proper, the greater complication, multiformity and regularity of the details of these machines, as they more and more departed from the model of those originally made by manual labour, and acquired a form, untrammelled except by the conditions under which they worked, the perfecting of the automatic system, and the use, every day more avoidable, of a more refractory material, such as iron instead of wood — the solution of all these problems, which sprang up by the force of circumstances, everywhere met with a stumbling-block in the personal restrictions which even the collective labourer of Manufacture could not break through, except to a limited extent. Such machines as the modern hydraulic press, the modern powerloom, and the modern carding engine, could never have been furnished by Manufacture.

A radical change in the mode of production in one sphere of industry involves a similar change in other spheres. This happens at first in such branches of industry as are connected together by being separate phases of a process, and yet are isolated by the social division of labour, in such a way, that each of them produces an independent commodity. Thus spinning by machinery made weaving by machinery a necessity, and both together made the mechanical and chemical revolution that took place in bleaching, printing, and dyeing, imperative. So too, on the other hand, the revolution in cotton-spinning called forth the invention of the gin, for separating the seeds from the cotton fibre; it was only by means of this invention, that the production of cotton became possible on the enormous scale at present

required. But more especially, the revolution in the modes of production of industry and agriculture made necessary a revolution in the general conditions of the social process of production, i.e., in the means of communication and of transport. In a society whose pivot, to use an expression of Fourier, was agriculture on a small scale, with its subsidiary domestic industries, and the urban handicrafts, the means of communication and transport were so utterly inadequate to the productive requirements of the manufacturing period, with its extended division of social labour, its concentration of the instruments of labour, and of the workmen, and its colonial markets, that they became in fact revolutionised. In the same way the means of communication and transport handed down from the manufacturing period soon became unbearable trammels on Modern Industry, with its feverish haste of production, its enormous extent, its constant flinging of capital and labour from one sphere of production into another, and its newly-created connexions with the markets of the whole world. Hence, apart from the radical changes introduced in the construction of sailing vessels, the means of communication and transport became gradually adapted to the modes of production of mechanical industry, by the creation of a system of river steamers, railways, ocean steamers, and telegraphs. But the huge masses of iron that had now to be forged, to be welded, to be cut, to be bored, and to be shaped, demanded, on their part, cyclopean machines, for the construction of which the methods of the manufacturing period were utterly inadequate.

Modern Industry had therefore itself to take in hand the machine, its characteristic instrument of production, and to construct machines by machines. It was not till it did this, that it built up for itself a fitting technical foundation, and stood on its own feet. Machinery, simultaneously with the increasing use of it, in the first decades of this century, appropriated, by degrees, the fabrication of machines proper. But it was only during the decade preceding 1866, that the construction of railways and ocean steamers on a stupendous scale called into existence the cyclopean machines now employed in the construction of prime movers.

The most essential condition to the production of machines by machines was a prime mover capable of exerting any amount of force, and yet under perfect control. Such a condition was already supplied by the steam-engine. But at the same time it was necessary to produce the geometrically accurate straight lines, planes, circles, cylinders, cones, and spheres, required in the

detail parts of the machines. This problem Henry Maudsley solved in the first decade of this century by the invention of the slide rest, a tool that was soon made automatic, and in a modified form was applied to other constructive machines besides the lathe, for which it was originally intended. This mechanical appliance replaces, not some particular tool, but the hand itself, which produces a given form by holding and guiding the cutting tool along the iron or other material operated upon. Thus it became possible to produce the forms of the individual parts of machinery “with a degree of ease, accuracy, and speed, that no accumulated experience of the hand of the most skilled workman could give.”

If we now fix our attention on that portion of the machinery employed in the construction of machines, which constitutes the operating tool, we find the manual implements reappearing, but on a cyclopean scale. The operating part of the boring machine is an immense drill driven by a steam-engine; without this machine, on the other hand, the cylinders of large steam-engines and of hydraulic presses could not be made. The mechanical lathe is only a cyclopean reproduction of the ordinary foot-lathe; the planing machine, an iron carpenter, that works on iron with the same tools that the human carpenter employs on wood; the instrument that, on the London wharves, cuts the veneers, is a gigantic razor; the tool of the shearing machine, which shears iron as easily as a tailor’s scissors cut cloth, is a monster pair of scissors; and the steam hammer works with an ordinary hammer head, but of such a weight that not Thor himself could wield it. These steam hammers are an invention of Nasmyth, and there is one that weighs over 6 tons and strikes with a vertical fall of 7 feet, on an anvil weighing 36 tons. It is mere child’s play for it to crush a block of granite into powder, yet it is no less capable of driving, with a succession of light taps, a nail into a piece of soft wood.

The implements of labour, in the form of machinery, necessitate the substitution of natural forces for human force, and the conscious application of science, instead of rule of thumb. In Manufacture, the organisation of the social labour-process is purely subjective; it is a combination of detail labourers; in its machinery system, Modern Industry has a productive organism that is purely objective, in which the labourer becomes a mere appendage to an already existing material condition of production. In simple co-operation, and even in that founded on division of labour, the

suppression of the isolated, by the collective, workman still appears to be more or less accidental. Machinery, with a few exceptions to be mentioned later, operates only by means of associated labour, or labour in common. Hence, the co-operative character of the labour-process is, in the latter case, a technical necessity dictated by the instrument of labour itself.

## **SECTION 2. — THE VALUE TRANSFERRED BY MACHINERY TO THE PRODUCT**

We saw that the productive forces resulting from co-operation and division of labour cost capital nothing. They are natural forces of social labour. So also physical forces, like steam, water, &c., when appropriated to productive processes, cost nothing. But just as a man requires lungs to breathe with, so he requires something that is work of man's hand, in order to consume physical forces productively. A water-wheel is necessary to exploit the force of water, and a steam engine to exploit the elasticity of steam. Once discovered, the law of the deviation of the magnetic needle in the field of an electric current, or the law of magnetisation of iron, around which an electric current circulates, cost never a penny. But the exploitation of these laws for the purposes of telegraphy, &c., necessitates a costly and expensive apparatus. The tool, as we have seen, is not exterminated by the machine. From being a dwarf implement of the human organism, it expands and multiplies into the implement of mechanism created by man. Capital now sets the labourer to work, not with a manual tool, but with a machine which itself handles the tools. Although, therefore, it is clear at the first glance that, by incorporating both stupendous physical forces, and the natural sciences, with the process of production, Modern Industry raises the productiveness of labour to an extraordinary degree, it is by no means equally clear, that this increased productive force is not, on the other hand, purchased by an increased expenditure of labour. Machinery, like every other component of constant capital, creates no new value, but yields up its own value to the product that it serves to beget. In so far as the machine has value, and, in consequence, parts with value to the product, it forms an element in the value of that product. Instead of being cheapened, the product is made dearer in proportion to the value of the machine. And it is clear as noon-day, that machines and systems of machinery, the characteristic instruments of labour of Modern Industry, are incomparably

more loaded with value than the implements used in handicrafts and manufactures.

In the first place, it must be observed that the machinery, while always entering as a whole into the labour-process, enters into the value-begetting process only by bits. It never adds more value than it loses, on an average, by wear and tear. Hence there is a great difference between the value of a machine, and the value transferred in a given time by that machine to the product. The longer the life of the machine in the labour-process, the greater is that difference. It is true, no doubt, as we have already seen, that every instrument of labour enters as a whole into the labour-process, and only piecemeal, proportionally to its average daily loss by wear and tear, into the value-begetting process. But this difference between the instrument as a whole and its daily wear and tear, is much greater in a machine than in a tool, because the machine, being made from more durable material, has a longer life; because its employment, being regulated by strictly scientific laws, allows of greater economy in the wear and tear of its parts, and in the materials it consumes; and lastly, because its field of production is incomparably larger than that of a tool. After making allowance, both in the case of the machine and of the tool, for their average daily cost, that is for the value they transmit to the product by their average daily wear and tear, and for their consumption of auxiliary substances, such as oil, coal, and so on, they each do their work gratuitously, just like the forces furnished by nature without the help of man. The greater the productive power of the machinery compared with that of the tool, the greater is the extent of its gratuitous service compared with that of the tool. In Modern Industry man succeeded for the first time in making the product of his past labour work on a large scale gratuitously, like the forces of nature.

In treating of Co-operation and Manufacture, it was shown that certain general factors of production, such as buildings, are, in comparison with the scattered means of production of the isolated workman, economised by being consumed in common, and that they therefore make the product cheaper. In a system of machinery, not only is the framework of the machine consumed in common by its numerous operating implements, but the prime mover, together with a part of the transmitting mechanism, is consumed in common by the numerous operative machines.

Given the difference between the value of the machinery, and the value transferred by it in a day to the product, the extent to which this latter value

makes the product dearer, depends in the first instance, upon the size of the product; so to say, upon its area. Mr. Baynes, of Blackburn, in a lecture published in 1858, estimates that “each real mechanical horsepower will drive 450 self-acting mule spindles, with preparation, or 200 throstle spindles, or 15 looms for 40 inch cloth with the appliances for warping, sizing, &c.” In the first case, it is the day’s produce of 450 mule spindles, in the second, of 200 throstle spindles, in the third, of 15 powerlooms, over which the daily cost of one horse-power, and the wear and tear of the machinery set in motion by that power, are spread; so that only a very minute value is transferred by such wear and tear to a pound of yarn or a yard of cloth. The same is the case with the steam-hammer mentioned above. Since its daily wear and tear, its coal-consumption, &c., are spread over the stupendous masses of iron hammered by it in a day, only a small value is added to a hundredweight of iron; but that value would be very great, if the cyclopean instrument were employed in driving in nails.

Given a machine’s capacity for work, that is, the number of its operating tools, or, where it is a question of force, their mass, the amount of its product will depend on the velocity of its working parts, on the speed, for instance, of the spindles, or on the number of blows given by the hammer in a minute. Many of these colossal hammers strike seventy times in a minute, and Ryder’s patent machine for forging spindles with small hammers gives as many as 700 strokes per minute.

Given the rate at which machinery transfers its value to the product, the amount of value so transferred depends on the total value of the machinery. The less labour it contains, the less value it imparts to the product. The less value it gives up, so much the more productive it is, and so much the more its services approximate to those of natural forces. But the production of machinery by machinery lessens its value relatively to its extension and efficacy.

An analysis and comparison of the prices of commodities produced by handicrafts or manufacturers, and of the prices of the same commodities produced by machinery, shows generally that, in the product of machinery, the value due to the instruments of labour, increases relatively, but decreases absolutely. In other words, its absolute amount decreases, but its amount, relatively to the total value of the product, of a pound of yarn, for instance, increases.

It is evident that whenever it costs as much labour to produce a machine as is saved by the employment of that machine, there is nothing but a transposition of labour; consequently the total labour required to produce a commodity is not lessened or the productiveness of labour is not increased. It is clear, however, that the difference between the labour a machine costs, and the labour it saves, in other words, that the degree of its productiveness does not depend on the difference between its own value and the value of the implement it replaces. As long as the labour spent on a machine, and consequently the portion of its value added to the product, remains smaller than the value added by the workman to the product with his tool, there is always a difference of labour saved in favour of the machine. The productiveness of a machine is therefore measured by the human labour-power it replaces. According to Mr. Baynes,  $2\frac{1}{2}$  operatives are required for the 450 mule spindles, inclusive of preparation machinery, that are driven by one-horse power; each self-acting mule spindle, working ten hours, produces 13 ounces of yarn (average number or thickness); consequently  $2\frac{1}{2}$  operatives spin weekly  $365\frac{5}{8}$  lbs. of yarn. Hence, leaving waste on one side, 366 lbs. of cotton absorb, during their conversion into yarn, only 150 hours' labour, or fifteen days' labour of ten hours each. But with a spinning-wheel, supposing the hand-spinner to produce thirteen ounces of yarn in sixty hours, the same weight of cotton would absorb 2700 days' labour of ten hours each, or 27,000 hours' labour. Where block printing, the old method of printing calico by hand, has been superseded by machine printing, a single machine prints, with the aid of one man or boy, as much calico of four colours in one hour, as it formerly took 200 men to do. Before Eli Whitney invented the cotton-gin in 1793, the separation of the seed from a pound of cotton cost an average day's labour. By means of his invention one negress was enabled to clean 100 lbs. daily; and since then, the efficacy of the gin has been considerably increased. A pound of cotton wool, previously costing 50 cents to produce, included after that invention more unpaid labour, and was consequently sold with greater profit, at 10 cents. In India they employ for separating the wool from the seed, an instrument, half machine, half tool, called a churka; with this one man and a woman can clean 28 lbs. daily. With the churka invented some years ago by Dr. Forbes, one man and a boy produce 250 pounds daily. If oxen, steam, or water, be used for driving it, only a few boys and girls as feeders are required. Sixteen

of these machines driven by oxen do as much work in a day as formerly 750 people did on an average.

As already stated, a steam-plough does as much work in one hour at a cost of threepence, as 66 men at a cost of 15 shillings. I return to this example in order to clear up an erroneous notion. The 15 shillings are by no means the expression in money of all the labour expended in one hour by the 66 men. If the ratio of surplus labour to necessary labour were 100%, these 66 men would produce in one hour a value of 30 shillings, although their wages, 15 shillings, represent only their labour for half an hour. Suppose, then, a machine cost as much as the wages for a year of the 150 men it displaces, say £3000; this £3000 is by no means the expression in money of the labour added to the object produced by these 150 men before the introduction of the machine, but only of that portion of their year's labour which was expended for themselves and represented by their wages. On the other hand, the £3000, the money value of the machine, expresses all the labour expended on its production, no matter in what proportion this labour constitutes wages for the workman, and surplus-value for the capitalist. Therefore, though a machine cost as much as the labour-power displaced by its cost, yet the labour materialised in it is even then much less than the living labour it replaces.

The use of machinery for the exclusive purpose of cheapening the product, is limited in this way, that less labour must be expended in producing the machinery than is displaced by the employment of that machinery. For the capitalist, however, this use is still more limited. Instead of paying for the labour, he only pays the value of the labour-power employed; therefore, the limit to his using a machine is fixed by the difference between the value of the machine and the value of the labour-power replaced by it. Since the division of the day's work into necessary and surplus-labour differs in different countries, and even in the same country at different periods, or in different branches of industry; and further, since the actual wage of the labourer at one time sinks below the value of his labour-power, at another rises above it, it is possible for the difference between the price of the machinery to vary very much, although the difference between the quantity of labour requisite to produce the machine and the total quantity replaced by it, remain constant. But it is the former difference alone that determines the cost, to the capitalist, of producing a commodity, and, through the pressure of competition, influences his action.

Hence the invention now-a-days of machines in England that are employed only in North America; just as in the sixteenth and seventeenth centuries, machines were invented in Germany to be used only in Holland, and just as many a French invention of the eighteenth century was exploited in England alone. In the older countries, machinery, when employed in some branches of industry, creates such a redundancy of labour in other branches that in these latter the fall of wages below the value of labour-power impedes the use of machinery, and, from the standpoint of the capitalist, whose profit comes, not from a diminution of the labour employed, but of the labour paid for, renders that use superfluous and often impossible. In some branches of the woollen manufacture in England the employment of children has during recent years been considerably diminished, and in some cases has been entirely abolished. Why? Because the Factory Acts made two sets of children necessary, one working six hours, the other four, or each working five hours. But the parents refuse to sell the “half-timers” cheaper than the “full-timers.” Hence the substitution of machinery for the “half-timers.” Before the labour of women and of children under 10 years of age was forbidden in mines, capitalists considered the employment of naked women and girls, often in company with men, so far sanctioned by their moral code, and especially by their ledgers, that it was only after the passing of the Act that they had recourse to machinery. The Yankees have invented a stone-breaking machine. The English do not make use of it, because the “wretch” who does this work gets paid for such a small portion of his labour, that machinery would increase the cost of production to the capitalist. In England women are still occasionally used instead of horses for hauling canal boats, because the labour required to produce horses and machines is an accurately known quantity, while that required to maintain the women of the surplus population is below all calculation. Hence nowhere do we find a more shameful squandering of human labour-power for the most despicable purposes than in England, the land of machinery.

### **SECTION 3. — THE APPROXIMATE EFFECTS OF MACHINERY ON THE WORKMAN.**

The starting point of Modern Industry is, as we have shown, the revolution in the instruments of labour, and this revolution attains its most highly developed form in the organised system of machinery in a factory. Before

we inquire how human material is incorporated with this objective organism, let us consider some general effects of this revolution on the labourer himself.

Appropriation of supplementary Labour-power by Capital. The Employment of Women and Children.

In so far as machinery dispenses with muscular power, it becomes a means of employing labourers of slight muscular strength, and those whose bodily development is incomplete, but whose limbs are all the more supple. The labour of women and children was, therefore, the first thing sought for by capitalists who used machinery. That mighty substitute for labour and labourers was forthwith changed into a means for increasing the number of wage-labourers by enrolling, under the direct sway of capital, every member of the work-man's family, without distinction of age or sex. Compulsory work for the capitalist usurped the place, not only of the children's play, but also of free labour at home within moderate limits for the support of the family.

The value of labour-power was determined, not only by the labour-time necessary to maintain the individual adult laborer, but also by that necessary to maintain his family. Machinery, by throwing every member of that family on to the labour market, spreads the value of the man's labour-power over his whole family. It thus depreciates his labour-power. To purchase the labour-power of a family of four workers may, perhaps, cost more than it formerly did to purchase the labour-power of the head of the family, but, in return, four days' labour takes the place of one, and their price falls in proportion to the excess of the surplus-labour of four over the surplus-labour of one. In order that the family may live, four people must now, not only labour, but expend surplus-labor for the capitalist. Thus we see, that machinery, while augmenting the human material that forms the principal object of capital's exploiting power, at the same time raises the degree of exploitation.

Machinery also revolutionises out and out the contract between the labourer and the capitalist, which formally fixes their mutual relations. Taking the exchange of commodities as our basis, our first assumption was that capitalist and labourer met as free persons, as independent owners of commodities; the one possessing money and means of production, the other labour-power. But now the capitalist buys children and young persons under

age. Previously, the workman sold his own labour power, which he disposed of nominally as a free agent. Now he sells wife and child. He has become a slave dealer. The demand for children's labour often resembles in form the inquiries for negro slaves, such as were formerly to be read among the advertisements in American journals. "My attention," says an English factory inspector, "was drawn to an advertisement in the local paper of one of the most important manufacturing towns of my district, of which the following is a copy: Wanted, 12 to 20 young presons, not younger than what can pass for 13 years. Wages, 4 shillings a week. Apply 8c." The phrase "what can pass for 13 years," has reference to the fact, that by the Factory Act, children under 13 years may work only 6 hours. A surgeon official appointed must certify their age. The manufacturer, therefore, asks for children who look as if they were already 13 years old. The decrease, often by leaps and bounds in the number of children under 13 years employed in factories, a decrease that is shown in an astonishing manner by the English statistics of the last 20 years, was for the most part, according to the evidence of the factory inspectors themselves, the work of the certifying surgeons, who overstated the age of the children, agreeably to the capitalist's greed for exploitation, and the sordid trafficking needs of the parents. In the notorious district of Bethnal Green, a public market is held every Monday and Tuesday morning, where children of both sexes from 9 years of age upwards, hire themselves out to the silk manufacturers. "The usual terms are 1s. 8d. a week (this belongs to the parents) and '2d. for myself and tea.' The contract is binding only for the week. The scene and language while this market is going on are quite disgraceful." It has also occurred in England, that women have taken "children from the workhouse and let any one have them out for 2s. 6d. a week." In spite of legislation, the number of boys sold in Great Britain by their parents to act as live chimney-sweeping machines (althought there exist plenty of machines to replace them) exceeds 2000. The revolution effected by machinery in the judicial relations between the buyer and the seller of labour-power, causing the transaction as a whole to lose the appearance of a contract between free persons, afforded the English Parliament an excuse, founded on judicial principles, for the interference of the state with factories. Whenever the law limits the labour of children to 6 hours in industries not before interfered with, the complaints of the manufacturers are always renewed. They allege that numbers of the parents withdraw their children from the industry

brought under the act, in order to sell them where “freedom of labour” still rules i.e., where children under 13 years are compelled to work like grown-up people, and therefore can be got rid of at a higher price. But since capital is by nature a leveller, since it exacts in every sphere of production equality in the conditions of the exploitation of labour, the limitation by law of children’s labour, in one branch of industry, becomes the cause of its limitation in others.

We have already alluded to the physical deterioration as well of the children and young persons as of the women, whom machinery, first directly in the factories that shoot up on its bases, and then indirectly in all the remaining branches of industry, subjects to the exploitation of capital. In this place, therefore, we dwell only on one point, the enormous mortality, during the first few years of their life, of the children of the operatives. In sixteen of the registration districts into which England is divided, there are, for every 100,000 children alive under the age of one year, only 9000 death in the year on an average (in one district only 7047); in 24 districts the deaths are over 10,000, but under 11,000; in 39 districts over 11,000, but under 12,000; in 48 districts over 12,000, but under 13,000; in 22 districts over 20,000; in 25 districts over 21,000; in 17 over 22,000; in 11 over 23,000; in Hoo, Wolverhampton, Ashton-under-Lyne, and Preston, over 24,000; in Nottingham, Stockport, and Bradford, over 25,000; in Wisbeach, 26,000; and in Manchester, 26,125. As was shown by an official medical inquiry in the year 1861, the high death-rates are, apart from local causes, principally due to the employment of the mothers away from their homes, and to the neglect and maltreatment consequent on her absence, such as, amongst others, insufficient nourishment, unsuitable food, and dosing with opiates; beside this, there arises an unnatural estrangement between mother and child, and as a consequence intentional starving and poisoning of the children. In those agricultural districts, “where a minimum in the employment of women exists, the death-rate is on the other hand very low.” The Inquiry-Commission of 1861 led, however, to the unexpected result, that in some purely agricultural districts bordering on the North Sea, the death-rate of children under one year old almost equalled that of the worst factory districts. Dr. Julian Hunter was therefore commissioned to investigate this phenomenon on the spot. His report is incorporated with the “Sixth Report on Public Health.” Up to that time it was supposed, that the children were decimated by malaria, and other diseases peculiar to low-

lying and marshy districts. But the inquiry showed the very opposite, namely, that the same cause which drove away malaria, the conversion of the land, from a morass in winter and a scanty pasture in summer, into fruitful corn land, created the exceptional death-rate of the infants. The 70 medical men, whom Dr. Hunter examined in that district, were “wonderfully in accord” on this point. In fact, the revolution in the mode of cultivation had led to the introduction of the industrial system. Married women, who work in gangs along with boys and girls, are, for a stipulated sum of money, placed at the disposal of the farmer, by a man called “the undertaker,” who contracts for the whole gang. “These gangs will sometimes travel many miles from their own village; they are to be met morning and evening on the roads, dressed in short petticoats, with suitable coats and boots, and sometimes trousers, looking wonderfully strong and healthy, but tainted with a customary immorality, and heedless of the fatal results which their love of this busy and independent life is bringing on their unfortunate offspring who are pining at home.” Every phenomenon of the factory districts is here reproduced, including, but to a greater extent, ill-disguised infanticide, and dosing children with opiates. “My knowledge of such evils,” says Dr. Simon, the medical officer of the Privy Council and editor in chief of the Reports on Public Health, “may excuse the profound misgiving with which I regard any large industrial employment of adult women.” “Happy indeed,” exclaims Mr. Baker, the factory inspector, in his official report, “happy indeed will it be for the manufacturing districts of England, when every married woman having a family is prohibited from working in any textile works at all.”

The moral degradation caused by the capitalistic exploitation of women and children has been so exhaustively depicted by F. Engels in his “Lage der Arbeitenden Klasse Englands,” and other writers, that I need only mention the subject in this place. But the intellectual desolation, artificially produced by converting immature human beings into mere machines for the fabrication of surplus-value, a state of mind clearly distinguishable from that natural ignorance which keeps the mind fallow without destroying its capacity for development, its natural fertility, this desolation finally compelled even the English Parliament to make elementary education a compulsory condition to the “productive” employment of children under 14 years, in every industry subject to the Factory Acts. The spirit of capitalist production stands out clearly in the ludicrous wording of the so-called

education clauses in the Factory Acts, in the absence of an administrative machinery, an absence that again makes the compulsion illusory, in the opposition of the manufacturers themselves to these education clauses, and in the tricks and dodges they put in practice for evading them. "For this the legislature is alone to blame, by having passed a delusive law, which, while it would seem to provide that the children employed in factories shall be educated, contains no enactment by which that professed end can be secured. It provides nothing more than that the children shall on certain days of the week, and for a certain number of hours (three) in each day, be inclosed within the four walls of a place called a school, and that the employer of the child shall receive weekly a certificate to that effect signed by a person designated by the subscriber as a schoolmaster or schoolmistress." Previous to the passing of the amended Factory Act, 1844, it happened, not unfrequently, that the certificate of attendance at school were signed by the schoolmaster or schoolmistress with a cross, as they themselves were unable to write. "On one occasion, on visiting a place called a school, from which certificates of school attendance had issued, I was so struck with the ignorance of the master, that I said to him: "Pray, sir, can you read?" His reply was: "Aye, summat!" and as a justification of his right to grant certificates, he added: "At any rate, I am before my scholars." The inspectors, when the Bill of 1844 was in preparation, did not fail to represent the disgraceful state of the places called schools, certificates from which they were obliged to admit as a compliance with the laws, but they were successful only in obtaining thus much, that since the passing of the Act of 1844, the figures in the school certificate must be filled up in the handwriting of the schoolmaster, who must also sign his Christian and surname in full." Sir John Kincaid, factory inspector for Scotland, relates experiences of the same kind. "The first school we visited was kept by a Mrs. Ann Killin. Upon asking her to spell her name, she straightway made a mistake, by beginning with the letter C, but correcting herself immediately, she said her name began with a K. On looking at her signature, however, in the school certificate books, I noticed that she spelt it in various ways, while her handwriting left no doubt as to her unfitness to teach. She herself also acknowledged that she could not keep the register.... In a second school I found the schoolroom 15 feet long, and 10 feet wide, and counted in this space 75 children, who were gabbling something unintelligible." But it is not only in the miserable places above referred to that the children obtained

certificates of school attendance without having received instruction of any value, for in many schools where there is a competent teacher, his efforts are of little avail from the distracting crowd of children of all ages, from infants of 3 years old and upwards; his livelihood, miserable at the best, depending on the pence received from the greatest number of children whom it is possible to cram into the space. To this is to be added scanty school furniture, deficiency of books, and other materials for teaching, and the depressing effect upon the poor children themselves of a close, noisome atmosphere. I have been in many schools, where I have seen rows of children doing absolutely nothing; and this is certified as school attendance, and, in statistical returns, such children are set down as being educated.” In Scotland the manufacturers try all they can to do without the children that are obliged to attend school. “It requires no further argument to prove that the educational clauses of the Factory Act, being held in such disfavour among mill owners tend in a great measure to exclude that class of children alike from the employment and the benefit of education contemplated by this Act.” Horribly grotesque does this appear in print works, which are regulated by a special Act. By that Act, “every child, before being employed in a print work must have attended school for at least 30 days, and not less than 150 hours, during the six months immediately preceding such first day of employment, and during the continuance of its employment in the print works, it must attend for a like period of 30 days, and 150 hours during every successive period of six months.... The attendance at school must be between 8 a.m. and 6 p.m. No attendance of less than 2½ hours, nor more than 5 hours on any one day, shall be reckoned as part of the 150 hours. Under ordinary circumstances the children attend school morning and afternoon for 30 days, for at least 5 hours each day, and upon the expiration of the 30 days, the statutory total of 150 hours having been attained, having, in their language, made up their book, they return to the print work, where they continue until the six months have expired, when another instalment of school attendance becomes due, and they again seek the school until the book is again made up.... Many boys having attended school for the required number of hours, when they return to school after the expiration of their six months’ work in the print work, are in the same condition as when they first attended school as print-work boys, that they have lost all they gained by their previous school attendance.... In other print works the children’s attendance at school is made to depend altogether

upon the exigencies of the work in the establishment. The requisite number of hours is made up each six months, by instalments consisting of from 3 to five hours at a time, spreading over, perhaps, the whole six months.... For instance, the attendance on one day might be from 8 to 11 a.m., on another day from 1 p.m. to 4 p.m., and the child might not appear at school again for several days, when it would attend from 3 p.m. to 6 p.m.; then it might attend for 3 or 4 days consecutively, or for a week, then it would not appear in school for 3 weeks or a month, after that upon some odd days at some odd hours when the operative who employed it chose to spare it; and thus the child was, as it were, buffeted from school to work, from work to school, until the tale of 150 hours was told.”

By the excessive addition of women and children to the ranks of the workers, machinery at last breaks down the resistance which the male operatives in the manufacturing period continued to oppose to the despotism of capital.

Prolongation of the working-day.

If machinery be the most powerful means for increasing the productiveness of labour — i.e., for shortening the working time required in the production of a commodity, it becomes in the hands of capital the most powerful means, in those industries first invaded by it, for lengthening the working day beyond all bounds set by human nature. It creates, on the one hand, new conditions by which capital is enabled to give free scope to this its constant tendency, and on the other hand, new motives with which to whet capital’s appetite for the labour of others.

In the first place, in form of machinery, the implements of labour become automatic, things moving and working independent of the workman. They are thenceforth an industrial perpetuum mobile, that would go on producing forever, did it not meet with certain natural obstructions in the weak bodies and the strong wills of its human attendants. The automaton, as capital, and because it is capital, is endowed, in the person of the capitalist, with intelligence and will; it is therefore animated by the longing to reduce to a minimum the resistance offered by that repellant yet elastic natural barrier, man. This resistance is moreover lessened by the apparent lightness of machine work, and by the more pliant and docile character of the women and children employed on it.

The productiveness of machinery is, as we saw, inversely proportional to the value transferred by it to the product. The longer the life of the machine, the greater is the mass of the products over which the value transmitted by the machine is spread, and the less is the portion of that value added to each single commodity. The active lifetime of a machine is, however, clearly dependent on the length of the working day, or on the duration of the daily labour-process multiplied by the number of days for which the process is carried on.

The wear and tear of a machine is not exactly proportional to its working time. And even if it were so, a machine working 16 hours daily for 7½ years, covers as long a working period as, and transmits to the total product no more value than, the same machine would if it worked only 8 hours daily for 15 years. But in the first case the value of the machine would be reproduced twice as quickly as in the latter, and the capitalist would, by this use of the machine, absorb in 7½ years as much surplus-value as in the second case he would in 15.

The material wear and tear of a machine is of two kinds. The one arises from use, as coins wear away by circulating, the other from non-use, as a sword rusts when left in its scabbard. The latter kind is due to the elements. The former is more or less directly proportional, the latter to a certain extent inversely proportional, to the use of the machine.

But in addition to the material wear and tear, a machine also undergoes, what we may call a moral depreciation. It loses exchange-value, either by machines of the same sort being produced cheaper than it, or by better machines entering into competition with it. In both cases, be the machine ever so young and full of life, its value is no longer determined by the labour actually materialised in it, but by the labour-time requisite to reproduce either it or the better machine. It has, therefore, lost value more or less. The shorter the period taken to reproduce its total value, the less is the danger of moral depreciation; and the longer the working day, the shorter is that period. When machinery is first introduced into an industry, new methods of reproducing it more cheaply follow blow upon blow, and so do improvements, that not only affect individual parts and details of the machine, but its entire build. It is, therefore, in the early days of the life of machinery that this special incentive to the prolongation of the working day makes itself felt most acutely.

Given the length of the working day, all other circumstances remaining the same, the exploitation of double the number of workmen demands, not only a doubling of that part of constant capital which is invested in machinery and buildings, but also of that part which is laid out in raw material and auxiliary substances. The lengthening of the working day, on the other hand, allows of production on an extended scale without any alteration in the amount of capital laid out on machinery and buildings. Not only is there, therefore, an increase of surplus-value, but the outlay necessary to obtain it diminishes. It is true that this takes place, more or less, with every lengthening of the working day; but in the case under consideration, the change is more marked, because the capital converted into the instruments of labour preponderates to a greater degree. The development of the factory system fixes a constantly increasing portion of the capital in a form, in which, on the one hand, its value is capable of continual self-expansion, and in which, on the other hand, it loses both use-value and exchange-value whenever it loses contact with living labour. "When a labourer," said Mr. Ashworth, a cotton magnate, to Professor Nassau W. Senior, "lays down his spade, he renders useless, for that period, a capital worth eighteenpence. When one of our people leaves the mill, he renders useless a capital that has cost £100,000." Only fancy! making "useless" for a single moment, a capital that has cost £100,000! It is, in truth, monstrous, that a single one of our people should ever leave the factory! The increased use of our machinery, as Senior after the instruction he received from Ashworth clearly perceives, makes a constantly increasing lengthening of the working day "desirable."

Machinery produces relative surplus-value; not only by directly depreciating the value of labour-power, and by indirectly cheapening the same through cheapening the commodities that enter into its reproduction, but also, when it is first introduced sporadically into an industry, by converting the labour employed by the owner of that machinery, into labour of a higher degree and greater efficacy, by raising the social value of the article produced above its individual value, and thus enabling the capitalist to replace the value of a day's labour-power by a smaller portion of the value of the day's product. During this transition period, when the use of machinery is a sort of monopoly, the profits are therefore exceptional, and the capitalist endeavours to exploit thoroughly "the sunny time of this his

first love,” by prolonging the working day as much as possible. The magnitude of the profit whets his appetite for more profit.

As the use of machinery becomes more general in a particular industry, the social value of the product sinks down to its individual value, and the law that surplus-value does not arise from the labour-power that has been replaced by the machinery, but from the labour-power actually employed in working with the machinery, asserts itself. Surplus-value arises from the variable capital alone, and we saw that the amount of surplus-value depends on two factors, viz., the rate of surplus-value and the number of the workmen simultaneously employed. Given the length of the working day, the rate of surplus-value is determined by the relative duration of the necessary labour and of the surplus-labour in a day. The number of the labourers simultaneously employed depends, on its side, on the ratio of the variable to the constant capital. Now, however much the use of machinery may increase the surplus-labour at the expense of the necessary labour by heightening the productiveness of labour, it is clear that it attains this result, only by diminishing the number of workmen employed by a given amount of capital. It converts what was formerly variable capital, invested in labour-power, into machinery, which, being constant capital, does not produce surplus-value. It is impossible, for instance, to squeeze as much surplus-value out of 2 as out of 24 labourers. If each of these 24 men gives only one hour of surplus-labour in 12, the 24 men give together 24 hours of surplus-labour, while 24 hours is the total labour of the two men. Hence, the application of machinery to the production of surplus-value implies a contradiction which is immanent in it, since, of the two factors of the surplus-value created by a given amount of capital, one, the rate of surplus-value cannot be increased, except by diminishing the other, the number of workmen. This contradiction comes to light, as soon as by the general employment of machinery in a given industry, the value of the machine-produced commodity regulates the value of all commodities of the same sort; and it is this contradiction, that in its turn, drives the capitalist, without his being conscious of the fact, to excessive lengthening of the working day, in order that he may compensate the decrease in the relative number of labourers exploited, by an increase not only of the relative, but of the absolute surplus-labour.

If, then, the capitalistic employment of machinery, on the one hand, supplies new and powerful motives to an excessive lengthening of the

working day, and radically changes, as well the methods of labour, as also the character of the social working organism, in such a manner as to break down all opposition to this tendency, on the other hand it produces, partly by opening out to the capitalist new strata of the working class, previously inaccessible to him, partly by setting free the labourers it supplants, a surplus working population, which is compelled to submit to the dictation of capital. Hence that remarkable phenomenon in the history of Modern Industry, that machinery sweeps away every moral and natural restriction on the length of the working day. Hence, too, the economical paradox, that the most powerful instrument for shortening labour-time, becomes the most unfailing means for placing every moment of the labourer's time and that of his family, at the disposal of the capitalist for the purpose of expanding the value of his capital. "If," dreamed Aristotle, the greatest thinker of antiquity, "if every tool, when summoned, or even of its own accord, could do the work that befits it, just as the creations of Dædalus moved of themselves, or the tripods of Hephæstos went of their own accord to their sacred work, if the weavers' shuttles were to weave of themselves, then there would be no need either of apprentices for the master workers, or of slaves for the lords." And Antiparos, a Greek poet of the time of Cicero, hailed the invention of the water-wheel for grinding corn, an invention that is the elementary form of all machinery, as the giver of freedom to female slaves, and the bringer back of the golden age. Oh! those heathens! They understood, as the learned Bastiat, and before him the still wiser MacCulloch have discovered, nothing of political economy and Christianity. They did not, for example, comprehend that machinery is the surest means of lengthening the working day. They perhaps excused the slavery of one on the ground that it was a means to the full development of another. But to preach slavery of the masses, in order that a few crude and half-educated parvenus, might become "eminent spinners," "extensive sausage-makers," and "influential shoe-black dealers," to do this, they lacked the bump of Christianity.

### Intensification of Labour

The immoderate lengthening of the working day, produced by machinery in the hands of capital, leads to a reaction on the part of society, the very sources of whose life are menaced; and, thence, to a normal working day whose length is fixed by law. Thenceforth a phenomenon that we have

already met with, namely, the intensification of labour, develops into great importance. Our analysis of absolute surplus-value had reference primarily to the extension or duration of the labour, its intensity being assumed as given. We now proceed to consider the substitution of a more intensified labour for labour of more extensive duration, and the degree of the former.

It is self-evident, that in proportion as the use of machinery spreads, and the experience of a special class of workmen habituated to machinery accumulates, the rapidity and intensity of labour increase as a natural consequence. Thus in England, during half a century, lengthening of the working day went hand in hand with increasing intensity of factory labour. Nevertheless the reader will clearly see, that where we have labour, not carried on by fits and starts, but repeated day after day with unvarying uniformity, a point must inevitably be reached, where extension of the working day and intensity of the labour mutually exclude one another, in such a way that lengthening of the working day becomes compatible only with a lower degree of intensity, and, a higher degree of intensity, only with a shortening of the working day. So soon as the gradually surging revolt of the working class compelled Parliament to shorten compulsorily the hours of labour, and to begin by imposing a normal working day on factories proper, so soon consequently as an increased production of surplus value by the prolongation of the working day was once for all put a stop to, from that moment capital threw itself with all its might into the production of relative surplus-value, by hastening on the further improvement of machinery. At the same time a change took place in the nature of relative surplus-value. Generally speaking, the mode of producing relative surplus-value consists in raising the productive power of the workman, so as to enable him to produce more in a given time with the same expenditure of labour. Labour-time continues to transmit as before the same value to the total product, but this unchanged amount of exchange value is spread over more use-values; hence the value of each single commodity sinks. Otherwise, however, so soon as the compulsory shortening of the hours of labour takes place. The immense impetus it gives to the development of productive power, and to economy in the means of production, imposes on the workman increased expenditure of labour in a given time, heightened tension of labour-power, and closer filling up of the pores of the working day, or condensation of labour to a degree that is attainable only within the limits of the shortened working day. This condensation of a greater mass of labour into a given

period thenceforward counts for what it really is, a greater quantity of labour. In addition to a measure of its extension, i.e., duration, labour now acquires a measure of its intensity or of the degree of its condensation or density. The denser hour of the ten hours' working-day contains more labour, i.e., expended labour-power, than the more porous hour of the twelve hours' working-day. The product therefore of one of the former hours has as much or more value than has the product of  $1 \frac{1}{5}$  of the latter hours. Apart from the increased yield of relative surplus-value through the heightened productiveness of labour, the same mass of value is now produced for the capitalist, say, by  $3 \frac{1}{3}$  hours of surplus labour, and  $6 \frac{2}{3}$  hours of necessary labour, as was previously produced by four hours of surplus labour and eight hours of necessary labour.

We now come to the question: How is the labour intensified?

The first effect of shortening the working day results from the self-evident law, that the efficiency of labour-power is in an inverse ratio to the duration of its expenditure. Hence, within certain limits what is lost by shortening the duration is gained by the increasing tension of labour-power. That the workman moreover really does expend more labour-power, is ensured by the mode in which the capitalist pays him. In those industries, such as potteries, where machinery plays little or no part, the introduction of the Factory Acts has strikingly shown that the mere shortening of the working-day increases to a wonderful degree the regularity, uniformity, order, continuity, and energy of the labour. It seemed, however, doubtful whether this effect was produced in the factory proper, where the dependence of the workman on the continuous and uniform motion of the machinery had already created the strictest discipline. Hence, when in 1844 the reduction of the working-day to less than twelve hours was being debated, the masters almost unanimously declared "that their overlookers in the different rooms took good care that the hands lost no time," that the "extent of vigilance and attention on the part of the workmen was hardly capable of being increased," and therefore, that the speed of the machinery and other conditions remaining unaltered, "to expect in a well-managed factory any important result from increased attention of the workmen was an absurdity." This assertion was contradicted by experiments. Mr. Robert Gardner reduced the hours of labour in his two large factories at Preston, on and after the 20th April, 1844, from twelve to eleven hours a day. The result of about a year's working was that "the same amount of product for the

same cost was received, and the workpeople as a whole earned in eleven hours as much wages as they did before in twelve.” I pass over the experiments made in the spinning and carding rooms, because they were accompanied by an increase of 2% in the speed of the machines. But in the weaving department, where, moreover, many sorts of figured fancy articles were woven, there was not the slightest alteration in the conditions of the work. The result was: “From 6th January to 20th April, 1844, with a twelve hours’ day, average weekly wages of each hand 10s. 1½d., from 20th April to 29th June, 1844, with day of eleven hours, average weekly wages 10s. 3½d.” Here we have more produced in eleven hours than previously in twelve, and entirely in consequence of more steady application and economy of time by the workpeople. While they got the same wages and gained one hour of spare time, the capitalist got the same amount produced and saved the cost of coal, gas, and other such items, for one hour. Similar experiments, and with the like success, were carried out in the mills of Messrs. Horrocks and Jacson.

The shortening of the hours of labour creates, to begin with, the subjective conditions for the condensation of labour, by enabling the workman to exert more strength in a given time. So soon as that shortening becomes compulsory, machinery becomes in the hands of capital the objective means, systematically employed for squeezing out more labour in a given time. This is effected in two ways: by increasing the speed of the machinery, and by giving the workman more machinery to tend. Improved construction of the machinery is necessary, partly because without it greater pressure cannot be put on the workman, and partly because the shortened hours of labour force the capitalist to exercise the strictest watch over the cost of production. The improvements in the steam-engine have increased the piston speed, and at the same time have made it possible, by means of a greater economy of power, to drive with the same or even a smaller consumption of coal more machinery with the same engine. The improvements in the transmitting mechanism have lessened friction, and, what so strikingly distinguishes modern from the older machinery, have reduced the diameter and weight of the shafting to a constantly decreasing minimum. Finally, the improvements in the operative machines have, while reducing their size, increased their speed and efficiency, as in the modern power-loom; or, while increasing the size of their frame-work, have also increased the extent and number of their working parts, as in spinning

mules, or have added to the speed of these working parts by imperceptible alterations of detail, such as those which ten years ago increased the speed of the spindles in self-acting mules by one-fifth.

The reduction of the working day to 12 hours dates in England from 1832. In 1836 a manufacturer stated: "The labour now undergone in the factories is much greater than it used to be...compared with thirty or forty years ago...owing to the greater attention and activity required by the greatly increased speed which is given to the machinery." In the year 1844, Lord Ashley, now Lord Shaftesbury, made in the House of Commons the following statements, supported by documentary evidence:

"The labour performed by those engaged in the processes of manufacture, is three times as great as in the beginning of such operations. Machinery has executed, no doubt, the work that would demand the sinews of millions of men; but it has also prodigiously multiplied the labour of those who are governed by its fearful movements...In 1815, the labour of following a pair of mules spinning cotton of No.40 — reckoning 12 hours to the working-day — involved a necessity of walking 8 miles. In 1832, the distance travelled in following a pair of mules, spinning cotton yarn of the same number, was 20 miles, and frequently more. In 1835" (query — 1815 or 1825?) "the spinner put up daily, on each of these mules, 820 stretches, making a total of 1,640 stretches in the course of the day. In 1832, the spinner put up on each mule 2,200 stretches, making a total of 4,400. In 1844, 2,400 stretches, making a total of 4,800; and in some cases the amount of labour required is even still greater...I have another document sent to me in 1842, stating that the labour is progressively increasing — increasing not only because the distance to be travelled is greater, but because the quantity of goods produced is multiplied, while the hands are fewer in proportion than before; and, moreover, because an inferior species of cotton is now often spun, which it is more difficult to work...In the carding-room there has also been a great increase of labour. One person there does the work formerly divided between two. In the weaving-room, where a vast number of persons are employed, and principally females...the labour has increased within the last few years fully 10 per cent, owing to the increased speed of the machinery in spinning. In 1838, the number of hanks spun per week was 18,000, in 1843 it amounted to 21,000. In 1819 the number of picks in power-loom-weaving per minute was 60 — in 1842 it was 140, showing a vast increase of labour."

In the face of this remarkable intensity of labour which had already been reached in 1844 under the Twelve Hours' Act, there appeared to be a justification for the assertion made at that time by the English manufacturers, that any further progress in that direction was impossible, and therefore that every further reduction of the hours of labour meant a lessened production. The apparent correctness of their reasons will be best shown by the following contemporary statement by Leonard Horner, the factory inspector, their ever watchful censor.

“Now, as the quantity produced must, in the main, be regulated by the speed of the machinery, it must be the interest of the mill owner to drive it at the utmost rate of speed consistent with these following conditions, viz., the preservation of the machinery from too rapid deterioration; the preservation of the quality of the article manufactured; and the capability of the workman to follow the motion without a greater exertion than he can sustain for a constancy. One of the most important problems, therefore, which the owner of a factory has to solve is to find out the maximum speed at which he can run, with a due regard to the above, conditions. It frequently happens that he finds he has gone too fast, that breakages and bad work more than counterbalance the increased speed, and that he is obliged to slacken his pace. I therefore concluded, that as an active and intelligent millowner would find out the safe maximum, it would not be possible to produce as much in eleven hours as in twelve. I further assumed that the operative-paid by piece work, would exert himself to the utmost consistent with the power of continuing at the same rate.” Horner, therefore, came to the conclusion that a reduction of the working hours below twelve would necessarily diminish production. He himself, ten years later, cites his opinion of 1845 in proof of how much he under-estimated in that year the elasticity of machinery, and of man's labour-power, both of which are simultaneously stretched to an extreme by the compulsory shortening of the working day.

We now come to the period that follows the introduction of the Ten Hours' Act in 1847 into the English cotton, woollen, silk, and flax mills.

“The speed of the spindles has increased upon throstles 500, and upon mules 1000 revolutions a minute, i.e., the speed of the throstle spindle, which in 1839 was 4500 times a minute, is now (1862) 5000; and of the mule spindle, that was 5000, is now 6000 times a minute, amounting in the former case to one-tenth, and in the second case to one-fifth addition

increase.” James Nasmyth, the eminent civil engineer of Patricroft, near Manchester, explained in a letter to Leonard Horner, written in 1852, the nature of the improvements in the steam-engine that had been made between the years 1848 and 1852. After remarking that the horse-power of steam-engines, being always estimated in the official returns according to the power of similar engines in 1828, is only nominal, and can serve only as an index of their real power, he goes on to say: “I am confident that from the same weight of steam-engine machinery, we are now obtaining at least 50 per cent. more duty or work performed on the average, and that in many cases the identical steam-engines which in the days of the restricted speed of 220 feet per minute, yielded 50 horsepower, are now yielding upwards of 100.”... “The modern steam-engine of 100 horse-power is capable of being driven at a much greater force than formerly, arising from improvements in its construction, the capacity and construction of the boilers, &c.”... “Although the same number of hands are employed in proportion to the horse-power as at former periods, there are fewer hands employed in proportion to the machinery.” “In the year 1850, the factories of the United Kingdom employed 134,217 nominal horse-power to give motion to 25,638,716 spindles and 301,445 looms. The number of spindles and looms in 1856 was respectively 33,503,580 of the former, and 369,205 of the latter, which, reckoning the force of the nominal horse-power required to be the same as in 1850, would require a force equal to 175,000 horses, but the actual power given in the return for 1856 is 161,435, less by above 10,000 horses than, calculating upon the basis of the return of 1850, the factories ought to have required in 1856.” “The facts thus brought out by the Return (of 1856) appear to be that the factory system is increasing rapidly; that although the same number of hands are employed in proportion to the horse-power as at former periods, there are fewer hands employed in proportion to the machinery; that the steam-engine is enabled to drive an increased weight of machinery by economy of force and other methods, and that an increased quantity of work can be turned off by improvements in machinery, and in methods of manufacture, by increase of speed of the machinery, and by a variety of other causes.”

“The great improvements made in machines of every kind have raised their productive power very much. Without any doubt, the shortening of the hours of labour... gave the impulse to these improvements. The latter, combined with the more intense strain on the workman, have had the effect,

that at least as much is produced in the shortened (by two hours or one-sixth) working-day as was previously produced during the longer one.”

One fact is sufficient to show how greatly the wealth of the manufacturers increased along with the more intense exploitation of labour-power. From 1838 to 1850, the average proportional increase in English cotton and other factories was 32%, while from 1850 to 1856 it amounted to 86%.

But however great the progress of English industry had been during the 8 years from 1848 to 1856 under the influence of a working-day of 10 hours, it was far surpassed during the next period of 6 years from 1856 to 1862. In silk factories, for instance, there were in 1856, spindles 1,093,799; in 1862, 1,388,544; in 1856, looms 9,260; in 1862, 10,709. But the number of operatives was, in 1856, 56,131; in 1862, 52,429. The increase in the spindles was therefore 26.9% and in the looms 15.6%, while the number of the operatives decreased 7%. In the year 1850 there were employed in worsted mills 875,830 spindles; in 1856, 1,324,549 (increase 51.2%), and in 1862, 1,289,172 (decrease 2.7%). But if we deduct the doubling spindles that figure in the numbers for 1856, but not in those for 1862, it will be found that after 1856 the number of spindles remained nearly stationary. On the other hand, after 1850, the speed of the spindles and looms was in many cases doubled. The number of power-looms in worsted mills was in 1850, 32,617; in 1856, 38,956; in 1862, 43,048. The number of the operatives was, in 1850, 79,737; in 1856, 87,794; in 1862, 86,063; included in these, however, the children under 14 years of age were, in 1850, 9,956; in 1856, 11,228; in 1862, 13,178. In spite, therefore, of the greatly increased number of looms in 1862, compared with 1856, the total number of the workpeople employed decreased, and that of the children exploited increased.

On the 27th of April, 1863, Mr. Ferrand said in the House of Commons: “I have been informed by delegates from 16 districts of Lancashire and Cheshire, in whose behalf I speak, that the work in the factories is, in consequence of the improvements in machinery, constantly on the increase. Instead of as formerly one person with two helps tending two looms, one person now tends three looms without helps, and it is no uncommon thing for one person to tend four. Twelve hours’ work, as is evident from the facts adduced, is now compressed into less than 10 hours. It is therefore self-

evident, to what an enormous extent the toil of the factory operative has increased during the last 10 years.”

Although, therefore, the Factory Inspectors unceasingly and with justice, commend the results of the Acts of 1844 and 1850, yet they admit that the shortening of the hours of labour has already called forth such an intensification of the labour as is injurious to the health of the workman and to his capacity for work. “In most of the cotton, worsted, and silk mills, an exhausting state of excitement necessary to enable the workers satisfactorily to mind the machinery, the motion of which has been greatly accelerated within the last few years, seems to me not unlikely to be one of the causes of that excess of mortality from lung disease, which Dr. Greenhow has pointed out in his recent report on this subject.” There cannot be the slightest doubt that the tendency that urges capital as soon as a prolongation of the hours of labour is once for all forbidden, to compensate itself, by a systematic heightening of the intensity of labour, and to convert every improvement in machinery into a more perfect means of exhausting the workman, must soon lead to a state of things in which a reduction of the hours of labour will again be inevitable. On the other hand, the rapid advance of English industry between 1848 and the present time, under the influence of a day of 10 hours, surpasses the advance made between 1833 and 1847, when the day was 12 hours long, by far more than the latter surpasses the advance made during the half century after the first introduction of the factory system, when the working day was without limits.

#### **SECTION IV. — THE FACTORY**

At the commencement of this chapter we considered that which we may call the body of the factory, i.e., machinery organised into a system. We there saw how machinery, by annexing the labour of women and children, augments the number of human beings who form the material for capitalistic exploitation, how it confiscates the whole of the workman’s disposable time, by immoderate extension of the hours of labour, and how finally its progress, which allows of enormous increase of production in shorter and shorter periods, serves as a means of systematically getting more work done in a shorter time, or in exploiting labour-power more

intensely. We now turn to the factory as a whole, and that in its most perfect form.

Dr. Ure, the Pindar of the automatic factory, describes it, on the one hand as “Combined co-operation of many orders of workpeople, adult and young, in tending with assiduous skill, a system of productive machines, continuously impelled by a central power” (the prime mover); on the other hand, as “a vast automaton, composed of various mechanical and intellectual organs, acting in uninterrupted concert for the production of a common object, all of them being subordinate to a self-regulated moving force.” These two descriptions are far from being identical. In one, the collective labourer, or social body of labour, appears as the dominant subject and the mechanical automaton as the object; in the other, the automaton itself is the subject, and the workmen are merely conscious organs, co-ordinate with the unconscious organs of the automaton, and together with them, subordinated to the central moving-power. The first description is applicable to every possible employment of machinery on a large scale, the second is characteristic of its use by capital, and therefore of the modern factory system. Ure prefers therefore, to describe the central machine, from which the motion comes, not only as an automaton, but as an autocrat. “In these spacious halls the benignant power of steam summons around him his myriads of willing menials.”

Along with the tool, the skill of the workman in handling it passes over to the machine. The capabilities of the tool are emancipated from the restraints that are inseparable from human labour-power. Thereby the technical foundation on which is based the division of labour in Manufacture, is swept away. Hence, in the place of the hierarchy of specialised workmen that characterises manufacture, there steps, in the automatic factory, a tendency to equalise and reduce to one and the same level every kind of work that has to be done by the minders of the machines; in the place of the artificially produced differentiations of the detail workmen, step the natural differences of age and sex.

So far as division of labour re-appears in the factory, it is primarily a distribution of the workmen among the specialised machines; and of masses of workmen, not however organised into groups, among the various departments of the factory, in each of which they work at a number of similar machines placed together; their co-operation, therefore, is only simple. The organised group, peculiar to manufacture, is replaced by the

connexion between the head workman and his few assistants. The essential division is, into workmen who are actually employed on the machines (among whom are included a few who look after the engine), and into mere attendants (almost exclusively children) of these workmen. Among the attendants are reckoned more or less all "Feeders" who supply the machines with the material to be worked. In addition to these two principal classes, there is a numerically unimportant class of persons, whose occupation it is to look after the whole of the machinery and repair it from time to time; such as engineers, mechanics, joiners, &c. This is a superior class of workmen, some of them scientifically educated, others brought up to a trade; it is distinct from the factory operative class, and merely aggregated to it. This division of labour is purely technical.

To work at a machine, the workman should be taught from childhood, in order that he may learn to adapt his own movements to the uniform and unceasing motion of an automaton. When the machinery, as a whole, forms a system of manifold machines, working simultaneously and in concert, the co-operation based upon it, requires the distribution of various groups of workmen among the different kinds of machines. But the employment of machinery does away with the necessity of crystallizing this distribution after the manner of Manufacture, by the constant annexation of a particular man to a particular function. Since the motion of the whole system does not proceed from the workman, but from the machinery, a change of persons can take place at any time without an interruption of the work. The most striking proof of this is afforded by the relays system, put into operation by the manufacturers during their revolt from 1848-1850. Lastly, the quickness with which machine work is learnt by young people, does away with the necessity of bringing up for exclusive employment by machinery, a special class of operatives. With regard to the work of the mere attendants, it can, to some extent, be replaced in the mill by machines, and owing to its extreme simplicity, it allows of a rapid and constant change of the individuals burdened with this drudgery.

Although then, technically speaking, the old system of division of labour is thrown overboard by machinery, it hangs on in the factory, as a traditional habit handed down from Manufacture, and is afterwards systematically remoulded and established in a more hideous form by capital, as a means of exploiting labour-power. The life-long speciality of handling one and the same tool, now becomes the life-long speciality of serving one and the same

machine. Machinery is put to a wrong use, with the object of transforming the workman, from his very childhood, into a part of a detail-machine. In this way, not only are the expenses of his re-production considerably lessened, but at the same time his helpless dependence upon the factory as a whole, and therefore upon the capitalist, is rendered complete. Here as everywhere else, we must distinguish between the increased productiveness due to the development of the social process of production, and that due to the capitalist exploitation of that process. In handicrafts and manufacture, the workman makes use of a tool, in the factory, the machine makes use of him. There the movements of the instrument of labour proceed from him, here it is the movements of the machine that he must follow. In manufacture the workmen are parts of a living mechanism. In the factory we have a lifeless mechanism independent of the workman, who becomes its mere living appendage. "The miserable routine of endless drudgery and toil in which the same mechanical process is gone through over and over again, is like the labour of Sisyphus. The burden of labour, like the rock, keeps ever falling back on the worn-out labourer." At the same time that factory work exhausts the nervous system to the uttermost, it does away with the many-sided play of the muscles, and confiscates every atom of freedom, both in bodily and intellectual activity. The lightening of the labour, even, becomes a sort of torture, since the machine does not free the labourer from work, but deprives the work of all interest. Every kind of capitalist production in so far as it is not only a labour-process, but also a process of creating surplus-value, has this in common, that it is not the workman that employs the instruments of labour, but the instruments of labour that employ the workman. But it is only in the factory system that this inversion for the first time acquires technical and palpable reality. By means of its conversion into an automaton, the instrument of labour confronts the labourer, during the labour-process, in the shape of capital, of dead labour, that dominates, and pumps dry, living labour-power. The separation of the intellectual powers of production from the manual labour, and the conversion of those powers into the might of capital over labour, is, as we have already shown, finally completed by modern industry erected on the foundation of machinery. The special skill of each individual insignificant factory operative vanishes as an infinitesimal quantity before the science, the gigantic physical forces, and the mass of labour that are embodied in the factory mechanism and, together with that mechanism, constitute the power of the "master." This

“master,” therefore, in whose brain the machinery and his monopoly of it are inseparably united, whenever he falls out with his “hands,” contemptuously tells them: “The factory operatives should keep in wholesome remembrance the fact that theirs is really a low species of skilled labour; and that there is none which is more easily acquired, or of its quality more amply remunerated, or which by a short training of the least expert can be more quickly, as well as abundantly, acquired.... The master’s machinery really plays a far more important part in the business of production than the labour and the skill of the operative, which six months’ education can teach, and a common labourer can learn.” The technical subordination of the workman to the uniform motion of the instruments of labour, and the peculiar composition of the body of workpeople, consisting as it does of individuals of both sexes and of all ages, give rise to a barrack discipline, which is elaborated into a complete system in the factory, and which fully develops the before mentioned labour of overlooking, thereby dividing the workpeople into operatives and overlookers, into private soldiers and sergeants of an industrial army. “The main difficulty [in the automatic factory]...lay...above all in training human beings to renounce their desultory habits of work, and to identify themselves with the unvarying regularity of the complex automaton. To devise and administer a successful code of factory discipline, suited to the necessities of factory diligence, was the Herculean enterprise, the noble achievement of Arkwright! Even at the present day, when the system is perfectly organised and its labour lightened to the utmost, it is found nearly impossible to convert persons past the age of puberty, into useful factory hands.” The factory code in which capital formulates, like a private legislator, and at his own good will, his autocracy over his workpeople, unaccompanied by that division of responsibility, in other matters so much approved of by the bourgeoisie, and unaccompanied by the still more approved representative system, this code is but the capitalistic caricature of that social regulation of the labour-process which becomes requisite in co-operation on a great scale, and in the employment in common, of instruments of labour and especially of machinery. The place of the slave driver’s lash is taken by the overlooker’s book of penalties. All punishments naturally resolve themselves into fines and deductions from wages, and the law-giving talent of the factory Lycurgus so arranges matters, that a violation of his laws is, if possible, more profitable to him than the keeping of them.

We shall here merely allude to the material conditions under which factory labour is carried on. Every organ of sense is injured in an equal degree by artificial elevation of the temperature, by the dust-laden atmosphere, by the deafening noise, not to mention danger to life and limb among the thickly crowded machinery, which, with the regularity of the seasons, issues its list of the killed and wounded in the industrial battle. Economy of the social means of production, matured and forced as in a hothouse by the factory system, is turned, in the hands of capital into systematic robbery of what is necessary for the life of the workman while he is at work, robbery of space, light, air, and of protection to his person against the dangerous and unwholesome accompaniments of the productive process, not to mention the robbery of appliances for the comfort of the workman. Is Fourier wrong when he calls factories “tempered bagnos?”

## **SECTION 5. — THE STRIFE BETWEEN WORKMAN AND MACHINE**

The contest between the capitalist and the wage-labourer dates back to the very origin of capital. It raged on throughout the whole manufacturing period. But only since the introduction of machinery has the workman fought against the instrument of labour itself, the material embodiment of capital. He revolts against this particular form of the means of production, as being the material basis of the capitalist mode of production.

In the 17th century nearly all Europe experienced revolts of the workpeople against the ribbon-loom, a machine for weaving ribbons and trimmings, called in Germany Bandmühle, Schnurmühle, and Mühlenstuhl. These machines were invented in Germany. Abbé Lancellotti, in a work that appeared in Venice in 1636, but which was written in 1579, says as follows: “Anthony Müller of Danzig, says about 50 years ago in that town, a very ingenious machine, which weaves 4 to 6 pieces at once. But the Mayor being apprehensive that this invention might throw a large number of workmen on the streets, caused the inventor to be secretly strangled or drowned.” In Leyden, this machine was not used till 1629; there the riots of the ribbon-weavers at length compelled the Town Council to prohibit it. “In hac urbe,” says Boxhorn (Inst. Pol., 1663), referring to the introduction of this machine in Leyden, “ante hos viginti circiter annos instrumentum

quidam invenerunt textorium, quo solus plus panni et facilius conficere poterat, quam plures aequali tempore. Hinc turbæ ortæ et querulæ textorum, tandemque usus hujus instrumenti a magistratu prohibitus est.” After making various decrees more or less prohibitive against this loom in 1632, 1639, 8c., the States General of Holland at length permitted it to be used, under certain conditions, by the decree of the 15th December, 1661. It was also prohibited in Cologne in 1676, at the same time that its introduction into England was causing disturbances among the workpeople. By an imperial Edict of 19th Feb., 1685, its use was forbidden throughout all Germany. In Hamburg it was burnt in public by order of the Senate. The Emperor Charles VI., on 9th Feb., 1719, renewed the edict of 1685, and not till 1765 was its use openly allowed in the Electorate of Saxony. This machine, which shook Europe to its foundations, was in fact the precursor of the mule and the power-loom, and of the industrial revolution of the 18th century. It enabled a totally inexperienced boy, to set the whole loom with all its shuttles in motion, by simply moving a rod backwards and forwards, and in its improved form produced from 40 to 50 pieces at once.

About 1630, a wind-sawmill, erected near London by a Dutchman, succumbed to the excesses of the populace. Even as late as the beginning of the 18th century, sawmills driven by water overcame the opposition of the people, supported as it was by parliament, only with great difficulty. No sooner had Everet in 1758 erected the first wool-shearing machine that was driven by water-power, than it was set on fire by 100,000 people who had been thrown out of work. Fifty thousand workpeople, who had previously lived by carding wool, petitioned parliament against Arkwright’s scribbling mills and carding engines. The enormous destruction of machinery that occurred in the English manufacturing districts during the first 15 years of this century, chiefly caused by the employment of the power-loom, and known as the Luddite movement, gave the anti-jacobin governments of a Sidmouth, a Castlereagh, and the like, a pretext for the most re-actionary and forcible measures. It took both time and experience before the workpeople learnt to distinguish between machinery and its employment by capital, and to direct their attacks, not against the material instruments of production, but against the mode in which they are used.

The contests about wages in Manufacture, presuppose manufacture, and are in no sense directed against its existence. The opposition against the establishment of new manufactures, proceeds from the guilds and privileged

towns, not from the workpeople. Hence the writers of the manufacturing period treat the division of labour chiefly as a means of virtually supplying a deficiency of labourers, and not as a means of actually displacing those in work. This distinction is self-evident. If it be said that 100 millions of people would be required in England to spin with the old spinning-wheel the cotton that is now spun with mules by 500,000 people, this does not mean that the mules took the place of those millions who never existed. It means only this, that many millions of workpeople would be required to replace the spinning machinery. If, on the other hand, we say, that in England the power-loom threw 800,000 weavers on the streets, we do not refer to existing machinery, that would have to be replaced by a definite number of work-people, but to a number of weavers in existence who were actually replaced or displaced by the looms. During the manufacturing period, handicraft labour, altered though it was by division of labour, was yet the basis. The demands of the new colonial markets could not be satisfied owing to the relatively small number of town operatives handed down from the middle ages, and the manufactures proper opened out new fields of production to the rural population, driven from the land by the dissolution of the feudal system. At that time, therefore, division of labour and co-operation in the workshops, were viewed more from the positive aspect, that they made the workpeople more productive. Long before the period of Modern Industry, co-operation and the concentration of the instruments of labour in the hands of a few, gave rise, in numerous countries where these methods were applied in agriculture, to great, sudden and forcible revolutions in the modes of production, and consequentially, in the conditions of existence, and the means of employment of the rural populations. But this contest at first takes place more between the large and the small landed proprietors, than between capital and wage-labour; on the other hand, when the labourers are displaced by the instruments of labour, by sheep, horses, &c., in this case force is directly resorted to in the first instance as the prelude to the industrial revolution. The labourers are first driven from the land, and then come the sheep. Land grabbing on a great scale, such as was perpetrated in England, is the first step in creating a field for the establishment of agriculture on a great scale. Hence this subversion of agriculture puts on, at first, more the appearance of a political revolution.

The instrument of labour, when it takes the form of a machine, immediately becomes a competitor of the workman himself. The self-

expansion of capital by means of machinery is thenceforward directly proportional to the number of the workpeople, whose means of livelihood have been destroyed by that machinery. The whole system of capitalist production is based on the fact that the workman sells his labour-power as a commodity. Division of labour specialises this labour-power, by reducing it to skill in handling a particular tool. So soon as the handling of this tool becomes the work of a machine, then, with the use-value, the exchange-value too, of the work-man's labour-power vanishes; the workman becomes unsaleable, like paper money thrown out of currency by legal enactment. That portion of the working class, thus by machinery rendered superfluous, i.e., no longer immediately necessary for the self-expansion of capital, either goes to the wall in the unequal contest of the old handicrafts and manufactures with machinery, or else floods all the more easily accessible branches of industry, swamps the labour market, and sinks the price of labour-power below its value. It is impressed upon the workpeople, as a great consolation, first, that their sufferings are only temporary ("a temporary inconvenience"), secondly, that machinery acquires the mastery over the whole of a given field of production, only by degrees, so that the extent and intensity of its destructive effect is diminished. The first consolation neutralizes the second. When machinery seizes on an industry by degrees, it produces chronic misery among the operatives who compete with it. Where the transition is rapid, the effect is acute and felt by great masses. History discloses no tragedy more horrible than the gradual extinction of the English handloom weavers, an extinction that was spread over several decades, and finally sealed in 1838. Many of them died of starvation, many with families vegetated for a long time on 2½ d. a day. On the other hand, the English cotton machinery produced an acute effect in India. The Governor General reported 1834-35. "The misery hardly finds a parallel in the history of commerce. The bones of the cotton-weavers are bleaching the plains of India." No doubt, in turning them out of this "temporal" world, the machinery caused them no more than "a temporary inconvenience." For the rest, since machinery is continually seizing upon new fields of production, its temporary effect is really permanent. Hence, the character of independence and estrangement which the capitalist mode of production as a whole gives to the instruments of labour and to the product, as against the workman, is developed by means of machinery into a thorough antagonism. Therefore, it is with the advent of machinery, that

the workman for the first time brutally revolts against the instruments of labour.

The instrument of labour strikes down the labourer. This direct antagonism between the two comes out most strongly, whenever newly introduced machinery competes with handicrafts or manufactures, handed down from former times. But even in Modern Industry the continual improvement of machinery, and the development of the automatic system, has an analogous effect. "The object of improved machinery is to diminish manual labour, to provide for the performance of a process or the completion of a link in a manufacture by the aid of an iron instead of the human apparatus." "The adaptation of power to machinery heretofore moved by hand, is almost of daily occurrence...the minor improvements in machinery having for their object economy of power, the production of better work, the turning off more work in the same time, or in supplying the place of a child, a female, or a man, are constant, and although sometimes apparently of no great moment, have somewhat important results." "Whenever a process requires peculiar dexterity and steadiness of hand, it is withdrawn, as soon as possible, from the cunning workman, who is prone to irregularities of many kinds, and it is placed in charge of a peculiar mechanism, so self-regulating that a child can superintend it." "On the automatic plan skilled labour gets progressively superseded." "The effect of improvements in machinery, not merely in superseding the necessity for the employment of the same quantity of adult labour as before, in order to produce a given result, but in substituting one description of human labour for another, the less skilled for the more skilled, juvenile for adult, female for male, causes a fresh disturbance in the rate of wages." "The effect of substituting the self-acting mule for the common mule, is to discharge the greater part of the men spinners, and to retain adolescents and children." The extraordinary power of expansion of the factory system owing to accumulated practical experience, to the mechanical means at hand, and to constant technical progress, was proved to us by the giant strides of that system under the pressure of a shortened working day. But who, in 1860, the Zenith year of the English cotton industry, would have dreamt of the galloping improvements in machinery, and the corresponding displacement of working people, called into being during the following 3 years, under the stimulus of the American Civil War? A couple of examples from the Reports of the Inspectors of Factories will suffice on this point. A

Manchester manufacturer states: “We formerly had 75 carding engines, now we have 12, doing the same quantity of work.... We are doing with fewer hands by 14, at a saving in wages of £10 a-week. Our estimated saving in waste is about 10% in the quantity of cotton consumed.” “In another fine spinning mill in Manchester, I was informed that through increased speed and the adoption of some self-acting processes, a reduction had been made, in number, for a fourth in one department, and of above half in another, and that the introduction of the combing machine in place of the second carding, had considerably reduced the number of hands formerly employed in the carding room.” Another spinning mill is estimated to effect a saving of labour of 10%. The Messrs. Gilmour, spinners at Manchester, state: “In our blowing-room department we consider our expense with new machinery is fully one-third less in wages and hands...in the jack-frame and drawing-frame room, about one-third less in expense, and likewise one-third less in hands; in the spinning-room about one-third less in expenses. But this is not all; when our yarn goes to the manufacturers, it is so much better by the application of our new machinery, that they will produce a greater quantity of cloth, and cheaper than from the yarn produced by old machinery.” Mr. Redgrave further remarks in the same Report: “The reduction of hands against increased production is, in fact, constantly taking place; in woollen mills the reduction commenced some time since, and is continuing; a few days since, the master of a school in the neighbourhood of Rochdale said to me, that the great falling off in the girls’ school is not only caused by the distress, but by the changes of machinery in the woollen mills, in consequence of which a reduction of 70 short-timers had taken place.”

The following table shows the total result of the mechanical improvements in the English cotton industry due to the American civil war.

### NUMBER OF FACTORIES.

	1858	1861	1868
England and Wales...	2,046	2,715	2,405
Scotland...	152	163	131
Ireland...	12	9	13
United	2,210	2,887	2,549

Kingdom...

NUMBER OF POWER-LOOMS.

England and Wales...	275,590	368,125	344,719
Scotland...	21,624	30,110	31,864
Ireland...	1,633	1,757	2,746
United Kingdom...	298,847	399,992	379,329

NUMBER OF SPINDLES.

England and Wales...	25,818,576	28,352,152	30,478,228
Scotland...	2,041,129	1,915,398	1,397,546
Ireland...	150,512	119,944	124,240
United Kingdom...	28,010,217	30,387,494	32,000,014

NUMBER OF PERSONS EMPLOYED.

England and Wales...	341,170	407,598	357,052
Scotland...	34,698	41,237	39,809
Ireland...	3,345	2,734	4,203
United Kingdom...	379,213	451,569	401,064

Hence, between 1861 and 1868, 338 cotton factories disappeared, in other words more productive machinery on a larger scale was concentrated in the hands of a smaller number of capitalists. The number of power-looms decreased by 20,663; but since their product increased in the same period, an improved loom must have yielded more than an old one. Lastly the number of spindles increased by 1,612,541, while the number of operatives

decreased by 50,505. The “temporary” misery, inflicted on the workpeople by the cotton-crisis, was heightened, and from being temporary made permanent, by the rapid and persistent progress of machinery.

But machinery not only acts as a competitor who gets the better of the workman, and is constantly on the point of making him superfluous. It is also a power inimical to him, and as such capital proclaims it from the roof tops and as such makes use of it. It is the most powerful weapon for repressing strikes, those periodical revolts of the working class against the autocracy of capital. According to Gaskell, the steam engine was from the very first an antagonist of human power, an antagonist that enabled the capitalist to tread under foot the growing claims of the workmen, who threatened the newly born factory system with a crisis. It would be possible to write quite a history of the inventions, made since 1830, for the sole purpose of supplying capital with weapons against the revolts of the working class. At the head of these in importance, stands the self-acting mule, because it opened up a new epoch in the automatic system.

Nasmyth, the inventor of the steam hammer, gives the following evidence before the Trades Union Commission, with regard to the improvements made by him in machinery and introduced in consequence of the wide-spread and long strikes of the engineers in 1851. “The characteristic feature of our modern mechanical improvements, is the introduction of self-acting tool machinery. What every mechanical workman has now to do, and what every boy can do, is not to work himself but to superintend the beautiful labour of the machine. The whole class of workmen that depend exclusively on their skill, is now done away with. Formerly, I employed four boys to every mechanic. Thanks to these new mechanical combinations, I have reduced the number of grown-up men from 1500 to 750. The result was a considerable increase in my profits.”

Ure says of a machine used in calico printing: “At length capitalists sought deliverance from this intolerable bondage” [namely the, in their eyes, burdensome terms of their contracts with the workmen] “in the resources of science, and were speedily re-instated in their legitimate rule, that of the head over the inferior members.” Speaking of an invention for dressing warps: “Then the combined malcontents, who fancied themselves impregably intrenched behind the old lines of division of labour, found their flanks turned and their defences rendered useless by the new mechanical tactics, and were obliged to surrender at discretion.” With

regard to the invention of the self-acting mule, he says: "A creation destined to restore order among the industrious classes.... This invention confirms the great doctrine already propounded, that when capital enlists science into her service, the refractory hand of labour will always be taught docility." Although Ure's work appeared 30 years ago, at a time when the factory system was comparatively but little developed, it still perfectly expresses the spirit of the factory, not only by its undisguised cynicism, but also by the naïveté with which it blurts out the stupid contradictions of the capitalist brain. For instance, after propounding the "doctrine" stated above, that capital, with the aid of science taken into its pay, always reduces the refractory hand of labour to docility, he grows indignant because "it (physico-mechanical science) has been accused of lending itself to the rich capitalist as an instrument for harrassing the poor." After preaching a long sermon to show how advantageous the rapid development of machinery is to the working classes, he warns them, that by their obstinacy and their strikes they hasten that development. "Violent revulsions of this nature," he says, "display short-sighted man in the contemptible character of a self-tormentor." A few pages before he states the contrary. "Had it not been for the violent collisions and interruptions resulting from erroneous views among the factory operatives, the factory system would have been developed still more rapidly and beneficially for all concerned." Then he exclaims again: "Fortunately for the state of society in the cotton districts of Great Britain, the improvements in machinery are gradual." "It" (improvement in machinery) "is said to lower the rate of earnings of adults by displacing a portion of them, and thus rendering their number superabundant as compared with the demand for their labour. It certainly augments the demand for the labour of children and increases the rate of their wages." On the other hand, this same dispenser of consolation defends the lowness of the children's wages on the ground that it prevents parents from sending their children at too early an age into the factory. The whole of his book is a vindication of a working day of unrestricted length; that Parliament should forbid children of 13 years to be exhausted by working 12 hours a day, reminds his liberal soul of the darkest days of the middle ages. This does not prevent him from calling upon the factory operatives to thank Providence, who by means of machinery has given them the leisure to think of their "immortal interests."

## SECTION 6. — THE THEORY OF COMPENSATION AS REGARDS THE WORKPEOPLE DISPLACED BY MACHINERY.

James Mill, MacCulloch, Torrens, Senior, John Stuart Mill, and a whole series besides, of bourgeois political economists, insist that all machinery that displaces workmen, simultaneously and necessarily sets free an amount of capital adequate to employ the same identical workmen.

Suppose a capitalist to employ 100 workmen, at £30 a year each, in a carpet factory. The variable capital annually laid out amounts, therefore, to £3000. Suppose, also, that he discharges 50 of his workmen, and employs the remaining 50 with machinery that costs him £1500. To simplify matters, we take no account of buildings, coal, &c. Further suppose that the raw material annually consumed costs £3000, both before and after the change. Is any capital set free by this metamorphosis? Before the change, the total sum of £6000 consisted half of constant, and half of variable capital. After the change it consists of £4500 constant (£3000 raw material and £1500 machinery), and £1500 variable capital. The variable capital, instead of being one half, is only one quarter, of the total capital. Instead of being set free, a part of the capital is here locked up in such a way as to cease to be exchanged against labour-power: variable has been changed into constant capital. Other things remaining unchanged, the capital of £6000, can, in future, employ no more than 50 men. With each improvement in the machinery, it will employ fewer. If the newly introduced machinery had cost less than did the labour-power and implements displaced by it, if, for instance, instead of costing £1500, it had cost only £1000, a variable capital of £1000 would have been converted into constant capital, and locked up; and a capital of £500 would have been set free. The latter sum, supposing wages unchanged, would form a fund sufficient to employ about 16 out of the 50 men discharged; nay, less than 16, for, in order to be employed as capital, a part of this £500 must now become constant capital, thus leaving only the remainder to be laid out in labour-power.

But, suppose, besides, that the making of the new machinery affords employment to a greater number of mechanics, can that be called compensation to the carpet makers, thrown on the streets? At the best, its construction employs fewer men than its employment displaces. The sum of £1500 that formerly represented the wages of the discharged carpet-makers, now represents in the shape of machinery: (1) the value of the means of

production used in the construction of that machinery, (2) the wages of the mechanics employed in its construction, and (3) the surplus-value falling to the share of their “master.” Further, the machinery need not be renewed till it is worn out. Hence, in order to keep the increased number of mechanics in constant employment, one carpet manufacturer after another must displace workmen by machines.

As a matter of fact, the apologists do not mean this sort of setting free. They have in their minds the means of subsistence of the liberated workpeople. It cannot be denied, in the above instance, that the machinery not only liberates 50 men, thus placing them at others’ disposal, but, at the same time, it withdraws from their consumption, and sets free, means of subsistence to the value of £1500. The simple fact, by no means a new one, that machinery cuts off the workmen from their means of subsistence is, therefore, in economical parlance tantamount to this, that machinery liberates means of subsistence for the workman, or converts those means into capital for his employment. The mode of expression, you see, is everything. *Nominibus mollire licet mala.*

This theory implies that the £1500 worth of means of subsistence was capital that was being expanded by the labour of the 50 men discharged. That, consequently, this capital falls out of employment so soon as they commence their forced holidays, and never rests till it has found a fresh investment, where it can again be productively consumed by these same 50 men. That sooner or later, therefore, the capital and the workmen must come together again, and that, then, the compensation is complete. That the sufferings of the workmen displaced by machinery are therefore as transient as are the riches of this world.

In relation to the discharged workmen, the £1500 worth of means of subsistence never was capital. What really confronted them as capital, was the sum of £1500, afterwards laid out in machinery. On looking closer it will be seen that this sum represented part of the carpets produced in a year by the 50 discharged men, which part they received as wages from their employer in money instead of in kind. With the carpets in the form of money, they bought means of subsistence to the value of £1500. These means, therefore, were to them, not capital, but commodities, and they, as regards these commodities, were not wage-labourers, but buyers. The circumstance that they were “freed” by the machinery, from the means of purchase, changed them from buyers into non-buyers. Hence a lessened

demand for those commodities — voilà tout. If this diminution be not compensated by an increase from some other quarter, the market price of the commodities falls. If this state of things lasts for some time, and extends, there follows a discharge of workmen employed in the production of these commodities. Some of the capital that was previously devoted to production of necessary means of subsistence, has to become reproduced in another form. While prices fall, and capital is being displaced, the labourers employed in the production of necessary means of subsistence are in their turn “freed” from a part of their wages. Instead, therefore, of proving that, when machinery frees the workman from his means of subsistence, it simultaneously converts those means into capital for his further employment, our apologists, with their cut-and-dried law of supply and demand, prove, on the contrary, that machinery throws workmen on the streets not only in that branch of production in which it is introduced, but also in those branches in which it is not introduced.

The real facts, which are travestied by the optimism of economists, are as follows: The labourers, when driven out of the workshop by the machinery, are thrown upon the labour market, and there add to the number of workmen at the disposal of the capitalists. In Part VII. of this book it will be seen that this effect of machinery, which, as we have seen, is represented to be a compensation to the working class, is on the contrary a most frightful scourge. For the present I will only say this: The labourers that are thrown out of work in any branch of industry, can no doubt seek for employment in some other branch. If they find it, and thus renew the bond between them and the means of subsistence, this takes place only by the intermediary of a new and additional capital that is seeking investment; not at all by the intermediary of the capital that formerly employed them and was afterwards converted into machinery. And even should they find employment, what a poor look-out is theirs! Crippled as they are by division of labour, these poor devils are worth so little outside their old trade, that they cannot find admission into any industries, except a few of inferior kind, that are over-supplied with underpaid workmen. Further, every branch of industry attracts each year a new stream of men, who furnish a contingent from which to fill up vacancies, and to draw a supply for expansion. So soon as machinery sets free a part of the workmen employed in a given branch of industry, the reserve men are also diverted into new channels of employment, and become absorbed in other branches;

meanwhile the original victims, during the period of transition, for the most part starve and perish.

It is an undoubted fact that machinery, as such, is not responsible for “setting free” the workman from the means of subsistence. It cheapens and increases production in that branch which it seizes on, and at first makes no change in the mass of the means of subsistence produced in other branches. Hence, after its introduction, the society possesses as much, if not more, of the necessaries of life than before, for the labourers thrown out of work; and that quite apart from the enormous share of the annual produce wasted by the non-workers. And this is the point relied on by our apologists! The contradictions and antagonisms inseparable from the capitalist employment of machinery, do not exist, they say, since they do not arise out of machinery, as such, but out of its capitalist employment! Since therefore machinery, considered alone, shortens the hours of labour, but, when in the service of capital, lengthens them; since in itself it lightens labour, but when employed by capital, heightens the intensity of labour; since in itself it is a victory of man over the forces of nature, but in the hands of capital, makes man the slave of those forces; since in itself it increases the wealth of the producers, but in the hands of capital, makes them paupers — for all these reasons and others besides, says the bourgeois economist without more ado, it is clear as noonday that all these contradictions are a mere semblance of the reality, and that, as a matter of fact, they have neither an actual nor a theoretical existence. Thus he saves himself from all further puzzling of the brain, and what is more, implicitly declares his opponent to be stupid enough to contend against, not the capitalistic employment of machinery, but machinery itself.

No doubt he is far from denying that temporary inconvenience may result from the capitalist use of machinery. But where is the medal without its reverse! Any employment of machinery, except by capital, is to him an impossibility. Exploitation of the workman by the machine is therefore, with him, identical with exploitation of the machine by the workman. Whoever, therefore, exposes the real state of things in the capitalistic employment of machinery, is against its employment in any way, and is an enemy of social progress! Exactly the reasoning of the celebrated Bill Sykes. “Gentlemen of the jury, no doubt the throat of this commercial traveller has been cut. But that is not my fault, it is the fault of the knife! Must we, for such a temporary inconvenience, abolish the use of the knife?”

Only consider! where would agriculture and trade be without the knife? Is it not as salutary in surgery, as it is knowing in anatomy? And in addition a willing help at the festive board? If you abolish the knife — you hurl us back into the depths of barbarism.”

Although machinery necessarily throws men out of work in those industries into which it is introduced, yet it may, notwithstanding this, bring about an increase of employment in other industries. This effect, however, has nothing in common with the so-called theory of compensation. Since every article produced by a machine is cheaper than a similar article produced by hand, we deduce the following infallible law: If the total quantity of the article produced by machinery, be equal to the total quantity of the article previously produced by a handicraft or by manufacture, and now made by machinery, then the total labour expended is diminished. The new labour spent on the instruments of labour, on the machinery, on the coal, and so on, must necessarily be less than the labour displaced by the use of the machinery; otherwise the product of the machine would be as dear, or dearer, than the product of the manual labour. But, as a matter of fact, the total quantity of the article produced by machinery with a diminished number of workmen, instead of remaining equal to, by far exceeds the total quantity of the hand-made article that has been displaced. Suppose that 400,000 yards of cloth have been produced on power-looms by fewer weavers than could weave 100,000 yards by hand. In the quadrupled product there lies four times as much raw material. Hence the production of raw material must be quadrupled. But as regards the instruments of labour, such as buildings, coal, machinery, and so on, it is different; the limit up to which the additional labour required for their production can increase, varies with the difference between the quantity of the machine-made article, and the quantity of the same article that the same number of workmen could make by hand.

Hence, as the use of machinery extends in a given industry, the immediate effect is to increase production in the other industries that furnish the first with means of production. How far employment is thereby found for an increased number of men, depends, given the length of the working-day and the intensity of labour, on the composition of the capital employed, i.e., on the ratio of its constant to its variable component. This ratio, in its turn, varies considerably with the extent to which machinery has already seized on, or is then seizing on, those trades. The number of the men

condemned to work in coal and metal mines increased enormously owing to the progress of the English factory system; but during the last few decades this increase of number has been less rapid, owing to the use of new machinery in mining. A new type of workman springs into life along with the machine, namely, its maker. We have already learnt that machinery has possessed itself even of this branch of production on a scale that grows greater every day. As to raw material, there is not the least doubt that the rapid strides of cotton spinning, not only pushed on with tropical luxuriance the growth of cotton in the United States, and with it the African slave trade, but also made the breeding of slaves the chief business of the border slave-states. When, in 1790, the first census of slaves was taken in the United States, their number was 697,000; in 1861 it had nearly reached four millions. On the other hand, it is no less certain that the rise of the English woollen factories, together with the gradual conversion of arable land into sheep pasture, brought about the superfluity of agricultural labourers that led to their being driven in masses into the towns. Ireland, having during the last twenty years reduced its population by nearly one half, is at this moment undergoing the process of still further reducing the number of its inhabitants, so as exactly to suit the requirements of its landlords and of the English woollen manufacturers.

When machinery is applied to any of the preliminary or intermediate stages through which the subject of labour has to pass on its way to completion, there is an increased yield of material in those stages, and simultaneously an increased demand for labour in the handicrafts or manufactures supplied by the produce of the machines. Spinning by machinery, for example, supplied yarn so cheaply and so abundantly that the hand-loom weavers were, at first, about to work full time without increased outlay. Their earnings accordingly rose. Hence a flow of people into the cotton-weaving trade, till at length the 800,000 weavers, called into existence by the Jenny, the throstle and the mule, were overwhelmed by the power-loom. So also, owing to the abundance of clothing materials produced by machinery, the number of tailors, seamstresses and needle-women, went on increasing until the appearance of the sewing machine.

In proportion as machinery, with the aid of a relatively small number of workpeople, increases the mass of raw materials, intermediate products, instruments of labour, &c., the working-up of these raw materials and

intermediate products becomes split up into numberless branches; social production increases in diversity. The factory system carries the social division of labour immeasurably further than does manufacture, for it increases the productiveness of the industries it seizes upon, in a far higher degree.

The immediate result of machinery is to augment surplus-value and the mass of products in which surplus-value is embodied. And, as the substances consumed by the capitalists and their dependants become more plentiful, so too do these orders of society. Their growing wealth, and the relatively diminished number of workmen required to produce the necessaries of life beget, simultaneously with the rise of new and luxurious wants, the means of satisfying those wants. A larger portion of the produce of society is changed into surplus produce, and a larger part of the surplus produce is supplied for consumption in a multiplicity of refined shapes. In other words, the production of luxuries increases. The refined and varied forms of the products are also due to new relations with the markets of the world, relations that are created by Modern Industry. Not only are greater quantities of foreign articles of luxury exchanged for home products, but a greater mass of foreign raw materials, ingredients, and intermediate products, are used as means of production in the home industries. Owing to these relations with the markets of the world the demand for labour increases in the carrying trades, which split up into numerous varieties.

The increase of the means of production and subsistence, accompanied by a relative diminution in the number of labourers, causes an increased demand for labour in making canals, docks, tunnels, bridges, and so on, works that can only bear fruit in the far future. Entirely new branches of production, creating new fields of labour, are also formed, as the direct result either of machinery or of the general industrial changes brought about by it. But the place occupied by these branches in the general production is, even in the most developed countries, far from important. The number of labourers that find employment in them is directly proportional to the demand, created by those industries, for the crudest form of manual labour. The chief industries of this kind are, at present, gas works, telegraphs, photography, steam navigation, and railways. According to the census of 1861 for England and Wales, we find in the gas industry (gasworks, production of mechanical apparatus, servants of the gas companies &c.), 15,211 persons; in telegraphy, 2399; in photography, 2366; steam

navigation, 3570; and in railways, 70,599, of whom the unskilled “navvies,” more or less permanently employed, and the whole administrative and commercial staff, make up about 28,000. The total number of persons, therefore, employed in these five new industries amounts to 94,145.

Lastly, the extraordinary productiveness of modern industry, accompanied as it is by both a more extensive and a more intense exploitation of labour-power in all other spheres of production, allows of the unproductive employment of a larger and larger part of the working class, and the consequent reproduction, on a constantly extending scale, of the ancient domestic slaves under the name of a servant class, including men-servants, women-servants, lackeys, &c. According to the census of 1861, the population of England and Wales was 20,066,244; of these, 9,776,259 males, and 10,289,965 female. If we deduct from this population all who are too old or too young for work, all unproductive women, young persons and children, the “ideological” classes, such as government officials, priests, lawyers, soldiers, &c.; further, all who have no occupation but to consume the labour of others in the form of rent, interest, &c.; and, lastly, paupers, vagabonds, and criminals, there remain in round numbers eight millions of the two sexes of every age, including in that number every capitalist who is in any way engaged in industry, commerce, or finance. Among these, 8 millions are:

## PERSONS.

Of these only 177,596 are males above 13 years of age.

Of these, 30,501 are females.

Of these, 137,447 males. None are included in the 1,208,648 who do not serve in private houses. Between 1861 and 1870 the number of male servants nearly doubled itself. It increased to 267,671. In the year 1847 there were 2694 gamekeepers (for the landlords’ preserves), in 1869 there were 4921. The young servant girls in the houses of the London lower middle class are in common parlance called “slaveys.”

Agricultural labourers (including shepherds, farm servants, and maidservants living in the houses of farmers), 1,098,261

All who are employed in cotton, woollen, worsted, flax, hemp, silk, and jute factories, in stocking making and lace making by machinery,... 642,607

All who are employed in coal mines and metal mines,... 565,835

All who are employed in metal works (blast-furnaces, rolling mills, &c.), and metal manufactures of every kind, 396,998

The servant class,... 1,208,648

All the persons employed in textile factories and in mines, taken together, number 1,208,442; those employed in textile factories and metal industries, taken together, number 1,039,605; in both cases less than the number of modern domestic slaves. What a splendid result of the capitalist exploitation of machinery!

#### **SECTION 7. — REPULSION AND ATTRACTION OF WORKPEOPLE BY THE FACTORY SYSTEM. CRISIS IN THE COTTON TRADE.**

All political economists of any standing admit that the introduction of new machinery has a baneful effect on the workmen in the old handicrafts and manufactures with which this machinery at first competes. Almost all of them bemoan the slavery of the factory operative. And what is the great trump-card that they play? That machinery, after the horrors of the period of introduction and development have subsided, instead of diminishing, in the long run increases the number of the slaves of labour! Yes, political economy revels in the hideous theory, hideous to every “philanthropist”

who believes in the eternal nature-ordained necessity for capitalist production, that after a period of growth and transition, even its crowning success, the factory system based on machinery, grinds down more workpeople than on its first introduction it throws on the streets.

It is true that in some cases, as we saw from instances of English worsted and silk factories, an extraordinary extension of the factory system may, at a certain stage of its development, be accompanied not only by a relative, but by an absolute decrease in the number of operatives employed. In the year 1860, when a special census of all the factories in the United Kingdom was taken by order of Parliament, the factories in those parts of Lancashire, Cheshire, and Yorkshire, included in the district of Mr. Baker, the factory inspector, numbered 652; 570 of these contained 85,622 power-looms, 6,819,146 spindles (exclusive of doubling spindles), employed 27,439 horse-power (steam), and 1390 (water), and 94,119 persons. In the year 1865, the same factories contained, looms 95,163, spindles 7,025,031, had a steam-power of 28,925 horses, and a water-power of 1445 horses, and employed 88,913 persons. Between 1860 and 1865, therefore, the increase in looms was 11%, in spindles 3%, and in engine-power 3%, while the number of persons employed decreased 5½%. Between 1852 and 1862, considerable extension of the English woollen manufacture took place, while the number of hands employed in it remained almost stationary, showing how greatly the introduction of new machines had superseded the labour of preceding periods. In certain cases, the increase in the number of hands employed is only apparent; that is, it is not due to the extension of the factories already established, but to the gradual annexation of connected trades; for instance, the increase in power-looms, and in the hands employed by them between 1838 and 1856, was, in the cotton trade, simply owing to the extension of this branch of industry; but in the other trades to the application of steam-power to the carpet-loom, to the ribbon-loom, and to the linen-loom, which previously had been worked by the power of men. Hence the increase of the hands in these latter trades was merely a symptom of a diminution in the total number employed. Finally, we have considered this question entirely apart from the fact, that everywhere, except in the metal industries, young persons (under 18), and women and children form the preponderating element in the class of factory hands.

Nevertheless, in spite of the mass of hands actually displaced and virtually replaced by machinery, we can understand how the factory

operatives, through the building of more mills and the extension of old ones in a given industry, may become more numerous than the manufacturing workmen and handicraftsmen that have been displaced. Suppose, for example, that in the old mode of production, a capital of £500 is employed weekly, two-fifths being constant and three-fifths variable capital, i.e., £200 being laid out in means of production, and £300, say £1 per man, in labour-power. On the introduction of machinery the composition of this capital becomes altered. We will suppose it to consist of four-fifths constant and one-fifth variable, which means that only £100 is now laid out in labour-power. Consequently, two-thirds of the workmen are discharged. If now the business extends, and the total capital employed grows to £1500 under unchanged conditions, the number of operatives employed will increase to 300, just as many as before the introduction of the machinery. If the capital further grows to £2000, 400 men will be employed, or one-third more than under the old system. Their numbers have, in point of fact, increased by 100, but relatively, i.e., in proportion to the total capital advanced, they have diminished by 800, for the £2000 capital would, in the old state of things, have employed 1200 instead of 400 men. Hence, a relative decrease in the number of hands is consistent with an actual increase. We assumed above that while the total capital increases, its composition remains the same, because the conditions of production remain constant. But we have already seen that, with every advance in the use of machinery, the constant component of capital, that part which consists of machinery, raw material, &c., increases, while the variable component, the part laid out in labour-power, decreases. We also know that in no other system of production is improvement so continuous, and the composition of the capital employed so constantly changing as in the factory system. These changes are, however, continually interrupted by periods of rest, during which there is a mere quantitative extension of the factories on the existing technical basis. During such periods the operatives increase in number. Thus, in 1835, the total number of operatives in the cotton, woollen, worsted, flax, and silk factories in the United Kingdom was only 354,684; while in 1861 the number of the power-loom weavers alone (of both sexes and of all ages, from eight years upwards), amounted to 230,654. Certainly, this growth appears less important when we consider that in 1838 the hand-loom weavers with their families still numbered 800,000, not to mention those thrown out of work in Asia, and on the Continent of Europe.

In the few remarks I have still to make on this point, I shall refer to some actually existing relations, the existence of which our theoretical investigation has not yet disclosed.

So long as, in a given branch of industry, the factory system extends itself at the expense of the old handicrafts or of manufacture, the result is as sure as is the result of an encounter between any army furnished with breach-loaders, and one armed with bows and arrows. This first period, during which machinery conquers its field of action, is of decisive importance owing to the extraordinary profits that it helps to produce. These profits not only form a source of accelerated accumulation, but also attract into the favoured sphere of production a large part of the additional social capital that is being constantly created, and is ever on the look-out for new investments. The special advantages of this first period of fast and furious activity are felt in every branch of production that machinery invades. So soon, however, as the factory system has gained a certain breadth of footing and a definite degree of maturity, and, especially, so soon as its technical basis, machinery, is itself produced by machinery; so soon as coal mining and iron mining, the metal industries, and the means of transport have been revolutionised; so soon, in short, as the general conditions requisite for production by the modern industrial system have been established, this mode of production acquires an elasticity, a capacity for sudden extension by leaps and bounds that finds no hindrance except in the supply of raw material and in the disposal of the produce. On the one hand, the immediate effect of machinery is to increase the supply of raw material in the same way, for example, as the cotton gin augmented the production of cotton. On the other hand, the cheapness of the articles produced by machinery, and the improved means of transport and communication furnish the weapons for conquering foreign markets. By ruining handicraft production in other countries, machinery forcibly converts them into fields for the supply of its raw material. In this way East India was compelled to produce cotton, wool, hemp, jute, and indigo for Great Britain. By constantly making a part of the hands “super-numerary,” modern industry, in all countries where it has taken root, gives a spur to emigration and to the colonization of foreign lands, which are thereby converted into settlements for growing the raw material of the mother country; just as Australia, for example, was converted into a colony for growing wool. A new and international division of labour, a division suited to the requirements of the chief centres of

modern industry springs up, and converts one part of the globe into a chiefly agricultural field of production, for supplying the other part which remains a chiefly industrial field. This evolution hangs together with radical changes in agriculture which we need not here further inquire into.

On the motion of Mr. Gladstone, the House of Commons ordered, on the 17th February, 1867, a return of the total quantities of grain, corn, and flour, of all sorts, imported into, and exported from, the United Kingdom, between the years 1831 and 1866. I give below a summary of the result. The flour is given in quarters of corn.

**QUINQUENNIAL PERIODS AND THE YEAR 1866.**

<b>ANNUAL AVERAGE.</b>	<b>1831-1835.</b>	<b>1836-1840.</b>	<b>1841-1845.</b>	<b>1846-1850.</b>
Import (Qrs.) - -	1,096,373	2,389,729	2,843,865	8,776,552
Export " - -	225,363	251,770	139,056	155,461
Excess of Import over export - -	871,110	2,137,959	2,704,809	8,621,091
<b>POPULATION.</b>				
Yearly average in each period, - -	24,621,107	25,929,507	27,262,569	27,797,598
Average quantity of corn, &c., in qrs., consumed annu- ally per head over and above the home produce con- sumed, - - - -	0·036	0·082	0·099	0·310

QUINQUENNIAL PERIODS, &c.—(CONTINUED.)

ANNUAL AVERAGE.	1851-1855.	1856-1860.	1861-1865.	1866.
Import (Qrs.) - -	8,345,237	10,912,612	15,009,871	16,457,340
Export " - -	307,491	341,150	302,754	216,218
Excess of Import over export - -	8,037,746	10,572,462	14,707,117	16,241,122
POPULATION.				
Yearly average in each period, - -	27,572,923	28,391,544	29,381,460	29,935,404
Average quantity of corn, &c., in qrs., consumed annu- ally per head over and above the home produce con- sumed, . . . .	0.291	0.372	0.543	0.543

The enormous power, inherent in the factory system, of expanding by jumps, and the dependence of that system on the markets of the world, necessarily beget feverish production, followed by over-filling of the markets, whereupon contraction of the markets brings on crippling of production. The life of modern industry becomes a series of periods of moderate activity, prosperity, over-production, crisis and stagnation. The uncertainty and instability to which machinery subjects the employment, and consequently the conditions of existence, of the operatives become normal, owing to these periodic changes of the industrial cycle. Except in the periods of prosperity, there rages between the capitalists the most furious combat for the share of each in the markets. This share is directly proportional to the cheapness of the product. Besides the rivalry that this struggle begets in the application of improved machinery for replacing labour-power, and of new methods of production, there also comes a time in every industrial cycle, when a forcible reduction of wages beneath the value of labour-power, is attempted for the purpose of cheapening commodities.

A necessary condition, therefore, to the growth of the number of factory hands, is a proportionally much more rapid growth of the amount of capital invested in mills. This growth, however, is conditioned by the ebb and flow of the industrial cycle. It is, besides, constantly interrupted by the technical progress that at one time virtually supplies the place of new workmen, at another, actually displaces old ones. This qualitative change in mechanical industry continually discharges hands from the factory, or shuts its doors against the fresh stream of recruits, while the purely quantitative extension of the factories absorbs not only the men thrown out of work, but also fresh contingents. The workpeople are thus continually both repelled and attracted, hustled from pillar to post, while, at the same time, constant changes take place in the sex, age, and skill of the levies.

The lot of the factory operatives will be best depicted by taking a rapid survey of the course of the English cotton industry.

From 1770 to 1815 this trade was depressed or stagnant for 5 years only. During this period of 45 years the English manufacturers had a monopoly of machinery and of the markets of the world. From 1815 to 1821 depression; 1822 and 1823 prosperity; 1824 abolition of the laws against Trades' Unions, great extension of factories everywhere; 1825 crisis; 1826 great misery and riots among the factory operatives; 1827 slight improvement; 1828 great increase in power-looms, and in exports; 1829 exports, especially to India, surpass all former years; 1830 glutted markets, great distress; 1831 to 1833 continued depression, the monopoly of the trade with India and China withdrawn from the East India Company; 1834 great increase of factories and machinery, shortness of hands. The new poor law furthers the migration of agricultural labourers into the factory districts. The country districts swept of children. White slave trade; 1835 great prosperity, contemporaneous starvation of the handloom weavers; 1836 great prosperity; 1837 and 1838 depression and crisis; 1839 revival; 1840 great depression, riots, calling out of the military; 1841 and 1842 frightful suffering among the factory operatives; 1842 the manufacturers lock the hands out of the factories in order to enforce the repeal of the Corn Laws. The operatives stream in thousands into the towns of Lancashire and Yorkshire, are driven back by the military, and their leaders brought to trial at Lancaster; 1843 great misery; 1844 revival; 1845 great prosperity; 1846 continued improvement at first, then reaction. Repeal of the Corn Laws; 1847 crisis, general reduction of wages by 10 and more per cent. in honour

of the “big loaf;” 1848 continued depression; Manchester under military protection; 1849 revival; 1850 prosperity; 1851 falling prices, low wages, frequent strikes; 1852 improvement begins, strikes continue, the manufacturers threaten to import foreign hands; 1853 increasing exports. Strike for 8 months, and great misery at Preston; 1854 prosperity, glutted markets; 1855 news of failures stream in from the United States, Canada, and the Eastern markets; 1856 great prosperity; 1857 crisis; 1858 improvement; 1859 great prosperity, increase in factories; 1860 Zenith of the English cotton trade, the Indian, Australian, and other markets so glutted with goods that even in 1863 they had not absorbed the whole lot; the French Treaty of Commerce, enormous growth of factories and machinery; 1861 prosperity continues for a time, reaction, the American civil war, cotton famine; 1862 to 1863 complete collapse.

The history of the cotton famine is too characteristic to dispense with dwelling upon it for a moment. From the indications as to the condition of the markets of the world in 1860 and 1861, we see that the cotton famine came in the nick of time for the manufacturers, and was to some extent advantageous to them, a fact that was acknowledged in the reports of the Manchester Chamber of Commerce, proclaimed in Parliament by Palmerston and Derby, and confirmed by events. No doubt, among the 2887 cotton mills in the United Kingdom in 1861, there were many of small size. According to the report of Mr. A. Redgrave, out of the 2109 mills included in his district, 392 or 19% employed less than ten horse-power each; 345, or 16% employed 10 H. P., and less than 20 H. P. while 1372 employed upwards of 20 H. P. The majority of the small mills were weaving sheds, built during the period of prosperity after 1858, for the most part by speculators, of whom one supplied the yarn, another the machinery, a third the buildings, and were worked by men who had been overlookers, or by other persons of small means. These small manufacturers mostly went to the wall. The same fate would have overtaken them in the commercial crisis that was staved off only by the cotton famine. Although they formed one-third of the total number of manufacturers, yet their mills absorbed a much smaller part of the capital invested in the cotton trade. As to the extent of the stoppage, it appears from authentic estimates, that in October 1862, 60.3% of the spindles, and 58% of the looms were standing. This refers to the cotton trade as a whole, and, of course, requires considerable modification for individual districts. Only very few mills worked full time

(60 hours a week), the remainder worked at intervals. Even in those few cases where full time was worked, and at the customary rate of piece-wage, the weekly wages of the operatives necessarily shrank, owing to good cotton being replaced by bad, Sea Island by Egyptian (in fine spinning mills), American and Egyptian by Surat, and pure cotton by mixing of waste and Surat. The shorter fibre of the Surat cotton and its dirty condition, the greater fragility of the thread, the substitution of all sorts of heavy ingredients for flour in sizing the warps, all these lessened the speed of the machinery, or the number of looms that could be superintended by one weaver, increased the labour caused by defects in the machinery, and reduced the piece-wage by reducing the mass of the product turned off. Where Surat cotton was used the loss to the operatives when on full time, amounted to 20, 30, and more per cent. But besides this, the majority of the manufacturers reduced the rate of piece-wage by 5, 7½, and 10 per cent. We can therefore conceive the situation of those hands who were employed for only 3, 3½ or 4 days a week, or for only 6 hours a day. Even in 1863, after a comparative improvement had set in, the weekly wages of spinners and of weavers were 3s. 4d., 3s. 10d., 4s. 6d. and 5s. 1d. Even in this miserable state of things, however, the inventive spirit of the master never stood still, but was exercised in making deductions from wages. These were to some extent inflicted as a penalty for defects in the finished article that were really due to his bad cotton and to his unsuitable machinery. Moreover, where the manufacturer owned the cottages of the work-people, he paid himself his rents by deducting the amount from these miserable wages. Mr. Redgrave tells us of self-acting minders (operatives who manage a pair of self-acting mules) “earning at the end of a fortnight’s full work 8s. 11d., and that from this sum was deduced the rent of the house, the manufacturer, however, returning half the rent as a gift. The minders took away the sum of 6s. 11d. In many places the self-acting minders ranged from 5s. to 9s. per week, and the weavers from 2s. to 6s. per week, during the latter part of 1862.” Even when working short time the rent was frequently deducted from the wages of the operatives. No wonder that in some parts of Lancashire a kind of famine fever broke out. But more characteristic than all this, was the revolution that took place in the process of production at the expense of the workpeople. Experimenta in corpore vili, like those of anatomists on frogs, were formally made. “Although,” says Mr. Redgrave, “I have given the actual earnings of the operatives in the several mills, it

does not follow that they earn the same amount week by week. The operatives are subject to great fluctuation from the constant experimentalizing of the manufacturers.... the earnings of the operatives rise and fall with the quality of the cotton mixings; sometimes they have been within 15 per cent. of former earnings, and then, in a week or two, they have fallen off from 50 to 60 per cent.” These experiments were not made solely at the expense of the workman’s means of subsistence. His five senses also had to pay the penalty. “The people who are employed in making up Surat cotton complain very much. They inform me, on opening the bales of cotton there is an intolerable smell, which causes sickness.... In the mixing, scribbling and carding rooms, the dust and dirt which are disengaged, irritate the air passages, and give rise to cough and difficulty of breathing. A disease of the skin, no doubt from the irritation of the dirt contained in the Surat cotton, also prevails...The fibre being so short, a great amount of size, both animal and vegetable, is used.... Bronchitis is more prevalent owing to the dust. Inflammatory sore throat is common, from the same cause. Sickness and dyspepsia are produced by the frequent breaking of the weft, when the weaver sucks the weft through the eye of the shuttle.” On the other hand, the substitutes for flour were a Fortunatus’ purse to the manufacturers, by increasing the weight of the yarn. They caused “15 lbs. of raw material to weigh 26 lbs. after it was woven.” In the Report of Inspectors of Factories for 30th April, 1864, we read as follows: “The trade is availing itself of this resource at present to an extent which is even discreditable. I have heard on good authority of a cloth weighing 8 lbs. which was made of 5½ lbs. cotton and 2¾ lbs. size; and of another cloth weighing 5¼ lbs., of which 2 lbs. was size. These were ordinary export shirtings. In cloths of other descriptions, as much as 50 per cent. size is sometimes added; so that a manufacturer may, and does truly boast, that he is getting rich by selling cloth for less money per pound than he paid for the mere yarn of which they are composed.” But the workpeople had to suffer, not only from the experiments of the manufacturers inside the mills, and of the municipalities outside, not only from reduced wages and absence of work, from want and from charity, and from the eulogistic speeches of lords and commons. “Unfortunate females who, in consequence of the cotton famine, were at its commencement thrown out of employment, and have thereby become outcasts of society; and now though trade has revived, and work is plentiful, continue members of that unfortunate class, and are likely

to continue so. There are also in the borough more youthful prostitutes than I have known for the last 25 years.”

We find then, in the first 45 years of the English cotton trade, from 1770 to 1815, only 5 years of crisis and stagnation; but this was the period of monopoly. The second period from 1815 to 1863 counts, during its 48 years, only 20 years of revival and prosperity against 28 of depression and stagnation. Between 1815 and 1830 the competition with the continent of Europe and with the United States sets in. After 1833, the extension of the Asiatic markets is enforced by “destruction of the human race” (the wholesale extinction of Indian handloom weavers). After the repeal of the Corn Laws, from 1846 to 1863, there are 8 years of moderate activity and prosperity against 9 years of depression and stagnation. The condition of the adult male operatives, even during the years of prosperity, may be judged from the note subjoined.

### **SECTION 8. — REVOLUTION EFFECTED IN MANUFACTURE, HANDICRAFTS. AND DOMESTIC INDUSTRY BY MODERN INDUSTRY.**

Overthrow of Co-operation based on Handicraft and on the Division of Labour.

We have seen how machinery does away with co-operation based on handicrafts, and with manufacture based on the division of handicraft labour. An example of the first sort is the mowing-machine; it replaces co-operation between mowers. A striking example of the second kind, is the needle-making machine. According to Adam Smith, 10 men, in his day, made in co-operation, over 48,000 needles a-day. On the other hand, a single needle-machine makes 145,000 in a working day of 11 hours. One woman or one girl superintends four such machines, and so produces near upon 600,000 needles in a day, and upwards of 3,000,000 in a week. A single machine, when it takes the place of co-operation or of manufacture, may itself serve as the basis of an industry of a handicraft character. Still, such a return to handicrafts is but a transition to the factory system, which, as a rule, makes its appearance so soon as the human muscles are replaced, for the purpose of driving the machines, by a mechanical motive power, such as steam or water. Here and there, but in any case only for a time, an

industry may be carried on, on a small scale, by means of mechanical power. This is effected by hiring steam power, as is done in some of the Birmingham trades, or by the use of small calorie-engines, as in some branches of weaving. In the Coventry silk weaving industry the experiment of "cottage factories" was tried. In the centre of a square surrounded by rows of cottages, an engine-house was built and the engine connected by shafts with the looms in the cottages. In all cases the power was hired at so much per loom. The rent was payable weekly, whether the looms worked or not. Each cottage held from 2 to 6 looms; some belonged to the weaver, some were bought on credit, some were hired. The struggle between these cottage factories and the factory proper, lasted over 12 years. It ended with the complete ruin of the 300 cottage-factories. Wherever the nature of the process did not involve production on a large scale, the new industries that have sprung up in the last few decades, such as envelope making, steel-pen making, &c., have, as a general rule, first passed through the handicraft stage, and then the manufacturing stage, as short phases of transition to the factory stage. The transition is very difficult in those cases where the production of the article by manufacture consists, not of a series of graduated processes, but of a great number of disconnected ones. This circumstance formed a great hindrance to 15 years ago, a machine was invented that automatically performed 6 separate operations at once. The first steel-pens were supplied by the handicraft system, in the year 1820, at £7 4s, the gross; in 1830 they were supplied by manufacture at 8s., and to-day the factory system supplies them to the trade at from 2s. to 6d. the gross.

Re-action of the Factory System on Manufacture and Domestic Industries.

Along with the development of the factory system and of the revolution in agriculture that accompanies it, production in all the other branches of industry not only extends, but alters its character. The principle, carried out in the factory system, of analysing the process of production into its constituent phases, and of solving the problems thus proposed by the application of mechanics, of chemistry, and of the whole range of the natural sciences, becomes the determining principle everywhere. Hence, machinery squeezes itself into the manufacturing industries first for one detail process, then for another. Thus the solid crystal of their organisation, based on the old division of labour, becomes dissolved, and makes way for

constant changes. Independently of this, a radical change takes place in the composition of the collective labourer, a change of the persons working in combination. In contrast with the manufacturing period, the division of labour is thenceforth based, wherever possible, on the employment of women, of children of all ages, and of unskilled labourers, in one word, on cheap labour, as it is characteristically called in England. This is the case not only with all production on a large scale, whether employing machinery or not, but also with the so-called domestic industry, whether carried on in the houses of the workpeople or in small workshops. This modern so-called domestic industry has nothing, except the name, in common with the old-fashioned domestic industry, the existence of which presupposes independent urban handicrafts, independent peasant farming, and above all, a dwelling-house for the labourer and his family. That old-fashioned industry has now been converted into an outside department of the factory, the manufactory, or the warehouse. Besides the factory operatives, the manufacturing workmen and the handicraftsmen, whom it concentrates in large masses at one spot, and directly commands, capital also sets in motion, by means of invisible threads, another army; that of the workers in the domestic industries, who dwell in the large towns and are also scattered over the face of the country. An example: The shirt factory of Messrs. Tille at Londonderry, which employs 1000 operatives in the factory itself, and 9000 people spread up and down the country and working in their own houses.

The exploitation of cheap and immature labour-power is carried out in a more shameless manner in modern Manufacture than in the factory proper. This is because the technical foundation of the factory system, namely, the substitution of machines for muscular power, and the light character of the labour, is almost entirely absent in Manufacture, and at the same time women and over-young children are subjected, in a most unconscionable way, to the influence of poisonous or injurious substances. This exploitation is more shameless in the so-called domestic industry than in manufactures, and that because the power of resistance in the labourers decreases with their dissemination; because a whole series of plundering parasites insinuate themselves between the employer and the workman; because a domestic industry has always to compete, either with the factory system, or with manufacturing in the same branch of production; because poverty robs the workman of the conditions most essential to his labour, of space, light and

ventilation; because employment becomes more and more irregular; and, finally, because in these the last resorts of the masses made “redundant” by Modern Industry and Agriculture, competition for work attains its maximum. Economy in the means of production, first systematically carried out in the factory system, and there, from the very beginning, coincident with the most reckless squandering of labour-power, and robbery of the conditions normally requisite for labour — this economy now shows its antagonistic and murderous side more and more in a given branch of industry, the less the social productive power of labour and the technical basis for a combination of processes are developed in that branch.

#### Modern Manufacture.

I now proceed, by a few examples, to illustrate the principles laid down above. As a matter of fact, the reader is already familiar with numerous instances given in the chapter on the working day. In the hardware manufactures of Birmingham and the neighborhood, there are employed, mostly in very heavy work, 30,000 children and young persons, besides 10,000 women. There they are to be seen in the unwholesome brass-foundries, button factories, enamelling, galvanizing, and lackering works. Owing to the excessive labour of their workpeople, both adult and non-adult, certain London houses where newspapers and books are printed have got the ill-omened name of “slaughter-houses.” Similar excesses are practised in bookbinding, where the victims are chiefly women, girls, and children; young persons have to do heavy work in rope-walks and night-work in salt mines, candle manufactories, and chemical works; young people are worked to death at turning the looms in silk weaving, when it is not carried on by machinery. One of the most shameful, the most dirty, and the worst paid kinds of labour, and one on which women and young girls are by preference employed, is the sorting of rags. It is well known that Great Britain, apart from its own immense store of rags, is the emporium for the rag trade of the whole world. They flow in from Japan, from the most remote States of South America, and from the Canary Islands. But the chief sources of their supply are Germany, France, Russia, Italy, Egypt, Turkey, Belgium, and Holland. They are used for manure, for making bed-flocks, for shoddy, and they serve as the raw material of paper. The rag-sorters are the medium for the spread of small-pox and other infectious diseases, and they themselves are the first victims. A classical example of over-work, of hard and inappropriate labour, and of its brutalising effects on

the workman from his childhood upwards, is afforded not only by coal-mining and miners generally, but also by tile and brick making, in which industry the recently invented machinery is, in England, used only here and there. Between May and September the work lasts from 5 in the morning till 8 in the evening, and where the drying is done in the open air, it often lasts from 4 in the morning till 9 in the evening. Work from 5 in the morning till 7 in the evening is considered "reduced" and "moderate." Both boys and girls of 6 and even of 4 years of age are employed. They work for the same number of hours, often longer, than the adults. The work is hard and the summer heat increases the exhaustion. In a certain tile field at Mosley, e.g., a young woman, 24 years of age, was in the habit of making 2000 tiles a day, with the assistance of 2 little girls, who carried the clay for her, and stacked the tiles. These girls carried daily 10 tons up the slippery sides of the clay pits, from a depth of 30 feet, and then for a distance of 210 feet. "It is impossible for a child to pass through the purgatory of a tile-field without great moral degradation...the low language, which they are accustomed to hear from their tenderest years, the filthy, indecent, and shameless habits, amidst which, unknowing, and half wild, they grow up, make them in after life lawless, abandoned, dissolute.... A frightful source of demoralization is the mode of living. Each moulder, who is always a skilled labourer, and the chief of a group, supplies his 7 subordinates with board and lodging in his cottage. Whether members of his family or not, the men, boys, and girls all sleep in the cottage, which contains generally two, exceptionally 3 rooms, all on the ground floor, and badly ventilated. These people are so exhausted after the day's work, that neither the rules of health, of cleanliness, nor of decency are in the least observed. Many of these cottages are models of untidiness, dirt, and dust.... The greatest evil of the system that employs young girls on this sort of work, consists in this, that, as a rule, it chains them fast from childhood for the whole of their after-life to the most abandoned rabble. They become rough, foul-mouthed boys, before Nature has taught them that they are women. Clothed in a few dirty rags, the legs naked far above the knees, hair and face besmeared with dirt, they learn to treat all feelings of decency and of shame with contempt. During meal-times they lie at full length in the fields, or watch the boys bathing in a neighboring canal. Their heavy day's work at length completed, they put on better clothes, and accompany the men to the public houses." That excessive insobriety is prevalent from childhood upwards among the whole

of this class, is only natural. “The worst is that the brickmakers despair of themselves. You might as well, said one of the better kind to a chaplain of Southallfield, try to raise and improve the devil as a brickie, sir!”

As to the manner in which capital effects an economy in the requisites of labour, in modern Manufacture (in which I include all workshops of larger size, except factories proper), official and most ample material bearing on it is to be found in the Public Health Reports IV. (1863) and VI. (1864). The description of the workshops, more especially those of the London printers and tailors, surpasses the most loathsome phantasies of our romance writers. The effect on the health of the workpeople is self-evident. Dr. Simon, the chief medical officer of the Privy Council and the official editor of the “Public Health Report,” says: “In my fourth Report (1863) I showed, how it is practically impossible for the workpeople to insist upon that which is their first sanitary right, viz., the right that, no matter what the work for which their employer brings them together, the labour, so far as it depends upon him, should be freed from all avoidably unwholesome conditions. I pointed out, that while the workpeople are practically incapable of doing themselves this sanitary justice, they are unable to obtain any effective support from the paid administrations of the sanitary police.... The life of myriads of workmen and workwomen is now uselessly tortured and shortened by the never-ending physical suffering that their mere occupation begets.” In illustration of the way in which the workrooms influence the state of health, Dr. Simon gives the following table of mortality.

Number of persons of all ages employed in the respective industries.	Industries compared as regards health.	Death rate per 100,000 men in the respective industries between the stated ages.		
		Age 25-35.	Age 35-45.	Age 45-55.
958,265	Agriculture in England & Wales	743	805	1,145
22,301 men 12,379 women	} London tailors	958	1,282	2,093
13,803	London printers	894	1,747	2,367

### Modern Domestic Industry.

I now come to the so-called domestic industry. In order to get an idea of the horrors of this sphere, in which capital conducts its exploitation in the background of modern mechanical industry, one must go to the apparently quiet idyllic trade of nail-making, carried on in a few remote villages of England. In this place, however, it will be enough to give a few examples

from those branches of the lace-making and straw-plaiting industries that are not yet carried on by the aid of machinery, and that as yet do not compete with branches carried on in factories or in manufactories.

Of the 150,000 persons employed in England in the production of lace, about 10,000 fall under the authority of the Factory Act, 1861. Almost the whole of the remaining 140,000 are women, young persons, and children of both sexes, the male sex, however, being weakly represented. The state of health of this cheap material for exploitation will be seen from the following table, computed by Dr. Trueman, physician to the Nottingham General Dispensary. Out of 686 female patients who were lace makers, most of them between the ages of 17 and 24, the number of consumptive ones were:

Ch. Empl. Comm., II. Rep., p. xxii., n. 166.

1852. — 1 in 45.	1855. — 1 in 18.	1858. — 1 in 15.
1853. — 1 in 28.	1856. — 1 in 15.	1859. — 1 in 9.
1854. — 1 in 17.	1857. — 1 in 13.	1860. — 1 in 8.
	1861. — 1 in 8.	

This progress in the rate of consumption ought to suffice for the most optimist of progressists, and for the biggest hawker of lies among the Free Trade bagmen of Germany.

The Factory Act of 1861 regulates the actual making of the lace, so far as it is done by machinery, and this is the rule in England. The branches that we are now about to examine, solely with regard to those of the workpeople who work at home, and not those who work in manufactories or warehouses, fall into two divisions, viz., (1), finishing; (2), mending. The former gives the finishing touches to the machine-made lace, and includes numerous sub-divisions.

The lace finishing is done either in what are called “Mistresses’ Houses,” or by women in their own houses, with or without the help of their children. The women who keep the “Mistresses’ Houses” are themselves poor. The workroom is in a private house. The mistresses take orders from

manufacturers, or from warehousemen, and employ as many women, girls, and young children as the size of their rooms and the fluctuating demand of the business will allow. The number of the workwomen employed in these workrooms varies from 20 to 40 in some and from 10 to 20 in others. The average age at which the children commence work is six years, but in many cases it is below five. The usual working hours are from 8 in the morning till eight in the evening, with 1½ hours for meals, which are taken at irregular intervals, and often in the foul workrooms. When business is brisk, the labour frequently lasts from 8 or even 6 o'clock in the morning till 10, 11, or 12 o'clock at night. In English barracks the regulation space allotted to each soldier is 500-600 cubic feet, and in the military hospitals 1200 cubic feet. But in those finishing styes there are but 67 to 100 cubic feet to each person. At the same time the oxygen of the air is consumed by gas-lights. In order to keep the lace clean, and although the floor is tiled or flagged, the children are often compelled, even in winter, to pull off their shoes. "It is not at all uncommon in Nottingham to find 14 to 20 children huddled together in a small room, of, perhaps, not more than 12 feet square, and employed for 15 hours out of the 24, at work that of itself is exhausting, from its weariness and monotony, and is besides carried on under every possible unwholesome condition.... Even the very youngest children work with a strained attention and a rapidity that is astonishing, hardly ever giving their fingers rest or slowing their motion. If a question be asked them, they never raise their eyes from their work for fear of losing a single moment." The "long stick" is used by the mistresses as a stimulant more and more as the working hours are prolonged. "The children gradually tire and becomes as restless as birds towards the end of their long detention at an occupation that is monotonous, eye-straining, and exhausting from the uniformity in the posture of the body. Their work is like slavery." When women and their children work at home, which now-a-days means in a hired room, often in a garret, the state of things is, if possible, still worse. This sort of work is giving out within a circle of 80 miles radius from Nottingham. On leaving the warehouses at 9 or 10 o'clock at night, the children are often given a bundle of lace to take home with them and finish. The Pharise of a capitalist represented by one of his servants, accomplices this action, of course, with the unctuous phrase: "That's for mother," yet he knows well enough that the poor children must sit up and help.

Pillow lace making is chiefly carried on in England in two agricultural districts one, the Honiton lace district, extending from 20 to 30 miles along the south coast of Devonshire, and including a few places in North Devon; the other comprising a great part of the counties of Buckingham, Bedford, and Northampton, and also the adjoining portions of Oxfordshire and Huntingdonshire. The cottages of the agricultural labourers are the places where the work is usually carried on. Many manufacturers employ upwards of 3000 of these lace makers, who are chiefly children and young persons of the female sex exclusively. The state of things described as incidental to lace finishing is here repeated, save that instead of the “mistresses’ houses,” we find what are called “lace schools,” kept by poor women in their cottages. From their fifth year and often earlier, until their twelfth or fifteenth year, the children work in these schools; during the first year the very young ones work from four to eight hours, and later on, from six in the morning till eight and ten o’clock at night. “The rooms are generally the ordinary living rooms of small cottages, the chimney stopped up to keep out draughts, the inmates kept warm by their own animal heat alone, and this frequently in winter. In other cases, these so-called schoolrooms are like small store-rooms without fire-places.... The overcrowding in these dens and the consequent vitiation of the air are often extreme. Added to this is the injurious effect of drains, privies, decomposing substances, and other filth usual in the purileus of the smaller cottages.” With regard to space: “In one lace school 18 girls and a mistress, 35 cubic feet to each person; in another, where the smell was unbearable, 18 persons and 24½ cubic feet per head. In this industry are to be found employed children of 2 and 2½ years.”

Where lace-making ends in the counties of Buckingham and Bedford, straw-plaiting begins, and extends over a large part of Hertfordshire and the westerly and northerly parts of Essex. In 1861, there were 40,043 persons employed in straw-plaiting and straw-hat making; of these 3815 were males of all ages, the rest females, of whom 14,913, including about 7000 children, were under 20 years of age. In the place of the lace-schools we find here the “straw-plait schools.” The children commence their instruction in straw-plaiting generally in their 4th, often between their 3rd and 4th year. Education, of course, they get none. The children themselves call the elementary schools, “natural schools,” to distinguish them from these blood-sucking institutions, in which they are kept at work simply to get

through the task, generally 30 yards daily, prescribed by their half-starved mothers. These same mothers often make them work at home, after school is over, till 10, 11, and 12 o'clock at night. The straw cuts their mouths, with which they constantly moisten it, and their fingers. Dr. Ballard gives it as the general opinion of the whole body of medical officers in London, that 300 cubic feet is the minimum space proper for each person in a bedroom or work-room. But in the straw-plait schools space is more sparingly allotted than in the lace-schools, "12 2/3, 17, 18½ and below 22 cubic feet for each person." The smaller of these numbers, says one of the commissioners, Mr. White, represents less space than the half of what a child would occupy if packed in a box measuring 3 feet in each direction. Thus do the children enjoy life till the age of 12 or 14. The wretched half-starved parents think of nothing but getting as much as possible out of their children. The latter, as soon as they are grown up, do not care a farthing, and naturally so, for their parents, and leave them. "It is no wonder that ignorance and vice abound in a population so brought up.... Their morality is at the lowest ebb,...a great number of the women have illegitimate children, and that at such an immature age that even those most conversant with criminal statistics are astounded." And the native land of these model families is the pattern Christian country of Europe so says at least Count Montalembert, certainly a competent authority on Christianity!

Wages in the above industries, miserable as they are (the maximum wages of a child in the straw-plait schools rising in rare cases to 3 shillings, are reduced far below their nominal amount by the prevalence of the truck system everywhere, but especially in the lace districts.

Passage of modern Manufacture, and Domestic Industry into Modern Mechanical Industry. The hastening of this revolution by the application of the Factory Acts to those Industries.

The cheapening of labour-power, by sheer abuse of the labour of women and children, by sheer robbery of every normal condition requisite for working and living, and by the sheer brutality of over-work and night-work, meets at last with natural obstacles that cannot be overstepped. So also, when based on these methods, do the cheapening of commodities and capitalist exploitation in general. So soon as this point is at last reached — and it takes many years — the hour has struck for the introduction of machinery, and for the thenceforth rapid conversion of the scattered domestic industries and also of manufactures into factory industries.

An example, on the most colossal scale, of this movement is afforded by the production of wearing apparel. This industry, according to the classification of the Childrens' Employment Commission, comprises straw-hat makers, ladies'-hat makers, cap-makers, tailors, milliners and dressmakers, shirt-makers, corset-makers, glove-makers, shoemakers, besides many minor branches, such as the making of neck-ties, collars, &c. In 1861, the number of females employed in these industries, in England and Wales, amounted to 586,299, of these 115,242 at the least were under 20, and 16,650 under 15 years of age. The number of these workwomen in the United Kingdom in 1861, was 750,334. The number of males employed in England and Wales, in hat-making, shoe-making, glove-making and tailoring was 437,969; of these 14,964 under 15 years, 89,285 between 15 and 20, and 333,117 over 20 years. Many of the smaller branches are not included in these figures. But take the figures as they stand; we then have for England and Wales alone, according to the census of 1861, a total of 1,024,277 persons, about as many as are absorbed by agriculture and cattle breeding. We begin to understand what becomes of the immense quantities of goods conjured up by the magic of machinery, and of the enormous masses of workpeople, which that machinery sets free.

The production of wearing apparel is carried on partly in manufactories in whose workrooms there is but a reproduction of that division of labour, the *membra disjecta* of which were found ready to hand; partly by small master-handicraftsmen; these, however, do not, as formerly, work for individual consumers, but for manufactories and warehouses, and to such an extent that often whole towns and stretches of country carry on certain branches, such as shoe-making, as a specialty; finally, on a very great scale by the so-called domestic workers, who form an external department of the manufactories, ware-houses, and even of the workshops of the smaller masters.

The raw material, &c., is supplied by mechanical industry, the mass of cheap human material (*taillable à merci et miséricorde*) is composed of the individuals "liberated" by mechanical industry and improved agriculture. The manufactures of this class owed their origin chiefly to the capitalist's need of having at hand an army ready equipped to meet any increase of demand. These manufactures, nevertheless, allowed the scattered handicrafts and domestic industries to continue to exist as a broad foundation. The great production of surplus-value in these branches of

labour, and the progressive cheapening of their articles, were and are chiefly due to the minimum wages paid, no more than requisite for a miserable vegetation, and to the extension of working time up to the maximum endurable by the human organism. It was in fact by the cheapness of the human sweat and the human blood, which were converted into commodities, that the markets were constantly being extended, and continue daily to be extended; more especially was this the case with England's colonial markets, where, besides, English tastes and habits prevail. At last the critical point was reached. The basis of the old method, sheer brutality in the exploitation of the workpeople, accompanied more or less by a systematic division of labour, no longer sufficed for the extending markets and for the still more rapidly extending competition of the capitalists. The hour struck for the advent of machinery. The decisively revolutionary machine, the machine which attacks in an equal degree the whole of the numberless branches of this sphere of production, dressmaking, tailoring, shoemaking, sewing, hat-making, and many others, is the sewing-machine.

Its immediate effect on the workpeople is like that of all machinery, which, since the rise of modern industry, has seized upon new branches of trade. Children of too tender an age are sent adrift. The wage of the machine hands rises compared with that of the house-workers, many of whom belong to the poorest of the poor. That of the better situated handicraftsmen, with whom the machine competes, sinks. The new machine hands are exclusively girls and young women. With the help of mechanical force, they destroy the monopoly that male labour had of the heavier work, and they drive off from the lighter work numbers of old women and very young children. The overpowering competition crushes the weakest of the manual labourers. The fearful increase in death from starvation during the last 10 years in London runs parallel with the extension of machine sewing. The new workwomen turn the machine by hand and foot, or by hand alone, sometimes sitting, sometimes standing, according to the weight, size and special make of the machine, and expend a great deal of labour-power. Their occupation is unwholesome, owing to the long hours, although in most cases they are not so long as under the old system. Wherever the sewing machine locates itself in narrow and already over-crowded workrooms, it adds to the unwholesome influences. "The effect," says Mr. Lord, "on entering lowceiled workrooms in which 30 to 40 machine hands

are working is unbearable.... The heat, partly due to the gas stoves used for warming the irons, is horrible....Even when moderate hours of work, i.e., from 8 in the morning till 6 in the evening, prevail in such places, yet 3 or 4 persons fall into a swoon regularly every day.”

The revolution in the industrial methods which is the necessary result of the revolution in the instruments of production, is effected by a medley of transition forms. These forms vary according to the extent to which the sewing machine has become prevalent in one branch of industry or the other, to the time during which it has been in operation, to the previous condition of the workpeople, to the preponderance of manufacture, of handicrafts or of domestic industry, to the rent of the workrooms, 8c. In dressmaking, for instance, where the labour for the most part was already organised, chiefly by simple co-operation, the sewing machine at first formed nearly a new factor in that manufacturing industry. In tailoring, shirtmaking, shoemaking, 8c., all the forms are intermingled. Here the factory system proper. There middlemen receive the raw material from the capitalist en chef, and group around their sewing machines, in “chambers” and “garrets,” from 10 to 50 or more workwomen. Finally, as is always the case with machinery when not organised into a system, and when it can also be used in dwarfish proportions, handicraftsmen and domestic workers, along with their families, or with a little extra labour from without, makes use of their own sewing machines. The system actually prevalent in England is, that the capitalist concentrates a large number of machines on his premises, and then distributes the produce of those machines for further manipulation amongst the domestic workers. The variety of the transition forms, however, does not conceal the tendency to conversion into the factory system proper. This tendency is nurtured by the very nature of the sewing machine, the manifold uses of which push on the concentration, under one roof, and one management, of previously separated branches of a trade. It is also favoured by the circumstance that preparatory needlework, and certain other operations, are most conveniently done on the premises where the machine is at work; as well as by the inevitable expropriation of the hand sewers, and of the domestic workers who work with their own machines. This fate has already in part overtaken them. The constantly increasing amount of capital invested in sewing machines, gives the spur to the production of, and gluts the markets with, machine-made articles, thereby giving the signal to the domestic workers for the sale of their

machines. The over-production of sewing machines themselves, causes their producers, in bad want of a sale, to let them out for so much a week, thus crushing by their deadly competition the small owners of machines. Constant changes in the construction of the machines, and their ever-increasing cheapness, depreciate day by day the older makes, and allow of their being sold in great numbers, at absurd prices, to large capitalists, who alone can thus employ them at a profit. Finally, the substitution of the steam-engine for man gives in this, as in all similar revolutions, the finishing blow. At first, the use of steam power meets with mere technical difficulties, such as unsteadiness in the machines, difficulty in controlling their speed, rapid wear and tear of the lighter machines, &c., all of which are soon overcome by experience. If, on the one hand, the concentration of many machines in large manufactories leads to the use of steam power, on the other hand, the competition of steam with human muscles hastens on the concentration of workpeople and machines in large factories. Thus England is at present experiencing, not only in the colossal industry of making wearing apparel, but in most of the other trades mentioned above, the conversion of manufacture, of handicrafts, and of domestic work into the factory system, after each of those forms of production, totally changed and disorganized under the influence of modern industry, has long ago reproduced, and even overdone, all the horrors of the factory system, without participating in any of the elements of social progress it contains.

This industrial revolution which takes place spontaneously, is artificially helped on by the extension of the Factory Acts to all industries in which women, young persons and children are employed. The compulsory regulation of the working day as regards its length, pauses, beginning and end, the system of relays of children, the exclusion of all children under a certain age, &c., necessitates on the one hand more machinery and the substitution of steam as a motive power in the place of muscles. On the other hand, in order to make up for the loss of time, an expansion occurs of the means of production used in common, of the furnaces, buildings, &c.; in one word, greater concentration of the means of production and a correspondingly greater concourse of workpeople. The chief objection, repeatedly and passionately urged on behalf of each manufacture threatened with the Factory Act, is in fact this, that in order to continue the business on the old scale a greater outlay of capital will be necessary. But as regards labour in the so-called domestic industries and the intermediate forms

between them and Manufacture, so soon as limits are put to the working day and to the employment of children, those industries go to the wall. Unlimited exploitation of cheap labour-power is the sole foundation of their power to compete.

One of the essential conditions for the existence of the factory system, especially when the length of the working day is fixed, is certainty in the result, i.e., the production in a given time of a given quantity of commodities, or of a given useful effect. The statutory pauses in the working day, moreover, imply the assumption that periodical and sudden cessation of the work does no harm to the article undergoing the process of production. This certainty in the result, and this possibility of interrupting the work are, of course, easier to be attained in the purely mechanical industries than in those in which chemical and physical processes play a part; as, for instance, in the earthenware trade, in bleaching, dyeing, baking, and in most of the metal industries. Wherever there is a working day without restriction as to length, wherever there is night work and unrestricted waste of human life, there the slightest obstacle presented by the nature of the work to a change for the better is soon looked upon as an everlasting barrier erected by Nature. No poison kills vermin with more certainty than the Factory Act removes such everlasting barriers. No one made a greater outcry over "impossibilities" than our friends the earthenwares manufacturers. In 1864, however, they were brought under the Act, and within sixteen months every "impossibility" had vanished. "The improved method," called forth by the Act, "of making slip by pressure instead of by exaporation, the newly-constructed stoves for drying the ware in its green state, &c., are each events of great importances in the pottery art, and mark an advance which the preceding century could not rival....It has even considerably reduced the temperature of the stoves themselves with a considerable saving of fuel, and with a readier effect on the ware." In spite of every prophecy, the cost price of earthenware did not rise, but the quantity produced did, and to such an extent that the export for the twelve months, ending December, 1865, exceeded in value by £138,628 the average of the preceding three years. In the manufacture of matches it was thought to be an indispensable requirement, that boys, even while bolting their dinner, should go on dipping the matches in melted phosphorus, the poisonous vapour from which rose into their faces. The Factory Act (1864) made the saving of time a necessity, and so forced into

existence a dipping machine, the vapour from which could not come in contact with the workers. So, at the present time, in those branches of the lace manufacture not yet subject to the Factory Act, it is maintained that the meal times cannot be regular owing to the different periods required by the various kinds of lace for drying, which periods vary from three minutes up to an hour and more. To this the Children's Employment Commissioners answer: "The circumstances of this case are precisely analogous to that of the paper-stainers, dealt with in our first report. Some of the principal manufacturers in the trade urged that in consequence of the nature of the materials used, and their various processes, they would be unable, without serious loss, to stop for meal times at any given moment. But it was seen from the evidence that, by due care and previous arrangement, the apprehended difficulty would be got over; and accordingly, by clause 6 of section 6 of the Factory Acts Extension Act, passed during this Session of Parliament, an interval of eighteen months is given to them from the passing of the Act before they are required to conform to the meal hours, specified by the Factory Acts." Hardly had the Act been passed when our friends the manufacturers found out: "The inconveniences we expected to arise from the introduction of the Factory Acts into our branch of manufacture, I am happy to say, have not arisen. We do not find the production at all interfered with; in short, we produce more in the same time." It is evident that the English legislature, which certainly no one will venture to reproach with being overdosed with genius, has been led by experience to the conclusion that a simple compulsory law is sufficient to enact away all the so-called impediments, opposed by the nature of the process, to the restriction and regulation of the working day. Hence, on the introduction of the Factory Act into a given industry, a period varying from six to eighteen months is fixed within which it is incumbent on the manufacturers to remove all technical impediments to the working of the Act. Mirabeau's "Impossible! ne me dites jamaisce bête de mot!" is particularly applicable to modern technology. But though the Factory Acts thus artificially ripen the material elements necessary for the conversion of the manufacturing system into the factory system, yet at the same time, owing to the necessity they impose for greater outlay of capital, they hasten on the decline of the small masters, and the concentration of capital.

Besides the purely technical impediments that are removable by technical means, the irregular habits of the workpeople people themselves

obstruct the regulation of the hours of labour. This is especially the case where piece wage predominates, and where loss of time in one part of the day or week can be made good by subsequent overtime, or by night work, a process which brutalises the adult workman, and ruins his wife and children. Although this absence of regularity in the expenditure of labour-power is a natural and rude reaction against the tedium of monotonous drudgery, it originates, also, to a much greater degree from anarchy in production, anarchy that in its turn pre-supposes unbridled exploitation of labour-power by the capitalist. Besides the general periodic changes of the industrial cycle, and the special fluctuations in the markets to which each industry is subject, we may also reckon what is called "the season," dependent either on the periodicity of favourable seasons of the year for navigation; or on fashion, and the sudden placing of large orders that have to be executed in the shortest possible time. The habit of giving such orders becomes more frequent with the extension of railways and telegraphs. "The extension of the railway system throughout the country has tended very much to encourage giving short notice. Purchasers now come up from Glasgow, Manchester, and Edinburgh once every fortnight or so to the wholesale city warehouses which we supply, and give small orders requiring immediate execution, instead of buying from stock as they used to do. Years ago we were always able to work in the slack times, so as to meet the demand of the next season, but now no one can say beforehand what will be the demand then."

In those factories and manufactories that are not yet subject to the Factory Acts, the most fearful overwork prevails periodically during what is called the season, in consequence of sudden orders. In the outside department of the factory, of the manufactory, and of the warehouse, the so-called domestic workers, whose employment is at the best irregular, are entirely dependent for their raw material and their orders on the caprice of the capitalist, who, in this industry, is not hampered by any regard for depreciation of his buildings and machinery, and risks nothing by a stoppage of work, but the skin of the worker himself. Here then he sets himself systematically to work to form an industrial reserve force that shall be ready at a moment's notice; during one part of the year he decimates this force by the most inhuman toil, during the other part, he lets it starve for want of work. "The employers avail themselves of the habitual irregularity

in the home-work, when any extra work is wanted at a push, so that the work goes on till 11, and 12 p.m. or 2 a.m., or as the usual phrase is, “all hours,” and that in localities where “the stench is enough to knock you down, you go to the door, perhaps, and open it, but shudder to go further.” “They are curious men,” said one of the witnesses, a shoemaker, speaking of the masters, “they think it does a boy no harm to work too hard for half the year, if he is nearly idle for the other half.”

In the same way as technical impediments, so too, those “usages which have grown with the growth of trade” were and still are proclaimed by interested capitalists as obstacles due to the nature of the work. This was a favorite cry of the cotton lords at the time they were first threatened with the Factory Acts. Although their industry more than any other depends on navigation, yet experience has given them the lie. Since then, every pretended obstruction to business has been treated by the Factory inspectors as a mere sham. The thoroughly conscientious investigations of the Children’s Employment Commission prove that the effect of the regulation of the hours of work, in some industries, was to spread the mass of labour previously employed more evenly over the whole year; that this regulation was the first rational bridle on the murderous, meaningless caprices of fashion, caprices that consort so badly with the system of modern industry; that the development of ocean navigation and of the means of communication generally, has swept away the technical basis on which season-work was really supported, and that all other so-called unconquerable difficulties vanish before larger buildings, additional machinery, increase in the number of workpeople employed, and the alterations caused by all these in the mode of conducting the wholesale trade. But for all that, capital never becomes reconciled to such changes — and this is admitted over and over again by its own representatives — except “under the pressure of a General Act of Parliament” for the compulsory regulation of the hours of labour.

### **SECTION 9. — THE FACTORY ACTS. SANITARY AND EDUCATION CLAUSES OF THE SAME. THEIR GENERAL EXTENSION IN ENGLAND.**

Factory legislation, that first conscious and methodical reaction of society against the spontaneously developed form of the process of production, is,

as we have seen, just as much the necessary product of modern industry as cotton yarn, selfactors, and the electric telegraph. Before passing to the consideration of the extension of that legislation in England, we shall shortly notice certain clauses contained in the Factory Acts, and not relating to the hours of work.

Apart from their wording, which makes it easy for the capitalist to evade them, the sanitary clauses are extremely meagre, and, in fact, limited to provisions for whitewashing the walls, for insuring cleanliness in some other matters, for ventilation, and for protection against dangerous machinery. In the third book we shall return again to the fanatical opposition of the masters to those clauses which imposed upon them a slight expenditure on appliances for protecting the limbs of their workpeople, an opposition that throws a fresh and glaring light on the free trade dogma, according to which, in a society with conflicting interests, each individual necessarily furthers the common weal by seeking nothing but his own personal advantage! One example is enough. The reader knows that during the last 20 years, the flax industry has very much extended, and that, with that extension, the number of scutching mills in Ireland has increased. In 1864 there were in that country 1800 of these mills. Regularly in autumn and winter women and “young persons,” the wives, sons, and daughters of the neighboring small farmers, a class of people totally unaccustomed to machinery, are taken from field labour to feed the rollers of the scutching mills with flax. The accidents, both as regards number and kind, are wholly unexampled in the history of machinery. In one scutching mill, at Kildinan, near Cork, there occurred between 1852 and 1856, six fatal accidents and sixty mutilations; every one of which might have been prevented by the simplest appliances, at the cost of a few shillings. Dr. W. White, the certifying surgeon for factories at Downpatrick, states in his official report, dated the 15th December, 1865; “The serious accidents at the scutching mills are of the most fearful nature. In many cases a quarter of the body is torn from the trunk, and either involves death, or a future of wretched incapacity and suffering. The increase of mills in the country will, of course, extend these dreadful results, and it will be a great boon if they are brought under the legislature. I am convinced that by proper supervision of scutching mills a vast sacrifice of life and limb would be averted.”

What could possibly show better the character of the capitalist mode of production, than the necessity that exists for forcing upon it, by Acts of

Parliament, the simplest appliances for maintaining cleanliness and health? In the potteries the Factory Act of 1864 “has whitewashed and cleansed upwards of 200 workshops, after a period of abstinence from any such cleaning, in many cases of 20 years, and in some, entirely,” (this is the “abstinence” of the capitalist!) “in which were employed 27,800 artisans, hitherto breathing through protracted days and often nights of labour, a mephitic atmosphere, and which rendered an otherwise comparatively innocuous occupation, pregnant with disease and death, The Act has improved the ventilation very much.” At the same time, this portion of the Act strikingly shows that the capitalist mode of production, owing to its very nature, excludes all rational improvement beyond a certain point. It has been stated over and over again that the English doctors are unanimous in declaring that where the work is continuous, 500 cubic feet is the very least space that should be allowed for each person. Now, if the Factory Acts, owing to their compulsory provisions, indirectly hasten on the conversion of small workshops into factories, thus indirectly attacking the proprietary rights of the smaller capitalists, and assuring a monopoly to the great ones, so, if it were made obligatory to provide the proper space for each workman in every workshop, thousands of small employers would, at one full swoop, be expropriated directly! The very root of the capitalist mode of production, i.e., the self-expansion of all capital, large or small, by means of the “free” purchase and consumption of labour-power, would be attacked. Factory legislation is therefore brought to a dead-lock before these 500 cubic feet of breathing space. The sanitary officers, the industrial inquiry commissioners, the factory inspectors, all harp, over and over again, upon the necessity for those 500 cubic feet, and upon the impossibility of wringing them out of capital. They thus, in fact, declare that consumption and other lung diseases among the workpeople are necessary conditions to the existence of capital.

Paltry as the education clauses of the Act appear on the whole, yet they proclaim elementary education to be an indispensable condition to the employment of children. The success of those clauses proved for the first time the possibility of combining education and gymnastics with manual labour, and, consequently, of combining manual labour with education and gymnastics. The factory inspectors soon found out by questioning the schoolmasters, that the factory children, although receiving only one half the education of the regular day scholars, yet learnt quite as much and often more. “This can be accounted for by the simple fact that, with only being at

school for one half of the day, they are always fresh, and nearly always ready and willing to receive instruction. The system on which they work, half manual labour, and half school, renders each employment a rest and a relief to the other; consequently, both are far more congenial to the child, than would be the case were he kept constantly at one. It is quite clear that a boy who has been at school all the morning, cannot (in hot weather particularly) cope with one who comes fresh and bright from his work." Further information on this point will be found in Senior's speech at the Social Science Congress at Edinburgh in 1863. He there shows, amongst other things, how the monotonous and uselessly long school hours of the children of the upper and middle classes, uselessly add to the labour of the teacher, "while he not only fruitlessly, but absolutely injuriously, wastes the time, health, and energy of the children." From the Factory system budded, as Robert Owen has shown us in detail, the germ of the education of the future, an education that will, in the case of every child over a given age, combine productive labour with instruction and gymnastics, not only as one of the methods of adding to the efficiency of production, but as the only method of producing fully developed human beings.

Modern Industry, as we have seen, sweeps away by technical means the manufacturing division of labour, under which each man is bound hand and foot for life to a single detail-operation. At the same time, the capitalistic form of that industry reproduces this same division of labour in a still more monstrous shape; in the factory proper, by converting the workman into a living appendage of the machine; and everywhere outside the Factory, partly by the sporadic use of machinery and machine workers, partly by re-establishing the divisions of labour on a fresh basis by the general introduction of the labour of women and children, and of cheap unskilled labour.

The antagonism between the manufacturing division of labour and the methods of Modern Industry makes itself forcibly felt. It manifests itself, amongst other ways, in the frightful fact that a great part of the children employed in modern factories and manufactures, are from their earliest years riveted to the most simple manipulations, and exploited for years, without being taught a single sort of work that would afterwards make them of use, even in the same manufactory or factory. In the English letter press printing trade, for example, there existed formerly a system, corresponding to that in the old manufactures and handicrafts, of advancing the apprentices

from easy to more and more difficult work. They went through a course of teaching till they were finished printers. To be able to read and write was for every one of them a requirement of their trade. All this was changed by the printing machine. It employs two sort of labourers, one grown up, tenters, the other, boys mostly from 11 to 17 years of age whose sole business is either to spread the sheets of paper under the machine, or to take from it the printed sheets. They perform this weary task, in London especially, for 14, 15, and 16 hours at a stretch, during several days in the week, and frequently for 36 hours, with only 2 hours' rest for meals and sleep! A great part of them cannot read, and they are, as a rule, utter savages and very extraordinary creatures. "To qualify them for the work which they have to do, they require no intellectual training; there is little room in it for skill, and less for judgment; their wages, though rather high for boys, do not increase proportionately as they grow up, and the majority of them cannot look for advancement to the better paid and more responsible post of machine minder, because while each machine has but one minder, it has at least two, and often four boys attached to it." As soon as they get too old for such child's work, that is about 17 at the latest, they are discharged from the printing establishments. They become recruits of crime. Several attempts to procure them employment elsewhere, were rendered of no avail by their ignorance and brutality, and by their mental and bodily degradation.

As with the division of labour in the interior of the manufacturing workshops, so it is with the division of labour in the interior of society. So long as handicraft and manufacture form the general groundwork of social production, the subjection of the producer to one branch exclusively, the breaking up of the multifariousness of his employment, is a necessary step in the development. On that ground-work each separate branch of production acquires empirically the form that is technically suited to it, slowly perfects it, and, so soon as a given degree of maturity has been reached, rapidly crystallizes that form. The only thing, that here and there causes a change, besides new raw material supplied by commerce, is the gradual alteration of the instruments of labour. But their form, too, once definitely settled by experience, petrifies, as is proved by their being in many cases handed down in the same form by one generation to another during thousands of years. A characteristic feature is, that, even down into the eighteenth century, the different trades were called "mysteries" (mystères); into their secrets none but those duly initiated could penetrate.

Modern Industry rent the veil that concealed from men their own social process of production, and that turned the various, spontaneously divided branches of production into so many riddles, not only to outsiders, but even to the initiated. The principle which it pursued, of resolving each process into its constituent movements, without any regard to their possible execution by the hand of man, created the new modern science of technology. The varied, apparently unconnected, and petrified forms of the industrial processes now resolved themselves into so many conscious and systematic applications of natural science to the attainment of given useful effects. Technology also discovered the few main fundamental forms of motion, which, despite the diversity of the instruments used, are necessarily taken by every productive action of the human body; just as the science of mechanics sees in the most complicated machinery nothing but the continual repetition of the simple mechanical powers.

Modern Industry never looks upon and treats the existing form of a process as final. The technical basis of that industry is therefore revolutionary, while all earlier modes of production were essentially conservative. By means of machinery, chemical processes and other methods, it is continually causing changes not only in the technical basis of production, but also in the functions of the labourer, and in the social combinations of the labour-process. At the same time, it thereby also revolutionizes the division of labour within the society, and incessantly launches masses of capital and of workpeople from one branch of production to another. But if Modern Industry, by its very nature, therefore necessitates variation of labour, fluency of function, universal mobility of the labourer, on the other hand, in its capitalistic form, it reproduces the old division of labour with its ossified particularisations. We have seen how this absolute contradiction between the technical necessities of Modern Industry, and the social character inherent in its capitalistic form, dispels all fixity and security in the situation of the labourer; how it constantly threatens, by taking away the instruments of labour, to snatch from his hands his means of subsistence, and, by suppressing his detail-function, to make him superfluous. We have seen, too, how this antagonism vents its rage in the creation of that monstrosity, an industrial reserve army, kept in misery in order to be always at the disposal of capital; in the incessant human sacrifices from among the working class, in the most reckless squandering of labour-power, and in the devastation caused by a social

anarchy which turns every economical progress into a social calamity. This is the negative side. But if, on the one hand, variation of work at present imposes itself after the manner of an overpowering natural law, and with the blindly destructive action of a natural law that meets with resistance, at all points, Modern Industry, on the other hand, through its catastrophes imposes the necessity of recognising, as a fundamental law of production, variation of work, consequently fitness of the labourer for varied work, consequently the greatest possible development of his varied aptitudes. It becomes a question of life and death for society to adapt the mode of production to the normal functioning of this law, Modern Industry, indeed, compels society, under penalty of death, to replace the detail-worker of to-day, crippled by life-long repetition of one and the same trivial operation, and thus reduced to the mere fragment of a man, by the fully developed individual, fit for a variety of labours, ready to face any change of production, and to whom the different social functions he performs, are but so many modes of giving free scope to his own natural and acquired powers.

One step already spontaneously taken towards effecting this revolution is the establishment of technical and agricultural schools, and of “*écoles d’enseignement professionnel*,” in which the children of the working-men receive some little instruction in technology and in the practical handling of the various implements of labour. Though the Factory Act, that first and meagre concession wrung from capital, is limited to combining elementary education with work in the factory, there can be no doubt that when the working class comes into power, as inevitably it must, technical instruction, both theoretical and practical, will take its proper place in the working-class schools. There is also no doubt that such revolutionary ferments, the final result of which is the abolition of the old division of labour, are diametrically opposed to the capitalistic form of production, and to the economic status of the labourer corresponding to that form. But the historical development of the antagonisms, immanent in a given form of production, is the only way in which that form of production can be dissolved and a new form established. “*Ne sutor ultra crepidam*” — this *nec plus ultra* of handicraft wisdom became sheer nonsense, from the moment the watchmaker Watt invented the steam-engine, the barber Arkwright, the throstle, and the working-jeweller, Fulton, the steamship.

So long as Factory legislation is confined to regulating the labour in factories, manufactories, &c., it is regarded as a mere interference with the exploiting rights of capital. But when it comes to regulating the so-called "home-labour," it is immediately viewed as a direct attack on the patria potestas, on parental authority. The tender-hearted English Parliament long affected to shrink from taking this step. The force of facts, however compelled it at last to acknowledge that modern industry, in overturning the economical foundation on which was based the traditional family, and the family labour corresponding to it, had also unloosened all traditional family ties. The rights of the children had to be proclaimed. The final report of the Ch. Empl. Comm. of 1866, states: "It is unhappily, to a painful degree, apparent throughout the whole of the evidence, that against no persons do the children of both sexes so much require protection as against their parents." The system of unlimited exploitation of children's labour in general and the so-called home-labour in particular is "maintained only because the parents are able, without check or control, to exercise this arbitrary and mischievous power over their young and tender offspring....Parents must not possess the absolute power of making their children mere 'machines to earn so much weekly wage.'...The children and young persons, therefore, in all such cases may justifiably claim from the legislature, as a natural right, that an exemption should be secured to them, from what destroys prematurely their physical strength, and lowers them in the scale of intellectual and moral beings." It was not, however, the misuse of parental authority that created the capitalistic exploitation, whether direct or indirect, of children's labour; but, on the contrary, it was the capitalistic mode of exploitation which, by sweeping away the economical basis of parental authority, made its exercise degenerate into a mischievous misuse of power. However terrible and disgusting the dissolution, under the capitalist system, of the old family ties may appear, nevertheless, modern industry, by assigning as it does an important part in the process of production, outside the domestic sphere, to women, to young persons, and to children of both sexes, creates a new economical foundation for a higher form of the family and of the relations between the sexes. It is, of course, just as absurd to hold the Teutonic-Christian form of the family to be absolute and final as it would be to apply that character to the ancient Roman, the ancient Greek, or the Eastern forms which, moreover, taken together form a series in historic development. Moreover, it is obvious that

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

The necessity for a generalization of the Factory Acts, for transforming them from an exceptional law relating to mechanical spinning and weaving — those first creations of machinery — into a law affecting social production as a whole, arose, as we have seen, from the mode in which Modern Industry was historically developed. In the rear of that industry, the traditional form of manufacture, of handicraft, and of domestic industry, is entirely revolutionised; manufactures are constantly passing into the factory system, and handicrafts into manufactures; and lastly, the spheres of handicraft and of the domestic industries become, in a, comparatively speaking, wonderfully short time, dens of misery in which capitalistic exploitation obtains free play for the wildest excesses. There are two circumstances that finally turn the scale: first, the constantly recurring experience that capital, so soon as it finds itself subject to legal control at one point, compensates itself all the more recklessly at other points; secondly, the cry of the capitalists for equality in the conditions of competition, i.e., for equal restraint on all exploitation of labour. On this point let us listen to two heart-broken cries. Messrs. Cooksley of Bristol, nail and chain, 8c., manufacturers, spontaneously introduced the regulations of the Factory Act into their business. “As the old irregular system prevails in neighbouring works, the Messrs. Cooksley are subject to the disadvantage of having their boys enticed to continue their labour elsewhere after 6 p.m. ‘This,’ they naturally say, ‘is an injustice and loss to us, as it exhausts a portion of the boy’s strength, of which we ought to have the full benefit.’” Mr. J. Simpson (paper box and bagmaker, London) states before the commissioners of the Ch. Empl. Comm.: “He would sign any petition for it” (legislative interference)...”As it was, he always felt restless at night, when he had closed his place, lest others should be working later than him and getting away his orders.” Summarising, the Ch. Empl. Comm. says: “It would be unjust to the larger employers that their factories should be placed under regulation, while the hours of labour in the smaller places in their own branch of business were under no legislative restriction. And to the

injustice arising from the unfair conditions of competition, in regard to hours, that would be created if the smaller places of work were exempt, would be added the disadvantage to the larger manufacturers, of finding their supply of juvenile and female labour drawn off to the places of work exempt from legislation. Further, a stimulus would be given to the multiplication of the smaller places of work, which are almost invariably the least favourable to the health, comfort, education, and general improvement of the people.”

In its final report the Commission proposes to subject to the Factory Act more than 1,400,000 children, young persons, and women, of which number about one half are exploited in small industries and by the so-called home-work. It says, “But if it should seem fit to Parliament to place the whole of that large number of children, young persons and females under the protective legislation above adverted to...it cannot be doubted that such legislation would have a most beneficent effect, not only upon the young and the feeble, who are its more immediate objects, but upon the still larger body of adult workers, who would in all these employments, both directly and indirectly, come immediately under its influence. It would enforce upon them regular and moderate hours; it would lead to their places of work being kept in a healthy and cleanly state; it would therefore husband and improve that store of physical strength on which their own well-being and that of the country so much depends; it would save the rising generation from that over-exertion at an early age which undermines their constitutions and leads to premature decay; finally, it would ensure them — at least up to the age of 13 — the opportunity of receiving the elements of education, and would put an end to that utter ignorance....so faithfully exhibited in the Reports of our Assistant Commissioners, and which cannot be regarded without the deepest pain, and a profound sense of national degradation.”

The Tory Cabinet announced in the speech from the Throne, on February 5, 1867, that it had formulated the recommendations of the Industrial Commission of Inquiry in “Bills.” A new experiment of 20 years’ duration at the expense of the working class had been necessary to accomplish so much. As early as 1840, a Commission of Parliament had been appointed to inquire into the conditions of child labor. Its report, as Senior remarks, disclosed “the most frightful picture of avarice, selfishness and cruelty on the part of masters and of parents, and of juvenile and infantile misery, degradation and destruction ever presented....It may be supposed that it

describes the horrors of a past age. But there is unhappily evidence that those horrors continue as intense as they were. A pamphlet published by Hardwicke about 2 years ago states that the abuses complained of in 1842, are in full bloom at the present day. It is a strange proof of the general neglect of the morals and health of the children of the working class, that this report lay unnoticed for 20 years, during which the children, ‘bred up without the remotest sign of comprehension as to what is meant by the term morals, who had neither knowledge, nor religion, nor natural affection,’ were allowed to become the parents of the present generation.”

The social conditions having undergone a change, Parliament could not venture to shelve the demands of the Commission of 1862, as it had done those of the Commission of 1840. Hence in 1864, when the Commission had not yet published more than a part of its reports, the earthenware industries (including the potteries, makers of paper-hangings, matches, cartridges, and caps, and fustian cutters were made subject to the Acts in force in the textile industries. In the speech from the Throne, on 5th February, 1867, the Tory Cabinet of the day announced the introduction of Bills, founded on the final recommendations of the Commission, which had completed its labours in 1866.

On the 15th August, 1867, the Factory Acts Extension Act, and on the 21st August, the Workshops’ Regulation Act received the Royal Assent; the former Act having reference to large industries, the latter to small.

The former applies to blast-furnaces, iron and copper mills, foundries, machine shops, metal manufactories, gutta-percha works, paper mills, glass works, tobacco manufactories, letter-press printing (including newspapers) book-binding, in short to all industrial establishments of the above kind, in which 50 individuals or more are occupied simultaneously, and for not less than 100 days during the year.

To give an idea of the extent of the sphere embraced by the Workshops’ Regulation Act in its application, we cite from its interpretation clause, the following passages:

“Handicraft shall mean any manual labour exercised by way of trade, or for purposes of gain, or incidental to, the making any article or part of an article, or in, or incidental to, the altering, repairing, ornamenting, finishing, or otherwise adapting for sale any article.

“Workshop shall mean any room or place whatever in the open air or under cover, in which any handicraft is carried on by any child, young

person, or woman, and to which and over which the person by whom such child, young person, or woman is employed, has the right of access and control.

“Employed shall mean occupied in any handicraft, whether for wages or not, under a master or under a parent as herein defined.

“Parent shall mean parent, guardian, or person, having the custody of, or control over, any...child or young person.”

Clause 7, which imposes a penalty for employment of children, young persons, and women, contrary to the provisions of the Act, subjects to fines, not only the occupier of the workshops, whether parent or not, but even “the parent of, or the person deriving any direct benefit from the labour of, or having the control over, the child, young person or woman.”

The Factory Acts Extension Act, which affects the large establishments, derogates from the Factory Act by a crowd of vicious exceptions and cowardly compromises with the masters.

The Workshops’ Regulation Act, wretched in all its details, remained a dead letter in the hands of the municipal and local authorities who were charged with its execution. When, in 1871, Parliament withdrew from them this power, in order to confer it on the Factory Inspectors, to whose province it thus added by a single stroke more than one hundred thousand workshops, and three hundred brickworks, care was taken at the same time not to add more than eight assistants to their already undermanned staff.

What strikes us, then, in the English legislation of 1867, is, on the one hand, the necessity imposed on the parliament of the ruling classes, of adopting in principle measures so extraordinary, and on so great a scale, against the excesses of capitalistic exploitation; and on the other hand, the hesitation, the repugnance, and the bad faith, with which it lent itself to the task of carrying those measures into practice.

The Inquiry Commission of 1862 also proposed a new regulation of the mining industry, an industry distinguished from others by the exceptional characteristic that the interests of landlord and capitalist there join hands. The antagonism of these two interests had been favourable to Factory legislation, while on the other hand the absence of that antagonism is sufficient to explain the delays and chicanery of the legislation on mines.

The Inquiry Commission of 1840 had made revelations so terrible, so shocking, and creating such a scandal all over Europe, that to salve its

conscience Parliament passed the Mining Act of 1842, in which it limited itself to forbidding the employment underground in mines of children under 10 years of age and females.

Then another Act, The Mines' Inspecting Act of 1860, provides that mines shall be inspected by public officers nominated specially for that purpose, and that boys between the ages of 10 and 12 years shall not be employed, unless they have a school certificate, or go to school for a certain number of hours. This Act was a complete dead letter owing to the ridiculously small number of inspectors, the meagreness of their powers, and other causes that will become apparent as we proceed.

One of the most recent blue books on mines is the "Report from the Select Committee on Mines, together with 8c. Evidence, 23rd July, 1866." This Report is the work of a Parliamentary Committee selected from members of the House of Commons, and authorised to summon and examine witnesses. It is a thick folio volume in which the Report itself occupies only five lines to this effect: that the committee has nothing to say, and that more witnesses must be examined!

The mode of examining the witnesses reminds one of the cross-examination of witnesses in English courts of justice, where the advocate tries, by means of impudent, unexpected, equivocal and involved questions, put without connection, to intimidate, surprise, and confound the witness, and to give a forced meaning to the answers extorted from him. In this inquiry the members of the committee themselves are the cross-examiners, and among them are to be found both mine owners and mine exploiters; the witnesses are mostly working coal-miners. The whole farce is too characteristic of the spirit of capital, not to call for a few extracts from this Report. For the sake of conciseness I have classified them. I may also add that every question and its answer are numbered in the English Blue Books.

EMPLOYMENT IN MINES OF BOYS OF 10 YEARS AND UPWARDS. — In the mines the work, inclusive of going and returning, usually lasts 14 or 15 hours, sometimes even from 3, 4, and 5 o'clock a.m., till 5 and 6 o'clock p.m., (n. 6., 452, 83). The adults work in two shifts, of eight hours each; but there is no alteration with the boys, on account of the expense (n. 80, 203, 204.) The younger boys are chiefly employed in opening and shutting the ventilating doors in the various parts of the mine; the older ones are employed on heavier work, in carrying coal, 8c. (n. 122,

739, 1747). They work these long hours underground until their 18th or 22nd year, when they are put to miners work proper. (n. 161.) Children and young persons are at present worse treated, and harder worked than at any previous period (n. 1663 — 1667). And now Hussey Vivian (himself an exploiter of mines) asks: “Would not the opinion of the workman depend upon the poverty of the workman’s family?” Mr. Bruce: “Do you not think it would be a very hard case, where a parent had been injured, or where he was sickly, or where a father was dead, and there was only a mother, to prevent a child between 12 and 14 earning 1s. 7d. a day for the good of the family?...You must lay down a general rule?...Are you prepared to recommend legislation which would prevent the employment of children under 12 and 14, whatever the state of their parents might be?” “Yes.” (ns. 107-110). Vivian: “Supposing that an enactment were passed preventing the employment of children under the age of 14, would it not be probable that...the parents of children would seek employment for their children in other directions, for instance, in manufacture?” “Not generally I think,” (n. 174). Kinnaird: “Some of the boys are keepers of doors?” “Yes.” “Is there not generally a very great draught every time you open a door or close it?” “Yes, generally there is.” “It sounds a very easy thing, but it is in fact rather a painful one?” “He is imprisoned there just the same as if he was in a cell of a gaol.” Bourgeois Vivian: “Whenever a boy is furnished with a lamp cannot he read?” “Yes, he can read, if he finds himself in candles...I suppose he would be found fault with if he were discovered reading; he is there to mind his business, he has a duty to perform, and he has to attend to it in the first place, and I do not think it would be allowed down the pit.” (ns. 139, 141, 143, 158, 160.)

EDUCATION. — The working miners want a law for the compulsory education of their children, as in factories. They declare the clauses of the Act of 1860, which require a school certificate to be obtained before employing boys of 10 and 12 years of age, to be quite illusory. The examination of the witnesses on this subject is truly droll. “Is it (the Act) required more against the masters or against the parents?” “It is required against both I think.” “You cannot say whether it is required against one more than against the other?” “No; I can hardly answer that question.” (ns. 115, 116.) “Does there appear to be any desire on the part of the employers that the boys should have such hours as to enable them to go to school?” “No; the hours are never shortened for that purpose.” (n. 137.) Mr.

Kinnaird: "Should you say that the colliers generally improve their education; have you any instances of men who have, since they began to work, greatly improved their education, or do they not rather go back, and lose any advantage that they may have gained?" "They generally become worse: they do not improve; they acquire bad habits; they get on to drinking and gambling and such like, and they go completely to wreck," (n. 211). "Do they make any attempt of the kind (for providing instruction) by having schools at night?" "There are few collieries where night schools are held, and perhaps at those collieries a few boys do go to those schools; but they are so physically exhausted that it is to no purpose that they go there." (n. 454.) "You are then," concludes the bourgeois, "against education?" "Most certainly not; but," 8c. (n. 443.) "But are they (the employers) not compelled to demand them" (school certificates)? "By law they are; but I am not aware that they are demanded by the employers." "Then it is your opinion, that this provision of the Act as to requiring certificates, is not generally carried out in the collieries?" "It is not carried out." (ns. 443, 444.) "Do the men take a great interest in this question" (of education)? "The majority of them do." (n. 717.) "Are they very anxious to see the law enforced?" "The majority are." (n. 718.) "Do you think that in this country any law that you pass...can really be effectual unless the population themselves assist in putting it into operation?" "Many a man might wish to object to employing a boy, but he would perhaps become marked by it." (n. 720.) "Marked by whom?" "By his employers." (n. 721.) "Do you think that the employers would find any fault with a man who obeyed the law....?" "I believe they would." (n. 722.) "Have you ever heard of any workman objecting to employ a boy between 10 and 12, who could not write or read?" "It is not left to men's option." (n. 123.) "Would you call for the interference of Parliament?" "I think that if anything effectual is to be done in the education of the colliers' children, it will have to be made compulsory by Act of Parliament." (n. 1634.) "Would you lay that obligation upon the colliers only, of all the work people of Great Britain?" "I came to speak for the colliers." (n. 1636.) "Why should you distinguish them (colliery boys) from other boys?" "Because I think they are an exception to the rule." (n. 1638.) "In what respect?" "In a physical respect." (n. 1639.) "Why should education be more valuable to them than to other classes of lads?" "I do not know that it is more valuable; but through the over-exertion in mines there is less chance for the boys that are employed

there to get education, either at Sunday schools, or at day schools.” (n. 1640.) “It is impossible to look at a question of this sort absolutely by itself?” (n. 1644.) “Is there a sufficiency of schools?”— “No.”... (n. 1646.) “If the state were to require that every child should be sent to school, would there be schools for the children to go to?” “No; but I think if the circumstances were to spring up, the schools would be forthcoming.” (n. 1647.) “Some of them (the boys) cannot read and write at all, I suppose?” “The majority cannot.... The majority of the men themselves cannot.” (ns. 705, 725.)

III. EMPLOYMENT OF WOMEN. — Since 1842 women are no more employed underground, but are occupied on the surface in loading the coal, 8c., in drawing the tubs to the canals and railway waggons, in sorting, 8c. Their numbers have considerably increased during the last three or four years. (n. 1727.) They are mostly the wives, daughters, and widows of the working miners, and their ages range from 12 to 50 or 60 years. (ns. 645, 1779.) “What is the feeling among the working miners as to the employment of women?” “I think they generally condemn it.” (n. 648.) “What objection do you see to it?” “I think it is degrading to the sex.” (n. 649.) “There is a peculiarity of dress?” “Yes...it is rather a man’s dress, and I believe in some cases, it drowns all sense of decency.” “Do the women smoke?” “Some do.” “And I suppose it is very dirty work?” “Very dirty.” “They get black and grimy?” “As black as those who are down the mines...I believe that a woman having children, (and there are plenty on the banks that have) cannot do her duty to her children.” (ns. 650-654, 701.) “Do you think that those widows could get employment anywhere else, which would bring them in as much wages as that (from 8s. to 10s. a week)?” “I cannot speak to that.” (n. 709.) “You would still be prepared, would you,” (flint-hearted fellow!) “to prevent their obtaining a livelihood by these means?” “I would.” (n. 710.) “What is the general feeling in the district...as to the employment of women?” “The feeling is that it is degrading; and we wish as miners to have more respect to the fair sex than to see them placed on the pit bank....Some part of the work is very hard; some of these girls have raised as much as 10 tons of stuff a day.” (ns. 1715, 1717.) “Do you think that the women employed about the collieries are less moral than the women employed in the factories?” “...the percentage of bad ones may be a little more...than with the girls in the factories.” (n. 1237.) “But you are not quite satisfied with the state of morality in the factories?” “No.” (n. 1733.)

“Would you prohibit the employment of women in factories also?” “No, I would not.” (n. 1734.) “Why not?” “I think it a more honourable occupation for them in the mills.” (n. 1735.) “Still it is injurious to their morality, you think?” “Not so much as working on the pit bank; but it is more on the social position I take it; I do not take it on its moral ground alone. The degradation, in its social bearing on the girls, is deplorable in the extreme. When these 400 or 500 girls become colliers’ wives, the men suffer greatly from this degradation, and it causes them to leave their homes and drink.” (n. 1736.) “You would be obliged to stop the employment of women in the ironworks as well, would you not, if you stopped it in the collieries?” “I cannot speak for any other trade.” (n. 1737.) “Can you see any difference in the circumstances of women employed in iron-works, and the circumstances of women employed above ground in collieries?” “I have not ascertained anything as to that.” (n. 1740.) “Can you see anything that makes a distinction between one class and the other?” “I have not ascertained that, but I know from house to house visitation, that it is a deplorable state of things in our district...” (n. 1741.) “Would you interfere in every case with the employment of women where that employment was degrading?” “It would become injurious, I think, in this way: the best feelings of Englishmen have been gained from the instruction of a mother...” (n. 1750.) “That equally applies to agricultural employments, does it not?” “Yes, but that is only for two seasons, and we have work all the four seasons.” (n. 1751.) “They often work day and night, wet through to the skin, their constitution undermined and their health ruined.” “You have not inquired into that subject perhaps?” “I have certainly taken note of it as I have gone along, and certainly I have seen nothing parallel to the effects of the employment of women on the pit bank....It is the work of a man...a strong man.” (ns. 1753, 1793, 1794.) “Your feeling upon the whole subject is that the better class of colliers who desire to raise themselves and humanise themselves, instead of deriving help from the women, are pulled down by them?” “Yes.” (n. 1808.) After some further crooked questions from these bourgeois, the secret of their “sympathy” for widows, poor families, 8c., comes out at last. “The coal proprietor appoints certain gentlemen to take the oversight of the workings, and it is their policy, in order to receive approbation, to place things on the most economical basis they can, and these girls are employed at from 1s. up to 1s. 6d. a day, where a man at the rate of 2s. 6d. a day would have to be employed.” (n. 1816.)

CORONER'S INQUESTS.— “With regard to coroner’s inquests in your district, have the workmen confidence in the proceedings at these inquests when accidents occur?” “No; they have not.” (n. 306.) “Why not?” “Chiefly because the men who are generally chosen, are men who know nothing about mines and such like.” “Are not workmen summoned at all upon the juries?” “Never but as witnesses to my knowledge.” “Who are the people who are generally summoned upon these juries?” “Generally tradesmen in the neighborhood...from their circumstances they are sometimes liable to be influenced by their employers...the owners of the works. They are generally men who have no knowledge, and can scarcely understand the witnesses who are called before them, and the terms which are used and such like.” “Would you have the jury composed of persons who had been employed in mining?” “Yes, partly...they (the workmen) think that the verdict is not in accordance with the evidence given generally. “(ns. 361, 364, 366, 368, 371, 375.) “One great object in summoning a jury is to have an impartial one, is it not?” “Yes, I should think so.” “Do you think that the juries would be impartial if they were composed to a considerable extent of workmen?” “I cannot see any motive which the workmen would have to act partially...they necessarily have a better knowledge of the operations in connection with the mine.” “You do not think there would be a tendency on the part of the workmen to return unfairly severe verdicts?” “No, I think not.” (ns. 378, 379, 380.)

FALSE WEIGHTS AND MEASURES. — The workmen demand to be paid weekly instead of fortnightly, and by weight instead of by cubical contents of the tubs; they also demand protection against the use of false weights, 8c. (n. 1071.) “if the tubs were fraudulently increased, a man could discontinue working by giving 14 days’ notice?” “But if he goes to another place, there is the same thing going on there.” (n. 1071.) “But he can leave that place where the wrong has been committed?” “It is general; wherever he goes, he has to submit to it.” (n. 1072.) “Could a man leave by giving 14 days’ notice?” “Yes,” (n. 1073.) And yet they are not satisfied!

VI. INSPECTION OF MINES. — Casualties from explosions are not the only things the workmen suffer from. (n. 234, sqq.) “Our men complained very much of the bad ventilation of the collieries...the ventilation is so bad in general that the men can scarcely breathe; they are quite unfit for employment of any kind after they have been for a length of time in connection with their work; indeed, just at the part of the mine where I am

working, men have been obliged to leave their employment and come home in consequence of that...some of them have been out of work for weeks just in consequence of the bad state of the ventilation where there is not explosive gas...there is plenty of air generally in the main courses, yet pains are not taken to get air into the workings where men are working.” “Why do you not apply to the inspector?” “To tell the truth there are many men who are timid on that point; there have been cases of men being sacrificed and losing their employment in consequence of applying to the inspector.” “Why; is he a marked man for having complained?” “Yes.” “And he finds it difficult to get employment in another mine?” “Yes.” “Do you think the mines in your neighborhood are sufficiently inspected to insure a compliance with the provisions of the Act?” “No; they are not inspected at all...the inspector has been down just once in the pit, and it has been going seven years...In the district to which I belong there are not a sufficient number of inspectors. We have one old man more than 70 years of age to inspect more than 130 collieries.” “You wish to have a class of sub-inspectors?” “Yes.” (ns. 234, 241, 251, 254, 274, 275, 554, 276, 293.) But do you think it would be possible for government to maintain such an army of inspectors as would be necessary to do all that you want them to do, without information from the men?” “No, I should think it would be next to impossible.”...”It would be desirable the inspectors should come oftener?” “Yes, and without being sent for.” (n. 280, 277.) “Do you not think that the effect of having these inspectors examining the collieries so frequently would be to shift the responsibility (!) of supplying proper ventilation from the owners of the collieries to the Government officials?” “No, I do not think that, I think that they should make it their business to enforce the Acts which are already in existence.” (n. 285.) “When you speak of sub-inspectors, do you mean men at a less salary, and of an inferior stamp to the present inspectors?” “I would not have them inferior, if you could get them otherwise.” (n. 294.) “Do you merely want more inspectors, or do you want a lower class of men as an inspector?” “A man who would knock about, and see that things are kept right; a man who would not be afraid of himself.” (n. 295.) “If you obtained your wish in getting an inferior class of inspectors appointed, do you think there would be no danger from want of skill, &c.?” “I think not, I think that the Government would see after that, and have proper men in that position.” (n. 297.) This kind of examination becomes at last too much even for the chairman of the committee, and he interrupts

with the observation: “You want a class of men who would look into all the details of the mine, and would go into all the holes and corners, and go into the real facts...they would report to the chief inspector, who would then bring his scientific knowledge to bear on the facts they have stated?” (ns. 298, 299.) “Would it not entail very great expense if all these old workings were kept ventilated?” “Yes, expense might be incurred, but life would be at the same time protected.” (n. 531.) A working miner objects to the 17th section of the Act of 1860; he says, “At the present time, if the inspector of mines finds a part of the mine unfit to work in, he has to report it to the mine owner and the Home Secretary. After doing that, there is given to the owner 20 days to look over the matter; at the end of 20 days he has the power to refuse making any alteration in the mine; but, when he refuses, the mine owner writes to the Home Secretary, at the same time nominating five engineers, and from those five engineers named by the mine owner himself, the Home Secretary appoints one, I think, as arbitrator, or appoints arbitrators from them; now we think in that case the mine owner virtually appoints his own arbitrator.” (n. 581.) Bourgeois examiner, himself a mine owner: “But...is this a merely speculative objection?” (n. 586.) “Then you have a very poor opinion of the integrity of mining engineers?” “It is most certainly unjust and inequitable.” (n. 588.) “Do not mining engineers possess a sort of public character, and do not you think that they are above making such a partial decision as you apprehend?” “I do not wish to answer such a question as that with respect to the personal character of those men. I believe that in many cases they would act very partially indeed, and that it ought not to be in their hands to do so, where men’s lives are at stake.” (n. 589.) This same bourgeois is not ashamed to put this question: “Do you not think that the mine owner also suffers loss from an explosion?” Finally, “Are not you workmen in Lancashire able to take care of your own interests without calling in the Government to help you?” “No.” (n. 1042.)

In the year 1865 there were 3217 coal mines in Great Britain, and 12 inspectors. A Yorkshire mine owner himself calculates (“Times,” 26th January, 1867), that putting on one side their office work, which absorbs all their time, each mine can be visited but once in ten years by an inspector. No wonder that explosions have increased progressively, both in number and extent (sometimes with a loss of 200-300 men), during the last ten years.

The very defective Act, passed in 1872, is the first that regulates the hours of labour of the children employed in mines, and makes exploiters and owners, to a certain extent, responsible for so-called accidents.

The Royal Commission appointed in 1867, to inquire into the employment in agriculture of children, young persons, and women, has published some very important reports. Several attempts to apply the principles of the Factory Acts, but in a modified form, to agriculture have been made, but have so far resulted in complete failure. All that I wish to draw attention to here is the existence of an irresistible tendency towards the general application of those principles.

If the general extension of factory legislation to all trades for the purpose of protecting the working class both in mind and body has become inevitable, on the other hand, as we have already pointed out, that extension hastens on the general conversion of numerous isolated small industries into a few combined industries carried on upon a large scale; it therefore accelerates the concentration of capital and the exclusive predominance of the factory system. It destroys both the ancient and the transitional forms, behind which the dominion of capital is still in part concealed, and replaces them by the direct and open sway of capital; but thereby it also generalises the direct opposition to this sway. While in each individual workshop it enforces uniformity, regularity, order, and economy, it increases by the immense spur which the limitation and regulation of the working day give to technical improvement, the anarchy and the catastrophes of capitalist production as a whole, the intensity of labour, and the competition of machinery with the labourer. By the destruction of petty and domestic industries it destroys the last resort of the “redundant population,” and with it the sole remaining safety-valve of the whole social mechanism. By maturing the material conditions, and the combination on a social scale of the processes of production, it matures the contradictions and antagonisms of the capitalist form of production, and thereby provides, along with the elements for the formation of a new society, the forces for exploding the old one.

## **SECTION 10. — MODERN INDUSTRY AND AGRICULTURE.**

The revolution called forth by modern industry in agriculture, and in the social relations of agricultural producers, will be investigated later on. In this place we shall merely indicate a few results by way of anticipation. If the use of machinery in agriculture is for the most part free from the injurious physical effect it has on the factory operative, its action in superseding the labourers is more intense, and finds less resistance, as we shall see later in detail. In the counties of Cambridge and Suffolk, for example, the area of cultivated land has extended very much within the last 20 years (up to 1868), while in the same period the rural population has diminished, not only relatively, but absolutely. In the United States it is as yet only virtually that agricultural machines replace labourers; in other words, they allow of the cultivation by the farmer of a larger surface, but do not actually expel the labourers employed. In 1861 the number of persons occupied in England and Wales in the manufacture of agricultural machines was 1034, whilst the number of agricultural labourers employed in the use of agricultural machines and steam engines did not exceed 1205.

In the sphere of agriculture, modern industry has a more revolutionary effect than elsewhere, for this reason, that it annihilates the peasant, that bulwark of the old society, and replaces him by the wage labourer. Thus the desire for social changes, and the class antagonisms are brought to the same level in the country as in the towns. The irrational, old fashioned methods of agriculture are replaced by scientific ones. Capitalist production completely tears asunder the old bond of union which held together agriculture and manufacture in their infancy. But at the same time it creates the material conditions for a higher synthesis in the future, viz., the union of agriculture and industry on the basis of the more perfected forms they have each acquired during their temporary separation. Capitalist production, by collecting the population in great centres, and causing an ever increasing preponderance of town population, on the one hand concentrates the historical motive-power of society; on the other hand, it disturbs the circulation of matter between man and the soil, i.e., prevents the return to the soil of its elements consumed by man in the form of food and clothing; it therefore violates the conditions necessary to lasting fertility of the soil. By this action it destroys at the same time the health of the town labourer and the intellectual life of the rural labourer. But while upsetting the naturally grown conditions for the maintenance of that circulation of matter, it imperiously calls for its restoration as a system, as a regulating law of

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

**PART V. THE PRODUCTION OF ABSOLUTE  
AND OF RELATIVE SURPLUS-VALUE.**

## CHAPTER XVI. ABSOLUTE AND RELATIVE SURPLUS-VALUE.

IN considering the labour-process, we began (see Chapter VII.) by treating it in the abstract, apart from its historical forms, as a process between man and nature. We there stated, : “If we examine the whole labour-process, from the point of view of its result, it is plain that both the instruments and the subject of labour are means of production, and that the labour itself is productive labour.” And in Note 2, same page, we further added: “This method of determining, from the standpoint of the labour-process alone, what is productive labour, is by no means directly applicable to the case of the capitalist process of production.” We now proceed to the further development of this subject.

So far as the labour-process is purely individual, one and the same labourer unites in himself all the functions, that later on become separated. When an individual appropriates natural objects for his livelihood, no one controls him but himself. Afterwards he is controlled by others. A single man cannot operate upon nature without calling his own muscles into play under the control of his own brain. As in the natural body head and hand wait upon each other, so the labour-process unites the labour of the hand with that of the head. Later on they part company and even become deadly foes. The product ceases to be the direct product of the individual, and becomes a social product, produced in common by a collective labourer, i.e., by a combination of workmen, each of whom takes only a part, greater or less, in the manipulation of the subject of their labour. As the co-operative character of the labour-process becomes more and more marked, so, as a necessary consequence, does our notion of productive labour, and of its agent the productive labourer, become extended. In order to labour productively, it is no longer necessary for you to do manual work yourself; enough, if you are an organ of the collective labourer, and perform one of its subordinate functions. The first definition given above of productive labour, a definition deduced from the very nature of the production of material objects, still remains correct for the collective labourer, considered as a whole. But it no longer holds good for each member taken individually.

On the other hand, however, our notion of productive labour becomes narrowed. Capitalist production is not merely the production of

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

The prolongation of the working day beyond the point at which the labourer would have produced just an equivalent for the value of his labour-power, and the appropriation of that surplus-labour by capital, this is production of absolute surplus-value. It forms the general groundwork of the capitalist system, and the starting point for the production of relative surplus-value. The latter presupposes that the working day is already divided into two parts, necessary labour, and surplus-labour. In order to prolong the surplus-labour, the necessary labour is shortened by methods whereby the equivalent for the wages is produced in less time. The production of absolute surplus-value turns exclusively upon the length of the working day; the production of relative surplus-value, revolutionises out and out the technical processes of labour, and the composition of society. It therefore presupposes a specific mode, the capitalist mode of production, a mode which, along with its methods, means, and conditions, arises and

developes itself spontaneously on the foundation afforded by the formal subjection of labour to capital. In the course of this development, the formal subjection is replaced by the real subjection of labour to capital.

It will suffice merely to refer to certain intermediate forms, in which surplus-labour is not extorted by direct compulsion from the producer, nor the producer himself yet formally subjected to capital. In such forms capital has not yet acquired the direct control of the labour-process. By the side of independent producers who carry on their handicrafts and agriculture in the traditional old-fashioned way, there stands the usurer or the merchant, with his usurer's capital or merchant's capital, feeding on them like a parasite. The predominance, in a society, of this form of exploitation excludes the capitalist mode of production; to which mode, however, this form may serve as a transition, as it did towards the close of the Middle Ages. Finally, as is shown by modern "domestic industry," some intermediate forms are here and there reproduced in the background of Modern Industry, though their physiognomy is totally changed.

If, on the one hand, the mere formal subjection of labour to capital suffices for the production of absolute surplus-value, if, e.g., it is sufficient that handicraftsmen who previously worked on their own account, or as apprentices of a master, should become wage labourers under the direct control of a capitalist; so, on the other hand, we have seen, how the methods of producing relative surplus-value, are, at the same time, methods of producing absolute surplus-value. Nay, more, the excessive prolongation of the working day turned out to be the peculiar product of Modern Industry. Generally speaking, the specifically capitalist mode of production ceases to be a mere means of producing relative surplus-value, so soon as that mode has conquered an entire branch of production; and still more so, so soon as it has conquered all the important branches. It then becomes the general, socially predominant form of production. As a special method of producing relative surplus-value, it remains effective only, first, in so far as it seizes upon industries that previously were only formally subject to capital, that is, so far as it is propagandist; secondly, in so far as the industries that have been taken over by it, continue to be revolutionized by changes in the methods of production.

From one standpoint, any distinction between absolute and relative surplus-value appears illusory. Relative surplus-value is absolute, since it compels the absolute prolongation of the working day beyond the labour-

time necessary to the existence of the labourer himself. Absolute surplus-value is relative, since it makes necessary such a development of the productiveness of labour, as will allow of the necessary labour-time being confined to a portion of the working day. But if we keep in mind the behaviour of surplus-value, this appearance of identity vanishes. Once the capitalist mode of production established and become general, the difference between absolute and relative surplus-value makes itself felt, whenever there is a question of raising the rate of surplus-value. Assuming that labour-power is paid for at its value, we are confronted by this alternative: given the productiveness of labour and its normal intensity, the rate of surplus-value can be raised only by the actual prolongation of the working day; on the other hand, given the length of the working day, that rise can be effected only by a change in the relative magnitudes of the components of the working day, viz., necessary labour and surplus-labour; a change, which, if the wages are not to fall below the value of labour-power, presupposes a change either in the productiveness or in the intensity of the labour.

If the labourer wants all his time to produce the necessary means of subsistence for himself and his race, he has no time left in which to work gratis for others. Without a certain degree of productiveness in his labour, he has no such superfluous time at his disposal; without such superfluous time, no surplus-labour, and therefore no capitalists, no slave-owners, no feudal lords, in one word, no class of large proprietors.

Thus we may say that surplus-value rests on a natural basis; but this is permissible only in the very general sense, that there is no natural obstacle absolutely preventing one man from disburdening himself of the labour requisite for his own existence, and burdening another with it, any more, for instance, than unconquerable natural obstacles prevent one man from eating the flesh of another. No mystical ideas must in any way be connected, as sometimes happens, with this historically developed productiveness of labour. It is only after men have raised themselves above the rank of animals, when therefore their labour has been to some extent socialised, that a state of things arises in which the surplus-labour of the one becomes a condition of existence for the other. At the dawn of civilisation the productiveness acquired by labour is small, but so too are the wants which develop with and by the means of satisfying them. Further, at that early period, the portion of society that lives on the labour of others is infinitely

small compared with the mass of direct producers. Along with the progress in the productiveness of labour, that small portion of society increases both absolutely and relatively. Besides, capital with its accompanying relations springs up from an economic soil that is the product of a long process of development. The productiveness of labour that serves as its foundation and starting point, is a gift, not of nature, but of a history embracing thousands of centuries.

Apart from the degree of development, greater or less, in the form of social production, the productiveness of labour is fettered by physical conditions. These are all referable to the constitution of man himself (race, 8c.), and to surrounding nature. The external physical conditions fall into two great economical classes, (1) Natural wealth in means of subsistence, i.e., a fruitful soil, waters teeming with fish, 8c., and (2), natural wealth in the instruments of labour, such as waterfalls, navigable rivers, wood, metal, coal, 8c. At the dawn of civilisation, it is the first class that turns the scale; at a higher stage of development, it is the second. Compare, for example, England with India, or in ancient times, Athens and Corinth with the shores of the Black Sea.

The fewer the number of natural wants imperatively calling for satisfaction, and the greater the natural fertility of the soil and the favourableness of the climate, so much less is the the producer. So much greater therefore can be the excess of labour-time necessary for the maintenance and reproduction of his labour for others over his labour for himself. Diodorus long ago remarked this in relation to the ancient Egyptians. "It is altogether incredible how little trouble and expense the bringing up of their children causes them. They cook for them the first simple food at hand; they also give them the lower part of the papyrus stem to eat, so far as it can be roasted in the fire, and the roots and stalks of marsh plants, some raw, some boiled and roasted. Most of the children go without shoes and unclothed, for the air is so mild. Hence a child, until he is grown up, costs his parents not more, on the whole, than twenty drachmas. It is this, chiefly, which explains why the population of Egypt is so numerous, and, therefore, why so many great works can be undertaken." Nevertheless the grand structures of ancient Egypt are less due to the extent of its population than to the large proportion of it that was freely disposable. Just as the individual labourer can do more surplus-labour in proportion as his necessary labour-time is less, so with regard to the working population.

The smaller the part of it which is required for the production of the necessary means of subsistence, so much the greater is the part that can be set to do other work.

Capitalist production once assumed, then, all other circumstances remaining the same, and given the length of the working day, the quantity of surplus-labour will vary with the physical conditions of labour, especially with the fertility of the soil. But it by no means follows from this that the most fruitful soil is the most fitted for the growth of the capitalist mode of production. This mode is based on the dominion of man over nature. Where nature is too lavish, she “keeps him in hand, like a child in leading-strings.” She does not impose upon him any necessity to develop himself. It is not the tropics with their luxuriant vegetation, but the temperate zone, that is the mother country of capital. It is not the mere fertility of the soil, but the differentiation of the soil, the variety of its natural products, the changes of the seasons, which form the physical basis for the social division of labour, and which, by changes in the natural surroundings, spur man on to the multiplication of his wants, his capabilities, his means and modes of labour. It is the necessity of bringing a natural force under the control of society, of economising, of appropriating or subduing it on a large scale by the work of man’s hand, that first plays the decisive part in the history of industry. Examples are, the irrigation works in Egypt, Lombardy, Holland, or India and Persia where irrigation by means of artificial canals, not only supplies the soil with the water indispensable to it, but also carries down to it, in the shape of sediment from the hills, mineral fertilizers. The secret of the flourishing state of industry in Spain and Sicily under the dominion of the Arabs lay in their irrigation works.

Favourable natural conditions alone, gave us only the possibility, never the reality, of surplus-labour, nor, consequently, of surplus-value and a surplus-product. The result of difference in the natural conditions of labour is this, that the same quantity of labour satisfies, in different countries, a different mass of requirements, consequently, that under circumstances in other respects analogous, the necessary labour-time is different. These conditions affect surplus-labour only as natural limits, i.e., by fixing the points at which labour for others can begin. In proportion as industry advances, these natural limits recede. In the midst of our West European society, where the labourer purchases the right to work for his own livelihood only by paying for it in surplus-labour, the idea easily takes root

that it is an inherent quality of human labour to furnish a surplus-product. But consider, for example, an inhabitant of the eastern islands of the Asiatic Archipelago, where sago grows wild in the forests. "When the inhabitants have convinced themselves, by boring a hole in the tree, that the pith is ripe, the trunk is cut down and divided into several pieces, the pith is extracted, mixed with water and filtered: it is then quite fit for use as sago. One tree commonly yields 300 lbs., and occasionally 500 to 600 lbs. There, then, people go into the forests, and cut bread for themselves, just as with us they cut firewood." Suppose now such an eastern bread-cutter requires 12 working hours a week for the satisfaction of all his wants. Nature's direct gift to him is plenty of leisure time. Before he can apply this leisure time productively for himself, a whole series of historical events is required; before he spends it in surplus-labour for strangers, compulsion is necessary. If capitalist production were introduced, the honest fellow would perhaps have to work six days a week, in order to appropriate to himself the product of one working day. The bounty of Nature does not explain why he would then have to work 6 days a week, or why he must furnish 5 days of surplus-labour. It explains only why his necessary labour-time would be limited to one day a week. But in no case would his surplus-product arise from some occult quality inherent in human labour.

Thus, not only does the historically developed social productiveness of labour, but also its natural productiveness, appear to be productiveness of the capital with which that labour is incorporated.

Ricardo never concerns himself about the origin of surplus-value. He treats it as a thing inherent in the capitalist mode of production, which mode, in his eyes, is the natural form of social production. Whenever he discusses the productiveness of labour, he seeks in it, not the cause of surplus-value, but the cause that determines the magnitude of that value. On the other hand, his school has openly proclaimed the productiveness of labour to be the originating cause of profit (read: Surplus-value). This at all events is a progress as against the mercantilists who, on their side, derived the excess of the price over the cost of production of the product, from the act of exchange, from the product being sold above its value. Nevertheless, Ricardo's school simply shirked the problem, they did not solve it. In fact these bourgeois economists instinctively saw, and rightly so, that it is very dangerous to stir too deeply the burning question of the origin of surplus-

value. But what are we to think of John Stuart Mill, who, half a century after Ricardo, solemnly claims superiority over the mercantilists, by clumsily repeating the wretched evasions of Ricardo's earliest vulgarisers?

Mill says: "The cause of profit is that labour produces more than is required for its support." So far, nothing but the old story; but Mill wishing to add something of his own, proceeds: "To vary the form of the theorem; the reason why capital yields a profit, is because food, clothing, materials and tools, last longer than the time which was required to produce them." He here confounds the duration of labour-time with the duration of its products. According to this view, a baker whose product lasts only a day, could never extract from his workpeople the same profit, as a machine maker whose products endures for 20 years and more. Of course it is very true, that if a bird's nest did not last longer than the time it takes in building, birds would have to do without nests.

This fundamental truth once established, Mill establishes his own superiority over the mercantilists. "We thus see," he proceeds, "that profit arises, not from the incident of exchange, but from the productive power of labour; and the general profit of the country is always what the productive power of labour makes it, whether any exchange takes place or not. If there were no division of employments, there would be no buying or selling, but there would still be profit." For Mill then, exchange, buying and selling, those general conditions of capitalist production, are but an incident, and there would always be profits even without the purchase and sale of labour-power!

"If," he continues, "the labourers of the country collectively produce twenty per cent more than their wages, profits will be twenty per cent, whatever prices may or may not be." This is, on the one hand, a rare bit of tautology; for if labourers produce a surplus-value of 20% for the capitalist, his profit will be to the total wages of the labourers as 20: 100. On the other hand, it is absolutely false to say that "profits will be 20%." They will always be less, because they are calculated upon the sum total of the capital advanced. If, for example, the capitalist have advanced £500, of which £400 is laid out in means of production and £100 in wages, and if the rate of surplus-value be 20%, the rate of profit will be 20:500, i.e., 4% and not 20%.

Then follows a splendid example of Mill's method of handling the different historical forms of social production: "I assume, throughout, the

state of things which, where the labourers and capitalists are separate classes, prevails, with few exceptions, universally; namely, that the capitalist advances the whole expenses, including the entire remuneration of the labourer.” Strange optical illusion to see everywhere a state of things which as yet exist only exceptionally on our earth. But let us finish — Mill is willing to concede, “that he should do so is not a matter of inherent necessity.” On the contrary: “the labourer might wait, until the production is complete, for all that part of his wages which exceeds mere necessities; and even for the whole, if he has funds in hand sufficient for his temporary support. But in the latter case, the labourer is to that extent really a capitalist in the concern, by supplying a portion of the funds necessary for carrying it on.” Mill might have gone further and have added, that the labourer who advances to himself not only the necessities of life but also the means of production, is in reality nothing but his own wage-labourer. He might also have said that the American peasant proprietor is but a serf who does enforced labour for himself instead of for his lord.

After thus proving clearly, that even if capitalist production had no existence, still it would always exist, Mill is consistent enough to show, on the contrary, that it has no existence, even when it does exist. “And even in the former case” (when the workman is a wage labourer to whom the capitalist advances all the necessities of life, he the labourer), “may be looked upon in the same light,” i.e., as a capitalist, “since, contributing his labour at less than the market price, (!) he may be regarded as lending the difference (?) to his employer and receiving it back with interest, 8c.” In reality, the labourer advances his labour gratuitously to the capitalist during, say one week, in order to receive the market price at the end of the week, 8c., and it is this which, according to Mill, transforms him into a capitalist. On the level plain, simple mounds look like hills; and the imbecile flatness of the present bourgeoisie is to be measured by the altitude of its great intellects.

## **CHAPTER XVII. CHANGES OF MAGNITUDE IN THE PRICE OF LABOUR-POWER AND IN SURPLUS-VALUE.**

THE value of labour-power is determined by the value of the necessaries of life habitually required by the average labourer. The quantity of these necessaries is known at any given epoch of a given society, and can therefore be treated as a constant magnitude. What changes, is the value of this quantity. There are, besides, two other factors that enter into the determination of the value of labour-power. One, the expenses of developing that power, which expenses vary with the mode of production; the other, its natural diversity, the difference between the labour-power of men and women, of children and adults. The employment of these different sorts of labour-power, an employment which is, in its turn, made necessary by the mode of production, makes a great difference in the cost of maintaining the family of the labourer, and in the value of the labour-power of the adult male. Both these factors, however, are excluded in the following investigation.

I assume (1) that commodities are sold at their value; (2) that the price of labour-power rises occasionally above its value, but never sinks below it.

On this assumption we have seen that the relative magnitudes of surplus-value and of price of labour-power are determined by three circumstances; (1) the length of the working day, or the extensive magnitude of labour; (2) the normal intensity of labour, its intensive magnitude, whereby a given quantity of labour is expended in a given time; (3) the productiveness of labour, whereby the same quantum of labour yields, in a given time, a greater or less quantum of product, dependent on the degree of development in the conditions of production. Very different combinations are clearly possible, according as one of the three factors is constant and two variable, or two constant and one variable, or lastly, all three simultaneously variable. And the number of these combinations is augmented by the fact that, when these factors simultaneously vary, the amount and direction of their respective variations may differ. In what follows the chief combinations alone are considered.

Length of the working day and intensity of labour constant.  
Productiveness of labour variable.

On these assumptions the value of labour-power, and the magnitude of surplus-value, are determined by three laws.

A working day of given length always creates the same amount of value, no matter how the productiveness of labour, and, with it, the mass of the product, and the price of each single commodity produced, may vary.

If the value created by a working day of 12 hours be, say, six shillings, then, although the mass of the articles produced varies with the productiveness of labour, the only result is that the value represented by six shillings is spread over a greater or less number of articles.

Surplus-value and the value of labour-power vary in opposite directions. A variation in the productiveness of labour, its increase or diminution, causes a variation in the opposite direction in the value of labour-power, and in the same direction in surplus-value.

The value created by a working day of 12 hours is a constant quantity, say, six shillings. This constant quantity is the sum of the surplus-value plus the value of the labour-power, which latter value the labourer replaces by an equivalent. It is self-evident, that if a constant quantity consist of two parts, neither of them can increase without the other diminishing. Let the two parts at starting be equal; 3 shillings value of labour-power, 3 shillings surplus-value. Then the value of the labour-power cannot rise from three shillings to four, without the surplus-value falling from three shillings to two; and the surplus-value cannot rise from three shillings to four, without the value of labour-power falling from three shillings to two. Under these circumstances, therefore, no change can take place in the absolute magnitude, either of the surplus-value, or of the value of labour-power, without a simultaneous change in their relative magnitudes, i.e., relatively to each other. It is impossible for them to rise or fall simultaneously.

Further, the value of labour-power cannot fall, and consequently surplus-value cannot rise, without a rise in the productiveness of labour. For instance, in the above case, the value of the labour-power cannot sink from three shillings to two, unless an increase in the productiveness of labour makes it possible to produce in 4 hours the same quantity of necessaries as previously required 6 hours to produce. On the other hand, the value of the labour-power cannot rise from three shillings to four, without a decrease in the productiveness of labour, whereby eight hours become requisite to

produce the same quantity of necessaries, for the production of which six hours previously sufficed. It follows from this, that an increase in the productiveness of labour causes a fall in the value of labour-power and a consequent rise in surplus-value, while, on the other hand, a decrease in such productiveness causes a rise in the value of labour-power, and a fall in surplus-value.

In formulating this law, Ricardo overlooked one circumstance; although a change in the magnitude of the surplus-value or surplus-labour causes a change in the opposite direction in the magnitude of the value of labour-power, or in the quantity of necessary labour, it by no means follows that they vary in the same proportion. They do increase or diminish by the same quantity. But their proportional increase or diminution depends on their original magnitudes before the change in the productiveness of labour took place. If the value of the labour-power be 4 shillings, or the necessary labour-time 8 hours, and the surplus-value be 2 shillings, or the surplus-labour 4 hours, and if, in consequence of an increase in the productiveness of labour, the value of the labour-power fall to 3 shillings, or the necessary labour to 6 hours, the surplus-value will rise to 3 shillings, or the surplus-labour to 6 hours. The same quantity, 1 shilling or 2 hours, is added in one case and subtracted in the other. But the proportional change of magnitude is different in each case. While the value of the labour-power falls from 4 shillings to 3, i.e., by  $\frac{1}{4}$  or 25%, the surplus-value rises from 2 shillings to 3, i.e., by  $\frac{1}{2}$  or 50%. It therefore follows that the proportional increase or diminution in surplus-value, consequent on a given change in the productiveness of labour, depends on the original magnitude of that portion of the working day which embodies itself in surplus-value; the smaller that portion, the greater is the proportional change; the greater that portion, the less is the proportional change.

Increase or diminution in surplus-value is always consequent on, and never the cause of, the corresponding diminution or increase in the value of labour-power.

Since the working-day is constant in magnitude, and is represented by a value of constant magnitude, since, to every variation in the magnitude of surplus-value, there corresponds an inverse variation in the value of labour-power, and since the value of labour-power cannot change, except in consequence of a change in the productiveness of labour, it clearly follows, under these conditions, that every change of magnitude in surplus-value

arises from an inverse change of magnitude in the value of labour-power. If, then, as we have already seen, there can be no change of absolute magnitude in the value of labour-power, and in surplus-value, unaccompanied by a change in their relative magnitudes, so now it follows that no change in their relative magnitudes is possible, without a previous change in the absolute magnitude of the value of labour-power.

According to the third law, a change in the magnitude of surplus-value, presupposes a movement in the value of labour-power, which movement is brought about by a variation in the productiveness of labour. The limit of this change is given by the altered value of labour-power. Nevertheless, even when circumstances allow the law to operate, subsidiary movements may occur. For example: if in consequence of the increased productiveness of labour, the value of labour-power fall from 4 shillings to 3, or the necessary labour-time from 8 hours to 6, the price of labour-power may possibly not fall below 3s. 8d., 3s. 6d., or 3s. 2d., and the surplus-value consequently not rise above 3s. 4d., 3c. 6d., or 3s. 10d. The amount of this fall, the lowest limit of which is 3 shillings (the new value of labour-power), depends on the relative weight, which the pressure of capital on the one side, and the resistance of the labourer on the other, throws into the scale.

The value of labour-power is determined by the value of a given quantity of necessaries. It is the value and not the mass of these necessaries that varies with the productiveness of labour. It is, however, possible that, owing to an increase of productiveness, both the labourer, and the capitalist may simultaneously be able to appropriate a greater quantity of these necessaries, without any change in the price of labour-power or in surplus-value. If the value of labour-power be 3 shillings, and the necessary labour-time amount to 6 hours, if the surplus-value likewise be 3 shillings, and the surplus-labour 6 hours, then if the productiveness of labour were doubled without altering the ratio of necessary labour to surplus-labour, there would be no change of magnitude in surplus-value and price of labour-power. The only result would be that each of them would represent twice as many use-values as before; these use-values being twice as cheap as before. Although labour-power would be unchanged in price, it would be above its value. If, however, the prices of labour-power had fallen, not to 1s. 6d., the lowest possible point consistent with its new value, but to 2s. 10d. or 2s. 6d., still this lower price would represent an increased mass of necessaries. In this way it is possible with an increasing productiveness of labour, for the price

of labour-power to keep on falling, and yet this fall to be accompanied by a constant growth in the mass of the labourer's means of subsistence. But even in such case, the fall in the value of labour-power would cause a corresponding rise of surplus-value, and thus the abyss between the labourer's position and that of the capitalist would keep widening.

Ricardo was the first who accurately formulated the three laws we have above stated. But he falls into the following errors: (1) he looks upon the special conditions under which these laws hold good as the general and sole conditions of capitalist production. He knows no change, either in the length of the working day, or in the intensity of labour; consequently with him there can be only one variable factor, viz., the productiveness of labour; (2), and this error vitiates his analysis much more than (1), he has not, any more than have the other economists, investigated surplus-value as such, i.e., independently of its particular forms, such a profit, rent, &c. He therefore confounds together the laws of the rate of surplus-value and the laws of the rate of profit. The rate of profit is, as we have already said, the ratio of the surplus-value to the total capital advanced; the rate of surplus-value is the ratio of the surplus-value to the variable part of that capital. Assume that a capital C of £500 is made up of raw material, instruments of labour, &c. (c) to the amount of £400; and of wages (v) to the amount of £100; and further, that the surplus-value (s)=£100. Then we have rate of surplus-value  $s/v = £100/£100 = 100\%$ . But the rate of profit  $s/C = £100/£500 = 20\%$ . It is, besides, obvious that the rate of profit may depend on circumstances that in no way affect the rate of surplus-value. I shall show in Book III. that, with a given rate of surplus-value, we may have any number of rates of profit, and that various rates of surplus-value may, under given conditions, express themselves in a single rate of profit.

II. Working-day constant. Productiveness of labour constant. Intensity of labour variable.

Increased intensity of labour means increased expenditure of labour in a given time. Hence a working-day of more intense labour is embodied in more products than is one of less intense labour, the length of each day being the same. Increased productiveness of labour also, it is true, will supply more products in a given working-day. But in this latter case, the value of each single product falls, for it costs less labour than before; in the former case, that value remains unchanged, for each article costs the same labour as before. Here we have an increase in the number of products,

unaccompanied by a fall in their individual prices: as their number increases, so does the sum of their prices. But in the case of increased productiveness, a given value is spread over a greater mass of products. Hence the length of the working-day being constant, a day's labour of increased intensity will be incorporated in an increased value, and, the value of money remaining unchanged, in more money. The value created varies with the extent to which the intensity of labour deviates from its normal intensity in the society. A given working-day, therefore, no longer creates a constant, but a variable value; in a day of 12 hours of ordinary intensity, the value created is, say 6 shillings, but with increased intensity, the value created may be 7, 8, or more shillings. It is clear that, if the value created by a day's labour increases from, say, 6 to 8 shillings, then the two parts into which this value is divided, viz., price of labour-power and surplus-value, may both of them increase simultaneously, and either equally or unequally. They may both simultaneously increase from 3 shillings to 4. Here, the rise in the price of labour-power does not necessarily imply that the price has risen above the value of labour-power. On the contrary, the rise in price may be accompanied by a fall in value. This occurs whenever the rise in the price of labour-power does not compensate for its increased wear and tear.

We know that, with transitory exceptions, a change in the productiveness of labour does not cause any change in the value of labour-power, nor consequently in the magnitude of surplus-value, unless the products of the industries affected are articles habitually consumed by the laborers. In the present case this condition no longer applies. For when the variation is either in the duration or in the intensity of labour, there is always a corresponding change in the magnitude of the value created, independently of the nature of the article in which that value is embodied.

If the intensity of labour were to increase simultaneously and equally in every branch of industry, then the new and higher degree of intensity would become the normal degree for the society, and would therefore cease to be taken account of. But still, even then, the intensity of labour would be different in different countries, and would modify the international application of the law of value. The more intense working-day of one nation would be represented by a greater sum of money than would the less intense day of another nation.

III. Productiveness and Intensity of Labour constant. Length of the working-day variable.

The working-day may vary in two ways. It may be made either longer or shorter. From our present data, and within the limits of the assumptions made on we obtain the following laws:

The working-day creates a greater or less amount of value in proportion to its length — thus, a variable and not a constant quantity of value.

(2.) Every change in the relation between the magnitudes of surplus value and of the value of labour-power arises from a change in the absolute magnitude of the surplus-labour, and consequently of the surplus-value.

(3.) The absolute value of labour-power can change only in consequence of the reaction exercised by the prolongation of surplus-value upon the wear and tear of labour-power. Every change in this absolute value is therefore the effect, but never the cause, of a change in the magnitude of surplus-value.

We begin with the case in which the working-day is shortened.

A shortening of the working-day under the conditions given above, leaves the value of labour-power, and with it, the necessary labour-time, unaltered. It reduces the surplus-labour and surplus-value. Along with the absolute magnitude of the latter, its relative magnitude also falls, i.e., its magnitude relatively to the value of labour-power whose magnitude remains unaltered. Only by lowering the price of labour-power below its value could the capitalist save himself harmless.

All the usual arguments against the shortening of the working-day, assume that it takes place under the conditions we have here supposed to exist; but in reality the very contrary is the case: a change in the productiveness and intensity of labour either precedes, or immediately follows, a shortening of the working-day.

(2). Lengthening of the working-day. Let the necessary labour-time be 6 hours, or the value of labour-power 3 shillings; also let the surplus-labour be 6 hours or the surplus-value 3 shillings. The whole working-day then amounts to 12 hours and is embodied in a value of 6 shillings. If, now, the working-day be lengthened by 2 hours and the price of labour-power remain unaltered, the surplus-value increases both absolutely and relatively. Although there is no absolute change in the value of labour-power, it suffers a relative fall. Under the conditions assumed in I. there could not be a change of relative magnitude in the value of labour-power without a change

in its absolute magnitude. Here, on the contrary, the change of relative magnitude in the value of labour-power is the result of the change of absolute magnitude in surplus-value.

Since the value in which a day's labour is embodied, increases with the length of that day, it is evident that the surplus-value and the price of labour-power may simultaneously increase, either by equal or unequal quantities. This simultaneous increase is therefore possible in two cases, one, the actual lengthening of the working-day, the other, an increase in the intensity of labour unaccompanied by such lengthening.

When the working-day is prolonged, the price of labour-power may fall below its value, although that price be nominally unchanged or even rise. The value of a day's labour-power, is, as will be remembered, estimated from its normal average duration, or from the normal duration of life among the labourers, and from corresponding normal transformations of organised bodily matter into motion, in conformity with the nature of man. Up to a certain point, the increased wear and tear of labour-power, inseparable from a lengthened working-day, may be compensated by higher wages. But beyond this point the wear and tear increases in geometrical progression, and every condition suitable for the normal reproduction and functioning of labour-power is suppressed. The price of labour-power and the degree of its exploitation cease to be commensurable quantities.

IV. — Simultaneous variations in the duration, productiveness, and intensity of labour.

It is obvious that a large number of combinations are here possible. Any two of the factors may vary and the third remain constant, or all three may vary at once. They may vary either in the same or in different degrees, in the same or in opposite directions, with the result that the variations counteract one another, either wholly or in part. Nevertheless the analysis of every possible case is easy in view of the results given in I., II., and III. The effect of every possible combination may be found by treating each factor in turn as variable, and the other two constant for the time being. We shall, therefore, notice, and that briefly, but two important cases.

(1). Diminishing productiveness of labour with a simultaneous lengthening of the working-day.

In speaking of diminishing productiveness of labour, we here refer to diminution in those industries whose products determine the value of labour-power; such a diminution, for example, as results from decreasing

fertility of the soil, and from the corresponding dearness of its products. Take the working-day at 12 hours and the value created by it at 6 shillings, of which one half replaces the value of the labour-power, the other forms the surplus-value. Suppose, in consequence of the increased dearness of the products of the soil, that the value of labour-power rises from 3 shillings to 4, and therefore the necessary labour-time from 6 hours to 8. If there be no change in the length of the working-day, the surplus-labour would fall from 6 hours to 4, the surplus-value from 3 shillings to 2. If the day be lengthened by 2 hours, i.e., from 12 hours to 14, the surplus-labour remains at 6 hours, the surplus-value at 6 shillings, but the surplus-value decreases compared with the value of labour-power, as measured by the necessary labour-time. If the day be lengthened by 4 hours, viz., from 12 hours to 16, the proportional magnitudes of surplus-value and value of labour-power, of surplus-labour and necessary labour, continue unchanged, but the absolute magnitude of surplus-value rises from 3 shillings to 4, that of the surplus-labour from 6 hours to 8, an increment of 33 1/3%. Therefore, with diminishing productiveness of labour and a simultaneous lengthening of the working-day, the absolute magnitude of surplus-value may continue unaltered, at the same time that its relative magnitude diminishes; its relative magnitude may continue unchanged, at the same time that its absolute magnitude increases; and, provided the lengthening of the day be sufficient, both may increase.

In the period between 1799 and 1815 the increasing price of provisions led in England to a nominal rise in wages, although the real wages, expressed in the necessaries of life, fell. From this fact West and Ricardo drew the conclusion, that the diminution in the productiveness of agricultural labour had brought about a fall in the rate of surplus-value, and they made this assumption of a fact that existed only in their imaginations, the starting-point of important investigations into the relative magnitudes of wages, profits, and rent. But, as a matter of fact, surplus-value had at that time, thanks to the increased intensity of labour, and to the prolongation of the working-day, increased both in absolute and relative magnitude. This was the period in which the right to prolong the hours of labour to an outrageous extent was established; the period that was especially characterised by an accelerated accumulation of capital here, by pauperism there.

Increasing intensity and productiveness of labour with simultaneous shortening of the working-day.

Increased productiveness and greater intensity of labour, both have a like effect. They both augment the mass of articles produced in a given time. Both, therefore, shorten that portion of the working-day which the labourer needs to produce his means of subsistence or their equivalent. The minimum length of the working-day is fixed by this necessary but contractile portion of it. If the whole working-day were to shrink to the length of this portion, surplus-labour would vanish, a consummation utterly impossible under the régime of capital. Only by suppressing the capitalist form of production could the length of the working-day be reduced to the necessary labour-time. But, even in that case, the latter would extend its limits. On the one hand, because the notion of “means of subsistence” would considerably expand, and the labourer would lay claim to an altogether different standard of life. On the other hand, because a part of what is now surplus-labour, would then count as necessary labour; I mean the labour of forming a fund for reserve and accumulation.

The more the productiveness of labour increases, the more can the working-day be shortened; and the more the working-day is shortened, the more can the intensity of labour increase. From a social point of view, the productiveness increases in the same ratio as the economy of labour, which, in its turn, includes not only economy of the means of production, but also the avoidance of all useless labour. The capitalist mode of production, while on the one hand, enforcing economy in each individual business, on the other hand, begets, by its anarchical system of competition, the most outrageous squandering of labour-power and of the social means of production, not to mention the creation of a vast number of employments, at present indispensable, but in themselves superfluous.

The intensity and productiveness of labour being given, the time which society is bound to devote to material production is shorter, and as a consequence, the time at its disposal for the free development, intellectual and social, of the individual is greater, in proportion as the work is more and more evenly divided among all the able-bodied members of society, and as a particular class is more and more deprived of the power to shift the natural burden of labour from its own shoulders to those of another layer of society. In this direction, the shortening of the working-day finds at last a limit in the generalisation of labour. In capitalist society spare time is

acquired for one class by converting the whole life-time of the masses into labour-time.

## CHAPTER XVIII. VARIOUS FORMULÆ FOR THE RATE OF SURPLUS-VALUE.

WE have seen that the rate of surplus-value is represented by the following formulæ.

The two first of these formulæ represent, as a ratio of values, that which, in the third, is represented as a ratio of the times during which those values are produced. These formulæ, supplementary the one to the other, are rigorously definite and correct. We therefore find them substantially, but not consciously, worked out in classical political economy. There we meet with the following derivative formulæ.

One and the same ratio is here expressed as a ratio of labour-times, of the values in which those labour-times are embodied, and of the products in which those values exist. It is of course understood that, by "Value of the Product," is meant only the value newly created in a working-day, the constant part of the value of the product being excluded.

In all of these formulæ (II.), the actual degree of exploitation of labour, or the rate of surplus-value, is falsely expressed. Let the working-day be 12 hours. Then, making the same assumptions as in former instances, the real degree of exploitation of labour will be represented in the following proportions.

From formulæ II. we get very differently,

These derivative formulæ express, in reality, only the proportion in which the working-day, or the value produced by it, is divided between capitalist and labourer. If they are to be treated as direct expressions of the degree of self-expansion of capital, the following erroneous law would hold good: Surplus-labour or surplus-value can never reach 100%. Since the surplus-labour is only an aliquot part of the working-day, or since surplus-value is only an aliquot part of the value created, the surplus-labour must necessarily be always less than the working-day, or the surplus-value always less than the total value created. In order, however, to attain the ratio

of 100:100 they must be equal. In order that the surplus-labour may absorb the whole day (i.e., an average day of any week or year), the necessary labour must sink to zero. But if the necessary labour vanish, so too does the surplus-labour, since it is only a function of the former. The ratio Surplus-labour/Working-day or Surplus-value/Value created can therefore never reach the limit of 100/100, still less rise to  $(100+x)/100$ . But not so the rate of surplus-value, the real degree of exploitation of labour. Take, e.g., the estimate of L. de Lavergne, according to which the English agricultural labourer gets only  $\frac{1}{4}$ , the capitalist (farmer) on the other hand  $\frac{3}{4}$  of the product or of its value, apart from the question of how the booty is subsequently divided between the capitalist, the landlord and others. According to this, the surplus-labour of the English agricultural labourer is to his necessary labour as 3:1, which gives a rate of exploitation of 300%.

The favourite method of treating the working-day as constant in magnitude became, through the use of the formulæ II., a fixed usage, because in them surplus-labour is always compared with a working-day of given length. The same holds good when the repartition of the value produced is exclusively kept in sight. The working-day that has already been realised in a given value, must necessarily be a day of given length.

The habit of representing surplus-value and value of labour-power as fractions of the value created — a habit that originates in the capitalist mode of production itself, and whose import will hereafter be disclosed — conceals the very transaction that characterises capital, namely the exchange of variable capital for living labour-power, and the consequent exclusion of the labourer from the product. Instead of the real fact, we have the false semblance of an association, in which labourer and capitalist divide the product in proportion to the different elements which they respectively contribute towards its formation.

Moreover, the formulæ II. can at any time be reconverted into formulæ I. If, for instance, we have (Surplus-labour of 6 hours)/(Working-day of 12 hours) the necessary labour-time being 12 hours less the surplus-labour of 6 hours, we get the following result,

$$(\text{Surplus-labour of 6 hours})/(\text{Necessary-labour of 6 hours}) = 100/100$$

There is a third formula which I have occasionally already anticipated; it is

After the investigations we have given above, it is no longer possible to be misled, by the formula (Unpaid-labour)/(Paid labour), into concluding, that the capitalist pays for labour and not for labour-power. This formula is only a popular expression for (Surplus-labour)/(Necessary labour). The capitalist pays the value, so far as price co-incides with value, of the labour-power, and receives in exchange the disposal of the living labour-power itself. His usufruct is spread over two periods. During one the labourer produces a value that is only equal to the value of his labour-power: he produces its equivalent. Thus the capitalist receives in return for his advance of the price of the labour power, a product of the same price. It is the same as if he had bought the product ready made in the market. During the other period, the period of surplus-labour, the usufruct of the labour-power creates a value for the capitalist, that costs him no equivalent. This expenditure of labour-power comes to him gratis. In this sense it is that surplus-labour can be called unpaid labour.

Capital, therefore, is not only, as Adam Smith says, the command over labour. It is essentially the command over unpaid labour. All surplus-value, whatever particular form (profit, interest, or rent), it may subsequently crystallise into, is in substance the materialisation of unpaid labour. The secret of the self-expansion of capital resolves itself into having the disposal of a definite quantity of other people's unpaid labour.

## **PART VI. WAGES.**

## **CHAPTER XIX. THE TRANSFORMATION OF THE VALUE (AND RESPECTIVELY THE PRICE) OF LABOUR-POWER INTO WAGES.**

ON the surface of bourgeois society the wage of the labourer appears as the price of labour, a certain quantity of money that is paid for a certain quantity of labour. Thus people speak of the value of labour and call its expression in money its necessary or natural price. On the other hand they speak of the market prices of labour, i.e., prices oscillating above or below its natural price.

But what is the value of a commodity? The objective form of the social labour expended in its production. And how do we measure the quantity of this value? By the quantity of the labour contained in it. How then is the value, e.g., of a 12 hours' working day to be determined? By the 12 working hours contained in a working day of 12 hours, which is an absurd tautology.

In order to be sold as a commodity in the market, labour must at all events exist before it is sold. But could the labourer give it an independent objective existence, he would sell a commodity and not labour.

Apart from these contradictions, a direct exchange of money, i.e., of realized labour, with living labour would either do away with the law of value which only begins to develop itself freely on the basis of capitalist production, or do away with capitalist production itself, which rests directly on wage-labour. The working day of 12 hours embodies itself, e.g., in a money value of 6s. Either equivalents are exchanged, and then the labourer receives 6s. for 12 hours' labour; the price of his labour would be equal to the price of his product. In this case he produces no surplus-value, for the buyer of his labour, the 6s. are not transformed into capital, the basis of capitalist production vanishes. But it is on this very basis that he sells his labour and that his labour is wage-labour. Or else he receives for 12 hours' labour less than 6s., i.e., less than 12 hours' labour. Twelve hours labour are exchanged against 10, 6, 8c., hours' labour. This equalisation of unequal quantities not merely does away with the determination of value. Such a self-destructive contradiction cannot be in any way even enunciated or formulated as a law.

It is of no avail to deduce the exchange of more labour against less, from their difference of form, the one being realized, the other living. This is the more absurd as the value of a commodity is determined not by the quantity of labour actually realized in it, but by the quantity of living labour necessary for its production. A commodity represents, say 6 working hours. If an invention is made by which it can be produced in 3 hours, the value, even of the commodity already produced, falls by half. It represents now 3 hours of social labour instead of the 6 formerly necessary. It is the quantity of labour required for its production, not the realized form of that labour, by which the amount of the value of a commodity is determined.

That which comes directly face to face with the possessor of money on the market, is in fact not labour, but the labourer. What the latter sells is his labour-power. As soon as his labour actually begins, it has already ceased to belong to him; it can therefore no longer be sold by him. Labour is the substance, and the immanent measure of value, but has itself no value.

In the expression “value of labour,” the idea of value is not only completely obliterated, but actually reversed. It is an expression as imaginary as the value of the earth. These imaginary expressions, arise, however, from the relations of production themselves. They are categories for the phenomenal forms of essential relations. That in their appearance things often represent themselves in inverted form is pretty well known in every science except political economy.

Classical political economy borrowed from every-day life the category “price of labour” without further criticism, and then simply asked the question, how is this price determined? It soon recognized that the change in the relations of demand and supply explained in regard to the price of labour, as of all other commodities, nothing except its changes, i.e., the oscillations of the market price above or below a certain mean. If demand and supply balance, the oscillation of prices ceases, all other conditions remaining the same. But then demand and supply also cease to explain anything. The price of labour, at the moment when demand and supply are in equilibrium, is its natural price, determined independently of the relation of demand and supply. And how this price is determined, is just the question. Or a larger period of oscillations in the market-price is taken, e.g., a year, and they are found to cancel one the other, leaving a mean average quantity, a relatively constant magnitude. This had naturally to be

determined otherwise than by its own compensating variations. This price which always finally predominates over the accidental market-prices of labour and regulates them, this “necessary price” (physiocrats) or “natural price” of labour (Adam Smith) can, as with all other commodities, be nothing else than its value expressed in money. In this way political economy expected to penetrate athwart the accidental prices of labour, to the value of labour. As with other commodities, this value was determined by the cost of production. But what is the cost of production — of the labourer, i.e., the cost of producing or reproducing the labourer himself? This question unconsciously substituted itself in political economy for the original one; for the search after the cost of production of labour as such turned in a circle and never left the spot. What economists therefore call value of labour, is in fact the value of labour-power, as it exists in the personality of the labourer, which is as different from its function, labour, as a machine is from the work it performs. Occupied with the difference between the market-price of labour and its-so-called value, with the relation of this value to the rate of profit, and to the values of the commodities produced by means of labour, &c., they never discovered that the course of the analysis had led not only from the market prices of labour to its presumed value, but had led to the resolution of this value of labour itself into the value of labour-power. Classical economy never arrived at a consciousness of the results of its own analysis; it accepted uncritically the categories “value of labour,” “natural price of labour,” &c., as final and as adequate expressions for the value-relation under consideration, and was thus led, as will be seen later, into inextricable confusion and contradiction, while it offered to the vulgar economists a secure basis of operations for their shallowness, which on principle worships appearances only.

Let us next see how value (and price) of labour-power, present themselves in this transformed condition as wages.

We know that the daily value of labour-power is calculated upon a certain length of the labourer’s life, to which, again, corresponds a certain length of working-day. Assume the habitual working-day as 12 hours, the daily value of labour-power as 3s., the expression in money of a value that embodies 6 hours of labour. If the labourer receives 3s., then he receives the value of his labour-power functioning through 12 hours. If, now, this value of a day’s labour-power is expressed as the value of a day’s labour itself, we have the formula: Twelve hours’ labour has a value of 3s. The value of

labour-power thus determines the value of labour, or, expressed in money, its necessary price. If, on the other hand, the price of labour-power differs from its value, in like manner the price of labour differs from its so-called value.

As the value of labour is only an irrational expression for the value of labour-power, it follows, of course, that the value of labour must always be less than the value it produces, for the capitalist always makes labour-power work longer than is necessary for the reproduction of its own value. In the above example, the value of the labour-power that functions through 12 hours is 3s., a value for the reproduction of which 6 hours are required. The value which the labour-power produces is, on the other hand, 6s., because it, in fact, functions during 12 hours, and the value it produces depends, not on its own value, but on the length of time it is in action. Thus, we have a result absurd at first sight — that labour which creates a value of 6s. possesses a value of 3s.

We see, further: The value of 3s. by which a part only of the working day — i.e., 6 hours' labour — is paid for, appears as the value or price of the whole working-day of 12 hours, which thus includes 6 hours unpaid for. The wage-form thus extinguishes every trace of the division of the working-day into necessary labour and surplus-labour, into paid and unpaid labour. All labour appears as paid labour. In the *corvée*, the labour of the worker for himself, and his compulsory labour for his lord, differ in space and time in the clearest possible way. In slave-labour, even that part of the working-day in which the slave is only replacing the value of his own means of existence, in which, therefore, in fact, he works for himself alone, appears as labour for his master. All the slave's labour appears as unpaid labour. In wage-labour, on the contrary, even surplus labour, or unpaid labour, appears as paid. There the property-relation conceals the labour of the slave for himself; here the money-relation conceals the unrequited labour of the wage-labourer.

Hence, we may understand the decisive importance of the transformation of value and price of labour-power into the form of wages, or into the value and price of labour itself. This phenomenal form, which makes the actual relation invisible, and, indeed, shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalistic mode of production, of all its illusions as to liberty, of all the apologetic shifts of the vulgar economists.

If history took a long time to get at the bottom of the mystery of wages, nothing, on the other hand, is more easy to understand than the necessity, the *raison d'être*, of this phenomenon.

The exchange between capital and labour at first presents itself to the mind in the same guise as the buying and selling of all other commodities. The buyer gives a certain sum of money, the seller an article of a nature different from money. The jurist's consciousness recognises in this, at most, a material difference, expressed in the juridically equivalent formulae: "Do ut des, do ut facias, facio ut des, facio ut facias."

Further, Exchange-value and use-value, being intrinsically incommensurable magnitudes, the expressions "value of labour," "price of labour," do not seem more irrational than the expressions "value of cotton," "price of cotton." Moreover, the labourer is paid after he has given his labour. In its function of means of payment, money realises subsequently the value or price of the article supplied — i.e., in this particular case, the value or price of the labour supplied. Finally, the use-value supplied by the labourer to the capitalist is not, in fact, his labour-power, but its function, some definite useful labour, the work of tailoring, shoemaking, spinning, &c. That this same labour is, on the other hand, the universal value-creating element, and thus possesses a property by which it differs from all other commodities, is beyond the cognisance of the ordinary mind.

Let us put ourselves in the place of the labourer who receives for 12 hours' labour, say the value produced by 6 hours' labour, say 3s. For him, in fact, his 12 hours' labour is the means of buying the 3s. The value of his labour-power may vary, with the value of his usual means of subsistence, from 3 to 4 shillings, or from 3 to 2 shillings; or, if the value of his labour-power remains constant, its price may, in consequence of changing relations of demand and supply, rise to 4s. or fall to 2s. He always gives 12 hours of labour. Every change in the amount of the equivalent that he receives appears to him, therefore, necessarily as a change in the value or price of his 12 hours' work. This circumstance misled Adam Smith, who treated the working-day as a constant quantity, to the assertion that the value of labour is constant, although the value of the means of subsistence may vary, and the same working-day, therefore, may represent itself in more, or less money for the labourer.

Let us consider, on the other hand, the capitalist. He wishes to receive as much labour as possible for as little money as possible. Practically,

therefore, the only thing that interests him is the difference between the price of labour-power and the value which its function creates. But, then, he tries to buy all commodities as cheaply as possible, and always accounts for his profit by simple cheating, by buying under, and selling over the value. Hence, he never comes to see that, if such a thing as the value of labour really existed, and he really paid this value no capital would exist, his money would not be turned into capital.

Moreover, the actual movement of wages presents phenomena which seem to prove that not the value of labour-power is paid, but the value of its function, of labour itself. We may reduce these phenomena to two great classes: (1.) Change of wages with the changing length of the working-day. One might as well conclude that not the value of a machine is paid, but that of its working, because it costs more to hire a machine for a week than for a day. (2.) The individual difference in the wages of different labourers who do the same kind of work. We find this individual difference, but are not deceived by it, in the system of slavery, where, frankly and openly, without any circumlocution, labour-power itself is sold. Only, in the slave system, the advantage of a labour-power above the average, and the disadvantage of a labour-power below the average, affects the slave-owner; in the wage-labour system it affects the labourer himself, because his labour-power is, in the one case, sold by himself, in the other, by a third person.

For the rest, in respect to the phenomenal form, “value and price of labour,” or “wages,” as contrasted with the essential relation manifested therein, viz., the value and price of labour-power, the same difference holds that holds in respect to all phenomena and their hidden substratum. The former appear directly and spontaneously as current modes of thought; the latter must first be discovered by science. Classical political economy nearly touches the true relation of things, without, however, consciously formulating it. This it cannot so long as it sticks in its bourgeois skin.

## CHAPTER XX. TIME-WAGES.

WAGES themselves again take many forms, a fact not recognizable in the ordinary economical treatises which, exclusively interested in the material side of the question, neglect every difference of form. An exposition of all these forms however, belongs to the special study of wage-labour, not therefore to this work. Still the two fundamental forms must be briefly worked out here.

The sale of labour-power, as will be remembered, takes place for a definite period of time. The converted form under which the daily, weekly, &c., value of labour-power presents itself, is hence that of time-wages, therefore day-wages, &c.

Next it is to be noted that the laws set forth, in the 17th chapter, on the changes in the relative magnitudes of price of labour-power and surplus-value, pass by a simple transformation of form, into laws of wages. Similarly the distinction between the exchange-value of labour-power, and the sum of the necessaries of life into which this value is converted, now reappears as the distinction between nominal and real wages. It would be useless to repeat here, with regard to the phenomenal form, what has been already worked out in the substantial form. We limit ourselves therefore to a few points characteristic of time-wages.

The sum of money which the labourer receives for his daily or weekly labour, forms the amount of his nominal wages, or of his wages estimated in value. But it is clear that according to the length of the working-day, that is, according to the amount of actual labour daily supplied, the same daily or weekly wage may represent very different prices of labour, i.e., very different sums of money for the same quantity of labour. We must, therefore, in considering time-wages, again distinguish between the sum total of the daily or weekly wages, &c., and the price of labour. How then to find this price, i.e., the money-value of a given quantity of labour? The average price of labour is found, when the average daily value of the labour-power is divided by the average number of hours in the working-day. If, e.g., the daily value of labour-power is 3 shillings, the value of the product of 6 working hours, and if the working-day is 12 hours, the price of 1 working hour is  $\frac{3}{12}$  shillings=3d. The price of the working-hour thus found serves as the unit measure for the price of labour.

It follows therefore that the daily and weekly wages, 8c., may remain the same, although the price of labour falls constantly. If, e.g., the habitual working-day is 10 hours and the daily value of the labour-power 3s., the price of the working hour is 3 3/5d. It falls to 3d. as soon as the working-day rises to 12 hours, to 2 2/5 d. as soon as it rises to 15 hours. Daily or weekly wages remain, despite all this, unchanged. On the contrary, the daily or weekly wages may rise, although the price of labour remains constant or even falls. If, e.g., the working day is 10 hours, and the daily value of labour-power 3 shillings, the price of one working hour is 3 3/5 d. If the labourer in consequence of increase of trade works 12 hours, the price of labour remaining the same, his daily wage now rises to 3 shillings 7 1/5 d. without any variation in the price of labour. The same result might follow if, instead of the extensive amount of labour, its intensive amount increased. The rise of the nominal daily or weekly wages may therefore be accompanied by a price of labour that remains stationary or falls. The same holds as to the income of the labourer's family, as soon as the quantity of labour expended by the head of the family is increased by the labour of the members of his family. There are, therefore, methods of lowering the price of labour independent of the reduction of the nominal daily or weekly wages.

As a general law it follows that, given the amount of daily, weekly labour, 8c., the daily or weekly wages depend on the price of labour which, itself varies either with the value of labour-power, or with the difference between its price and its value. Given, on the other hand, the price of labour, the daily or weekly wages depend on the quantity of the daily or weekly labour.

The unit measure for time-wages, the price of the working hour, is the quotient of the value of a day's labour-power, divided by the number of hours of the average working-day. Let the latter be 12 hours, and the daily value of labour-power 3 shillings, the value of the product of 6 hours of labour. Under these circumstances the price of a working-hour is 3d., the value produced in it is 6d. If the labourer is now employed less than 12 hours (or less than 6 days in the week), e.g., only 6 or 8 hours, he receives, with this price of labour, only 2s. or 1s. 6d. a day. As on our hypothesis he must work on the average 6 hours daily, in order to produce a day's wage corresponding merely to the value of his labour-power, as according to the same hypothesis he works only half of every hour for himself, and half for

the capitalist, it is clear that he cannot obtain for himself the value of the product of 6 hours if he is employed less than 12 hours. In previous chapters we saw the destructive consequences of over-work; here we find the sources of the sufferings that result to the labourer from his insufficient employment.

If the hour's wage is fixed so that the capitalist does not bind himself to pay a day's or a week's wage, but only to pay wages for the hours during which he chooses to employ the labourer, he can employ him for a shorter time than that which is originally the basis of the calculation of the hour-wage, of the unit-measure of the price of labour. Since this unit is determined by the ratio (daily value of labour-power)/(working-day of a given number of hours). it, of course, loses all the meaning as soon as the working day ceases to contain a definite number of hours. The connexion between the paid and the unpaid labour is destroyed. The capitalist can now wring from the labourer a certain quantity of surplus-labour without allowing him the labour-time necessary for his own subsistence. He can annihilate all regularity of employment, and according to his own convenience, caprice, and the interest of the moment, make the most enormous over-work alternate with relative or absolute cessation of work. He can, under the pretence of paying "the normal price of labour," abnormally lengthen the working-day without any corresponding compensation to the labourer. Hence the perfectly rational revolt in 1860 of the London labourers, employed in the building trades, against the attempt of the capitalists to impose on them this sort of wage by the hour. The legal limitation of the working-day puts an end to such mischief, although not, of course, to the diminution of employment caused by the competition of machinery, by changes in the quality of the labourers employed, and by crisis partial or general.

With an increasing daily or weekly wage the price of labour may remain nominally constant, and yet may fall below its normal level. This occurs every time that, the price of labour (reckoned per working hour) remaining constant, the working-day is prolonged beyond its customary length. If in the fraction: (daily value of labour-power)/(working-day) the denominator increases, the numerator increases yet more rapidly. The value of labour-power, as dependent on its wear and tear, increases with the duration of its functioning, and in more rapid proportion than the increase of that duration. In many branches of industry where time-wage is the general rule without

legal limits to the working-time, the habit has, therefore, spontaneously grown up of regarding the working-day as normal only up to a certain point, e.g., up to the expiration of the tenth hour (“normal working-day,” “the day’s work,” “the regular hours of work”). Beyond this limit the working-time is over-time, and is, taking the hour as unit-measure, paid better (“extra pay”), although often in a proportion ridiculously small. The normal working-day exists here as a fraction of the actual working-day, and the latter, often during the whole year, lasts longer than the former. The increase in the price of labour with the extension of the working-day beyond a certain normal limit, takes such a shape in various British industries that the low price of labour during the so-called normal time compels the labourer to work during the better paid over-time, if he wishes to obtain a sufficient wage at all. Legal limitation of the working-day puts an end to these amenities.

It is a fact generally known that, the longer the working-days, in any branch of industry, the lower are the wages. A. Redgrave, factory-inspector, illustrates this by a comparative review of the 20 years from 1839-1859, according to which wages rose in the factories under the 10 hours’ law, whilst they fell in the factories in which the work lasted 14 to 15 hours daily.

From the law: “the price of labour being given, the daily or weekly wage depends on the quantity of labour expended,” it follows, first of all, that, the lower the price of labour, the greater must be the quantity of labour, or the longer must be the working-day for the labourer to secure even a miserable average-wage. The lowness of the price of labour acts here as a stimulus to the extension of the labour-time.

On the other hand, the extension of the working-time produces, in its turn, a fall in the price of labour, and with this a fall in the day’s or week’s wages.

The determination of the price of labour by:

(daily value of labour-power)/(working-day of a given number of hours), shows that a mere prolongation of the working-day lowers the price of labour, if no compensation steps in. But the same circumstances which allow the capitalist in the long run to prolong the working-day, also allow him first, and compel him finally, to nominally lower the price of labour, until the total price of the increased number of hours is lowered, and, therefore, the daily or weekly wage. Reference to two circumstances is

sufficient here. If one man does the work of 1½ or 2 men, the supply of labour increases, although the supply of labour-power on the market remains constant. The competition thus created between the labourers allows the capitalist to beat down the price of labour, whilst the falling price of labour allows him, on the other hand, to screw up still further the working-time. Soon, however, this command over abnormal quantities of unpaid labour, i.e., quantities in excess of the average social amount, becomes a source of competition amongst the capitalists themselves. A part of the price of the commodity consists of the price of labour. The unpaid part of the labour-price need not be reckoned in the price of the commodity. It may be presented to the buyer. This is the first step to which competition leads. The second step to which it drives, is to exclude also from the selling-price of the commodity, at least a part of the abnormal surplus-value created by the extension of the working-day. In this way an abnormally low selling-price of the commodity arises, at first sporadically, and becomes fixed by degrees; a lower selling price which henceforward becomes the constant basis of a miserable wage for an excessive working-time, as originally it was the product of these very circumstances. This movement is simply indicated here, as the analysis of competition does not belong to this part of our subject. Nevertheless, the capitalist may, for a moment, speak for himself. "In Birmingham there is so much competition of masters one against another, that many are obliged to do things as employers that they would otherwise be ashamed of; and yet no more money is made, but only the public gets the benefit." The reader will remember the two sorts of London bakers, of whom one sold the bread at its full price (the "full-priced" bakers), the other below its normal price ("the underpriced," "the undersellers"). The "full-priced" denounced their rivals before the Parliamentary Committee of Inquiry: "They only exist now by first defrauding the public, and next getting 18 hours' work out of their men for 12 hours' wages.... The unpaid labour of the men was made...the source whereby the competition was carried on, and continues so to this day.... The competition among the master bakers is the cause of the difficulty in getting rid of night-work. An underseller, who sells his bread below the cost price according to the price of flour, must make it up by getting more out of the labour of the men.... If I got only 12 hours' work out of my men, and my neighbour got 18 or 20, he must beat me in the selling price. If the men could insist on payment for over-work, this would be set right.... A large

number of those employed by the undersellers are foreigners, and youths, who are obliged to accept almost any wages they can obtain.”

This jeremiad is also interesting because it shows, how the appearance only of the relations of production mirrors itself in the brain of the capitalist. The capitalist does not know that the normal price of labour also includes a definite quantity of unpaid labour, and that this very unpaid labour is the normal source of his gain. The category, surplus-labour-time, does not exist at all for him, since it is included in the normal working-day, which he thinks he has paid for in the day's wages. But overtime does exist for him, the prolongation of the working day beyond the limits corresponding with the usual price of labour. Face to face with his underselling competitor, he even insists upon extra pay for this overtime. He again does not know that this extra pay includes unpaid labour, just as well as does the price of the customary hour of labour. For example, the price of one hour of the 12 hours' working-day is 3d., say the value-product of half a working-hour, whilst the price of the overtime working-hour is 4d., or the value-product of  $\frac{2}{3}$  of a working-hour. In the first case the capitalist appropriates to himself one-half, in the second, one-third of the working-hours without paying for it.

## CHAPTER XXI. PIECE-WAGES.

WAGES by the piece are nothing else than a converted form of wages by time, just as wages by time are a converted form of the value or price of labour-power.

In piece-wages it seems at first sight as if the use-value bought from the labourer was, not the function of his labour-power, living labour, but labour already realised in the product, and as if the price of this labour was determined, not as with time-wages, by the fraction, (daily value of labor power)/(working day of given number of hours) but by the capacity for work of the producer.

The confidence that trusts in this appearance ought to receive a first severe shock from the fact that both forms of wages exist side by side, simultaneously, in the same branches of industry; e.g., “the compositors of London, as a general rule, work by the piece, time-work being the exception, while those in the country work by the day, the exception being work by the piece. The shipwrights of the port of London work by the job or piece, while those of all other parts work by the day.”

In the same saddlery shops of London, often for the same work, piece-wages are paid to the French, time-wages to the English. In the regular factories in which throughout piece-wages predominate, particular kinds of work are unsuitable to this form of wage, and are therefore paid by time. But it is moreover self-evident that the difference of form in the payment of wages alters in no way their essential nature, although the one form may be more favorable to the development of capitalist production than the other.

Let the ordinary working day contain 12 hours of which 6 are paid, 6 unpaid. Let its value-product be 6 shillings, that of one hour's labour therefore 6d. Let us suppose that, as the result of experience, a labourer who works with the average amount of intensity and skill, who, therefore, gives in fact only the time socially necessary to the production of an article, supplies in 12 hours 24 pieces, either distinct products or measurable parts of a continuous whole. Then the value of these 24 pieces, after subtraction of the portion of constant capital contained in them, is 6 shillings, and the value of a single piece 3d. The labourer receives 1½d. per piece, and thus earns in 12 hours 3 shillings. Just as, with time-wages, it does not matter whether we assume that the labourer works 6 hours for himself and 6 hours

for the capitalist, or half of every hour for himself, and the other half for the capitalist, so here it does not matter whether we say that each individual piece is half paid, and half unpaid for, or that the price of 12 pieces is the equivalent only of the value of the labour-power, whilst in the other 12 pieces surplus-value is incorporated.

The form of piece-wages is just as irrational as that of time-wages. Whilst in our example two pieces of a commodity, after subtraction of the value of the means of production consumed in them, are worth 6d. as being the product of one hour, the labourer receives for them a price of 3d. Piece-wages do not, in fact, distinctly express any relation of value. It is not, therefore, a question of measuring the value of the piece by the working time incorporated in it, but on the contrary of measuring the working-time the labourer has expended, by the number of pieces he has produced. In time-wages the labour is measured by its immediate duration, in piece-wages by the quantity of products in which the labour has embodied itself during a given time. The price of labour-time itself is finally determined by the equation; value of a day's labour=daily value of labour-power. Piece-wage is, therefore, only a modified form of time-wage.

Let us now consider a little more closely the characteristic peculiarities of piece-wages.

The quality of the labour is here controlled by the work itself, which must be of average perfection if the piece-price is to be paid in full. Piece-wages become, from this point of view, the most fruitful source of reductions of wages and capitalistic cheating.

They furnish to the capitalist an exact measure for the intensity of labour. Only the working-time which is embodied in a quantum of commodities determined beforehand and experimentally fixed, counts as socially necessary working time, and is paid as such. In the larger workshops of the London tailors, therefore, a certain piece of work, a waistcoat e.g., is called an hour, or half an hour, the hour at 6d. By practise it is known how much is the average product of one hour. With new fashions, repairs, etc., a contest arises between master and labourer, whether a particular piece of work is one hour, and so on, until here also experience decides. Similarly in the London furniture workshops, etc. If the labourer does not possess the average capacity, if he cannot in consequence supply a certain minimum of work per day, he is dismissed.

Since the quality and intensity of the work are here controlled by the form of wage itself, superintendence of labour becomes in great part superfluous. Piece-wages therefore lay the foundation of the modern “domestic labour,” described above, as well as of a hierarchically organised system of exploitation and oppression. The latter has two fundamental forms. On the one hand piece-wages facilitate the interposition of parasites between the capitalist and the wage-labourer, the “sub-letting of labour.” The gain of these middle-men comes entirely from the difference between the labour price which the capitalist pays, and the part of that price which they actually allow to reach the labourer. In England this system is characteristically called the “Sweating system.” On the other hand piece-wage allows the capitalist to make a contract for so much per piece with the head labourer — in manufactures with the chief of some group, in mines with the extractor of the coal, in the factory with the actual machine-worker — at a price for which the head labourer himself undertakes the enlisting and payment of his assistant workpeople. The exploitation of the labourer by capital is here effected through the exploitation of the labourer by the labourer.

Given piece-wage, it is naturally the personal interest of the labourer to strain his labour-power as intensely as possible; this enables the capitalist to raise more easily the normal degree of intensity of labour. It is moreover now the personal interest of the labourer to lengthen the working day, since with it his daily or weekly wages rise. This gradually brings on a reaction like that already described in time-wages, without reckoning that the prolongation of the working day, even if the piece-wage remains constant, includes of necessity a fall in the price of the labour.

In time-wages, with few exceptions, the same wage holds for the same kind of work, whilst in piece-wages, though the price of the working time is measured by a certain quantity of product, the day’s or week’s wage will vary with the individual differences of the labourers, of whom one supplies in a given time the minimum of product only, another the average, a third more than the average. With regard to actual receipts there is, therefore, great variety according to the different skill, strength, energy, staying-power, etc., of the individual labourers. Of course this does not alter the general relations between capital and wage-labour. First, the individual differences balance one another in the workshop as a whole, which thus supplies in a given working-time the average product, and the total wages

paid will be the average wages of that particular branch of industry. Second, the proportion between wages and surplus-value remains unaltered, since the mass of surplus-labour supplied by each particular labourer corresponds with the wage received by him. But the wider scope that piece-wage gives to individuality, tends to develop on the one hand that individuality, and with it the sense of liberty, independence, and self-control of the labourers, on the other, their competition one with another. Piece-work has, therefore, a tendency, while raising individual wages above the average, to lower this average itself. But where a particular rate of piece-wage has for a long time been fixed by tradition, and its lowering, therefore, presented especial difficulties, the masters, in such exceptional cases, sometimes had recourse to its compulsory transformation into time-wages. Hence, e.g., in 1860 a great strike among the ribbon-weavers of Coventry. Piece-wage is finally one of the chief supports of the hour-system described in the preceding chapter.

From what has been shown so far, it follows that piece-wage is the form of wages most in harmony with the capitalist mode of production. Although by no means new — it figures side by side with time-wages officially in the French and English labour statutes of the 14th century — it only conquers a larger field for action during the period of Manufacture, properly so-called. In the stormy youth of Modern Industry, especially from 1797 to 1815, it served as a lever for the lengthening of the working day, and the lowering of wages. Very important materials for the fluctuation of wages during that period are to be found in the Blue-books: “Report and Evidence from the Select Committee on Petitions respecting the Corn Laws,” (Parliamentary Session of 1813-14), and “Report from the Lords’ Committee, on the state of the Growth, Commerce, and Consumption of Grain, and all Laws relating thereto,” (Session of 1814-15). Here we find documentary evidence of the constant lowering of the price of labour from the beginning of the Anti-Jacobin War. In the weaving industry, e.g., piece-wages had fallen so low that in spite of the very great lengthening of the working day, the daily wages were then lower than before. “The real earnings of the cotton weaver are now far less than they were; his superiority over the common labourer, which at first was very great, has now almost entirely ceased. Indeed...the difference in the wages of skilful and common labour is far less now than at any former period.” How little the increased intensity and extension of labour through piece-wages benefited the agricultural proletariat, the

following passage borrowed from a work on the side of the landlords and farmers shows: “By far the greater part of agricultural operations is done by people, who are hired for the day or on piece-work. Their weekly wages are about 12s., and although it may be assumed that a man earns on piece-work under the greater stimulus to labour, 1s. or perhaps 2s. more than on weekly wages, yet it is found, on calculating his total income, that his loss of employment, during the year, outweighs this gain...Further, it will generally be found that the wages of these men bear a certain proportion to the price of the necessary means of subsistence, so that a man with two children is able to bring up his family without recourse to parish relief.” Malthus at that time remarked with reference to the facts published by Parliament: “I confess that I see, with misgiving, the great extension of the practice of piece-wage. Really hard work during 12 or 14 hours of the day, or for any longer time, is too much for any human being.”

In the workshops under the Factory Acts, piece-wage becomes the general rule, because capital can there only increase the efficacy of the working day by intensifying labour.

With the changing productiveness of labour the same quantum of product represents a varying working time. Therefore, piece-wage also varies, for it is the money expression of a determined working time. In our example above, 24 pieces were produced in 12 hours, whilst the value of the product of the 12 hours was 6s., the daily value of the labour-power 3s., the price of the labour-hour 3d., and the wage for one piece 1½d. In one piece half-an-hour’s labour was absorbed. If the same working day now supplies, in consequence of the doubled productiveness of labour, 48 pieces instead of 24, and all other circumstances remain unchanged, then the piece-wage falls from 1½d. to ¾d., as every piece now only represents ¼, instead of ½ of a working hour. 24 by 1½d. = 3s., and in like manner 48 by ¾d. = 3s. In other words, piece-wage is lowered in the same proportion as the number of the pieces produced in the same time rises, and therefore as the working time spent on the same piece falls. This change in piece-wage, so far purely nominal, leads to constant battles between capitalist and labour. Either because the capitalist uses it as a pretext for actually lowering the price of labour, or because increased productive power of labour is accompanied by an increased intensity of the same. Or because the labourer takes seriously the appearance of piece-wages, viz., that his product is paid for, and not his labour-power, and therefore revolts against a lowering of

wages, unaccompanied by a lowering in the selling price of the commodity. “The operatives.... carefully watch the price of the raw material and the price of manufactured goods, and are thus enabled to form an accurate estimate of their master’s profits.”

The capitalist rightly knocks on the head such pretensions as gross errors as to the nature of wage-labour. He cries out against this usurping attempt to lay taxes on the advance of industry, and declares roundly that the productiveness of labour does not concern the labourer at all.

## CHAPTER XXII. NATIONAL DIFFERENCES OF WAGES.

IN the 17th chapter we were occupied with the manifold combinations which may bring about a change in magnitude of the value of labour-power — this magnitude being considered either absolutely or relatively, i.e., as compared with surplus-value; whilst on the other hand, the quantum of the means of subsistence in which the price of labour is realised might again undergo fluctuations independent of, or different from, the changes of this price. As has been already said, the simple translation of the value or respectively of the price of labour-power into the exoteric form of wages transforms all these laws into laws of the fluctuations of wages. That which appears in these fluctuations of wages within a single country as a series of varying combinations, may appear in different countries as contemporaneous difference of national wages. In the comparison of the wages in different nations, we must therefore take into account all the factors that determine changes in the amount of the value of labour-power; the price and the extent of the prime necessities of life as naturally and historically developed, the cost of training the labourers, the part played by the labour of women and children, the productiveness of labour, its extensive and intensive magnitude. Even the most superficial comparison requires the reduction first of the average day-wage for the same trades, in different countries, to a uniform working day. After this reduction to the same terms of the day-wages, time-wage must again be translated into piece-wage, as the latter only can be a measure both of the productivity and the intensity of labour.

In every country there is a certain average intensity of labour, below which the labour for the production of a commodity requires more than the socially necessary time, and therefore does not reckon as labour of normal quality. Only a degree of intensity above the national average affects, in a given country, the measure of value of the mere duration of the working time. This is not the case on the universal market, whose integral parts are the individual countries. The average intensity of labour changes from country to country; here it is greater, there less. These national averages form a scale, whose unit of measure is the average unit of universal labour.

The more intense national labour, therefore, as compared with the less intense, produces in the same time more value, which expresses itself in more money.

But the law of value in its international application is yet more modified by this, that on the world-market the more productive national labour reckons also as the more intense, so long as the more productive nation is not compelled by competition to lower the selling price of its commodities to the level of their value.

In proportion as capitalist production is developed in a country, in the same proportion do the national intensity and productivity of labour there rise above the international level. The different quantities of commodities of the same kind, produced in different countries in the same working time, have, therefore, unequal international values, which are expressed in different prices, i.e., in sums of money varying according to international values. The relative value of money will, therefore, be less in the nation with more developed capitalist mode of production than in the nation with less developed. It follows, then, that the nominal wages, the equivalent of labour-power expressed in money, will also be higher in the first nation than in the second; which does not at all prove that this holds also for the real wages, i.e., for the means of subsistence placed at the disposal of the labourer.

But even apart from these relative differences of the value of money in different countries, it will be found, frequently, that the daily or weekly, 8c., wage in the first nation is higher than in the second, whilst the relative price of labour, i.e., the price of labour as compared both with surplus-value and with the value of the product, stands higher in the second than in the first.

J. W. Cowell, member of the Factory Commission of 1833, after careful investigation of the spinning trade, came to the conclusion that, "in England wages are virtually lower to the capitalist, though higher to the operative than on the Continent of Europe." (Ure, .) The English Factory Inspector, Alexander Redgrave, in his Report of Oct. 31st, 1866, proves by comparative statistics with Continental states, that in spite of lower wages and much longer working-time, Continental labour is, in proportion to the product, dearer than English. An English manager of a cotton factory in Oldenburg, declares that the working-time there lasted from 5.30 a.m. to 8 p.m., Saturdays included, and that the workpeople there, when under English overlookers, did not supply during this time quite so much product

as the English in 10 hours, but under German overlookers much less. Wages are much lower than in England, in many cases 50%, but the number of hands in proportion to the machinery was much greater, in certain departments in the proportion of 5:3. — Mr. Redgrave gives very full details as to the Russian cotton factories. The data were given him by an English manager until recently employed there. On this Russian soil, so fruitful of all infamies, the old horrors of the early days of English factories are in full swing. The managers are, of course, English, as the native Russian capitalist is of no use in factory business. Despite all over-work, continued day and night, despite the most shameful under-payment of the workpeople, Russian manufacture manages to vegetate only by prohibition of foreign competition. I give, in conclusion, a comparative table of Mr. Redgrave's, on the average number of spindles per factory and per spinner in the different countries of Europe. He, himself, remarks that he had collected these figures a few years ago, and that since that time the size of the factories and the number of spindles per labourer in England has increased. He supposes, however, an approximately equal progress in the Continental countries mentioned, so that the numbers given would still have their value for purposes of comparison.

### AVERAGE NUMBER OF SPINDLES PER FACTORY.

England, average of spindles per factory	12,600
France, average of spindles per factory	1,500
Prussia, average of spindles per factory	1,500
Belgium, average of spindles per factory	4,000
Saxony, average of spindles per factory	4,500
Austria, average of spindles per	7,000

factory

Switzerland average of spindles per  
factory 8,000

AVERAGE NUMBER OF PERSONS EMPLOYED  
TO SPINDLES.

France,	one person to	14	spindles
Russia,	one person to	28	spindles
Prussia,	one person to	37	spindles
Bavaria,	one person to	46	spindles
Austria,	one person to	49	spindles
Belgium,	one person to	50	spindles
Saxony,	one person to	50	spindles
Switzerland,	one person to	55	spindles
Smaller States of Germany,	one person to	55	spindles
Great Britain,	one person to	74	spindles

“This comparison,” says Mr. Redgrave, “is yet more un-favourable to Great Britain, inasmuch as there is so large a number of factories in which weaving by power is carried on in conjunction with spinning [whilst in the table the weavers are not deducted], and the factories abroad are chiefly spinning factories; if it were possible to compare like with like, strictly, I could find many cotton spinning factories in my district in which mules containing 2,200 spindles are minded by one man (the “minder”) and two assistants only, turning off daily 220 lbs. of yarn, measuring 400 miles in length.” (Reports of Insp. of Fact., 31st Oct., 1866, -33, passim.)

It is well known that in Eastern Europe as well as in Asia, English companies have undertaken the construction of railways, and have, in making them, employed side by side with the native labourers, a certain number of English workingmen. Compelled by practical necessity, they thus have had to take into account the national difference in the intensity of labour, but this has brought them no loss. Their experience shows that even if the height of wages corresponds more or less with the average intensity of labour, the relative price of labour varies generally in the inverse direction.

In an “Essay on the Rate of Wages,” one of his first economic writings, H. Carey tries to prove that the wages of the different nations are directly proportional to the degree of productiveness of the national working days, in order to draw from this international relation, the conclusion that wages everywhere rise and fall in proportion to the productiveness of labour. The whole of our analysis of the production of surplus value shows the absurdity of this conclusion, even if Carey himself had proved his premises, instead of, after his usual uncritical and superficial fashion, shuffling to and fro a confused mass of statistical materials. The best of it is that he does not assert that things actually are as they ought to be according to his theory. For State intervention has falsified the natural economic relations. The different national wages must be reckoned, therefore, as if that part of each that goes to the State in the form of taxes, came to the labourer himself. Ought not Mr. Carey to consider further whether those “State expenses” are not the “natural” fruits of capitalistic development? The reasoning is quite worthy of the man who first declared the relations of capitalist production to be eternal laws of nature and reason, whose free, harmonious working is only disturbed by the intervention of the State, in order afterwards to discover that the diabolical influence of England on the world-market (an

influence which, it appears, does not spring from the natural laws of capitalist production) necessitates State intervention, i.e., the protection of those laws of nature and reason by the State, alias the System of Protection. He discovered further, that the theorems of Ricardo and others, in which existing social antagonisms and contradictions are formulated, are not the ideal product of the real economic movement, but on the contrary, that the real antagonisms of capitalist production in England and elsewhere are the result of the theories of Ricardo and others! Finally, he discovered that it is, in the last resort, commerce that destroys the inborn beauties and harmonies of the capitalist mode of production. A step further, and he will, perhaps, discover that the one evil in capitalist production is capital itself. Only a man with such atrocious want of the critical faculty and such spurious erudition deserved, in spite of his Protectionist heresy, to become the secret source of the harmonious wisdom of a Bastiat, and of all the other Free Trade optimists of to-day.

## PART VII. THE ACCUMULATION OF CAPITAL.

THE conversion of a sum of money into means of production and labour-power, is the first step taken by the quantum of value that is going to function as capital. This conversion takes place in the market, within the sphere of circulation. The second step, the process of production, is complete so soon as the means of production have been converted into commodities whose value exceeds that of their component parts, and, therefore, contains the capital originally advanced, plus a surplus-value. These commodities must then be thrown into circulation. They must be sold, their value realised in money, this money afresh converted into capital, and so over and over again. This circular movement, in which the same phases are continually gone through in succession, forms the circulation of capital.

The first condition of accumulation is that the capitalist must have contrived to sell his commodities, and to reconvert into capital the greater part of the money so received. In the following pages we shall assume that capital circulates in its normal way. The detailed analysis of the process will be found in Book II.

The capitalist who produces surplus-value — i.e., who extracts unpaid labour directly from the labourers, and fixes it in commodities, is, indeed, the first appropriator, but by no means the ultimate owner, of this surplus-value. He has to share it with capitalists, with landowners, &c., who fulfill other functions in the complex of social production. Surplus-value, therefore, splits up into various parts. Its fragments fall to various categories of persons, and take various forms, independent the one of the other, such as profit, interest, merchants' profit, rent, &c. It is only in Book III. that we can take in hand these modified forms of surplus-value.

On the one hand, then, we assume that the Capitalist sells at their value the commodities he has produced, without concerning ourselves either about the new forms that capital assumes while in the sphere of circulation, or about the concrete conditions of reproduction hidden under these forms. On the other hand, we treat the capitalist producer as owner of the entire surplus-value, or, better perhaps, as the representative of all the sharers with

him in the booty. We, therefore, first of all consider accumulation from an abstract point of view — i.e., as a mere phase in the actual process of production.

So far as accumulation takes place, the capitalist must have succeeded in selling his commodities, and in reconverting the sale-money into capital. Moreover, the breaking-up of surplus-value into fragments neither alters its nature nor the conditions under which it becomes an element of accumulation. Whatever be the proportion of surplus-value which the industrial capitalist retains for himself, or yields up to others, he is the one who, in the first instance, appropriates it. We, therefore, assume no more than what actually takes place. On the other hand, the simple fundamental form of the process of accumulation is obscured by the incident of the circulation which brings it about, and by the splitting up of surplus-value. An exact analysis of the process, therefore, demands that we should, for a time, disregard all phenomena that hide the play of its inner mechanism.

## CHAPTER XXIII. SIMPLE REPRODUCTION.

WHATEVER the form of the process of production in a society, it must be a continuous process, must continue to go periodically through the same phases. A society can no more cease to produce than it can cease to consume. When viewed, therefore, as a connected whole, and as flowing on with incessant renewal, every social process of production is, at the same time, a process of reproduction.

The conditions of production are also those of reproduction. No society can go on producing, in other words, no society can reproduce, unless it constantly reconverts a part of its products into means of production, or elements of fresh products. All other circumstances remaining the same, the only mode by which it can reproduce its wealth, and maintain it at one level, is by replacing the means of production — i.e., the instruments of labour, the raw material, and the auxiliary substances consumed in the course of the year — by an equal quantity of the same kind of articles; these must be separated from the mass of the yearly products, and thrown afresh into the process of production. Hence, a definite portion of each year's product belongs to the domain of production. Destined for productive consumption from the very first, this portion exists, for the most part, in the shape of articles totally unfitted for individual consumption.

If production be capitalistic in form, so, too, will be reproduction. Just as in the former the labour-process figures but as a means towards the self-expansion of capital, so in the latter it figures but as a means of reproducing as capital — i.e., as self-expanding value, — the value advanced. It is only because his money constantly functions as capital that the economical guise of a capitalist attaches to a man. If, for instance, a sum of £100 has this year been converted into capital, and produced a surplus-value of £20, it must continue during next year, and subsequent years, to repeat the same operation. As a periodic increment of the capital advanced, or periodic fruit of capital in process, surplus-value acquires the form of a revenue flowing out of capital.

If this revenue serve the capitalist only as a fund to provide for his consumption, and be spent as periodically as it is gained, then, *cæteris paribus*, simple reproduction will take place. And although this

reproduction is a mere repetition of the process of production on the old scale, yet this mere repetition, or continuity, gives a new character to the process, or, rather, causes the disappearance of some apparent characteristics which it possessed as an isolated discontinuous process.

The purchase of labour-power for a fixed period is the prelude to the process of production; and this prelude is constantly repeated when the stipulated term comes to an end, when a definite period of production, such as a week or a month, has elapsed. But the labourer is not paid until after he has expended his labour-power, and realised in commodities not only its value, but surplus-value. He has, therefore, produced not only surplus-value, which we for the present regard as a fund to meet the private consumption of the capitalist, but he has also produced, before it flows back to him in the shape of wages, the fund out of which he himself is paid, the variable capital; and his employment lasts only so long as he continues to reproduce this fund. Hence, that formula of the economists, referred to in Chapter XVIII., which represents wages as a share in the product itself. What flows back to the labourer in the shape of wages is a portion of the product that is continuously reproduced by him. The capitalist, it is true, pays him in money, but this money is merely the transmuted form of the product of his labour. While he is converting a portion of the means of production into products, a portion of his former product is being turned into money. It is his labour of last week, or of last year, that pays for his labour-power this week or this year. The illusion begotten by the intervention of money vanishes immediately, if, instead of taking a single capitalist and a single labourer, we take the class of capitalists and the class of labourers as a whole. The capitalist class is constantly giving to the labouring class order-notes, in the form of money, on a portion of the commodities produced by the latter and appropriated by the former. The labourers give these order-notes back just as constantly to the capitalist class, and in this way get their share of their own product. The transaction is veiled by the commodity-form of the product and the money-form of the commodity.

Variable capital is therefore only a particular historical form of appearance of the fund for providing the necessaries of life, or the labour-fund which the labourer requires for the maintenance of himself and family, and which, whatever be the system of social production, he must himself produce and reproduce. If the labour-fund constantly flows to him in the

form of money that pays for his labour, it is because the product he has created moves constantly away from him in the form of capital. But all this does not alter the fact, that it is the labourer's own labour, realised in a product, which is advanced to him by the capitalist. Let us take a peasant liable to do compulsory service for his lord. He works on his own land, with his own means of production, for, say, 3 days a week. The 3 other days he does forced work on the lord's domain. He constantly reproduces his own labour-fund, which never, in his case, takes the form of a money payment for his labour, advanced by another person. But in return, his unpaid forced labour for the lord, on its side, never acquires the character of voluntary paid labour. If one fine morning the lord appropriates to himself the land, the cattle, the seed, in a word, the means of production of this peasant, the latter will thenceforth be obliged to sell his labour-power to the lord. He will, *cæteris paribus*, labour 6 days a week as before, 3 for himself, 3 for his lord, who thenceforth becomes a wages-paying capitalist. As before, he will use up the means of production as means of production, and transfer their value to the product. As before, a definite portion of the product will be devoted to reproduction. But from the moment that the forced labour is changed into wage-labour, from that moment the labour-fund, which the peasant himself continues as before to produce and reproduce, takes the form of a capital advanced in the form of wages by the lord. The bourgeois economist whose narrow mind is unable to separate the form of appearance from the thing that appears, shuts his eyes to the fact, that it is but here and there on the face of the earth, that even now-a-days the labour-fund crops up in the form of capital.

Variable capital, it is true, only then loses its character of a value advanced out of the capitalist's funds, when we view the process of capitalist production in the flow of its constant renewal. But that process must have had a beginning of some kind. From our present stand-point it therefore seems likely that the capitalist, once upon a time, became possessed of money, by some accumulation that took place independently of the unpaid labour of others, and that this was, therefore, how he was enabled to frequent the market as a buyer of labour-power. However this may be, the mere continuity of the process, the simple reproduction, brings about some other wonderful changes, which affect not only the variable, but the total capital.

If a capital of £1000 beget yearly a surplus-value of £200, and if this surplus-value be consumed every year, it is clear that at the end of 5 years the surplus-value consumed will amount to  $5 \times £200$  or the £1000 originally advanced. If only a part, say one half, were consumed, the same result would follow at the end of 10 years, since  $10 \times £100 = £1000$ . General Rule: The value of the capital advanced divided by the surplus-value annually consumed, gives the number of years, or reproduction periods, at the expiration of which the capital originally advanced has been consumed by the capitalist and has disappeared. The capitalist thinks, that he is consuming the produce of the unpaid labour of others, i.e., the surplus-value, and is keeping intact his original capital; but what he thinks cannot alter facts. After the lapse of a certain number of years the capital value he then possesses is equal to the sum total of the surplus-value appropriated by him during those years, and the total value he has consumed is equal to that of his original capital. It is true, he has in hand a capital whose amount has not changed, and of which a part, viz., the buildings, machinery, &c., were already there when the work of his business began. But what we have to do with here, is not the material elements, but the value, of that capital. When a person gets through all his property, by taking upon himself debts equal to the value of that property, it is clear that his property represents nothing but the sum total of his debts. And so it is with the capitalist; when he has consumed the equivalent of his original capital, the value of his present capital represents nothing but the total amount of the surplus-value appropriated by him without payment. Not a single atom of the value of his old capital continues to exist.

Apart then from all accumulation, the mere continuity of the process of production, in other words simple reproduction, sooner or later, and of necessity, converts every capital into accumulated capital, or capitalised surplus-value. Even if that capital was originally acquired by the personal labour of its employer, it sooner or later becomes value appropriated without an equivalent, the unpaid labour of others materialised either in money or in some other object. We saw in chapter IV. that in order to convert money into capital something more is required than the production and circulation of commodities. We saw that on the one side the possessor of value or money, on the other, the possessor of the value-creating substance; on the one side, the possessor of the means of production and subsistence, on the other, the possessor of nothing but labour-power, must

confront one another as buyer and seller. The separation of labour from its product, of subjective labour-power from the objective conditions of labour, was therefore the real foundation in fact, and the starting point of capitalist production.

But that which at first was but a starting point, becomes, by the mere continuity of the process, by simple reproduction, the peculiar result, constantly renewed and perpetuated, of capitalist production. On the one hand, the process of production incessantly converts material wealth into capital, into means of creating more wealth and means of enjoyment for the capitalist. On the other hand the labourer, on quitting the process, is what he was on entering it, a source of wealth, but devoid of all means of making that wealth his own. Since, before entering on the process, his own labour has already been alienated from himself by the sale of his labour-power, has been appropriated by the capitalist and incorporated with capital, it must, during the process, be realised in a product that does not belong to him. Since the process of production is also the process by which the capitalist consumes labour-power, the product of the labourer is incessantly converted, not only into commodities, but into capital, into value that sucks up the value-creating power, into means of subsistence that buy the person of the labourer, into means of production that command the producers. The labourer therefore constantly produces material, objective wealth, but in the form of capital, of an alien power that dominates and exploits him; and the capitalist as constantly produces labour-power, but in the form of a subjective source of wealth, separated from the objects in and by which it can alone be realised; in short he produces the labourer, but as a wage-labourer. This incessant reproduction, this perpetuation of the labourer, is the sine qua non of capitalist production.

The labourer consumes in a twofold way. While producing he consumes by his labour the means of production, and converts them into products with a higher value than that of the capital advanced. This is his productive consumption. It is at the same time consumption of his labour-power by the capitalist who bought it. On the other hand, the labourer turns the money paid to him for his labour-power, into means of subsistence: this is his individual consumption. The labourer's productive consumption, and his individual consumption, are therefore totally distinct. In the former, he acts as the motive power of capital, and belongs to the capitalist. In the latter, he belongs to himself, and performs his necessary vital functions outside the

process of production. The result of the one is, that the capitalist lives; of the other, that the labourer lives.

When treating of the working-day, we saw that the labourer is often compelled to make his individual consumption a mere incident of production. In such a case, he supplies himself with necessaries in order to maintain his labour-power, just as coal and water are supplied to the steam engine and oil to the wheel. His means of consumption, in that case, are the mere means of consumption required by a means of production; his individual consumption is directly productive consumption. This, however, appears to be an abuse not essentially appertaining to capitalist production.

The matter takes quite another aspect, when we contemplate, not the single capitalist, and the single labourer, but the capitalist class and the labouring class, not an isolated process of production, but capitalist production in full swing, and on its actual social scale. By converting part of his capital into labour-power, the capitalist augments the value of his entire capital. He kills two birds with one stone. He profits, not only by what he receives from, but by what he gives to, the labourer. The capital given in exchange for labour-power is converted into necessaries, by the consumption of which the muscles, nerves, bones, and brains of existing labourers are reproduced, and new labourers are begotten. Within the limits of what is strictly necessary, the individual consumption of the working class is, therefore, the reconversion of the means of subsistence given by capital in exchange for labour-power, into fresh labour-power at the disposal of capital for exploitation. It is the production and reproduction of that means of production so indispensable to the capitalist: the labourer himself. The individual consumption of the labourer, whether it proceed within the workshop or outside it, whether it be part of the process of production or not, forms therefore a factor of the production and reproduction of capital; just as cleaning machinery does, whether it be done while the machinery is working or while it is standing. The fact that the labourer consumes his means of subsistence for his own purposes, and not to please the capitalist, has no bearing on the matter. The consumption of food by a beast of burden is none the less a necessary factor in the process of production, because the beast enjoys what it eats. The maintenance and reproduction of the working-class is, and must ever be, a necessary condition to the reproduction of capital. But the capitalist may safely leave its fulfillment to the labourer's instincts of self-preservation and of

propagation. All the capitalist cares for, is to reduce the labourer's individual consumption as far as possible to what is strictly necessary, and he is far away from imitating those brutal South Americans, who force their labourers to take the more substantial, rather than the less substantial, kind of food.

Hence both the capitalist and his ideological representative, the political economist, consider that part alone of the labourer's individual consumption to be productive, which is requisite for the perpetuation of the class, and which therefore must take place in order that the capitalist may have labour-power to consume; what the labourer consumes for his own pleasure beyond that part, is unproductive consumption. If the accumulation of capital were to cause a rise of wages and an increase in the labourer's consumption, unaccompanied by increase in the consumption of labour-power by capital, the additional capital would be consumed unproductively. In reality, the individual consumption of the labourer is unproductive as regards himself, for it reproduces nothing but the needy individual; it is productive to the capitalist and the State, since it is the production of the power that creates their wealth.

From a social point of view, therefore, the working-class, even when not directly engaged in the labour-process, is just as much an appendage of capital as the ordinary instruments of labour. Even its individual consumption is, within certain limits, a mere factor in the process of production. That process, however, takes good care to prevent these self-conscious instruments from leaving it in the lurch, for it removes their product, as fast as it is made, from their pole to the opposite pole of capital. Individual consumption provides, on the one hand, the means for their maintenance and reproduction: on the other hand, it secures by the annihilation of the necessaries of life, the continued reappearance of the workman in the labour-market. The Roman slave was held by fetters: the wage-labourer is bound to his owner by invisible threads. The appearance of independence is kept up by means of a constant change of employers, and by the *fictio juris* of a contract.

In former times, capital resorted to legislation, whenever necessary, to enforce its proprietary rights over the free labourer. For instance, down to 1815, the emigration of mechanics employed in machine making was, in England, forbidden, under grievous pains and penalties.

The reproduction of the working class carries with it the accumulation of skill, that is handed down from one generation to another. To what extent the capitalist reckons the existence of such a skilled class among the factors of production that belong to him by right, and to what extent he actually regards it as the reality of his variable capital, is seen so soon as a crisis threatens him with its loss. In consequence of the civil war in the United States and of the accompanying cotton famine, the majority of the cotton operatives in Lancashire were, as is well known, thrown out of work. Both from the working-class itself, and from other ranks of society, there arose a cry for State aid, or for voluntary national subscriptions, in order to enable the “superfluous” hands to emigrate to the colonies or to the United States. Thereupon, the “Times” published on the 24th March, 1863, a letter from Edmund Potter, a former president of the Manchester Chamber of Commerce. This letter was rightly called in the House of Commons, the manufacturers’ manifesto. We cull here a few characteristic passages, in which the proprietary rights of capital over labour-power are unblushingly asserted.

“He” (the man out of work) “may be told the supply of cotton-workers is too large...and...must...in fact be reduced by a third, perhaps, and that then there will be a healthy demand for the remaining two-thirds...Public opinion...urges emigration...The master cannot willingly see his labour supply being removed; he may think, and perhaps justly, that it is both wrong and unsound...But if the public funds are to be devoted to assist emigration, he has a right to be heard, and perhaps to protest.” Mr. Potter then shows how useful the cotton trade is, how the “trade has undoubtedly drawn the surplus-population from Ireland and from the agricultural districts,” how immense is its extent, how in the year 1860 it yielded 5/13ths of the total English exports, how, after a few years, it will again expand by the extension of the market, particularly of the Indian market, and by calling forth a plentiful supply of cotton at 6d. per lb. He then continues: “Some time..., one, two, or three years, it may be, will produce the quantity...The question I would put then is this — Is the trade worth retaining? Is it worth while to keep the machinery (he means the living labour machines) in order, and is it not the greatest folly to think of parting with that? I think it is. I allow that the workers are not a property, not the property of Lancashire and the masters; but they are the strength of both; they are the mental and trained power which cannot be replaced for a

generation; the mere machinery which they work might much of it be beneficially replaced, nay improved, in a twelve-month. Encourage or allow (!) the working-power to emigrate, and what of the capitalist?... Take away the cream of the workers, and fixed capital will depreciate in a great degree, and the floating will not subject itself to a struggle with the short supply of inferior labour.... We are told the workers wish it" (emigration). "Very natural it is that they should do so.... Reduce, compress the cotton trade by taking away its working power and reducing their wages expenditure, say one-fifth, or five millions, and what then would happen to the class above, the small shopkeepers; and what of the rents, the cottage rents.... Trace out the effects upward to the small farmer, the better house-holder, and...the landowner, and say if there could be any suggestion more suicidal to all classes of the country than by enfeebling a nation by exporting the best of its manufacturing population, and destroying the value of some of its most productive capital and enrichment.... I advise a loan (of five or six millions sterling),...extending it may be over two or three years, administered by special commissioners added to the Boards of Guardians in the cotton districts, under special legislative regulations, enforcing some occupation or labour, as a means of keeping up at least the moral standard of the recipients of the loan.... can anything be worse for landowners or masters than parting with the best of the workers, and demoralising and disappointing the rest by an extended depletive emigration, a depletion of capital and value in an entire province?"

Potter, the chosen mouthpiece of the manufacturers, distinguishes two sorts of "machinery," each of which belongs to the capitalist, and of which one stands in his factory, the other at night-time and on Sundays is housed outside the factory, in cottages. The one is inanimate, the other living. The inanimate machinery not only wears out and depreciates from day to day, but a great part of it becomes so quickly super-annuated, by constant technical progress, that it can be replaced with advantage by new machinery after a few months. The living machinery, on the contrary, gets better the longer it lasts, and in proportion as the skill, handed from one generation to another, accumulates. The "Times" answered the cotton lord as follows:

"Mr. Edmund Potter is so impressed with the exceptional and supreme importance of the cotton masters that, in order to preserve this class and perpetuate their profession, he would keep half a million of the labouring class confined in a great moral workhouse against their will. 'Is the trade

worth retaining?’ asks Mr. Potter. ‘Certainly by all honest means it is,’ we answer. ‘Is it worth while keeping the machinery in order?’ again asks Mr. Potter. Here we hesitate. By the ‘machinery’ Mr. Potter means the human machinery, for he goes on to protest that he does not mean to use them as an absolute property. We must confess that we do not think it ‘worth while,’ or even possible, to keep the human machinery in order — that is to shut it up and keep it oiled till it is wanted. Human machinery will rust under inaction, oil and rub it as you may. Moreover, the human machinery will, as we have just seen, get the steam up of its own accord, and burst or run a muck in our great towns. It might, as Mr. Potter says, require some time to reproduce the workers, but, having machinists and capitalists at hand, we could always find thrifty, hard, industrious men wherewith to improvise more master manufacturers than we can ever want. Mr. Potter talks of the trade reviving ‘in one, two, or three years,’ and he asks us not ‘to encourage or allow (!) the working power to emigrate.’ He says that it is very natural the workers should wish to emigrate; but he thinks that in spite of their desire, the nation ought to keep this half million of workers with their 700,000 dependents, shut up in the cotton districts; and as a necessary consequence, he must of course think that the nation ought to keep down their discontent by force, and sustain them by alms — and upon the chance that the cotton masters may some day want them...The time is come when the great public opinion of these islands must operate to save this ‘working power’ from those who would deal with it as they would deal with iron, and coal, and cotton.”

The “Times” article was only a jeu d’esprit. The “great public opinion” was, in fact, of Mr. Potter’s opinion, that the factory operatives are part of the movable fittings of a factory. Their emigration was prevented. They were locked up in that “moral workhouse,” the cotton districts, and they form, as before, “the strength” of the cotton manufacturers of Lancashire.

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

incessantly converts his own product into a means by which another man can purchase him. In reality, the labourer belongs to capital before he has sold himself to capital. His economical bondage is both brought about and concealed by the periodic sale of himself, by his change of masters, and by the oscillations in the market price of labour-power.

Capitalist production, therefore, under its aspect of a continuous connected process, of a process of reproduction, produces not only commodities, not only surplus-value, but it also produces and reproduces the capitalist relation; on the one side the capitalist, on the other the wage-labourer.

# CHAPTER XXIV. CONVERSION OF SURPLUS-VALUE INTO CAPITAL.

## SECTION I. — CAPITALIST PRODUCTION ON A PROGRESSIVELY INCREASING SCALE. TRANSITION OF THE LAWS OF PROPERTY THAT CHARACTERISE PRODUCTION OF COMMODITIES INTO LAWS OF CAPITALIST APPROPRIATION.

HITHERTO we have investigated how surplus-value emanates from capital; we have now to see how capital arises from surplus-value. Employing surplus-value as capital, reconvertng it into capital, is called accumulation of capital.

First let us consider this transaction from the standpoint of the individual capitalist. Suppose a spinner to have advanced a capital of £10,000, of which four-fifths (£8000) are laid out in cotton, machinery, &c., and one-fifth (£2000) in wages. Let him produce 240,000 lbs. of yarn annually, having a value of £12,000. The rate of surplus-value being 100%, the surplus-value lies in the surplus or net product of 40,000 lbs. of yarn, one sixth of the gross product, with a value of £2000 which will be realized by a sale. £2000 is £2000. We can neither see nor smell in this sum of money a trace of surplus-value. When we know that a given value is surplus-value, we know how its owner came by it; but that does not alter the nature either of value or of money.

In order to convert this additional sum of £2000 into capital, the master spinner will, all circumstances remaining as before, advance four-fifths of it (£1600) in the purchase of cotton, &c., and one-fifth (£400) in the purchase of additional spinners, who will find in the market the necessaries of life whose value the master has advanced to them. Then the new capital of £2000 functions in the spinning mill, and brings in, in its turn, a surplus-value of £400.

The capital-value was originally advanced in the money form. The surplus-value on the contrary is, originally, the value of a definite portion of the gross product. If this gross product be sold, converted into money, the capital-value regains its original form. From this moment the capital-value and the surplus-value are both of them sums of money, and their

reconversion into capital takes place in precisely the same way. The one, as well as the other, is laid out by the capitalist in the purchase of commodities that place him in a position to begin afresh the fabrication of his goods, and this time, on an extended scale. But in order to be able to buy those commodities, he must find them ready in the market.

His own yarns circulate, only because he brings his annual product to market, as all other capitalists likewise do with their commodities. But these commodities, before coming to market, were part of the general annual product, part of the total mass of objects of every kind, into which the sum of the individual capitals, i.e., the total capital of society, had been converted in the course of the year, and of which each capitalist had in hand only an aliquot part. The transactions in the market effectuate only the interchange of the individual components of this annual product, transfer them from one hand to another, but can neither augment the total annual production, nor alter the nature of the objects produced. Hence the use that can be made of the total annual product, depends entirely upon its own composition, but in no way upon circulation.

The annual production must in the first place furnish all those objects (use-values) from which the material components of capital, used up in the course of the year, have to be replaced. Deducting these there remains the net or surplus-product, in which the surplus-value lies. And of what does this surplus-product consist? Only of things destined to satisfy the wants and desires of the capitalist class, things which, consequently, enter into the consumption fund of the capitalists? Were that the case, the cup of surplus-value would be drained to the very dregs, and nothing but simple reproduction would ever take place.

To accumulate it is necessary to convert a portion of the surplus-product into capital. But we cannot, except by a miracle, convert into capital anything but such articles as can be employed in the labour-process (i.e., means of production), and such further articles as are suitable for the sustenance of the labourer, (i.e., means of subsistence.) Consequently, a part of the annual surplus-labour must have been applied to the production of additional means of production and subsistence, over and above the quantity of these things required to replace the capital advanced. In one word, surplus-value is convertible into capital solely because the surplus-product, whose value it is, already comprises the material elements of new capital.

Now in order to allow of these elements actually functioning as capital, the capitalist class requires additional labour. If the exploitation of the labourers already employed do not increase, either extensively or intensively, then additional labour-power must be found. For this the mechanism of capitalist production provides beforehand, by converting the working class into a class dependent on wages, a class whose ordinary wages suffice, not only for its maintenance, but for its increase. It is only necessary for capital to incorporate this additional labour-power, annually supplied by the working class in the shape of labourers of all ages, with the surplus means of production comprised in the annual produce, and the conversion of surplus-value into capital is complete. From a concrete point of view, accumulation resolves itself into the reproduction of capital on a progressively increasing scale. The circle in which simple reproduction moves, alters its form, and, to use Sismondi's expression, changes into a spiral.

Let us now return to our illustration. It is the old story: Abraham begat Isaac, Isaac begat Jacob, and so on. The original capital of £10,000 brings in a surplus-value of £2000, which is capitalised. The new capital of £2000 brings in a surplus-value of £400, and this, too, is capitalised, converted into a second additional capital, which, in its turn, produces a further surplus-value of £80. And so the ball rolls on.

We here leave out of consideration the portion of the surplus-value consumed by the capitalist. Just as little does it concern us, for the moment, whether the additional capital is joined on to the original capital, or is separated from it to function independently; whether the same capitalist, who accumulated it, employs it, or whether he hands it over to another. This only we must not forget, that by the side of the newly-formed capital, the original capital continues to reproduce itself, and to produce surplus-value, and that this is also true of all accumulated capital, and the additional capital engendered by it.

The original capital was formed by the advance of £10,000. How did the owner become possessed of it? "By his own labour and that of his forefathers," answer unanimously the spokesmen of political economy. And, in fact, their supposition appears the only one consonant with the laws of the production of commodities.

But it is quite otherwise with regard to the additional capital of £2000. How that originated we know perfectly well. There is not one single atom

of its value that does not owe its existence to unpaid labour. The means of production, with which the additional labour-power is incorporated, as well as the necessaries with which the labourers are sustained, are nothing but component parts of the surplus product, of the tribute annually exacted from the working class by the capitalist class. Though the latter with a portion of that tribute purchases the additional labour-power even at its full price, so that equivalent is exchanged for equivalent, yet the transaction is for all that only the old dodge of every conquerer who buys commodities from the conquered with the money he has robbed them of.

If the additional capital employs the person who produced it, this producer must not only continue to augment the value of the original capital, but must buy back the fruits of his previous labour with more labour than they cost. When viewed as a transaction between the capitalist class and the working class, it makes no difference that additional labourers are employed by means of the unpaid labour of the previously employed labourers. The capitalist may even convert the additional capital into a machine that throws the producers of that capital out of work, and that replaces them by a few children. In every case the working class creates by the surplus-labour of one year the capital destined to employ additional labour in the following year. And this is what is called: creating capital out of capital.

The accumulation of the first additional capital of £2000 presupposes a value of £10,000 belonging to the capitalist by virtue of his “primitive labour,” and advanced by him. The second additional capital of £400 presupposes, on the contrary, only the previous accumulation of the £2000, of which the £400 is the surplus-value capitalised. The ownership of past unpaid labour is thenceforth the sole condition for the appropriation of living unpaid labour on a constantly increasing scale. The more the capitalist has accumulated, the more is he able to accumulate.

In so far as the surplus-value, of which the additional capital, No. 1, consists, is the result of the purchase of labour-power with part of the original capital, a purchase that conformed to the laws of the exchange of commodities, and that, from a legal stand-point, presupposes nothing beyond the free disposal, on the part of the labourer, of his own capacities, and on the part of the owner of money or commodities, of the values that belong to him; in so far as the additional capital, No. 2, 8c., is the mere result of No. 1, and, therefore, a consequence of the above condition; in so

far as each single transaction invariably conforms to the laws of the exchange of commodities, the capitalist buying labour-power, the labourer selling it, and we will assume at its real value; in so far as all this is true, it is evident that the laws of appropriation or of private property, laws that are based on the production and circulation of commodities, become by their own inner and inexorable dialectic changed into their very opposite. The exchange of equivalents, the original operation with which we started, has now become turned round in such a way that there is only an apparent exchange. This is owing to the fact, first, that the capital which is exchanged for labour-power is itself but a portion of the product of others' labour appropriated without an equivalent; and, secondly, that this capital must not only be replaced by its producer, but replaced together with an added surplus. The relation of exchange subsisting between capitalist and labourer becomes a mere semblance appertaining to the process of circulation, a mere form, foreign to the real nature of the transaction, and only mystify it. The ever repeated purchase and sale of labour-power is now the mere form; what really takes place is this — the capitalist again and again appropriates, without equivalent, a portion of the previously materialised labour of others, and exchanges it for a greater quantity of living labour. At first the rights of property seemed to us to be based on a man's own labour. At least, some such assumption was necessary since only commodity owners with equal rights confronted each other, and the sole means by which a man could become possessed of the commodities of others, was by alienating his own commodities; and these could be replaced by labour alone. Now, however, property turns out to be the right, on the part of the capitalist, to appropriate the unpaid labour of others or its product and to be the impossibility, on the part of the labourer, of appropriating his own product. The separation of property from labour has become the necessary consequence of a law that apparently originated in their identity.

No matter how severely the capitalist mode of appropriation may seem to slap the face of the fundamental laws of the production of commodities, it does not arise from a violation, but from an application of these laws. A brief retrospect upon the succession of phases, whose climax the capitalist accumulation is, may serve once more to make this clear.

We have seen, in the first place, that the original transformation of a certain quantity of values into capital proceeded strictly according to the

laws of exchange. One of the contracting parties sells his labour-power, the other buys it. The first receives the exchange-value of his commodity, while its use-value, labour, passes into the possession of the other. This second party then converts means of production belonging to him into a new product belonging to him by right through the instrumentality of labour also belonging to him.

The value of this product comprizes, in the first place, the value of the consumed means of production. Useful labour cannot consume these means of production without transferring their value to the new product. But in order to be saleable labour-power must be able to furnish useful labour in that line of industry in which it is to be employed.

The value of the new product comprizes, furthermore, the equivalent of the value of labour-power and a surplus-value. It does so for the reason that the labour-power sold for a certain length of time, such as a day, a week, etc., has less value than is produced by its employment during that time. The labourer, however, has received the exchange-value of his labour-power and given up its use-value in return, as happens in every sale and purchase.

The fact that this particular commodity labour-power has the peculiar use-value of supplying labour and creating value cannot affect the general law of the production of commodities. Hence, if the sum of values advanced in wages is not merely reproduced in the product, but also increased by a surplus-value, this is not due to an advantage gained over the seller, who received the value of his commodity, but simply to the consumption of this commodity by the buyer.

The law of exchange requires equality only for the exchange-values of the commodities passed from hand to hand. But it requires at the outset a disparity of their use-values, and has nothing to do with their consumption, which does not begin until after the trade has been made.

The original transformation of money into capital proceeds, therefore, in strict compliance with the economic laws of the production of commodities and with the property right derived therefrom. Nevertheless it has the following results:

- That the product belongs to the capitalist, not to the labourer;
- (2) That the value of this product comprizes a surplus-value over and above the value of the advanced capital. This surplus-value has cost the labourer

labour, but the capitalist nothing, yet it becomes the lawful property of the capitalist;

(3) That the labourer has reproduced his labour-power and can sell it once more, if he finds a buyer for it.

Simple reproduction is but a periodical repetition of this first operation. Money is thereby transformed again and again into capital. The general law is not violated thereby, but rather finds an opportunity to manifest itself permanently. "Several successive exchanges have merely made of the last a representative of the first." (Sismondi, l. c., .)

Nevertheless we have seen that this simple reproduction suffices to impregnate this first operation, so far as it was considered an isolated transaction, with a totally different character. "Of those, who divide the national revenue among themselves, some (the labourers) acquire each year a new title to it by new labour, while others (the capitalists) have previously acquired a permanent title to it by primitive work." (Sismondi, l. c., .) The domain of labour is evidently not the only one in which primogeniture accomplishes wonders.

It does not alter matters any, if simple reproduction is replaced by reproduction on an enlarged scale, by accumulation. In the first instance the capitalist consumes the entire surplus-value, in the second he demonstrates his civic virtue by consuming only a part of it and converting the remainder into money.

The surplus-value is his property, it has never belonged to anybody else. If he advances it to production, he makes advances from his own funds just as he did on the day when he first came on the market. That this fund in the present case comes from the unpaid labour of his labourers, does not alter the matter in the least. If labourer B is employed with surplus-values produced by labourer A, then, in the first place, A supplied this surplus-value without having the just price of his commodity reduced by one farthing, and, in the second place, this transaction is none of B's concern. What B demands and has a right to demand is that the capitalist should pay him the value of his labour-power. "Both sides are gainers; the labourer, by having the fruit of his labour advanced to him" (that is, the fruit of the unpaid labour of others) "before he has performed any labour" (that is, before his own labour has borne any fruit); "the master, because the labour

of this labourer was worth more than his wages” (that is, produced a value greater than that of his wages). (Sismondi, l. c., .)

True, the matter assumes an entirely different aspect when we look upon capitalist production in the uninterrupted flow of its reproduction, and when we consider the capitalist class as a whole and its antagonist, the working class, instead of the individual capitalist and the individual labourer. But in so doing we should be applying a standard which is totally foreign to the production of commodities.

In the production of commodities only sellers and buyers, independent of one another, meet. Their mutual relations cease with the termination of their mutual contract. If the transaction is repeated, it is done by a new contract, which has nothing to do with the former one, and only an accident brings the same seller once more together with the same buyer.

Hence, if the production of commodities, or a transaction belonging to it, is to be judged by its own economic laws, we must consider each act of exchange by itself, outside of all connection with the act of exchange preceding it and following it. And since purchases and sales are transacted between individuals, it will not do to seek therein relations between entire classes of society.

No matter how long may be the series of periodical reproductions and former accumulations through which the capital now invested may have passed, it always retains its primal virginity. So long as the laws of exchange are observed in every act of exchange, individually considered, the mode of appropriation may be completely revolutionised without in the least affecting the property right bestowed by the production of commodities. The same right remains in force, whether it be at a time when the product belonged to the producer, and when this producer, exchanging equivalent for equivalent, could enrich himself only by his own labour, or whether it be under capitalism, where the social wealth becomes in an ever increasing degree the property of those, who are in a position to appropriate to themselves again and again the unpaid labour of others.

This result becomes inevitable, as soon as labour-power is sold as a commodity by the “free” labourer himself. It is from that time on that the production of commodities becomes universal and a typical form of production. Henceforth every product is intended at the outset for sale, and all produced wealth passes through the circulation. The production of

commodities does not impose itself upon the whole society, until wage-labour becomes its basis. And only then does it unfold all its powers. To say that the intervention of wage labour adulterates the production of commodities means to say that the production of commodities must not develop, if it wishes to remain unadulterated. To the same extent that it continues to develop by its own inherent laws into a capitalist production, the property laws of the production of commodities are converted into the laws of capitalistic appropriation.

We have seen that even in the case of simple reproduction, all capital, whatever its original source, becomes converted into accumulated capital, capitalised surplus-value. But in the flood of production all the capital originally advanced becomes a vanishing quantity (*magnitudo evanescens*, in the mathematical sense), compared with the directly accumulated capital, i.e., with the surplus-value or surplus product that is reconverted into capital, whether it function in the hands of its accumulator, or in those of others. Hence, political economy describes capital in general as “accumulated wealth” (converted surplus-value or revenue), “that is employed over again in the production of surplus-value,” and the capitalist as “the owner of surplus-value.” It is merely another way of expressing the same thing to say that all existing capital is accumulated or capitalised interest, for interest is a mere fragment of surplus-value.

## **SECTION 2. — ERRONEOUS CONCEPTION BY POLITICAL ECONOMY OF REPRODUCTION ON A PROGRESSIVELY INCREASING SCALE.**

Before we further investigate accumulation or the reversion of surplus-value into capital, we must brush on one side an ambiguity introduced by the classical economists.

Just as little as the commodities that the capitalist buys with a part of the surplus-value for his own consumption, serve the purpose of production and of creation of value, so little is the labour that he buys for the satisfaction of his natural and social requirements, productive labour. Instead of converting surplus-value into capital, he, on the contrary, by the purchase of those commodities and that labour, consumes or expends it as revenue. In the face of the habitual mode of life of the old feudal nobility, which, as Hegel

rightly says, “consists in consuming what is in hand,” and more especially displays itself in the luxury of personal retainers, it was extremely important for bourgeois economy to promulgate the doctrine that accumulation of capital is the first duty of every citizen, and to preach without ceasing, that a man cannot accumulate, if he eats up all his revenue, instead of spending a good part of it in the acquisition of additional productive labourers, who bring in more than they cost. On the other hand the economists had to contend against the popular prejudice, that confuses capitalist production with hoarding, and fancies that accumulated wealth is either wealth that is rescued from being destroyed in its existing form, i.e., from being consumed, or wealth that is withdrawn from circulation. Exclusion of money from circulation would also exclude absolutely its self-expansion as capital, while accumulation of a hoard in the shape of commodities would be sheer tomfoolery. The accumulation of commodities in great masses is the result either of overproduction or of a stoppage of circulation. It is true that the popular mind is impressed by the sight, on the one hand, of the mass of goods that are stored up for gradual consumption by the rich, and on the other hand, by the formation of reserve stocks; the latter, a phenomenon that is common to all modes of production, and on which we shall dwell for a moment, when we come to analyse circulation. Classical economy is therefore quite right, when it maintains that the consumption of surplus-products by productive, instead of by unproductive labourers, is a characteristic feature of the process of accumulation. But at this point the mistakes also begin. Adam Smith has made it the fashion, to represent accumulation as nothing more than consumption of surplus-products by productive labourers, which amounts to saying, that the capitalising of surplus-value consists in merely turning surplus-value into labour-power. Let us see what Ricardo e.g., says: “It must be understood that all the productions of a country are consumed; but it makes the greatest difference imaginable whether they are consumed by those who reproduce, or by those who do not reproduce another value. When we say that revenue is saved, and added to capital, what we mean is, that the portion of revenue, so said to be added to capital, is consumed by productive instead of unproductive labourers. There can be no greater error than in supposing that capital is increased by non-consumption.” There can be no greater error than that which Ricardo and all subsequent economists repeat after A. Smith, viz., that “the part of revenue, of which it is said, it has been added to capital, is

consumed by productive labourers.” According to this, all surplus-value that is changed into capital becomes variable capital. So far from this being the case, the surplus-value, like the original capital, divides itself into constant capital and variable capital, into means of production and labour-power. Labour-power is the form under which variable capital exists during the process of production. In this process the labour-power is itself consumed by the capitalist while the means of production are consumed by the labour-power in the exercise of its function, labour. At the same time, the money paid for the purchase of the labour-power, is converted into necessaries, that are consumed, not by “productive labour,” but by the “productive labourer.” Adam Smith, by a fundamentally perverted analysis, arrives at the absurd conclusion, that even though each individual capital is divided into a constant and a variable part, the capital of society resolves itself only into variable capital, i.e., is laid out exclusively in payment of wages. For instance, suppose a cloth manufacturer converts £2000 into capital. One portion he lays out in buying weavers, the other in woollen yarn, machinery, &c. But the people, from whom he buys the yarn and the machinery, pay for labour with a part of the purchase money, and so on until the whole £2000 are spent in the payment of wages, i.e., until the entire product represented by the £2000 has been consumed by productive labourers. It is evident that the whole gist of this argument lies in the words “and so on,” which send us from pillar to post. In truth, Adam Smith breaks his investigation off, just where its difficulties begin.

The annual process of reproduction is easily understood, so long as we keep in view merely the sum total of the year’s production. But every single component of this product must be brought into the market as a commodity, and there the difficulty begins. The movements of the individual capitals, and of the personal revenues, cross and intermingle and are lost in the general change of places, in the circulation of the wealth of society; this dazes the sight, and propounds very complicated problems for solution. In the third part of Book II. I shall give the analysis of the real bearings of the facts. It is one of the great merits of the Physiocrats, that in their *Tableau économique* they were the first to attempt to depict the annual production in the shape in which it is presented to us after passing through the process of circulation.

For the rest, it is a matter of course, that political economy, acting in the interests of the capitalist class, has not failed to exploit the doctrine of Adam Smith, viz., that the whole of that part of the surplus product which is converted into capital, is consumed by the working class.

### **SECTION 3. — SEPARATION OF SURPLUS-VALUE INTO CAPITAL AND REVENUE. THE ABSTINENCE THEORY.**

In the last preceding chapter, we treated surplus-value (or the surplus product) solely as a fund for supplying the individual consumption of the capitalist. In this chapter we have, so far treated it solely as a fund for accumulation. It is, however, neither the one nor the other, but is both together. One portion is consumed by the capitalist as revenue, the other is employed as capital, is accumulated.

Given the mass of surplus-value, then, the larger the one of these parts, the smaller is the other. *Cæteris paribus*, the ratio of these parts determines the magnitude of the accumulation. But it is by the owner of the surplus-value, by the capitalist alone, that the division is made. It is his deliberate act. That part of the tribute exacted by him which he accumulates, is said to be saved by him, because he does not eat it, i.e., because he performs the function of a capitalist, and enriches himself.

Except as personified capital, the capitalist has no historical value, and no right to that historical existence, which, to use an expression of the witty Lichnowsky, “hasn’t got no date,” And so far only is the necessity for his own transitory existence implied in the transitory necessity for the capitalist mode of production. But, so far as he is personified capital, it is not values in use and the enjoyment of them, but exchange-value and its augmentation, that spur him into action. Fanatically bent on making value expand itself, he ruthlessly forces the human race to produce for production’s sake; he thus forces the development of the productive powers of society, and creates those material conditions, which alone can form the real basis of a higher form of society, a society in which the full and free development of every individual forms the ruling principle. Only as personified capital is the capitalist respectable. As such, he shares with the miser the passion for wealth as wealth. But that which in the miser is a mere idiosyncrasy, is, in the capitalist, the effect of the social mechanism, of which he is but one of the wheels. Moreover, the development of capitalist production makes it

constantly necessary to keep increasing the amount of the capital laid out in a given industrial undertaking, and competition makes the immanent laws of capitalist production to be felt by each individual capitalist, as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extend it he cannot, except by means of progressive accumulation.

So far, therefore, as his actions are a mere function of capital — endowed as capital is, in his person, with consciousness and a will — his own private consumption is a robbery perpetrated on accumulation, just as in book-keeping by double entry, the private expenditure of the capitalist is placed on the debtor side of his account against his capital. To accumulate, is to conquer the world of social wealth, to increase the mass of human beings exploited by him, and thus to extend both the direct and the indirect sway of the capitalist.

But original sin is at work everywhere. As capitalist production, accumulation, and wealth, become developed, the capitalist ceases to be the mere incarnation of capital. He has a fellow-feeling for his own Adam, and his education gradually enables him to smile at the rage for asceticism, as a mere prejudice of the old-fashioned miser. While the capitalist of the classical type brands individual consumption as a sin against his function, and as “abstinence” from accumulating, the modernised capitalist is capable of looking upon accumulation as “abstinence” from pleasure.

“Two souls, alas, do dwell within his breast;  
The one is ever parting from the other.”

At the historical dawn of capitalist production, — and every capitalist upstart has personally to go through this historical stage — avarice, and desire to get rich, are the ruling passions. But the progress of capitalist production not only creates a world of delights; it lays open, in speculation and the credit system, a thousand sources of sudden enrichment. When a certain stage of development has been reached, a conventional degree of prodigality, which is also an exhibition of wealth, and consequently a source of credit, becomes a business necessity to the “unfortunate” capitalist. Luxury enters into capital’s expenses of representation. Moreover, the capitalist gets rich, not like the miser, in proportion to his

personal labour and restricted consumption, but at the same rate as he squeezes out the labour-power of others, and enforces on the labourer abstinence from all life's enjoyments. Although, therefore, the prodigality of the capitalist never possesses the bonâ-fide character of the open-handed feudal lord's prodigality, but, on the contrary, has always lurking behind it the most sordid avarice and the most anxious calculation, yet his expenditure grows with his accumulation, without the one necessarily restricting the other. But along with this growth, there is at the same time developed in his breast, a Faustian conflict between the passion for accumulation, and the desire for enjoyment.

Dr. Aikin says in a work published in 1795: "The trade of Manchester may be divided into four periods. First, when manufacturers were obliged to work hard for their livelihood." They enriched themselves chiefly by robbing the parents, whose children were bound as apprentices to them: the parents paid a high premium, while the apprentices were starved. On the other hand, the average profits were low, and to accumulate, extreme parsimony was requisite. They lived like misers, and were far from consuming even the interest on their capital. "The second period, when they had begun to acquire little fortunes, but worked as hard as before," — for direct exploitation of labour costs labour, as every slave-driver knows— "and lived in as plain a manner as before....The third, when luxury began, and the trade was pushed by sending out riders for orders into every market town in the Kingdom....It is probable that few or no capitals of £3000 to £4000 acquired by trade existed here before 1690. However, about that time, or a little later, the traders had got money beforehand, and began to build modern brick houses, instead of those of wood and plaster." Even in the early part of the 18th century, a Manchester manufacturer, who placed a pint of foreign wine before his guests, exposed himself to the remarks and headshakings of all his neighbors. Before the rise of machinery, a manufacturer's evening expenditure at the public-house where they all met, never exceeded sixpence for a glass of punch, and a penny for a screw of tobacco. It was not till 1758, and this marks an epoch, that a person actually engaged in business was seen with an equipage of his own. "The fourth period," the last 30 years of the 18th century, "is that in which expense and luxury have made great progress, and was supported by a trade extended by means of riders and factors through every part of Europe." What would the

good Dr. Aikin say if he could rise from his grave and see the Manchester of to-day?

Accumulate, accumulate! That is Moses and the prophets! "Industry furnishes the material which saving accumulates." Therefore, save, save, i.e., reconvert the greatest possible portion of surplus-value, or surplus-product into capital! Accumulation for accumulation's sake, production for production's sake: by this formula classical economy expressed the historical mission of the bourgeoisie, and did not for a single instant deceive itself over the birth-throes of wealth. But what avails lamentation in the face of historical necessity? If to classical economy, the proletarian is but a machine for the production of surplus-value; on the other hand, the capitalist is in its eyes only a machine for the conversion of this surplus-value into additional capital. Political economy takes the historical function of the capitalist in bitter earnest. In order to charm out of his bosom the awful conflict between the desire for enjoyment and the chase after riches, Malthus, about the year 1820, advocated a division of labour, which assigns to the capitalist actually engaged in production, the business of accumulating, and to the other sharers in surplus-value, to the landlords, the place-men, the beneficed clergy, &c., the business of spending. It is of the highest importance, he says, "to keep separate the passion for expenditure and the passion for accumulation." The capitalists having long been good liveries and men of the world, uttered loud cries. What, exclaimed one of their spokesmen, a disciple of Ricardo, Mr. Malthus preaches high rents, heavy taxes, &c., so that the pressure of the spur may constantly be kept on the industrious by unproductive consumers! By all means, production, production on a constantly increasing scale, runs the shibboleth; but "production will, by such a process, be far more curbed in than spurred on. Nor is it quite fair thus to maintain in idleness a number of persons, only to pinch others, who are likely, from their characters, if you can force them to work, to work with success." Unfair as he finds it to spur on the industrial capitalist, by depriving his bread of its butter, yet he thinks it necessary to reduce the labourer's wages to a minimum "to keep him industrious." Nor does he for a moment conceal the fact, that the appropriation of unpaid labour is the secret of surplus-value. "Increased demand on the part of the labourers means nothing more than their willingness to take less of their own product for themselves, and leave a greater part of it to their employer; and if it be said, that this begets glut, by lessening consumption" (on the

part of the labourers), “I can only reply that glut is synonymous with large profits.”

The learned disputation, how the booty pumped out of the labourer may be divided, with most advantage to accumulation, between the industrial capitalist and the rich idler, was hushed in face of the revolution of July. Shortly afterwards, the town proletariat at Lyons sounded the tocsin of revolution, and the country proletariat in England began to set fire to farmyards and cornstacks. On this side of the Channel Owenism began to spread; on the other side, St. Simonism and Fourierism. The hour of vulgar economy had struck. Exactly a year before Nassau W. Senior discovered at Manchester, that the profit (including interest) of capital is the product of the last hour of the twelve, he had announced to the world another discovery. “I substitute,” he proudly says, “for the word capital, considered as an instrument of production, the word abstinence.” An unparalleled sample this, of the discoveries of vulgar economy! It substitutes for an economic category, a sycophantic phrase — *volia tout*. “When the savage,” says Senior, “makes bows, he exercises an industry, but he does not practice abstinence.” This explains how and why, in the earlier states of society, the implements of labour were fabricated without abstinence on the part of the capitalist. “The more society progresses, the more abstinence is demanded,” namely, from those who ply the industry of appropriating the fruits of others’ industry. All the conditions for carrying on the labour-process are suddenly converted into so many acts of abstinence on the part of the capitalist. If the corn is not all eaten, but part of it also sown — abstinence of the capitalist. If the wine gets time to mature — abstinence of the capitalist. The capitalist robs his own self, whenever he “lends (!) the instruments of production to the labourer,” that is, whenever by incorporating labour-power with them, he uses them to extract surplus-value out of that labour-power, instead of eating them up, steam-engines, cotton, railways, manure, horses, and all; or as the vulgar economist childishly puts it, instead of dissipating “their value” in luxuries and other articles of consumption. How the capitalist as a class are to perform that feat, is a secret that vulgar economy has hitherto obstinately refused to divulge. Enough, that the world still jogs on, solely through the self-chastisement of this modern penitent of Vishnu, the capitalist. Not only accumulation, but the simple “conservation of a capital requires a constant effort to resist the temptation of consuming it.” The simple dictates of

humanity therefore plainly enjoin the release of the capitalist from this martyrdom and temptation, in the same way that the Georgian slave-owner was lately delivered, by the abolition of slavery, from the painful dilemma, whether to squander the surplus-product lashed out of his niggers, entirely in champagne, or whether to reconvert a part of it, into more niggers and more land.

In economic forms of society of the most different kinds, there occurs, not only simple reproduction, but, in varying degrees, reproduction on a progressively increasing scale. By degrees more is produced and more consumed, and consequently more products have to be converted into means of production. This process, however, does not present itself as accumulation of capital, nor as the function of a capitalist, so long as the labourer's means of production, and with them, his product and means of subsistence, do not confront him in the shape of capital. Richard Jones, who died a few years ago, and was the successor of Malthus in the chair of political economy at Haileybury College, discusses this point well in the light of two important facts. Since the great mass of the Hindoo population are peasants cultivating their land themselves, their products, their instruments of labour and means of subsistence never take "the shape of a fund saved from revenue, which fund has, therefore, gone through a previous process of accumulation." On the other hand, the non-agricultural labourers in those provinces where the English rule has least disturbed the old system, are directly employed by the magnates, to whom a portion of the agricultural surplus-product is rendered in the shape of tribute or rent. One portion of this product is consumed by the magnates in kind, another is converted, for their use, by the labourers, into articles of luxury and such like things; while the rest forms the wages of the labourers, who own their implements of labour. Here, production and reproduction on a progressively increasing scale, go on their way without any intervention from that queer saint, that knight of the woeful countenance, the capitalist "abstainer."

**SECTION 4. — CIRCUMSTANCES THAT, INDEPENDENTLY OF  
THE DIVISION OF SURPLUS-VALUE INTO CAPITAL AND  
REVENUE, DETERMINE THE AMOUNT OF ACCUMULATION.  
DEGREE OF EXPLOITATION OF LABOUR-POWER.  
PRODUCTIVITY OF LABOUR. GROWING DIFFERENCE IN**

## **AMOUNT BETWEEN CAPITAL EMPLOYED AND CAPITAL CONSUMED. MAGNITUDE OF CAPITAL ADVANCED.**

The proportion in which surplus-value breaks up into capital and revenue being given, the magnitude of the capital accumulated clearly depends on the absolute magnitude of the surplus-value. Suppose that 80 per cent. were capitalised and 20 per cent. eaten up, the accumulated capital will be £2,400 or £1,200, according as the total surplus-value has amounted to £3,000 or £1,500. Hence all the circumstances that determine the mass of surplus-value, operate to determine the magnitude of the accumulation. We sum them up once again, but only in so far as they afford new points of view in regard to accumulation.

It will be remembered that the rate of surplus-value depends, in the first place, on the degree of exploitation of labour-power. Political economy values this fact so highly, that it occasionally identifies the acceleration of accumulation due to increased productiveness of labour, with its acceleration due to increased exploitation of the labourer. In the chapters on the production of surplus-value it was constantly presupposed that wages are at least equal to the value of labour-power. Forcible reduction of wages below this value plays, however, in practice too important a part, for us not to pause upon it for a moment. It, in fact, transforms, within certain limits, the labourer's necessary consumption-fund into a fund for the accumulation of capital.

“Wages,” says John Stuart Mill, “have no productive power; they are the price of productive-power. Wages do not contribute, along with labour, to the production of commodities, no more than the price of tools contributes along with the tools themselves. If labour could be had without purchase, wages might be dispensed with.” But if the labourers could live on air they could not be bought at any price. The zero of their cost is therefore a limit in a mathematical sense, always beyond reach, although we can always approximate more and more nearly to it. The constant tendency of capital is to force the cost of labour back towards this zero. A writer of the 18th century, often quoted already, the author of the “Essay on Trade and Commerce,” only betrays the innermost secret soul of English capitalism, when he declares the historic mission of England to be the forcing down of English wages to the level of the French and the Dutch. With other things he says naïvely: “But if our poor” (technical term for labourers) “will live

luxuriously...then labour must, of course, be dear.... When it is considered what luxuries the manufacturing populace consume, such as brandy, gin, tea, sugar, foreign fruit, strong beer, printed linens, snuff, tobacco, &c.” He quotes the work of a Northamptonshire manufacturer, who, with eyes squinting heavenward, moans: “Labour is one-third cheaper in France than in England; for their poor work hard, and fare hard, as to their food and clothing. Their chief diet is bread, fruit, herbs, roots, and dried fish; for they very seldom eat flesh; and when wheat is dear, they eat very little bread.” “To which may be added,” our essayist goes on, “that their drink is either water or other small liquors, so that they spend very little money....These things are very difficult to be brought about; but they are not impracticable, since they have been effected both in France and in Holland.” Twenty years later, an American humbug, the baronised Yankee, Benjamin Thompson (alias Count Rumford) followed the same line of philanthropy to the great satisfaction of God and man. His “Essays” are a cookery book with receipts of all kinds for replacing by some succedaneum the ordinary dear food of the labourer. The following is a particularly successful receipt of this wonderful philosopher: “5 lbs. of barley meal, 7½d.; 5 lbs. of Indian corn, 6¼d.; 3d. worth of red herring, 1d. salt, 1d. vinegar, 2d. pepper and sweet herbs, in all 20¾d.; make a soup for 64 men, and at the medium price of barley and of Indian corn...this soup may be provided at ¼d, the portion of 20 ounces.” With the advance of capitalistic production, the adulteration of food rendered Thompson’s ideal superfluous. At the end of the 18th and during the first ten years of the 19th century, the English farmers and landlords enforced the absolute minimum of wage, by paying the agricultural labourers less than the minimum in the form of wages, and the remainder in the shape of parochial relief. An example of the waggish way in which the English Dogberries acted in their “legal” fixing of a wages tariff: “The squires of Norfolk had dined, says Mr. Burke, when they fixed the rate of wages; the squires of Berks evidently thought the labourers ought not to do so, when they fixed the rate of wages at Speenhamland, 1795.... There they decide that ‘income (weekly) should be 3s. for a man,’ when the gallon or half-peck loaf of 8 lbs. 11 oz. is at 1s., and increase regularly till bread is 1s. 5d.; when it is above that sum, decrease regularly till it be at 2s., and then his food should be 1/5th less.” Before the Committee of Inquiry of the House of Lords, 1814, a certain A. Bennett, a large farmer, magistrate, poor-law guardian, and wage-regulator, was asked: “Has any proportion of

the value of daily labour been made up to the labourers out of the poors' rate?" Answer: "Yes, it has; the weekly income of every family is made up to the gallon loaf (8 lbs. 11 oz.), and 3d. per head!...The gallon loaf per week is what we suppose sufficient for the maintenance of every person in the family for the week; and the 3d. is for clothes, and if the parish think proper to find clothes, the 3d. is deducted. This practice goes through all the western part of Wiltshire, and, I believe, throughout the country." "For years," exclaims a bourgeois author of that time, "they (the farmers) have degraded a respectable class of their countrymen, by forcing them to have recourse to the workhouse...the farmer, while increasing his own gains, has prevented any accumulation on the part of his labouring dependants." The part played in our days by the direct robbery from the labourer's necessary consumption-fund in the formation of surplus-value, and, therefore, of the accumulation fund of capital, the so-called domestic industry has served to show. (Ch. xv., sect. 8, c.) Further facts on this subject will be given later.

Although in all branches of industry that part of the constant capital consisting of instruments of labour must be sufficient for a certain number of labourers (determined by the magnitude of the undertaking), it by no means always necessarily increases in the same proportion as the quantity of labour employed. In a factory, suppose that 100 labourers working 8 hours a day yield 800 working-hours. If the capitalist wishes to raise this sum by one half, he can employ 50 more workers; but then he must also advance more capital, not merely for wages, but for instruments of labour. But he might also let the 100 labourers work 12 hours instead of 8, and then the instruments of labour already on hand would be enough. These would then simply be more rapidly consumed. Thus additional labour, begotten of the greater tension of labour-power, can augment surplus-product and surplus-value (i.e., the subject matter of accumulation), without corresponding augmentation in the constant part of capital.

In the extractive industries, mines, &c., the raw materials form no part of the capital advanced. The subject of labour is in this case not a product of previous labour, but is furnished by Nature gratis, as in the case of metals, minerals, coal, stone, &c. In these cases the constant capital consists almost exclusively of instruments of labour, which can very well absorb an increased quantity of labour (day and night shifts of labourers, e.g.). All other things being equal, the mass and value of the product will rise in direct proportion to the labour expended. As on the first day of production,

the original produce-formers, now turned into the creators of the material elements of capital — man and Nature — still work together. Thanks to the elasticity of labour-power, the domain of accumulation has extended without any previous enlargement of constant capital.

In agriculture the land under cultivation cannot be increased without the advance of more seed and manure. But this advance once made, the purely mechanical working of the soil itself produces a marvellous effect on the amount of the product. A greater quantity of labour, done by the same number of labourers as before, thus increases the fertility, without requiring any new advance in the instruments of labour. It is once again the direct action of man on Nature which becomes an immediate source of greater accumulation, without the intervention of any new capital.

Finally, in what is called manufacturing industry, every additional expenditure of labour presupposes a corresponding additional expenditure of raw materials, but not necessarily of instruments of labour. And as extractive industry and agriculture supply manufacturing industry with its raw materials and those of its instruments of labour, the additional product the former have created without additional advance of capital, tells also in favour of the latter.

General result: by incorporating with itself the two primary creators of wealth, labour-power and the land, capital acquires a power of expansion that permits it to augment the elements of its accumulation beyond the limits apparently fixed by its own magnitude, or by the value and the mass of the means of production, already produced, in which it has its being.

Another important factor in the accumulation of capital is the degree of productivity of social labour.

With the productive power of labour increases the mass of the products, in which a certain value, and therefore, a surplus-value of a given magnitude, is embodied. The rate of surplus-value remaining the same or even falling, so long as it only falls more slowly, than the productive power of labour rises, the mass of the surplus-product increases. The division of this product into revenue and additional capital remaining the same, the consumption of the capitalist may, therefore, increase without any decrease in the fund of accumulation. The relative magnitude of the accumulation fund may even increase at the expense of the consumption fund, whilst the cheapening of commodities places at the disposal of the capitalist as many means of enjoyment as formerly, or even more than formerly. But hand-in-

hand with the increasing productivity of labour, goes, as we have seen, the cheapening of the labourer, therefore a higher rate of surplus-value, even when the real wages are rising. The latter never rise proportionally to the productive power of labour. The same value in variable capital therefore sets in movement more labour-power, and, therefore, more labour. The same value in constant capital is embodied in more means of production, i.e., in more instruments of labour, materials of labour and auxiliary materials; it therefore also supplies more elements for the production both of use-value and of value, and with these more absorbers of labour. The value of the additional capital, therefore, remaining the same or even diminishing, accelerated accumulation still takes place. Not only does the scale of reproduction materially extend, but the production of surplus-value increases more rapidly than the value of the additional capital.

The development of the productive power of labour reacts also on the original capital already engaged in the process of production. A part of the functioning constant capital consists of instruments of labour such as machinery, &c., which are not consumed, and therefore not reproduced, or replaced by new ones of the same kind, until after long periods of time. But every year a part of these instruments of labour perishes or reaches the limit of its productive function. It reaches, therefore, in that year, the time for its periodical reproduction, for its replacement by new ones of the same kind. If the productiveness of labour has, during the using up of these instruments of labour, increased (and it develops continually with the uninterrupted advance of science and technology), more efficient and (considering their increased efficiency), cheaper machines, tools, apparatus, &c., replace the old. The old capital is reproduced in a more productive form, apart from the constant detail improvements in the instruments of labour already in use. The other part of the constant capital, raw material and auxiliary substances, is constantly reproduced in less than a year; those produced by agriculture, for the most part annually. Every introduction of improved methods, therefore, works almost simultaneously on the new capital and on that already in action. Every advance in Chemistry not only multiplies the number of useful materials and the useful applications of those already known, thus extending with the growth of capital its sphere of investment. It teaches at the same time how to throw the excrements of the processes of production and consumption back again into the circle of the process of reproduction, and thus, without any previous outlay of capital, creates new

matter for capital. Like the increased exploitation of natural wealth by the mere increase in the tension of labour-power, science and technology give capital a power of expansion independent of the given magnitude of the capital actually functioning. They react at the same time on that part of the original capital which has entered upon its stage of renewal. This, in passing into its new shape, incorporates gratis the social advance made while its old shape was being used up. Of course, this development of productive power is accompanied by a partial depreciation of functioning capital. So far as this depreciation makes itself acutely felt in competition, the burden falls on the labourer, in the increased exploitation of whom the capitalist looks for his indemnification.

Labour transmits to its product the value of the means of production consumed by it. On the other hand, the value and mass of the means of production set in motion by a given quantity of labour increase as the labour becomes more productive. Though the same quantity of labour adds always to its products only the same sum of new value, still the old capital-value, transmitted by the labour to the products, increases with the growing productivity of labour.

An English and Chinese spinner, e.g., may work the same number of hours with the same intensity; then they will both in a week create equal values. But in spite of this equality, an immense difference will obtain between the value of the week's product of the Englishman, who works with a mighty automaton, and that of the Chinaman, who has but a spinning wheel. In the same time as the Chinaman spins one pound of cotton, the Englishman spins several hundreds of pounds. A sum, many hundred times as great, of old values swells the value of his product, in which those reappear in a new, useful form, and can thus function anew as capital. "In 1782," as Frederick Engels teaches us, "all the wool crop in England of the three preceding years, lay untouched for want of labourers, and so it must have lain, if newly invented machinery had not come to its aid and spun it." Labour embodied in the form of machinery of course did not directly force into life a single man, but it made it possible for a smaller number of labourers, with the addition of relatively less living labour, not only to consume the wool productively, and put into it new value, but to preserve in the form of yarn, &c., its old value. At the same time, it caused and stimulated increased reproduction of wool. It is the natural property of living labour, to transmit old value, whilst it creates new. Hence, with the

increase in efficacy, extent and value of its means of production, consequently with the accumulation that accompanies the development of its productive power, labour keeps up and eternises an always increasing capital-value in a form ever new. This natural power of labour takes the appearance of an intrinsic property of capital, in which it is incorporated, just as the productive forces of social labour take the appearance of inherent properties of capital, and as the constant appropriation of surplus-labour by the capitalists, takes that of a constant self-expansion of capital.

With the increase of capital, the difference between the capital employed and the capital consumed increases. In other words, there is increase in the value and the material mass of the instruments of labour, such as buildings, machinery, drain-pipes, working-cattle, apparatus of every kind that function for a longer or shorter time in processes of production constantly repeated, or that serve for the attainment of particular useful effects, whilst they themselves only gradually wear out, therefore only lose their value piecemeal, therefore transfer that value of the product only bit by bit. In the same proportion as these instruments of labour serve as product-formers without adding value to the product, i.e., in the same proportion as they, are wholly employed but only partly consumed, they perform, as we saw earlier, the same gratuitous service as the natural forces, water, steam, air, electricity, etc. This gratuitous service of past labour, when seized and filled with a soul by living labour, increases with the advancing stages of accumulation.

Since past labour always disguises itself as capital, i.e., since the passive of the labour of A, B, C, etc., takes the form of the active of the non-labourer X, bourgeois and political economists are full of praises of the services of dead and gone labour, which, according to the Scotch genius M'Culloch, ought to receive a special remuneration in the shape of interest, profit, etc. The powerful and ever-increasing assistance given by past labour to the living labour process under the form of means of production, is therefore, attributed to that form of past labour in which it is alienated, as unpaid labour, from the worker himself, i.e., to its capitalistic form. The practical agents of capitalistic production and their pettifogging ideologists are as unable to think of the means of production as separate from the antagonistic social mask they wear to-day, as a slave-owner to think of the worker himself as distinct from his character as a slave.

With a given degree of exploitation of labour-power, the mass of the surplus-value produced is determined by the number of workers simultaneously exploited; and this corresponds, although in varying proportions, with the magnitude of the capital. The more, therefore, capital increases by means of successive accumulations, the more does the sum of the value increase that is divided into consumption-fund and accumulation-fund. The capitalist can therefore, live a more jolly life, and at the same time show more “abstinence.” And, finally, all the springs of production act with greater elasticity, the more its scale extends with the mass of the capital advanced.

### **SECTION 5. — THE SO-CALLED LABOUR FUND.**

It has been shown in the course of this inquiry that capital is not a fixed magnitude, but is a part of social wealth, elastic and constantly fluctuating with the division of fresh surplus-value into revenue and additional capital. It has been seen further that, even with a given magnitude of functioning capital, the labour-power, the science, and the land (by which are to be understood, economically, all conditions of labour furnished by Nature independently of man), embodied in it, from elastic powers of capital, allowing it, within certain limits, a field of action independent of its own magnitude. In this inquiry we have neglected all effects of the process of circulation, effects which may produce very different degrees of efficiency in the same mass of capital. And as we presupposed the limits set by capitalist production, that is to say, pre-supposed the process of social production in a form developed by purely spontaneous growth, we neglected any more rational combination, directly and systematically practicable with the means of production, and the mass of labour-power at present disposable. Classical economy always loved to conceive social capital as a fixed magnitude of a fixed degree of efficiency. But this prejudice was first established as a dogma by the arch-Philistine, Jeremy Bentham, that insipid, pedantic, leather-tongued oracle of the ordinary bourgeois intelligence of the 19th century. Bentham is among philosophers what Martin Tupper is among poets. Both could only have been manufactured in England. In the light of his dogma the commonest phenomena of the process of production, as, e.g., its sudden expansions and contractions, nay, even accumulation itself, become perfectly inconceivable.

The dogma was used by Bentham himself, as well as by Malthus, James Mill, M'Culloch, etc., for an apologetic purpose, and especially in order to represent one part of capital, namely, variable capital, or that part convertible into labour-power, as a fixed magnitude. The material of variable capital, i.e., the mass of the means of subsistence it represents for the labourer, or the so-called labour fund, was fabled as a separate part of social wealth, fixed by natural laws and unchangeable. To set in motion the part of social wealth which is to function as constant capital, or, to express it in a material form, as means of production, a definite mass of living labour is required. This mass is given technologically. But neither is the number of labourers required to render fluid this mass of labour-power given (it changes with the degree of exploitation of the individual labour-power), nor is the price of this labour-power given, but only its minimum limit, which is moreover very variable. The facts that lie at the bottom of this dogma are these: on the one hand, the labourer has no right to interfere in the division of social wealth into means of enjoyment for the non-labourer and means of production. On the other hand, only in favourable and exceptional cases, has he the power to enlarge the so-called labour-fund at the expense of the "revenue" of the wealthy.

What silly tautology results from the attempt to represent the capitalistic limits of the labour-fund as its natural and social limits may be seen, e.g., in Professor Fawcett. "The circulating capital of a country," he says, "is its wage-fund. Hence, if we desire to calculate the average money wages received by each labourer, we have simply to divide the amount of this capital by the number of the labouring population." That is to say we first add together the individual wages actually paid, and then we affirm that the sum thus obtained, forms the total value of the "labour-fund" determined and vouchsafed to us by God and Nature. Lastly, we divide the sum thus obtained by the number of labourers to find out again how much may come to each on the average. An un-commonly knowing dodge this. It did not prevent Mr. Fawcett saying in the same breath: "The aggregate wealth which is annually saved in England, is divided into two portions; one portion is employed as capital to maintain our industry, and the other portion is exported to foreign countries.... Only a portion, and perhaps, not a large portion of the wealth which is annually saved in this country, is invested in our own industry."

The greater part of the yearly accruing surplus-product, embezzled, because abstracted without return of an equivalent, from the English labourer, is thus used as capital, not in England, but in foreign countries. But with the additional capital thus exported, a part of the “labour-fund” invented by God and Bentham is also exported.

# **CHAPTER XXV. THE GENERAL LAW OF CAPITALIST ACCUMULATION.**

## **SECTION 1. — THE INCREASED DEMAND FOR LABOUR-POWER THAT ACCOMPANIES ACCUMULATION, THE COMPOSITION OF CAPITAL REMAINING THE SAME.**

IN this chapter we consider the influence of the growth of capital on the lot of the labouring class. The most important factor in this inquiry, is the composition of capital and the changes it undergoes in the course of the process of accumulation.

The composition of capital is to be understood in a twofold sense. On the side of value, it is determined by the proportion in which it is divided into constant capital or value of the means of production, and variable capital or value of labour-power, the sum total of wages. On the side of material, as it functions in the process of production, all capital is divided into means of production and living labour-power. This latter composition is determined by the relation between the mass of the means of production employed, on the one hand, and the mass of labour necessary for their employment on the other. I call the former the value-composition, the latter the technical composition of capital. Between the two there is a strict correlation. To express this, I call the value-composition of capital, in so far as it is determined by its technical composition and mirrors the changes of the latter, the organic composition of capital. Wherever I refer to the composition of capital, without further qualification, its organic composition is always understood.

The many individual capitals invested in a particular branch of production have, one with another, more or less different compositions. The average of their individual compositions gives us the composition of the total capital in this branch of production. Lastly, the average of these averages, in all branches of production, gives us the composition of the total social capital of a country, and with this alone are we, in the last resort, concerned in the following investigation.

Growth of capital involves growth of its variable constituent or of the part invested in labour-power. A part of the surplus-value turned into

additional capital must always be retransformed into variable capital, or additional labour-fund. If we suppose that, all other circumstances remaining the same, the composition of capital also remains constant (i.e., that a definite mass of means of production constantly needs the same mass of labour-power to set in motion,) then the demand for labour and the subsistence-fund of the labourers clearly increase in the same proportion as the capital, and the more rapidly, the more rapidly the capital increases. Since the capital produces yearly a surplus-value, of which one part is yearly added to the original capital; since this increment itself grows yearly along with the augmentation of the capital already functioning; since lastly, under special stimulus to enrichment, such as the opening of new markets, or of new spheres for the outlay of capital in consequence of newly developed social wants, &c., the scale of accumulation may be suddenly extended, merely by a change in the division of the surplus-value or surplus-product into capital and revenue, the requirements of accumulating capital may exceed the increase of labour-power or of the number of labourers; the demand for labourers may exceed the supply, and, therefore, wages may rise. This must, indeed, ultimately be the case if the conditions supposed above continue. For since in each year more labourers are employed than in its predecessor, sooner or later a point must be reached, at which the requirements of accumulation begin to surpass the customary supply of labour, and, therefore, a rise of wages takes place. A lamentation on this score was heard in England during the whole of the fifteenth, and the first half of the eighteenth centuries. The more or less favourable circumstances in which the wage-working class supports and multiplies itself, in no way alter the fundamental character of capitalist production. As simple reproduction constantly reproduces the capital-relation itself, i.e., the relation of capitalists on the one hand, and wage-workers on the other, so reproduction on a progressive scale, i.e., accumulation, reproduces the capital-relation on a progressive scale, more capitalists or larger capitalists at this pole, more wage-workers at that. The reproduction of a mass of labour-power, which must incessantly re-incorporate itself with capital for that capital's self-expansion; which cannot get free from capital, and whose enslavement to capital is only concealed by the variety of individual capitalists to whom it sells itself, this reproduction of labour-power forms, in fact, an essential of the reproduction of capital itself. Accumulation of capital is, therefore, increase of the proletariat.

Classical economy grasped this fact so thoroughly that Adam Smith, Ricardo, &c., as mentioned earlier, inaccurately identified accumulation with the consumption, by the productive labourers, of all the capitalised part of the surplus-product, or with its transformation into additional wage-labourers. As early as 1696 John Bellers says: "For if one had a hundred thousand acres of land and as many pounds of money, and as many cattle, without a labourer, what would the rich man be, but a labourer? And as the labourers make men rich, so the more labourers, there will be the more rich men...the labour of the poor being the mines of the rich." So also Bernard de Mandeville at the beginning of the eighteenth century: "It would be easier, where property is well secured, to live without money than without poor; for who would do the work?...As they [the poor] ought to be kept from starving, so they should receive nothing worth saving. If here and there one of the lowest class by uncommon industry, and pinching his belly, lifts himself above the condition he was brought up in, nobody ought to hinder him; nay, it is undeniably the wisest course for every person in the society, and for every private family to be frugal; but it is the interest of all rich nations, that the greatest part of the poor should almost never be idle, and yet continually spend what they get.... Those that get their living by their daily labour...have nothing to stir them up to be serviceable but their wants which it is prudence to relieve, but folly to cure. The only thing then that can render the labouring man industrious, is a moderate quantity of money, for as too little will, according as his temper is, either dispirit or make him desperate, so too much will make him insolent and lazy.... From what has been said, it is manifest, that, in a free nation, where slaves are not allowed of, the surest wealth consists in a multitude of laborious poor; for besides, that they are the never-failing nursery of fleets and armies, without them there could be no enjoyment, and no product of any country could be valuable. To make the society" [which of course consists of non-workers] "happy and people easier under the meanest circumstances, it is requisite that great numbers of them should be ignorant as well as poor; knowledge both enlarges and multiplies our desires, and the fewer things a man wishes for, the more easily his necessities may be supplied." What Mandeville, an honest, clear-headed man, had not yet seen, is that the mechanism of the process of accumulation itself increases, along with the capital, the mass of "labouring poor," i.e., the wage-labourers, who turn their labour-power into an increasing power of self-expansion of the growing capital, and even by

doing so must eternize their dependent relation on their own product, as personified in the capitalists. In reference to this relation of dependence, Sir F. M. Eden in his “The State of the Poor, an History of the Labouring Classes in England,” says “the natural produce of our soil is certainly not fully adequate to our subsistence; we can neither be clothed, lodged nor fed but in consequence of some previous labour. A portion at least of the society must be indefatigably employed.... There are others who, though they ‘neither toil nor spin,’ can yet command the produce of industry, but who owe their exemption from labour solely to civilisation and order.... They are peculiarly the creatures of civil institutions, which have recognised that individuals may acquire property by various other means besides the exertion of labour.... Persons of independent fortune...owe their superior advantages by no means to any superior abilities of their own, but almost entirely...to the industry of others. It is not the possession of land, or of money, but the command of labour which distinguishes the opulent from the labouring part of the community.... This [scheme approved by Eden] would give the people of property sufficient (but by no means too much) influence and authority over those who...work for them; and it would place such labourers, not in an abject or servile condition, but in such a state of easy and liberal dependence as all who know human nature, and its history, will allow to be necessary for their own comfort.” Sir F. M. Eden, it may be remarked in passing, is the only disciple of Adam Smith during the eighteenth century that produced any work of importance.

Under the conditions of accumulation supposed thus far, which conditions are those most favourable to the labourers, their relation of dependence upon capital takes on a form endurable, or, as Eden says: “easy and liberal.” Instead of becoming more intensive with the growth of capital, this relation of dependence only becomes more extensive, i.e., the sphere of capital’s exploitation and rule merely extends with its own dimensions and the number of its subjects. A larger part of their own surplus-product, always increasing and continually transformed into additional capital, comes back to them in the shape of means of payment, so that they can extend the circle of their enjoyments; can make some additions to their consumption-fund of clothes, furniture, &c., and can lay by small reserve-funds of money. But just as little as better clothing, food, and treatment, and a larger peculium, do away with the exploitation of the slave, so little do

they set aside that of the wage-worker. A rise in the price of labour, as a consequence of accumulation of capital, only means, in fact, that the length and weight of the golden chain the wage-worker has already forged for himself, allow of a relaxation of the tension of it. In the controversies on this subject the chief fact has generally been overlooked, viz., the *differentia specifica* of capitalistic production. Labour-power is sold to-day, not with a view of satisfying, by its service or by its product, the personal needs of the buyer. His aim is augmentation of his capital, production of commodities containing more labour than he pays for, containing therefore a portion of value that costs him nothing, and that is nevertheless realised when the commodities are sold. Production of surplus-value is the absolute law of this mode of production. Labour-power is only saleable so far as it preserves the means of production in their capacity of capital, reproduces its own value as capital, and yields in unpaid labour a source of additional capital. The conditions of its sale, whether more or less favourable to the labourer, include therefore the necessity of its constant re-selling, and the constantly extended reproduction of all wealth in the shape of capital. Wages, as we have seen, by their very nature, always imply the performance of a certain quantity of unpaid labour on the part of the labourer. Altogether, irrespective of the case of a rise of wages with a falling price of labour, &c., such an increase only means at best a quantitative diminution of the unpaid labour that the worker has to supply. This diminution can never reach the point at which it would threaten the system itself. Apart from violent conflicts as to the rate of wages (and Adam Smith has already shown that in such a conflict, taken on the whole, the master is always master), a rise in the price of labour resulting from accumulation of capital implies the following alternative:

Either the price of labour keeps on rising, because its rise does not interfere with the progress of accumulation. In this there is nothing wonderful, for, says Adam Smith, “after these (profits) are diminished, stock may not only continue to increase, but to increase much faster than before.... A great stock, though with small profits, generally increases faster than a small stock with great profits.” (l. c. ii., .) In this case it is evident that a diminution in the unpaid labour in no way interferes with the extension of the domain of capital. — Or, on the other hand, accumulation slackens in consequence of the rise in the price of labour, because the stimulus of gain is blunted. The rate of accumulation lessens; but with its

lessening, the primary cause of that lessening vanishes, i.e., the disproportion between capital and exploitable labour-power. The mechanism of the process of capitalist production removes the very obstacles that it temporarily creates. The price of labour falls again to a level corresponding with the needs of the self-expansion of capital, whether the level be below, the same as, or above the one which was normal before the rise of wages took place. We see thus: In the first case, it is not the diminished rate either of the absolute, or of the proportional, increase in labour-power, or labouring population, which causes capital to be in excess, but conversely the excess of capital that makes exploitable labour-power insufficient. In the second case, it is not the increased rate either of the absolute, or of the proportional, increase in labour-power, or labouring population, that makes capital insufficient; but, conversely, the relative diminution of capital that causes the exploitable labour-power, or rather its price, to be in excess. It is these absolute movements of the accumulation of capital which are reflected as relative movements of the mass of exploitable labour-power, and therefore seem produced by the latter's own independent movement. To put it mathematically: the rate of accumulation is the independent not the dependent, variable; the rate of wages, the dependent, not the independent, variable. Thus, when the industrial cycle is in the phase of crisis, a general fall in the price of commodities is expressed as a rise in the value of money, and, in the phase of prosperity, a general rise in the price of commodities, as a fall in the value of money. The so-called currency school concludes from this that with high prices too little, with low prices too much money is in circulation. Their ignorance and complete mis-understanding of facts are worthily paralleled by the economists, who interpret the above phenomena of accumulation by saying that there are now too few, now too many wage labourers.

The law of capitalist production, that is at the bottom of the pretended "natural law of population," reduces itself simply to this: The correlation between accumulation of capital and rate of wages is nothing else than the correlation between the unpaid labour transformed into capital, and the additional paid labour necessary for the setting in motion of this additional capital. It is therefore in no way a relation between two magnitudes, independent one of the other: on the one hand, the magnitude of the capital; on the other, the number of the labouring population; it is rather, at bottom, only the relation between the unpaid and the paid labour of the same

labouring population. If the quantity of unpaid labour supplied by the working-class, and accumulated by the capitalist class, increases so rapidly that its conversion into capital requires an extraordinary addition of paid labour, then wages rise, and, all other circumstances remaining equal, the unpaid labour diminishes in proportion. But as soon as this diminution touches the point at which the surplus-labour that nourishes capital is no longer supplied in normal quantity, a reaction sets in: a smaller part of revenue is capitalised, accumulation lags, and the movement of rise in wages receives a check. The rise of wages therefore is confined within limits that not only leave intact the foundations of the capitalistic system, but also secure its reproduction on a progressive scale. The law of capitalistic accumulation, metamorphosed by economists into a pretended law of nature, in reality merely states that the very nature of accumulation excludes every diminution in the degree of exploitation of labour, and every rise in the price of labour, which could seriously imperil the continual reproduction, on an ever enlarging scale, of the capitalistic relation. It cannot be otherwise in a mode of production in which the labourer exists to satisfy the needs of self-expansion of existing values, instead of on the contrary, material wealth existing to satisfy the needs of development on the part of the labourer. As, in religion, man is governed by the products of his own brain, so in capitalistic production, he is governed by the products of his own hand.

## **SECTION 2. — RELATIVE DIMINUTION OF THE VARIABLE PART OF CAPITAL SIMULTANEOUSLY WITH THE PROGRESS OF ACCUMULATION AND OF THE CONCENTRATION THAT ACCOMPANIES IT.**

According to the economists themselves, it is neither the actual extent of social wealth, nor the magnitude of the capital already functioning, that lead to a rise of wages, but only the constant growth of accumulation and the degree of rapidity of that growth. (Adam Smith, Book I., chapter 8.) So far, we have only considered one special phase of this process, that in which the increase of capital occurs along with a constant technical composition of capital. But the process goes beyond this phase.

Once given the general basis of the capitalistic system, then, in the course of accumulation, a point is reached at which the development of the

productivity of social labour becomes the most powerful lever of accumulation. “The same cause,” says Adam Smith, “which raises the wages of labour, the increase of stock, tends to increase its productive powers, and to make a smaller quantity of labour produce a greater quantity of work.”

Apart from natural conditions, such as fertility of the soil, &c., and from the skill of independent and isolated producers (shown rather qualitatively in the goodness than quantitatively in the mass of their products), the degree of productivity of labour, in a given society, is expressed in the relative extent of the means of production that one labourer, during a given time, with the same tension of labour-power, turns into products. The mass of the means of production which he thus transforms, increases with the productiveness of his labour. But those means of production play a double part. The increase of some is a consequence, that of the others a condition of the increasing productivity of labour. E.g., with the division of labour in manufacture, and with the use of machinery, more raw material is worked up in the same time, and, therefore, a greater mass of raw material and auxiliary substances enter into the labour-process. That is the consequence of the increasing productivity of labour. On the other hand, the mass of machinery, beasts of burden, mineral manures, drainpipes, &c., is a condition of the increasing productivity of labour. So also is it with the means of production concentrated in buildings, furnaces, means of transport, &c. But whether condition or consequence, the growing extent of the means of production, as compared with the labour-power incorporated with them, is an expression of the growing productiveness of labour. The increase of the latter appears, therefore, in the diminution of the mass of labour in proportion to the mass of means of production moved by it, or in the diminution of the subjective factor of the labour process as compared with the objective factor.

This change in the technical composition of capital, this growth in the mass of means of production, as compared with the mass of the labour-power that vivifies them, is reflected again in its value-composition, by the increase of the constant constituent of capital at the expense of its variable constituent. There may be, e.g., originally 50 per cent. of a capital laid out in means of production, and 50 per cent. in the labour-power; later on, with the development of the productivity of labour, 80 per cent. in means of production, 20 per cent. in labour-power, and so on. This law of the

progressive increase in constant capital, in proportion to the variable, is confirmed at every step (as already shown) by the comparative analysis of the prices of commodities, whether we compare different economic epochs or different nations in the same epoch. The relative magnitude of the element of price, which represents the value of the means of production only, or the constant part of capital consumed, is in direct, the relative magnitude of the other element of price that pays labour (the variable part of capital) is in inverse proportion to the advance of accumulation.

This diminution in the variable part of capital as compared with the constant, or the altered value-composition of the capital, however, only shows approximately the change in the composition of its material constituents. If, e.g., the capital-value employed to-day in spinning is  $\frac{7}{8}$  constant and  $\frac{1}{8}$  variable, whilst at the beginning of the 18th century it was  $\frac{1}{2}$  constant and  $\frac{1}{2}$  variable, on the other hand, the mass of raw material, instruments of labour, &c., that a certain quantity of spinning labour consumes productively to-day, is many hundred times greater than at the beginning of the 18th century. The reason is simply that, with the increasing productivity of labour, not only does the mass of the means of production consumed by it increase, but their value compared with their mass diminishes. Their value therefore rises absolutely, but not in proportion to their mass. The increase of the difference between constant and variable capital is, therefore, much less than that of the difference between the mass of the means of production into which the constant, and the mass of the labour-power into which the variable, capital is converted. The former difference increases with the latter, but in a smaller degree.

But, if the progress of accumulation lessens the relative magnitude of the variable part of capital, it by no means, in doing this, excludes the possibility of a rise in its absolute magnitude. Suppose that a capital-value at first is divided into 50 per cent. of constant and 50 per cent. of variable capital; later into 80 per cent. of constant and 20 per cent. of variable. If in the meantime the original capital, say £6,000, has increased to £18,000, its variable constituent has also increased. It was £3,000, it is now £3,600. But whereas formerly an increase of capital by 20 per cent. would have sufficed to raise the demand for labour 20 per cent., now this latter rise requires a tripling of the original capital.

In Part IV. it was shown, how the development of the productiveness of social labour presupposes co-operation on a large scale; how it is only upon this supposition that division and combination of labour can be organised, and the means of production economised by concentration on a vast scale; how instruments of labour which, from their very nature, are only fit for use in common, such as a system of machinery, can be called into being; how huge natural forces can be pressed into the service of production; and how the transformation can be effected of the process of production into a technological application of science. On the basis of the production of commodities, where the means of production are the property of private persons, and where the artisan therefore either produces commodities, isolated from and independent of others, or sells his labour-power as a commodity, because he lacks the means for independent industry, co-operation on a large scale can realise itself only in the increase of individual capitals, only in proportion as the means of social production and the means of subsistence are transformed into the private property of capitalists. The basis of the production of commodities can admit of production on a large scale in the capitalistic form alone. A certain accumulation of capital, in the hands of individual producers of commodities, forms therefore the necessary preliminary of the specifically capitalistic mode of production. We had, therefore, to assume that this occurs during the transition from handicraft to capitalistic industry. It may be called primitive accumulation, because it is the historic basis, instead of the historic result of specifically capitalist production. How it itself originates, we need not here inquire as yet. It is enough that it forms the starting-point. But all methods for raising the social productive power of labour that are developed on this basis, are at the same times methods for the increased production of surplus-value or surplus-product. which in its turn is the formative element of accumulation. They are, therefore, at the same time methods of the production of capital by capital, or methods of its accelerated accumulation. The continual re-transformation of surplus-value into capital now appears in the shape of the increasing magnitude of the capital that enters into the process of production. This in turn is the basis of an extended scale of production, of the methods for raising the productive power of labour that accompany it, and of accelerated production of surplus-value. If, therefore, a certain degree of accumulation of capital appears as a condition of the specifically capitalist mode of production, the latter causes conversely an accelerated

accumulation of capital. With the accumulation of capital, therefore, the specifically capitalistic mode of production develops, and with the capitalist mode of production the accumulation of capital. Both these economic factors bring about, in the compound ratio of the impulses they reciprocally give one another, that change in the technical composition of capital by which the variable constituent becomes always smaller and smaller as compared with the constant.

Every individual capital is a larger or smaller concentration of means of production, with a corresponding command over a larger or smaller labour-army. Every accumulation becomes the means of new accumulation. With the increasing mass of wealth which functions as capital, accumulation increases the concentration of that wealth in the hands of individual capitalists, and thereby widens the basis of production on a large scale and of the specific methods of capitalist production. The growth of social capital is effected by the growth of many individual capitals. All other circumstances remaining the same, individual capitals, and with them the concentration of the means of production, increases in such proportion as they form aliquot parts of the total social capital. At the same time portions of the original capitals disengage themselves and function as new independent capitals. Besides other causes, the division of property, within capitalist families, plays a great part in this. With the accumulation of capital, therefore, the number of capitalists grows to a greater or less extent. Two points characterise this kind of concentration which grows directly out of, or rather is identical with, accumulation. First: The increasing concentration of the social means of production in the hands of individual capitalists is, other things remaining equal, limited by the degree of increase of social wealth. Second: The part of social capital domiciled in each particular sphere of production is divided among many capitalists who face one another as independent commodity-producers competing with each other. Accumulation and the concentration accompanying it are, therefore, not only scattered over many points, but the increase of each functioning capital is thwarted by the formation of new and the subdivision of old capitals. Accumulation, therefore, presents itself on the one hand as increasing concentration of the means of production, and of the command over labour; on the other, as repulsion of many individual capitals one from another.

This splitting-up of the total social capital into many individual capitals or the repulsion of its fractions one from another, is counteracted by their attraction. This last does not mean that simple concentration of the means of production and of the command over labour, which is identical with accumulation. It is concentration of capitals already formed, destruction of their individual independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals. This process differs from the former in this, that it only presupposes a change in the distribution of capital already to hand, and functioning; its field of action is therefore not limited by the absolute growth of social wealth, by the absolute limits of accumulation. Capital grows in one place to a huge mass in a single hand, because it has in another place been lost by many. This is centralisation proper, as distinct from accumulation and concentration.

The laws of this centralisation of capitals, or of the attraction of capital by capital, cannot be developed here. A brief hint at a few facts must suffice. The battle of competition is fought by cheapening of commodities. The cheapness of commodities depends, *ceteris paribus*, on the productiveness of labour, and this again on the scale of production. Therefore, the larger capitals beat the smaller. It will further be remembered that, with the development of the capitalist mode of production, there is an increase in the minimum amount of individual capital necessary to carry on a business under its normal conditions. The smaller capitals, therefore, crowd into spheres of production which Modern Industry has only sporadically or incompletely got hold of. Here competition rages in direct proportion to the number, and in inverse proportion to the magnitudes, of the antagonistic capitals. It always ends in the ruin of many small capitalists, whose capitals partly pass into the hand of their conquerors, partly vanish. Apart from this, with capitalist production an altogether new force comes into play — the credit system.

In its beginnings, the credit system sneaks in as a modest helper of accumulation and draws by invisible threads the money resources scattered all over the surface of society into the hands of individual or associated capitalists. But soon it becomes a new and formidable weapon in the competitive struggle, and finally it transforms itself into an immense social mechanism for the centralisation of capitals.

Competition and credit, the two most powerful levers of competition, develop in proportion as capitalist production and accumulation do. At the

same time the progress of accumulation increases the matter subject to centralisation, that is, the individual capitals, while the expansion of capitalist production creates the social demand here, the technical requirements there, for those gigantic industrial enterprises, which depend for their realisation on a previous centralisation of capitals. Nowadays, then, the mutual attraction of individual capitals and the tendency to centralisation are stronger than ever before. However, while the relative expansion and energy of the centralisation movement is determined to a certain degree by the superiority of the economic mechanism, yet the progress of centralisation is by no means dependent upon the positive growth of the volume of social capital. This is the particular distinction between centralisation and concentration, the latter being but another expression for reproduction on an enlarged scale. Centralisation may take place by a mere change in the distribution of already existing capitals, a simple change in the quantitative arrangement of the components of social capital. Capital may in that case accumulate in one hand in large masses by withdrawing it from many individual hands. Centralisation in a certain line of industry would have reached its extreme limit, if all the individual capitals invested in it would have been amalgamated into one single capital.

This limit would not be reached in any particular society until the entire social capital would be united, either in the hands of one single capitalist, or in those of one single corporation.

Centralisation supplements the work of accumulation, by enabling the industrial capitalists to expand the scale of their operations. The economic result remains the same, whether this consummation is brought about by accumulation or centralisation, whether centralisation is accomplished by the violent means of annexation, by which some capitals become such overwhelming centers of gravitation for others as to break their individual cohesion and attracting the scattered fragments, or whether the amalgamation of a number of capitals, which already exist or are in process of formation, proceeds by the smoother road of forming stock companies. The increased volume of industrial establishments forms everywhere the point of departure for a more comprehensive organisation of the co-operative labor of many, for a wider development of their material powers, that is, for the progressive transformation of isolated processes of production carried on in accustomed ways into socially combined and scientifically managed processes of production.

It is evident, however, that accumulation, the gradual propagation of capital by a reproduction passing from a circular into a spiral form, is a very slow process as compared with centralisation, which needs but to alter the quantitative grouping of the integral parts of social capital. The world would still be without railroads, if it had been obliged to wait until accumulation should have enabled a few individual capitals to undertake the construction of a railroad. Centralisation, on the other hand, accomplished this by a turn of the hand through stock companies. Centralisation, by thus accelerating and intensifying the effects of accumulation, extends and hastens at the same time the revolutions in the technical composition of capital, which increase its constant part at the expense of its variable part and thereby reduce the relative demand for labor.

The masses of capital amalgamated over night by centralisation reproduce and augment themselves like the others, only faster, and thus become new and powerful levers of social accumulation. Hence, if the progress of social accumulation is mentioned nowadays, it comprises as a matter of course the effects of centralisation. The additional capitals formed in the course of normal accumulation (see chapter XXIV, 1.) serve mainly as vehicles for the exploitation of new inventions and discoveries, or of industrial improvements in general. However, the old capital likewise arrives in due time at the moment when it must renew its head and limbs, when it casts off its old skin and is likewise born again in its perfected industrial form, in which a smaller quantity of labor suffices to set in motion a larger quantity of machinery and raw materials. The absolute decrease of the demand for labor necessarily following therefrom will naturally be so much greater, the more these capitals going through the process of rejuvenation have become accumulated in masses by means of the movement of centralisation.

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

### **SECTION 3. — PROGRESSIVE PRODUCTION OF A RELATIVE SURPLUS-POPULATION OR INDUSTRIAL RESERVE ARMY.**

The accumulation of capital, though originally appearing as its quantitative extension only, is effected, as we have seen, under a progressive qualitative change in its composition, under a constant increase of its constant, at the expense of its variable constituent.

The specifically capitalist mode of production, the development of the productive power of labour corresponding to it, and the change thence resulting in the organic composition of capital, do not merely keep pace with the advance of accumulation, or with the growth of social wealth. They develop at a much quicker rate, because mere accumulation, the absolute increase of the total social capital, is accompanied by the centralisation of the individual capitals of which that total is made up; and because the change in the technological composition of the additional capital goes hand in hand with a similar change in the technological composition of the original capital. With the advance of accumulation, therefore, the proportion of constant to variable capital changes. If it was originally say 1:1, it now becomes successively 2:1, 3:1, 4:1, 5:1, 7:1, 8c., so that, as the capital increases, instead of  $\frac{1}{2}$  of its total value, only  $\frac{1}{3}$ ,  $\frac{1}{4}$ ,  $\frac{1}{5}$ ,  $\frac{1}{6}$ ,  $\frac{1}{8}$ , 8c., is transformed into labour-power, and, on the other hand,  $\frac{2}{3}$ ,  $\frac{3}{4}$ ,  $\frac{4}{5}$ ,  $\frac{5}{6}$ ,  $\frac{7}{8}$  into means of production. Since the demand for labour is determined not by the amount of capital as a whole, but by its variable constituent alone, that demand falls progressively with the increase of the total capital, instead of, as previously assumed, rising in proportion to it. It falls relatively to the magnitude of the total capital, and at an accelerated rate, as this magnitude increases. With the growth of the total capital, its variable constituent or the labour incorporated in it, also does increase, but in a constantly diminishing proportion. The intermediate pauses are shortened, in which accumulation works as simple extension of production, on a given technical basis. It is not merely that an accelerated accumulation of total capital, accelerated in a constantly growing progression, is needed to absorb an additional number of labourers, or even, on account of the constant metamorphosis of old capital, to keep employed those already functioning. In its turn, this increasing accumulation and centralisation becomes a source of new changes in the composition of capital, of a more accelerated diminution of its variable, as compared with its constant constituent. This accelerated relative diminution of the variable constituent, that goes along with the accelerated increase of the total capital, and moves more rapidly than this increase, takes the inverse form, at the other pole, of an apparently absolute

increase of the labouring population, an increase always moving more rapidly than that of the variable capital or the means of employment. But in fact, it is capitalistic accumulation itself that constantly produces, and produces in the direct ratio of its own energy and extent, a relatively redundant population of labourers, i.e., a population of greater extent than suffices for the average needs of the self-expansion of capital, and therefore a surplus-population.

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

every special historic mode of production has its own special laws of population, historically valid within its limits alone. An abstract law of population exists for plants and animals only, and only in so far as man has not interfered with them.

But if a surplus labouring population is a necessary product of accumulation or of the development of wealth on a capitalist basis, this surplus population becomes, conversely, the lever of capitalistic accumulation, nay, a condition of existence of the capitalist mode of production. It forms a disposable industrial reserve army, that belongs to capital quite as absolutely as if the latter had bred it at its own cost. Independently of the limits of the actual increase of population, it creates, for the changing needs of the self-expansion of capital, a mass of human material always ready for exploitation. With accumulation, and the development of the productiveness of labour that accompanies it, the power of sudden expansion of capital grows also; it grows, not merely because the elasticity of the capital already functioning increases, not merely because the absolute wealth of society expands, of which capital only forms an elastic part, not merely because credit, under every special stimulus, at once places an unusual part of this wealth at the disposal of production in the form of additional capital; it grows, also, because the technical, conditions of the process of production themselves — machinery, means of transport, &c. — now admit of the rapidest transformation of masses of surplus product into additional means of production. The mass of social wealth, over-flowing with the advance of accumulation, and transformable into additional capital, thrusts itself frantically into old branches of production, whose market suddenly expands, or into newly formed branches, such as railways, &c., the need for which grows out of the development of the old ones. In all such cases, there must be the possibility of throwing great masses of men suddenly on the decisive points without injury to the scale of production in other spheres. Over-population supplies these masses. The course characteristic of modern industry, viz., a decennial cycle (interrupted by smaller oscillations), of periods of average activity, production at high pressure, crisis and stagnation, depends on the constant formation, the greater or less absorption, and the re-formation of the industrial reserve army of surplus population. In their turn, the varying phases of the industrial cycle recruit the surplus population, and become one of the most energetic agents of its reproduction. This peculiar course of modern

industry, which occurs in no earlier period of human history, was also impossible in the childhood of capitalist production. The composition of capital changed but very slowly. With its accumulation, therefore, there kept pace, on the whole, a corresponding growth in the demand for labour. Slow as was the advance of accumulation compared with that of more modern times, it found a check in the natural limits of the exploitable labouring population, limits which could only be got rid of by forcible means to be mentioned later. The expansion by fits and starts of the scale of production is the preliminary to its equally sudden contraction; the latter again evokes the former, but the former is impossible without disposable human material, without an increase in the number of labourers independently of the absolute growth of the population. This increase is effected by the simple process that constantly “sets free” a part of the labourers; by methods which lessen the number of labourers employed in proportion to the increased production. The whole form of the movement of modern industry depends, therefore, upon the constant transformation of a part of the labouring population into unemployed or half-employed hands. The superficiality of Political Economy shows itself in the fact that it looks upon the expansion and contraction of credit, which is a mere symptom of the periodic changes of the industrial cycle, as their cause. As the heavenly bodies, once thrown into a certain definite motion, always repeat this, so is it with social production as soon as it is once thrown into this movement of alternate expansion and contraction. Effects, in their turn, become causes, and the varying accidents of the whole process, which always reproduces its own conditions, take on the form of periodicity. When this periodicity is once consolidated, even Political Economy then sees that the production of a relative surplus population — i.e., surplus with regard to the average needs of the self-expansion of capital — is a necessary condition of modern industry.

“Suppose,” says H. Marivale, formerly Professor of Political Economy at Oxford, subsequently employed in the English Colonial Office, “suppose that, on the occasion of some of these crises, the nation were to rouse itself to the effort of getting rid by emigration of some hundreds of thousands of superfluous arms, what would be the consequence? That, at the first returning demand for labour, there would be a deficiency. However rapid reproduction may be, it takes, at all events, the space of a generation to replace the loss of adult labour. Now, the profits of our manufacturers

depend mainly on the power of making use of the prosperous moment when demand is brisk, and thus compensating themselves for the interval during which it is slack. This power is secured to them only by the command of machinery and of manual labour. They must have hands ready by them, they must be able to increase the activity of their operations when required, and to slacken it again, according to the state of the market, or they cannot possibly maintain the pre-eminence in the race of competition on which the wealth of the country is founded.” Even Malthus recognises over-population as a necessity of modern industry, though, after his narrow fashion, he explains it by the absolute over-growth of the labouring population, not by their becoming relatively supernumerary. He says: “Prudential habits with regard to marriage, carried to a considerable extent among the labouring class of a country mainly depending upon manufactures and commerce, might injure it.... From the nature of a population, an increase of labourers cannot be brought into market in consequence of a particular demand till after the lapse of 16 or 18 years, and the conversion of revenue into capital, by saving, may take place much more rapidly; a country is always liable to an increase in the quantity of the funds for the maintenance of labour faster than the increase of population.” After Political Economy has thus demonstrated the constant production of a relative surplus-population of labourers to be a necessity of capitalistic accumulation, she very aptly, in the guise of an old maid, puts in the mouth of her “beau ideal” of a capitalist the following words addressed to those supernumeraries thrown on the streets by their own creation of additional capital:— “We manufacturers do what we can for you, whilst we are increasing that capital on which you must subsist, and you must do the rest by accommodating your numbers to the means of subsistence.”

Capitalist production can by no means content itself with the quantity of disposable labour-power which the natural increase of population yields. It requires for its free play an industrial reserve army independent of these natural limits.

Up to this point it has been assumed that the increase or diminution of the variable capital corresponds rigidly with the increase or diminution of the number of labourers employed.

The number of labourers commanded by capital may remain the same, or even fall, while the variable capital increases. This is the case if the individual labourer yields more labour, and therefore his wages increase

and this although the price of labour remains the same or even falls, only more slowly than the mass of labour rises. Increase of variable capital, in this case, becomes an index of more labour, but not of more labourers employed. It is the absolute interest of every capitalist to press a given quantity of labour out of a smaller, rather than a greater number of labourers, if the cost is about the same. In the latter case, the outlay of constant capital increases in proportion to the mass of labour set in action; in the former that increase is much smaller. The more extended the scale of production, the stronger this motive. Its force increases with the accumulation of capital.

We have seen that the development of the capitalist mode of production and of the productive power of labour — at once the cause and effect of accumulation — enables the capitalist, with the same outlay of variable capital, to set in action more labour by greater exploitation (extensive or intensive) of each individual labour-power. We have further seen that the capitalist buys with the same capital a greater mass of labour-power, as he progressively replaces skilled labourers by less skilled, mature labour-power by immature, male by female, that of adults by that of young persons or children.

On the one hand, therefore, with the progress of accumulation, a larger variable capital sets more labour in action without enlisting more labourers; on the other, a variable capital of the same magnitude sets in action more labour with the same mass of labour-power; and, finally, a greater number of inferior labour-power by displacement of higher.

The production of a relative surplus-population, or the setting free of labourers, goes on therefore yet more rapidly than the technical revolution of the process of production that accompanies, and is accelerated by, the advances of accumulation; and more rapidly than the corresponding diminution of the variable part of capital as compared with the constant. If the means of production, as they increase in extent and effective power, become to a less extent means of employment of labourers, this state of things is again modified by the fact that in proportion as the productiveness of labour increases, capital increases its supply of labour more quickly than its demand for labourers. The over-work of the employed part of the working class swells the ranks of the reserve, whilst conversely the greater pressure that the latter by its competition exerts on the former, forces these to submit to over-work and to subjugation under the dictates of capital. The

condemnation of one part of the working-class to enforced idleness by the over-work of the other part, and the converse, becomes a means of enriching the individual capitalists, and accelerates at the same time the production of the industrial reserve army on a scale corresponding with the advance of social accumulation. How important is this element in the formation of the relative surplus-population, is shown by the example of England. Her technical means for saving labour are colossal. Nevertheless, if to-morrow morning labour generally were reduced to a rational amount, and proportioned to the different sections of the working-class according to age and sex, the working population to hand would be absolutely insufficient for the carrying on of national production on its present scale. The great majority of the labourers now “unproductive” would have to be turned into “productive” ones.

Taking them as a whole, the general movements of wages are exclusively regulated by the expansion and contraction of the industrial reserve army, and these again correspond to the periodic changes of the industrial cycle. They are, therefore, not determined by the variations of the absolute number of the working population, but by the varying proportions in which the working class is divided into active and reserve army, by the increase or diminution in the relative amount of the surplus-population, by the extent to which it is now absorbed, now set free. For Modern Industry with its decennial cycles and periodic phases, which, moreover, as accumulation advances, are complicated by irregular oscillations following each other more and more quickly, that would indeed be a beautiful law, which pretends to make the action of capital dependent on the absolute variation of the population, instead of regulating the demand and supply of labour by the alternate expansion and contraction of capital, the labour-market now appearing relatively under-full, because capital is expanding, now again over-full, because it is contracting. Yet this is the dogma of the economists. According to them, wages rise in consequence of accumulation of capital. The higher wages stimulate the working population to more rapid multiplication, and this goes on until the labour-market becomes too full, and therefore capital, relatively to the supply of labour, becomes insufficient. Wages fall, and now we have the reverse of the medal. The working population is little by little decimated as the result of the fall in wages, so that capital is again in excess relatively to them, or, as others

explain it, falling wages and the corresponding increase in the exploitation of the labourer again accelerates accumulation, whilst, at the same time, the lower wages hold the increase of the working-class in check. Then comes again the time, when the supply of labour is less than the demand, wages rise, and so on. A beautiful mode of motion this for developed capitalist production! Before, in consequence of the rise of wages, any positive increase of the population really fit for work could occur, the time would have been passed again and again, during which the industrial campaign must have been carried through, the battle fought and won.

Between 1849 and 1859, a rise of wages practically insignificant, though accompanied by falling prices of corn, took place in the English agricultural districts. In Wiltshire, e.g., the weekly wages rose from 7s. to 8s.; in Dorsetshire from 7s. or 8s., to 9s., 8c. This was the result of an unusual exodus of the agricultural surplus-population caused by the demands of war, the vast extension of railroads, factories, mines, &c. The lower the wages, the higher is the proportion in which ever so insignificant a rise of them expresses itself. If the weekly wage, e.g., is 20s. and it rises to 22s., that is a rise of 10 per cent.; but if it is only 7s. and it rises to 9s., that is a rise of  $28\frac{4}{7}$  per cent., which sounds very fine. Everywhere the farmers were howling, and the "London Economist," with reference to these starvation-wages, prattled quite seriously of "a general and substantial advance." What did the farmers do now? Did they wait until, in consequence of this brilliant remuneration, the agricultural labourers, had so increased and multiplied that their wages must fall again, as prescribed by the dogmatic economic brain? They introduced more machinery, and in a moment the labourers were redundant again in a proportion satisfactory even to the farmers. There was now "more capital" laid out in agriculture than before, and in a more productive form. With this the demand for labour fell, not only relatively, but absolutely.

The above economic fiction confuses the laws that regulate the general movement of wages, or the ratio between the working-class — i.e., the total labour-power — and the total social capital, with the laws that distribute the working population over the different spheres of production. If, e.g., in consequence of favourable circumstances, accumulation in a particular sphere of production becomes especially active, and profits in it, being greater than the average profits, attract additional capital, of course the demand for labour rises and wages also rise. The higher wages draw a

larger part of the working population into the more favoured sphere, until it is glutted with labour-power, and wages at length fall again to their average level or below it, if the pressure is too great. Then, not only does the immigration of labourers into the branch of industry in question cease; it gives place to their emigration. Here the political economist thinks he sees the why and wherefore of an absolute increase of workers accompanying an increase of wages, and of a diminution of wages accompanying an absolute increase of labourers. But he sees really only the local oscillation of the labour-market in a particular sphere of production — he sees only the phenomena accompanying the distribution of the working population into the different spheres of outlay of capital, according to its varying needs.

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

This is the place to return to one of the grand exploits of economic apologetics. It will be remembered that if through the introduction of new, or the extension of old, machinery, a portion of variable capital is transformed into constant, the economic apologist interprets this operation which “fixes” capital and by that very act set labourers “free,” in exactly the opposite way, pretending that it sets free capital for the labourers. Only now can one fully understand the effrontery of these apologists. What are set free are not only the labourers immediately turned out by the machines, but also their future substitutes in the rising generation, and the additional contingent, that with the usual extension of trade on the old basis would be regularly absorbed. They are now all “set free,” and every new bit of capital looking out for employment can dispose of them. Whether it attracts them or others, the effect on the general labour demand will be nil, if this capital is just sufficient to take out of the market as many labourers as the machines threw upon it. If it employs a smaller number, that of the supernumeraries increases; if it employs a greater, the general demand for labour only increases to the extent of the excess of the employed over those “set free.” The impulse that additional capital, seeking an outlet, would otherwise have given to the general demand for labour, is therefore in every

case neutralised to the extent of the labourers thrown out of employment by the machine. That is to say, the mechanism of capitalistic production so manages matters that the absolute increase of capital is accompanied by no corresponding rise in the general demand for labour. And this the apologist calls a compensation for the misery, the sufferings, the possible death of the displaced labourers during the transition period that banishes them into the industrial reserve army! The demand for labour is not identical with increase of capital, nor supply of labour with increase of the working class. It is not a case of two independent forces working on one another. Les dés sont pipés. Capital works on both sides at the same time. If its accumulation, on the one hand, increases the demand for labour, it increases on the other the supply of labourers by the “setting free of them, whilst at the same time the pressure of the unemployed compels those that are employed to furnish more labour, and therefore makes the supply of labour, to a certain extent, independent of the supply of labourers. The action of the law of supply and demand of labour on this basis completes the despotism of capital. As soon, therefore, as the labourers learn the secret, how it comes to pass that in the same measure as they work more, as they produce more wealth for others, and as the productive power of their labour increases, so in the same measure even their function as a means of the self-expansion of capital becomes more and more precarious for them; as soon as they discover that the degree of intensity of the competition among themselves depends wholly on the pressure of the relative surplus-population; as soon as, by Trades’ Unions, &c., they try to organise a regular co-operation between employed and unemployed in order to destroy or to weaken the ruinous effects of this natural law of capitalistic production on their class, so soon capital and its sycophant, political economy, cry out at the infringement of the “eternal” and so to say “sacred” law of supply and demand. Every combination of employed and unemployed disturbs the “harmonious” action of this law. But, on the other hand, as soon as (in the colonies, e.g.,) adverse circumstances prevent the creation of an industrial reserve army and, with it, the absolute dependence of the working class upon the capitalist class, capital, along with its commonplace Sancho Panza, rebels against the “sacred” law of supply and demand, and tries to check its inconvenient action by forcible means and State interference.

#### **SECTION 4. — DIFFERENT FORMS OF THE RELATIVE SURPLUS-POPULATION. THE GENERAL LAW OF CAPITALISTIC ACCUMULATION.**

The relative surplus population exists in every possible form. Every labourer belongs to it during the time when he is only partially employed or wholly unemployed. Not taking into account the great periodically recurring forms that the changing phases of the industrial cycle impress on it, now an acute form during the crisis, then again a chronic form during dull times — it has always three forms, the floating, the latent, the stagnant.

In the centres of modern industry — factories, manufacturers, ironworks, mines, &c. — the labourers are sometimes repelled, sometimes attracted again in greater masses, the number of those employed increasing on the whole, although in a constantly decreasing proportion to the scale of production. Here the surplus population exists in the floating form.

In the automatic factories, as in all the great workshops, where machinery enters as a factor, or where only the modern divisions of labour is carried out, large numbers of boys are employed up to the age of maturity. When this term is once reached, only a very small number continue to find employment in the same branches of industry, whilst the majority are regularly discharged. This majority forms an element of the floating surplus-population, growing with the extension of those branches of industry. Part of them emigrates, following in fact capital that has emigrated. One consequence is that the female population grows more rapidly than the male, teste England. That the natural increase of the number of labourers does not satisfy the requirements of the accumulation of capital, and yet all the time is in excess of them, is a contradiction inherent to the movement of capital itself. It wants larger numbers of youthful labourers, a smaller number of adults. The contradiction is not more glaring than that other one that there is a complaint of the want of hands, while at the same time many thousands are out of work, because the division of labour chains them to a particular branch of industry.

The consumption of labour-power by capital is, besides, so rapid that the labourer, half-way through his life, has already more or less completely lived himself out. He falls into the ranks of the supernumeraries, or is thrust down from a higher to a lower step in the scale. It is precisely among the work-people of modern industry that we meet with the shortest duration of

life. Dr. Lee, Medical Officer of Health for Manchester, stated “that the average age at death of the Manchester...upper middle class was 38 years, while the average age at death of the labouring class was 17; while at Liverpool those figures were represented as 35 against 15. It thus appeared that the well-to-do classes had a lease of life which was more than double the value of that which fell to the lot of the less favoured citizens.” In order to conform to these circumstances, the absolute increase of this section of the proletariat must take place under conditions that shall swell their numbers, although the individual elements are used up rapidly. Hence, rapid renewal of the generations of labourers (this law does not hold for the other classes of the population). This social need is met by early marriages, a necessary consequence of the conditions in which the labourers of modern industry live, and by the premium that the exploitation of children sets on their production.

As soon as capitalist production takes possession of agriculture, and in proportion to the extent to which it does so, the demand for an agricultural labouring population falls absolutely, while the accumulation of the capital employed in agriculture advances, without this repulsion being, as in non-agricultural industries, compensated by a greater attraction. Part of the agricultural population is therefore constantly on the point of passing over into an urban or manufacturing proletariat, and on the look-out for circumstances favourable to this transformation. (Manufacture is used here in the sense of all non-agricultural industries). This source of relative surplus-population is thus constantly flowing. But the constant flow towards the towns presupposes, in the country itself, a constant latent surplus-population, the extent of which becomes evident only when its channels of outlet open to exceptional width. The agricultural labourer is therefore reduced to the minimum of wages, and always stands with one foot already in the swamp of pauperism.

The third category of the relative surplus-population, the stagnant, forms a part of the active labour army, but with extremely irregular employment. Hence it furnishes to capital an inexhaustible reservoir of disposable labour-power. Its conditions of life sink below the average normal level of the working class; this makes it at once the broad basis of special branches of capitalist exploitation. It is characterized by maximum of working time, and minimum of wages. We have learnt to know its chief form under the rubric of “domestic industry.” It recruits itself constantly from the

supernumerary forces of modern industry and agriculture, and specially from those decaying branches of industry where handicraft is yielding to manufacture, manufacture to machinery. Its extent grows, as with the extent and energy of accumulation, the creation of a surplus population advances. But it forms at the same time a self-reproducing and self-perpetuating element of the working class, taking a proportionally greater part in the general increase of that class than the other elements. In fact, not only the number of births and deaths, but the absolute size of the families stand in inverse proportion to the height of wages, and therefore to the amount of means of subsistence of which the different categories of labourers dispose. This law of capitalistic society would sound absurd to savages, or even civilized colonists. It calls to mind the boundless reproduction of animals individually weak and constantly hunted down.

The lowest sediment of the relative surplus-population finally dwells in the sphere of pauperism. Exclusive of vagabonds, criminals, prostitutes, in a word, the “dangerous” classes, this layer of society consists of three categories. First, those able to work. One need only glance superficially at the statistics of English pauperism to find that the quantity of paupers increases with every crisis, and diminishes with every revival of trade. Second, orphans and pauper children. These are candidates for the industrial reserve-army, and are, in times of great prosperity, as 1860, e.g., speedily and in large numbers enrolled in the active army of labourers. Third, the demoralized and ragged, and those unable to work, chiefly people who succumb to their incapacity for adaptation, due to the division of labour; people who have passed the normal age of the labourer; the victims of industry, whose number increases with the increase of dangerous machinery, of mines, chemical works, &c., the mutilated, the sickly, the widows, &c. Pauperism is the hospital of the active labour-army and the dead weight of the industrial reserve-army. Its production is included in that of the relative surplus-population, its necessity in theirs; along with the surplus-population, pauperism forms a condition of capitalist production, and of the capitalist development of wealth. It enters into the faux frais of capitalist production; but capital knows how to throw these, for the most part, from its own shoulders on to those of the working-class and the lower middle class.

The greater the social wealth, the functioning capital, the extent and energy of its growth, and, therefore, also the absolute mass of the proletariat

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

The folly is now patent of the economic wisdom that preaches to the labourers the accommodation of their number to the requirements of capital. The mechanism of capitalist production and accumulation constantly effects this adjustment. The first word of this adaptation is the creation of a relative surplus-population, or industrial reserve-army. Its last word is the misery of constantly extending strata of the active army of labour, and the dead weight of pauperism.

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

We saw in Part IV., when analysing the production of relative surplus-value: within the capitalist system all methods for raising the social productiveness of labour are brought about at the cost of the individual

labourer; all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the labourer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil; they estrange from him the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of capital, But all methods for the production of surplus value are at the same time methods of accumulation; and every extension of accumulation becomes again a means for the development of those methods. It follows therefore that in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must grow worse. The law, finally, that always equilibrates the relative surplus-population, or industrial reserve army, to the extent and energy of accumulation, this law rivets the labourer to capital more firmly than the wedges of Vulcan did Prometheus to the rock. It establishes an accumulation of misery, corresponding with accumulation of capital. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital.

This antagonistic character of capitalistic accumulation is enunciated in various forms by political economists, although by them it is confounded with phenomena, certainly to some extent analogous, but nevertheless essentially distinct, and belonging to precapitalistic modes of production.

The Venetian monk Ortes, one of the great economic writers of the 18th century, regards the antagonism of capitalist production as a general natural law of social wealth. "In the economy of a nation, advantages and evils always balance one another (*il bene ed il male economico in una nazione sempre all, istessa misura*): the abundance of wealth with some people, is always equal to the want of it with others (*la copia dei beni in alcuni sempre eguale alla mancanza di essi in altri*): the great riches of a small number are always accompanied by the absolute privation of the first necessities of life for many others. The wealth of a nation corresponds with its population, and its misery corresponds with its wealth. Diligence in some compels

idleness in others. The poor and idle are a necessary consequence of the rich and active,” 8c. In a thoroughly brutal way about 10 years after Ortes, the Church of England parson, Townsend, glorified misery as a necessary condition of wealth. “Legal constraint (to labour) is attended with too much trouble, violence, and noise,...whereas hunger is not only a peaceable, silent, unremitted pressure, but at the most natural motive to industry and labour, it calls forth the most powerful exertions.” Everything therefore depends upon making hunger permanent among the working class, and for this, according to Townsend, the principle of population, especially active among the poor, provides. “It seems to be a law of nature that the poor should be to a certain degree improvident.” [i.e., so improvident as to be born without a silver spoon in the mouth], “that there may always be some to fulfil the most servile, the most sordid, and the most ignoble offices in the community. The stock of human happiness is thereby much increased, whilst the more delicate are not only relieved from drudgery...but are left at liberty without interruption to pursue those callings which are suited to their various dispositions...it [the Poor Law] tends to destroy the harmony and beauty, the symmetry and order of that system which God and Nature have established in the world.” If the Venetian monk found in the fatal destiny that makes misery eternal, the *raison d’être* of Christian charity, celibacy, monasteries and holy houses, the Protestant prebendary finds in it a pretext for condemning the laws in virtue of which the poor possessed a right to a miserable relief.

“The progress of social wealth,” says Storch, “begets this useful class of society...which performs the most wearisome, the vilest, the most disgusting functions, which takes, in a word, on its shoulders all that is disagreeable and servile in life, and procures thus for other classes leisure, serenity of mind and conventional [c’est bon!] dignity of character.” Storch asks himself in what then really consist the progress of this capitalistic civilization with its misery and its degradation of the masses, as compared with barbarism. He finds but one answer: security!

“Thanks to the advance of industry and science,” says Sismondi, “every labourer can produce every day much more than his consumption requires. But at the same time, whilst his labour produces wealth, that wealth would, were he called on to consume it himself, make him less fit for labour.” According to him, “men,” [i.e., non-workers] “would probably prefer to do

without all artistic perfection, and all the enjoyments that manufacturers procure for us, if it were necessary that all should buy them by constant toil like that of the labourer.... Exertion to-day is separated from its recompense; it is not the same man that first works, and then reposes; but it is because the one works that the other rests.... The indefinite multiplication of the productive powers of labour can then only have for result the increase of luxury and enjoyment of the idle rich.”

Finally Destutt de Tracy, the fish-blooded bourgeois doctrinaire, blurts out brutally: “In poor nations the people are comfortable, in rich nations they are generally poor.”

## **SECTION 5. — ILLUSTRATIONS OF THE GENERAL LAW OF CAPITALIST ACCUMULATION.**

England from 1846-1866.

No period of modern society is so favourable for the study of capitalist accumulation as the period of the last 20 years. It is as if this period had found Fortunatus’ purse. But of all countries England again furnishes the classical example, because it holds the foremost place in the world-market, because capitalist production is here alone completely developed, and lastly, because the introduction of the Free Trade millennium since 1846 has cut off the last retreat of vulgar economy. The titanic advance of production — the latter half of the 20 years period again far surpassing the former — has been already pointed out sufficiently in Part IV.

Although the absolute increase of the English population in the last half century was very great, the relative increase or rate of growth fell constantly, as the following table borrowed from the census shows.

Annual increase per cent. of the population of England and Wales in decimal numbers:

1811-1821	1.533 per cent.
1821-1831	1.446 per cent.
1831-1841	1.326 per cent.
1841-1851	1.216 per cent.
1851-1861	1.141 per cent.

Let us now, on the other hand, consider the increase of wealth. Here the movement of profit, rent of land, &c., that come under the income tax, furnishes the surest basis. The increase of profits liable to income tax (farmers and some other categories not included) in Great Britain from 1853 to 1864 amounted to 50.47% or 4.58% as the annual average, that of the population during the same period to about 12%. The augmentation of the rent of land subject to taxation (including houses, railways, mines, fisheries, &c.), amounted for 1853 to 1864 to 38% or 3 5/12% annually. Under this head the following categories show the greatest increase:

Ibidem.

Houses, 38.60%	3.50%
Quarries, 84.76%	7.70%
Mines, 68.85%	6.26%
Iron-works, 39.92%	3.63%
Fisheries, 57.37%	5.21%
Gasworks, 126.02%	11.45%
Railways, 83.29%	7.57%

If we compare the years from 1853 to 1864 in three sets of four consecutive years each, the rate of augmentation of the income increases constantly. It is, e.g., for that arising from profits between 1853 to 1857, 1.73% yearly; 1857-1861, 2.74%, and for 1861-64, 9.30% yearly. The sum of the incomes of the United Kingdom that come under the income tax was in 1856 £307,068,898; in 1859, £328,127,416; in 1862, £351,745,241; in 1863, £359,142,897; in 1864, £362,462,279; in 1865, £385,530,020.

The accumulation of capital was attended at the same time by its concentration and centralisation. Although no official statistics of agriculture existed for England (they did for Ireland), they were voluntarily given in 10 counties. These statistics gave the result that from 1851 to 1861 the number of farms of less than 100 acres had fallen from 31,583 to 26,597, so that 5016 had been thrown together into larger farms. From 1815 to 1825 no personal estate of more than £1,000,000 came under the succession duty; from 1825 to 1855, however, 8 did; and 4 from 1856 to June, 1859, i.e., in 4½ years. The centralisation will, however, be best seen from a short analysis of the Income Tax Schedule D (profits, exclusive of

farms, 8c.), in the years 1864 and 1865. I note beforehand that incomes from this source pay income tax on everything over £60. These incomes liable to taxation in England, Wales, and Scotland, amounted in 1864 to £95,844,222, in 1865 to £105,435,579. The number of persons taxed were in 1864, 308,416, out of a population of 23,891,009; in 1865, 332,431 out of a population of 24,127,003. The following table shows the distribution of these incomes in the two years:

YEAR ENDING APRIL 5TH, 1864.		YEAR ENDING APRIL 5TH, 1865.	
INCOME FROM PROFITS.	PERSONS.	INCOME FROM PROFITS.	PERSONS.
Total Income £95,844,222	308,416	Total Income £105,435,738	332,431
of these 57,028,289	23,334	of these 64,554,297	24,265
" 36,415,225	3,619	" 42,535,576	4,021
" 22,809,781	832	" 27,555,313	973
" 8,744,762	91	" 11,077,238	107

In 1855 there were produced in the United Kingdom 61,453,079 tons of coal, of value £16,113,167; in 1864, 92,787,873 tons, of value £23,197,968; in 1855, 3,218,154 tons of pig-iron, of value £8,045,385; 1864, 4,767,951 tons, of value £11,919,877. In 1854 the length of the railroads worked in the United Kingdom was 8054 miles, with a paid-up capital of £286,068,794; in 1864 the length was 12,789 miles, with capital paid up of £425,719,613. In 1854 the total sum of the exports and imports of the United Kingdom was £268,210,145; in 1865, £489,923,285. The following table shows the movement of the exports:

At this moment, March, 1867, the Indian and Chinese market is again overstocked by the consignments of the British cotton manufacturers. In 1806 a reduction in wages of 5 per cent. took place amongst the cotton operatives. In 1867, as consequence of a similar operation, there was a strike of 20,000 men at Preston. Note to the 4th German edition. — This was a prelude to the crisis, which, broke out soon afterwards. — F. E.

1846

£58,842,377

1849	63,596,052
1856	115,826,948
1860	135,842,817
1865	165,862,402
1866	188,917,563

After these few examples one understands the cry of triumph of the Registrar-General of the British people: “Rapidly as the population has increased, it has not kept pace with the progress of industry and wealth.”

Let us turn now to the direct agents of this industry, or the producers of this wealth, to the working class. “It is one of the most melancholy features in the social state of this country,” says Gladstone, “that while there was a decrease in the consuming powers of the people, and while there was an increase in the privations and distress of the labouring class and operatives, there was at the same time a constant accumulation of wealth in the upper classes, and a constant increase of capital.” Thus spake this unctuous minister in the House of Commons on February 13th, 1843. On April 16th, 1863, 20 years later, in the speech in which he introduced his Budget: “From 1842 to 1852 the taxable income of the country increased by 6 per cent.... In the 8 years from 1853 to 1861 it had increased from the basis taken in 1853 by 20 per cent! The fact is so astonishing as to be almost incredible...this intoxicating augmentation of wealth and power...entirely confined to classes of property...must be of indirect benefit to the labouring population, because it cheapens the commodities of general consumption. While the rich have been growing richer, the poor have been growing less poor. At any-rate, whether the extremes of poverty are less, I do not presume to say.” How lame an anti-climax! If the working-class has remained “poor,” only “less poor” in proportion as it produces for the wealthy class “an intoxicating augmentation of wealth and power,” then it has remained relatively just as poor. If the extremes of poverty have not lessened, they have increased, because the extremes of wealth have. As to the cheapening of the means of subsistence, the official statistics, e.g., the accounts of the London Orphan Asylum, show an increase in price of 20% for the average of the three years 1860-1862, compared with 1851-1853. In the following three years, 1863-1865, there was a progressive rise in the

price of meat, butter, milk, sugar, salt, coals, and a number of other necessary means of subsistence. Gladstone's next Budget speech of April 7th, 1864, is a Pindaric dithy-rambus on the advance of surplus-value-making and the happiness of the people tempered by "poverty." He speaks of masses "on the border" of pauperism, of branches of trade in which "wages have not increased," and finally sums up the happiness of the working class in the words: "human life is but, in nine cases out of ten, a struggle for existence." Professor Fawcett, not bound like Gladstone by official considerations, declares roundly: "I do not, of course, deny that money wages have been augmented by this increase of capital (in the last ten years), but this apparent advantage is to a great extent lost, because many of the necessaries of life are becoming dearer" (he believes because of the fall in value of the precious metals)... "the rich grow rapidly richer, whilst there is no perceptible advance in the comfort enjoyed by the industrial classes.... They (the labourers) become almost the slaves of the tradesman, to whom they owe money."

In the chapters on the "working day" and "machinery," the reader has seen under what circumstances the British working-class created an "intoxicating augmentation of wealth and power" for the propertied classes. There we were chiefly concerned with the social functioning of the labourer. But for a full elucidation of the law of accumulation, his condition outside the workshop must also be looked at, his condition as to food and dwelling. The limits of this book compel us to concern ourselves chiefly with the worst paid part of the industrial proletariat, and with the agricultural labourers, who together form the majority of the working-class.

But first, one word on official pauperism, or on that part of the working-class which has forfeited its condition of existence (the sale of labour-power), and vegetates upon public alms. The official list of paupers numbered in England 851,369 persons; in 1856, 977,767; in 1865, 971,433. In consequence of the cotton famine, it grew in the years 1863 and 1864 to 1,079,382 and 1,014,978. The crisis of 1866, which fell most heavily on London, created in this centre of the world-market, more populous than the kingdom of Scotland, an increase of pauperism for the year 1866 of 19.5% compared with 1865, and of 24.4% compared with 1864, and a still greater increase for the first months of 1867 as compared with 1866. From the analysis of the statistics of pauperism, two points are to be taken. On the one hand, the fluctuation up and down of the number of paupers, reflects

the periodic changes of the industrial cycle. On the other, the official statistics become more and more misleading as to the actual extent of pauperism in proportion as, with the accumulation of capital, the class-struggle, and, therefore, the class-consciousness of the working-men, develop. E.g., the barbarity in the treatment of the paupers, at which the English Press (The Times, Pall Mall Gazette, etc.) have cried out so loudly during the last two years, is of ancient date. F. Engels showed in 1844 exactly the same horrors, exactly the same transient canting outcries of "sensational literature." But frightful increase of "deaths by starvation" in London during the last ten years proves beyond doubt the growing horror in which the working-people hold the slavery of the workhouse, that place of punishment for misery.

(b). The badly paid Strata of the British Industrial Class.

During the Cotton famine of 1862, Dr. Smith was charged by the Privy Council with an inquiry into the conditions of nourishment of the distressed operatives in Lancashire and Cheshire. His observations during many preceding years had led him to the conclusion that "to avert starvation diseases," the daily food of an average woman ought to contain at least 3,900 grains of carbon with 180 grains of nitrogen; the daily food of an average man, at least 4,300 grains of carbon with 200 grains of nitrogen; for women, about the same quantity of nutritive elements as are contained in 2 lbs of good wheaten bread, for men 1-9 more; for the weekly average of adult men and women, at least 28,600 grains of carbon and 1,330 grains of nitrogen. His calculation was practically confirmed in a surprising manner by its agreement with the miserable quantity of nourishment to which want had forced down the consumption of the cotton operatives. This was, in December, 1862, 29,211 grains of carbon, and 1,295 grains of nitrogen weekly.

In the year 1863, the Privy Council ordered an inquiry into the state of distress of the worst-nourished part of the English working-class. Dr. Simon, medical officer to the Privy Council, chose for this work the above-mentioned Dr. Smith. His inquiry ranges on the one hand over the agricultural labourers, on the other, over silk-weavers, needle-women, kid-glovers, stocking-weavers, glove-weavers, and shoe-makers. The latter categories are, with the exception of the stocking-weavers, exclusively town-dwellers. It was made a rule in the inquiry to select in each category

the most healthy families, and those comparatively in the best circumstances.

As a general result it was found that “in only one of the examined classes of in-door operatives did the average nitrogen-supply just exceed, while in another it nearly reached, the estimated standard of bare sufficiency [i.e., sufficient to avert starvation diseases], and that in two classes there was defect — in one a very large defect — of both nitrogen and carbon. Moreover, as regards the examined families of the agricultural population, it appeared that more than a fifth were with less than the estimated sufficiency of carbonaceous food, that more than one third were with less than the estimated sufficiency of nitrogeneous food, and that in three counties (Berkshire, Oxfordshire, and Somersetshire), insufficiency of nitrogenous food was the average local diet.” Among the Agricultural labourers, those of England, the wealthiest part of the United Kingdom, were the worst fed. The insufficiency of food among the agricultural labourers, fell, as a rule, chiefly on the women and children, for “the man must eat to do his work.” Still greater penury ravaged the town-workers examined. “They are so ill fed that assuredly among them there must be many cases of severe and injurious privation.” (“Privation” of the capitalist all this! i.e., “abstinence” from paying for the means of subsistence absolutely necessary for the mere vegetation of his hands.”)

The following table shows the conditions of nourishment of the above-named categories of purely town-dwelling work-people, as compared with the minimum assumed by Dr. Smith, and with the food-allowance of the cotton operatives during the time of their greatest distress:

BOTH SEXES.	AVERAGE WEEKLY CARBON.	AVERAGE WEEKLY NITROGEN.
Five in-door occupations . . .	28,876 grains	1,192 grains
Unemployed Lancashire Operatives	28,211 „	1,295 „
Minimum quantity to be allowed to the Lancashire Operatives, equal number of males and females, . . . .	28,600 „	1,330 „ <sup>1</sup>

<sup>1</sup> l. c., Appendix p. 232.

One half, or 60/125 of the industrial labour categories investigated, had absolutely no beer, 28% no milk. The weekly average of the liquid means of nourishment in the families varied from seven ounces in the needle-women

to  $24\frac{3}{4}$  ounces in the stocking-makers. The majority of those who did not obtain milk were needle-women in London. The quantity of bread-stuffs consumed weekly varied from  $7\frac{3}{4}$  lbs for the needle-women to  $11\frac{1}{2}$  lbs for the shoemakers, and gave a total average of 99 lbs. per adult weekly. Sugar (treacle, etc.) varied from 4 ounces weekly for the kid-glovers to 11 ounces for the stocking-makers; and the total average per week for all categories was 8 ounces per adult weekly. Total weekly average of butter (fat, etc.) 5 ounces per adult. The weekly average of meat (bacon, etc.) varied from  $7\frac{1}{4}$  ounces for the silk-weavers, to  $18\frac{1}{4}$  ounces for the kid-glovers; total average for the different categories 13.6 ounces. The weekly cost of food per adult, gave the following average figures; silk-weavers 2s  $2\frac{1}{2}$ d., needle-women 2s. 7d., kid-glovers 2s.  $9\frac{1}{2}$ d., shoemakers 2s  $7\frac{3}{4}$ d., stocking weavers 2s.  $6\frac{1}{4}$ d. For the silk-weavers of Macclesfield the average was only 1s.  $8\frac{1}{2}$ d. The worst categories were the needle-women, silk-weavers and kid-glovers. Of these facts, Dr. Simon in his General Health Report says: "That cases are innumerable in which defective diet is the cause or the aggravator of disease, can be affirmed by any one who is conversant with poor law medical practice, or with the ward and out-patient rooms of hospitals.... Yet in this point of view, there is, in my opinion, a very important sanitary context to be added. It must be remembered that privation of food is very reluctantly borne, and that as a rule great poorness of diet will only come when other privations have preceded it. Long before insufficiency of diet is a matter of hygienic concern, long before the physiologist would think of counting the grains of nitrogen and carbon which intervene between life and starvation, the household will have been utterly destitute of material comfort; clothing and fuel will have been even scantier than food — against inclemencies of weather there will have been no adequate protection — dwelling space will have been stinted to the degree in which overcrowding produces or increases disease; of household utensils and furniture there will have been scarcely any — even cleanliness will have been found costly or difficult, and if there still be self-respectful endeavours to maintain it, every such endeavour will represent additional pangs of hunger. The home, too, will be where shelter can be cheapest bought; in quarters where commonly there is least fruit of sanitary supervision, least drainage, least scavenging, least suppression of public nuisances, least or worst water supply, and, if in town, least light and air. Such are the sanitary dangers to which poverty is almost certainly exposed, when it is poverty enough to imply scantiness of

food. And while the sum of them is of terrible magnitude against life, the mere scantiness of food is in itself of very serious moment.... These are painful reflections, especially when it is remembered that the poverty to which they advert is not the deserved poverty of idleness. In all cases it is the poverty of working populations. Indeed, as regards the indoor operatives, the work which obtains the scanty pittance of food, is for the most part excessively prolonged. Yet evidently it is only in a qualified sense that the work can be deemed self-supporting.... And on a very large scale the nominal self-support can be only a circuit, longer or shorter, to pauperism.”

The intimate connexion between the pangs of hunger of the most industrious layers of the working class, and the extravagant consumption, coarse or refined, of the rich, for which capitalist accumulation is the basis, reveals itself only when the economic laws are known. It is otherwise with the “housing of the poor.” Every unprejudiced observer sees that the greater the centralisation of the means of production, the greater is the corresponding heaping together of the labourers, within a given space; that therefore the swifter capitalistic accumulation, the more miserable are the dwellings of the working-people. “Improvements” of towns, accompanying the increase of wealth, by the demolition of badly built quarters, the erection of palaces for banks, warehouses, &c., the widening of streets for business traffic, for the carriages of luxury, and for the introduction of tramways, &c., drive away the poor into even worse and more crowded hiding places. On the other hand, every one knows that the dearness of dwellings is in inverse ratio to their excellence, and that the mines of misery are exploited by house speculators with more profit or less cost than ever were the mines of Potosi. The antagonistic character of capitalist accumulation, and therefore of the capitalistic relations of property generally, is here so evident, that even the official English reports on this subject teem with heterodox onslaughts on “property and its rights.” With the development of industry, with the accumulation of capital, with the growth and “improvement of towns, the evil makes such progress that the mere fear of contagious diseases which do not spare even “respectability,” brought into existence from 1847 to 1864 no less than 10 Acts of Parliament on sanitation, and that the frightened bourgeois in some towns, as Liverpool, Glasgow, &c., took strenuous measures through their municipalities. Nevertheless Dr. Simon, in his report of 1865, says:

“Speaking generally it may be said that the evils are uncontrolled in England.” By order of the Privy Council in 1864, an inquiry was made into the conditions of the housing of the agricultural labourers, in 1865 of the poorer classes in the towns. The results of the admirable work of Dr. Julian Hunter are to be found in the seventh (1865) and eighth (1866) reports on “Public Health.” To the agricultural labourers, I shall come later. On the condition of town dwellings, I quote, as preliminary, a general remark of Dr. Simon. “Although my official point of view,” he says, “is one exclusively physical, common humanity requires that the other aspect of this evil should not be ignored.... In its higher degrees it [i.e., overcrowding] almost necessarily involves such negation of all delicacy, such unclean confusion of bodies and bodily functions, such exposure of animal and sexual nakedness, as is rather bestial than human., To be subject to these influences is a degradation which must become deeper and deeper for those on whom it continues to work. To children who are born under its curse, it must often be a very baptism into infamy. And beyond all measure hopeless is the wish that persons thus circumstanced should ever in other respects aspire to that atmosphere of civilization which has its essence in physical and moral cleanliness.”

London takes the first place in overcrowded habitations, absolutely unfit for human beings. “He feels clear,” says Dr. Hunter, “on two points; first, that there are about 20 large colonies in London, of about 10,000 persons each, whose miserable condition exceeds almost anything he has seen elsewhere in England, and is almost entirely the result of their bad house accommodation; and second, that the crowded and delapidated condition of the houses of these colonies is much worse than was the case 20 years ago.” “It is not too much to say that life in parts of London and Newcastle is infernal.”

Further, the better-off part of the working class, together with the small shopkeepers and other elements of the lower middle class, falls in London more and more under the curse of these vile conditions of dwelling, in proportion as “improvements,” and with them the demolition of old streets and houses, advance, as factories and the afflux of human beings grow in the metropolis, and finally as house rents rise with the ground rents. “Rents have become so heavy that few labouring men can afford more than one room.” There is almost no house-property in London that is not overburdened with a number of middlemen. For the price of land in London

is always very high in comparison with its yearly revenue, and therefore every buyer speculates on getting rid of it again at a jury price (the expropriation valuation fixed by jurymen), or on pocketing an extraordinary increase of value arising from the neighbourhood of some large establishment. As a consequence of this there is a regular trade in the purchase of “fag-ends of leases.” Gentlemen in this business may be fairly expected to do as they do — get all they can from the tenants while they have them, and leave as little as they can for their successors.”

The rents are weekly, and these gentlemen run no risk. In consequence of the making of railroads in the City, “the spectacle has lately been seen in the East of London of a number of families wandering about some Saturday night with their scanty worldly goods on their backs, without any resting place but the workhouse.” The workhouses are already over crowded, and the “improvements” already sanctioned by Parliament are only just begun. If labourers are driven away by the demolition of their old houses, they do not leave their old parish, or at most they settle down on its borders, as near as they can get to it. “They try, of course, to remain as near as possible to their workshops. The inhabitants do not go beyond the same or the next parish, parting their two-room tenements into single rooms, and crowding even those.... Even at an advanced rent, the people who are displaced will hardly be able to get an accommodation so good as the meagre one they have left.... Half the workmen...of the Strand...walked two miles to their work.” This same Strand, a main thoroughfare which gives strangers an imposing idea of the wealth of London, may serve as an example of the packing together of human beings in that town. In one of its parishes, the Officer of Health reckoned 581 persons per acre, although half the width of the Thames was reckoned in. It will be self-understood that every sanitary measure, which, as has been the case hitherto in London, hunts the labourers from one quarter, by demolishing uninhabitable houses, serves only to crowd them together yet more closely in another. “Either,” says Dr. Hunter, “the whole proceeding will of necessity stop as an absurdity, or the public compassion (!) be effectually aroused to the obligation which may now be without exaggeration called national, of supplying cover to those who by reason of their having no capital, cannot provide it for themselves, though they can by periodical payments reward those who will provide it for them.” Admire this capitalistic justice! The owner of land, of houses, the business man, when expropriated by “improvements” such as railroads, the

building of new streets, &c., not only receives full indemnity. He must, according to law, human and divine, be comforted for his enforced “abstinence” over and above this by a thumping profit. The labourer, with his wife and child and chattels, is thrown out into the street, and — if he crowds in too large numbers towards quarters of the town where the vestries insist on decency, he is prosecuted in the name of sanitation!

Except London, there was at the beginning of the 19th century no single town in England of 100,000 inhabitants. Only five had more than 50,000. Now there are 28 towns with more than 50,000 inhabitants. “The result of this change is not only that the class of town people is enormously increased, but the old close-packed little towns are now centres, built round on every side, open nowhere to air, and being no longer agreeable to the rich are abandoned by them for the pleasanter outskirts. The successors of these rich are occupying the larger houses at the rate of a family to each room [...and find accommodation for two or three lodgers...] and a population, for which the houses were not intended, and quite unfit, has been created, whose surroundings are truly degrading to the adults and ruinous to the children.” The more rapidly capital accumulates in an industrial or commercial town, the more rapidly flows the stream of exploitable human material, the more miserable are the improvised dwellings of the labourers.

Newcastle-on-Tyne, as the centre of a coal and iron district of growing productiveness, takes the next place after London in the housing inferno. Not less than 34,000 persons live there in single rooms. Because of their absolute danger to the community, houses in great numbers have lately been destroyed by the authorities in Newcastle and Gateshead. The building of new houses progresses very slowly, business very quickly. The town was, therefore, in 1865, more full than ever. Scarcely a room was to let. Dr. Embleton, of the Newcastle Fever Hospital, says: “There can be little doubt that the great cause of the continuance and spread of the typhus has been the overcrowding of human beings, and the uncleanness of their dwellings. The rooms, in which labourers in many cases live, are situated in confined and unwholesome yards or courts, and for space, light, air, and cleanliness, are models of insufficiency and insalubrity, and a disgrace to any civilised community; in them men, women, and children lie at night huddled together; and as regards the men, the night-shift succeed the day-shift, and the day-shift the night-shift in unbroken series for some time together, the

beds having scarcely time to cool; the whole house badly supplied with water, and worse with privies; dirty, unventilated, and pestiferous.” The price per week of such lodgings ranges from 8d. to 3s. “The town of Newcastle-on-Tyne,” says Dr. Hunter, “contains a sample of the finest tribe of our countrymen, often sunk by external circumstances of house and street into an almost savage degradation.”

As result of the ebbing and flowing of capital and labour, the state of the dwellings of an industrial town may to-day be bearable, to-morrow hideous. Or the ædileship of the town may have pulled itself together for the removal of the most shocking abuses. To-morrow, like a swarm of locusts, come crowding in masses of ragged Irishmen or decayed English agricultural labourers. They are stowed away in cellars and lofts, or the hitherto respectable labourer’s dwelling is transformed into a lodging-house, whose personnel changes as quickly as the billets in the 30 years’ war. Example: Bradford (Yorkshire). There the municipal philistine was just busied with urban improvements. Besides, there were still in Bradford, in 1861, 1751 uninhabited houses. But now comes that revival of trade which the mildly liberal Mr. Forster, the negro’s friend, recently crowed over with so much grace. With the revival of trade came of course an overflow from the waves of the ever fluctuating “reserve-army” or “relative surplus population.” The frightful cellar habitations and rooms registered in the list, which Dr. Hunter obtained from the agent of an Insurance Company, were for the most part inhabited by well-paid labourers. They declared that they would willingly pay for better dwellings if they were to be had. Meanwhile, they become degraded, they fall ill, one and all, whilst the mildly liberal Forster, M.P., sheds tears over the blessings of free-trade, and the profits of the eminent men of Bradford who deal in worsted. In the Report of September, 1865, Dr. Bell, one of the poor law doctors of Bradford, ascribes the frightful mortality of fever-patients in his district to the nature of their dwellings. “In one small cellar measuring 1500 cubic feet...there are ten persons.... Vincent Street, Green Aire Place, and the Leys include 223 houses having 1.450 inhabitants, 435 beds, and 36 privies.... The beds — and in that term I include any roll of dirty old rags, or an armful of shavings — have an average of 3.3 person to each, many have 5 and 6 persons to each, and some people, I am told, are absolutely without beds; they sleep in their ordinary clothes, on the bare boards — young men and women, married and

unmarried, all together. I need scarcely add that many of these dwellings are dark, damp, dirty, stinking holes, utterly unfit for human habitations; they are the centres from which disease and death are distributed amongst those in better circumstances, who have allowed them to fester in our midst.”

Bristol takes the third place after London in the misery of its dwellings. “Bristol, where the blankest poverty and domestic misery abound in the wealthiest town of Europe.”

#### The Nomad Population.

We turn now to a class of people whose origin is agricultural, but whose occupation is in great part industrial. They are the light infantry of capital, thrown by it, according to its needs, now to this point, now to that. When they are not on the march, they “camp.” Nomad labour is used for various operation of building and draining, brick-making, lime-burning, railway-making, &c. A flying column of pestilence, it carries into the places in whose neighbourhood it pitches its camp, small-pox, typhus, cholera, scarlet fever, &c. In undertakings that involve much capital outlay, such as railways, &c., the contractor himself generally provides his army with wooden huts and the like, thus improvising villages without any sanitary provisions, outside the control of the local boards, very profitable to the contractor, who exploits the labourers in two-fold fashion — as soldiers of industry and as tenants. According as the wooden hut contains 1, 2, or 3 holes, its inhabitant, navvy, or whatever he may be, has to pay 1, 3, or 4 shillings weekly. One example will suffice. In September, 1864, Dr. Simon reports that the Chairman of the Nuisances Removal Committee of the parish of Sevenoaks sent the following denunciation to Sir George Grey, Home Secretary:— “Small-pox cases were rarely heard of in this parish until about twelve months ago. Shortly before that time, the works for a railway from Lewisham to Tunbridge were commenced here, and, in addition to the principal works being in the immediate neighbourhood of this town, here was also established the depot for the whole of the works, so that a large number of persons was of necessity employed here. As cottage accommodation could not be obtained for them all, huts were built in several places along the line of the works by the contractor, Mr. Jay, for their especial occupation. These huts possessed no ventilation nor drainage, and, besides, were necessarily overcrowded, because each occupant had to accommodate lodgers, whatever the number in his own family might be, although there were only two rooms to each tenement. The consequences

were, according to the medical report we received, that in the night-time these poor people were compelled to endure all the horror of suffocation to avoid the pestiferous smells arising from the filthy, stagnant water, and the privies close under the windows. Complaints were at length made to the Nuisances Removal Committee by a medical gentleman who had occasion to visit these huts, and he spoke of their condition as dwellings in the most severe terms, and he expressed his fears that some very serious consequences might ensue, unless some sanitary measures were adopted. About a year ago, Mr. Jay promised to appropriate a hut, to which persons in his employ, who were suffering from contagious diseases, might at once be removed. He repeated that promise on the 23rd July last, but although since the date of the last promise there have been several cases of small-pox in his huts, and two deaths from the same disease, yet he has taken no steps whatever to carry out his promise. On the 9th September instant, Mr. Kelson, surgeon, reported to me further cases of small-pox in the same huts, and he described their condition as most disgraceful. I should add, for your (the Home Secretary's information that) an isolated house, called the Pest-house, which is set apart for parishioners who might be suffering from infectious diseases, has been continually occupied by such patients for many months past, and is also now occupied; that in one family five children died from small-pox and fever; that from the 1st April to the 1st September this year, a period of five months, there have been no fewer than ten deaths from small-pox in the parish, four of them being in the huts already referred to; that it is impossible to ascertain the exact number of persons who have suffered from that disease, although they are known to be many, from the fact of the families keeping it as private as possible."

The labourers in coal and other mines belong to the best paid categories of the British proletariat. The price at which they buy their wages was shown on an earlier page. Here I merely cast a hurried glance over the conditions of their dwellings. As a rule, the exploiter of a mine, whether its owner or his tenant, builds a number of cottages for his hands. They receive cottages and coal for firing "for nothing" — i.e., these form part of their wages, paid in kind. Those who are not lodged in this way receive in compensation £4 per annum. The mining districts attract with rapidity a large population, made up of the miners themselves, and the artisans, shopkeepers, &c., that group themselves around them. The ground-rents are high, as they are generally where population is dense. The master tries,

therefore, to run up, within the smallest space possible at the mouth of the pit, just so many cottages as are necessary to pack together his hands and their families. If new mines are opened in the neighbourhood, or old ones are again set working, the pressure increases. In the construction of the cottages, only one point of view is of moment, the “abstinence” of the capitalist from all expenditure that is not absolutely unavoidable. “The lodging which is obtained by the pitmen and other labourers connected with the collieries of Northumberland and Durham,” says Dr. Julian Hunter, “is perhaps, on the whole, the worst and the dearest of which any large specimens can be found in England, the similar parishes of Monmouthshire excepted.... The extreme badness is in the high number of men found in one room, in the smallness of the ground-plot on which a great number of houses are thrust, the want of water, the absence of privies, and the frequent placing of one house on the top of another, or distribution into flats,...the lessee acts as if the whole colony were encamped, not resident.”

“In pursuance of my instructions,” says Dr. Stevens, “I visited most of the large colliery villages in the Durham Union.... With very few exceptions, the general statement that no means are taken to secure the health of the inhabitants would be true of all of them.... All colliers are bound [‘bound,’ an expression which, like bondage, dates from the age of serfdom] to the colliery lessee or owner for twelve months.... If the colliers express discontent, or in any way annoy the ‘viewer,’ a mark or memorandum is made against their names, and, at the annual ‘binding,’ such men are turned off....It appears to me that no part of the ‘truck system’ could be worse than what obtains in these densely-populated districts. The collier is bound to take as part of his hiring a house surrounded with pestiferous influences; he cannot help himself, and it appears doubtful whether anyone else can help him except his proprietor (he is, to all intents and purposes, a serf), and his proprietor first consults his balance-sheet, and the result is tolerably certain. The collier is also often supplied with water by the proprietor, which, whether it be good or bad, he has to pay for, or rather he suffers a deduction for from his wages.”

In conflict with “public opinion,” or even with the Officers of Health, capital makes no difficulty about “justifying” the conditions partly dangerous, partly degrading, to which it confines the working and domestic life of the labourer, on the ground that they are necessary for profit. It is the same thing when capital “abstains” from protective measures against

dangerous machinery in the factory, from appliances for ventilation and for safety in mines, &c. It is the same here with the housing of the miners. Dr. Simon, medical officer of the Privy Council, in his official Report says: "In apology for the wretched household accommodation...it is alleged that mines are commonly worked on lease; that the duration of the lessee's interest (which in collieries is commonly for 21 years), is not so long that he should deem it worth his while to create good accommodation for his labourers, and for the tradespeople and others whom the work attracts; that even if he were disposed to act liberally in the matter, this disposition would commonly be defeated by his landlord's tendency to fix on him, as ground rent, an exorbitant additional charge for the privilege of having on the surface of the ground the decent and comfortable village which the labourers of the subterranean property ought to inhabit, and that prohibitory price (if not actual prohibition) equally excludes others who might desire to build. It would be foreign to the purpose of this report to enter upon any discussion of the merits of the above apology. Nor here is it even needful to consider where it would be that, if decent accommodation were provided, the cost...would eventually fall — whether on landlord, or lessee, or labourer, or public. But in presence of such shameful facts as are vouched for in the annexed reports [those of Dr. Hunter, Dr. Stevens, &c.] a remedy may well be claimed....Claims of landlordship are being so used as to do great public wrong. The landlord in his capacity of mine-owner invites an industrial colony to labour on his estate, and then in his capacity of surface-owner makes it impossible that the labourers whom he collects, should find proper lodging where they must live. The lessee [the capitalist exploiter] meanwhile has no pecuniary motive for resisting that division of the bargain; well knowing that if its latter conditions be exorbitant, the consequences fall, not on him, that his labourers on whom they fall have not education enough to know the value of their sanitary rights, that neither obscenest lodging nor foulest drinking water will be appreciable inducements towards a 'strike.'"

(d). Effect of Crises on the best paid part of the Working Class.

Before I turn to the regular agricultural labourers, I may be allowed to show, by one example, how industrial revulsions affect even the best-paid, the aristocracy, of the working-class. It will be remembered that the year 1857 brought one of the great crises with which the industrial cycle periodically ends. The next termination of the cycle was due in 1866.

Already discounted in the regular factory districts by the cotton famine, which threw much capital from its wonted sphere into the great centres of the money-market, the crisis assumed, at this time, an especially financial character. Its outbreak in 1866 was signalled by the failure of a gigantic London Bank, immediately followed by the collapse of countless swindling companies. One of the great London branches of industry involved in the catastrophe was iron shipbuilding. The magnates of this trade had not only over-produced beyond all measure during the overtrading time, but they had, besides, engaged in enormous contracts on the speculation that credit would be forthcoming to an equivalent extent. Now, a terrible reaction set in, that even at this hour (the end of March, 1867) continues in this and other London industries. To show the condition of the labourers, I quote the following from the circumstantial report of a correspondent of the "Morning Star," who, at the end of 1866, and beginning of 1867, visited the chief centres of distress: "In the East End districts of Poplar, Millwall, Greenwich, Deptford, Limehouse and Canning Town, at least 15,000 workmen and their families were in a state of utter destitution, and 3000 skilled mechanics were breaking stones in the workhouse yard (after distress of over half a year's duration)...I had great difficulty in reaching the workhouse door, for a hungry crowd besieged it....They were waiting for their tickets, but the time had not yet arrived for the distribution. The yard was a great square place with an open shed running all round it, and several large heaps of snow covered the paving-stones in the middle. In the middle, also, were little wicker-fenced spaces, like sheep pens, where in finer weather the men worked; but on the day of my visit the pens were so snowed up that nobody could sit in them. Men were busy, however, in the open shed breaking paving-stones into macadam. Each man had a big paving-stone for a seat, and he chipped away at the rime-covered granite with a big hammer until he had broken up, and think! five bushels of it, and then he had done his day's work, and got his day's pay — threepence and an allowance of food. In another part of the yard was a rickety little wooden house, and when we opened the door of it, we found it filled with men who were huddled together shoulder to shoulder, for the warmth of one another's bodies and breath. They were picking oakum and disputing the while as to which could work the longest on a given quantity of food — for endurance was the point of honour. Seven thousand...in this one workhouse...were recipients of relief...many hundreds of them...it appeared, were, six or eight

months ago, earning the highest wages paid to artisans....Their number would be more than doubled by the count of those who, having exhausted all their savings, still refuse to apply to the parish, because they have a little left to pawn. Leaving the workhouse, I took a walk through the streets, mostly of little one-storey houses, that abound in the neighbourhood of Poplar. My guide was a member of the Committee of the Unemployed....My first call was on an ironworker who had been seven and twenty weeks out of employment. I found the man with his family sitting in a little back room. The room was not bare of furniture, and there was a fire in it. This was necessary to keep the naked feet of the young children from getting frost bitten, for it was a bitterly cold day. On a tray in front of the fire lay a quantity of oakum, which the wife and children were picking in return for their allowance from the parish. The man worked in the stone yard of the workhouse for a certain ratio of food, and three pence per day. He had now come home to dinner quite hungry, as he told us with a melancholy smile, and his dinner consisted of a couple of slices of bread and dripping, and a cup of milkless tea....The next door at which we knocked was opened by a middle-aged woman, who, without saying a word, led us into a little back parlour, in which sat all her family, silent and fixedly staring at a rapidly dying fire. Such desolation, such hopelessness was about these people and their little room, as I should not care to witness again. 'Nothing have they done, sir,' said the woman, pointing to her boys, 'for six and twenty weeks; and all our money gone — all the twenty pounds that me and father saved when times were better, thinking it would yield a little to keep us when we got past work. Look at it,' she said, almost fiercely, bringing out a bank book with all its well-kept entries of money paid in, and money taken out, so that we could see how the little fortune had begun with the first five shilling deposit, and had grown by little and little to be twenty pounds, and how it had melted down again till the sum in hand got from pounds to shillings, and the last entry made the book as worthless as a blank sheet. This family received relief from the workhouse, and it furnished them with just one scanty meal per day....Our next visit was to an iron labourer's wife, whose husband had worked in the yards. We found her ill from want of food, lying on a mattress in her clothes, and just covered with a strip of carpet, for all the bedding had been pawned. Two wretched children were tending her, themselves looking as much in need of nursing as their mother. Nineteen weeks of enforced idleness had brought them to this pass, and

while the mother told the history of that bitter past, she moaned as if all her faith in a future that should atone for it were dead....On getting outside a young fellow came running after us, and asked us to step inside his house and see if anything could be done for him. A young wife, two pretty children, a cluster of pawn-tickets, and a bare room were all he had to show.”

On the after pains of the crisis of 1866, the following extract from a Tory newspaper. It must not be forgotten that the East-end of London, which is here dealt with, is not only the seat of the iron shipbuilding mentioned above, but also of a so-called “home-industry” always underpaid. “A frightful spectacle was to be seen yesterday in one part of the metropolis. Although the unemployed thousands of the East End did not parade with their black flags en masse, the human torrent was imposing enough. Let us remember what these people suffer. They are dying of hunger. That is the simple and terrible fact. There are 40,000 of them....In our presence, in one quarter of this wonderful metropolis, are packed — next door to the most enormous accumulation of wealth the world ever saw — cheek by jowel with this are 40,000 helpless, starving people. These thousands are now breaking in upon the other quarters, always half-starving, they cry their misery in our ears, they cry to Heaven, they tell us from their miserable dwellings, that it is impossible for them to find work, and useless for them to beg. The local ratepayers themselves are driven by the parochial charges to the verge of pauperism.” — (“Standard,” 5th April, 1866.)

As it is the fashion amongst English capitalists to quote Belgium as the Paradise of the labourer because “freedom of labour,” or what is the same thing, “freedom of capital,” is there limited neither by the despotism of Trade’s Unions, nor by Factory Acts, a word or two on the “happiness” of the Belgian labourer. Assuredly no one was more thoroughly initiated in the mysteries of this happiness than the late M. Ducpétiaux, inspector-general of Belgian prisons and charitable institutions, and member of the central commission of Belgian statistics. Let us take his work: “Budgets économiques des classes ouvrières de la Belgique, Bruxelles, 1855.” Here we find among other matters, a normal Belgian labourer’s family, whose yearly income and expenditure he calculates on very exact data, and whose conditions of nourishment are then compared with those of the soldier, sailor, and prisoner. The family “consists of father, mother, and four children.” Of these 6 persons “four may be usefully employed the whole

year through.” It is assumed that “there is no sick person nor one incapable of work, among them,” nor are there “expenses for religious, moral, and intellectual purposes, except a very small sum for church sittings,” nor “contributions to savings banks or benefit societies,” nor “expenses due to luxury or the result of improvidence.” The father and eldest son, however, allow themselves “the use of tobacco,” and on Sundays “go to the cabaret,” for which a whole 86 centimes a week are reckoned. “From a general compilation of wages allowed to the labourers in different trades, it follows that the highest average of daily wage is 1 franc 56c., for men, 89 centimes for women, 56 centimes for boys, and 55 centimes for girls. Calculated at this rate, the resource of the family would amount, at the maximum, to 1068 francs a-year. ...In the family...taken as typical we have calculated all possible resources. But in ascribing wages to the mother of the family we raise the question of the direction of the household. How will its internal economy be cared for? Who will look after the young children? Who will get ready the meals, do the washing and mending? This is the dilemma incessantly presented to the labourers.”

According to this the budget of the family is:

The father 300 working days at fr. 1.56...	fr. 468
The mother 300 working days at fr. 89...	fr. 267
The boy 300 working days at fr. 56...	fr. 168
The girl 300 working days at fr. 55...	fr. 165
Total	fr. 1,068

The annual expenditure of the family would cause a deficit upon the hypothesis that the labourer has the food of:

The man of war's man fr. 1828...	Deficit fr. 760
The soldier fr. 1473...	Deficit fr. 405
The prisoner fr. 1112...	Deficit fr. 44

“We see that few labouring families can reach, we will not say the average of the sailor or soldier, but even that of the prisoner. The general average (of the cost of each prisoner in the different prisons during the period 1847-1849), has been 63 centimes for all prisons. This figure, compared with that of the daily maintenance of the labourer, shows a difference of 13 centimes. It must be remarked further, that if in the prisons

it is necessary to set down in the account the expenses of administration and surveillance on the other hand, the prisoners have not to pay for their lodging; that the purchases they make at the canteens are not included in the expenses of maintenance, and that these expenses are greatly lowered in consequence of the large number of persons that make up the establishments, and of contracting for or buying wholesale, the food and other things that enter into their consumption. ...How comes it, however, that a great number, we might say, a great majority, of labourers, live in a more economical way? It is...by adopting expedients, the secret of which only the labourer knows; by reducing his daily rations; by substituting rye-bread for wheat; by eating less meat, or even none at all, and the same with butter and condiments; by contenting themselves with one or two rooms where the family is crammed together, where boys and girls sleep side by side, often on the same pallet; by economy of clothing, washing, decency; by giving up the Sunday diversions; by, in short, resigning themselves to the most painful privations. Once arrived at this extreme limit, the least rise in the price of food, stoppage of work, illness, increases the labourer's distress and determines his complete ruin; debts accumulate, credit fails, the most necessary clothes and furniture are pawned, and finally, the family asks to be enrolled on the list of paupers." (Ducpétiaux, l. c., p, 154, 155.) In fact, in this "Paradise of capitalists" there follows, on the smallest change in the price of the most essential means of subsistence, a change in the number of deaths and crimes! (See Manifesto of the Maatschappij: De Vlamingen Vooruit! Brussels, 1860, p, 16.) In all Belgium are 930,000 families, of whom, according to the official statistics, 90,000 are wealthy and on the list of voters =450,000 persons; 190,000 families of the lower middle-class in towns and villages, the greater part of them constantly sinking into the proletariat,=1,950,000 persons. Finally, 450,000 working-class families=2,250,000 persons of whom the model ones enjoy the happiness depicted by Ducpétiaux. Of the 450,000 working-class families, over 200,000 are on the pauper list.

(e.) The British Agricultural Proletariat.

Nowhere does the antagonistic character of capitalistic production and accumulation assert itself more brutally than in the progress of English agriculture (including cattle-breeding) and the retrogression of the English agricultural labourer. Before I turn to his present situation, a rapid retrospect: Modern agriculture dates in England from the middle of the

18th century, although the revolution in landed property, from which the changed mode of production starts as a basis, has a much earlier date.

If we take the statements of Arthur Young, a careful observer, though a superficial thinker, as to the agricultural labourer of 1771, the latter plays a very pitiable part compared with his predecessor of the end of the 14th century, “when the labourer...could live in plenty, and accumulate wealth,” not to speak of the 15th century, “the golden age of the English labourer in town and country.” We need not, however, go back so far. In a very instructive work of the year 1777 we read: “The great farmer is nearly mounted to a level with him [the gentleman]; while the poor labourer is depressed almost to the earth. His unfortunate situation will fully appear, by taking a comparative view of it, only forty years ago, and at present...Landlord and tenant...have both gone hand in hand in keeping the labourer down.” It is then proved in detail that the real agricultural wages between 1737 and 1777 fell nearly  $\frac{1}{4}$  or 25 per cent. “Modern policy,” says Dr. Richard Price also, “is, indeed, more favourable to the higher classes of people; and the consequences may in time prove that the whole kingdom will consist of only gentry and beggars, or of grandees and slaves.”

Nevertheless, the position of the English agricultural labourer from 1770 to 1780, with regard to his food and dwelling, as well as to his self-respect, amusements, &c., is an ideal never attained again since that time. His average wage expressed in pints of what was from 1770 to 1771, 90 pints, in Eden’s time (1797) only 65, in 1808 but 60.

The state of the agricultural labourer at the end of the Anti-Jacobin war, during which landed proprietors, farmers, manufacturers, merchants, bankers, stockbrokers, army-contractors, &c., enriched themselves so extraordinarily, has been already indicated above. The nominal wages rose in consequence partly of the bank-note depreciation, partly of a rise in the price of the primary means of subsistence independent of this depreciation. But the actual wage-variation can be evidenced in a very simple way, without entering into details that are here unnecessary. The Poor Law and its administration were in 1795 and 1814 the same. It will be remembered how this law was carried out in the country districts: in the form of alms the parish made up the nominal wage to the nominal sum required for the simple vegetation of the labourer. The ratio between the wages paid by the farmer, and the wage-deficit made good by the parish, shows us two things. First, the falling of wages below their minimum; second, the degree in

which the agricultural labourer was a compound of wage-labourer and pauper, or the degree in which he had been turned into a serf of his parish. Let us take one county that represents the average condition of things in all counties. In Northamptonshire, in 1795, the average weekly wage was 7s. 6d.; the total yearly expenditure of a family of 6 persons, £36 12s. 5d.; their total income, £29 18s.; deficit made good by the parish, £6 14s. 5d. In 1814, in the same county, the weekly wage was 12s. 2d.; the total yearly expenditure of a family of 5 persons, £54 18s. 4d.; their total income, £36 2s.; deficit made good by the parish, £18 6s. 4d. In 1795 the deficit was less than  $\frac{1}{4}$  the wage, in 1814, more than half. It is self-evident that, under these circumstances, the meagre comforts that Eden still found in the cottage of the agricultural labourer, had vanished by 1814. Of all the animals kept by the farmer, the labourer, the instrumentum vocale, was, thenceforth, the most oppressed, the worst nourished, the most brutally treated.

The same state of things went on quietly until “the Swing riots, in 1830, revealed to us [i.e., the ruling classes] by the light of blazing corn-stacks, that misery and black mutinous discontent smouldered quite as fiercely under the surface of agricultural as of manufacturing England.” At this time, Sadler, in the House of Commons, christened the agricultural labourers “white slaves,” and a Bishop echoed the epithet in the Upper House. The most notable political economist of that period — E.g. Wakefield — says: “The peasant of the South of England...is not a freeman, nor is he a slave; he is a pauper.

The time just before the repeal of the Corn Laws threw new light on the condition of the agricultural labourers. On the one hand, it was to the interest of the middle-class agitators to prove how little the Corn Laws protected the actual producers of the corn. On the other hand, the industrial bourgeoisie foamed with sullen rage at the denunciations of the factory system by the landed aristocracy, at the pretended sympathy with the woes of the factory operatives, of those utterly corrupt, heartless, and genteel loafers, and at their “diplomatic zeal” for factory legislation. It is an old English proverb that “when thieves fall out, honest men come by their own,” and, in fact, the noisy, passionate quarrel between the two fractions of the ruling class about the question, which of the two exploited the labourers the more shamefully, was on each hand the midwife of the truth. Earl Shaftesbury, then Lord Ashley, was commander-in-chief in the aristocratic, philanthropic, anti-factory campaign. He was, therefore, in

1845, a favourite subject in the revelations of the "Morning Chronicle" on the condition of the agricultural labourers. This journal, then the most important Liberal organ, sent special commissioners into the agricultural districts, who did not content themselves with mere general descriptions and statistics, but published the names both of the labouring families examined and of their landlords. The following list gives the wages paid in three villages in the neighborhood of Blandford, Wimbourne, and Poole. The villages are the property of Mr. G. Bankes and of the Earl of Shaftesbury. It will be noted that, just like Bankes, this "low church pope," this head of English pietists, pockets a great part of the miserable wages of the labourers under the pretext of house-rent: —

FIRST VILLAGE.

(a) Children.	(b) Number of Members in Family.	(c) Weekly Wage of the Men.	(d) Weekly Wage of the Children.	(e) Weekly Income of the Whole Family.	(f) Weekly Rent.	(g) Total weekly wage after deduction of Rent.	(h) Weekly Income per head.
		s. d.		s. d.	s. d.	s. d.	s. d.
2	4	8 0	—	8 0	2 0	6 0	1 6
3	5	8 0	—	8 0	1 6	6 6	1 3½
2	4	8 0	—	8 0	1 0	7 0	1 9
2	4	8 0	—	8 0	1 0	7 0	1 9
6	8	7 0	1 -, 16,	10 6	2 0	8 6	1 0½
3	5	7 0	1 -, 2-	7 0	1 4	5 8	1 1½

SECOND VILLAGE.

		s. d.		s. d.	s. d.	s. d.	s. d.
6	9	7 0	1 -, 16,	10 0	1 6	8 6	1 0½
6	8	7 0	1 -, 16,	7 0	1 3½	5 8½	0 8½
8	10	7 0	—	7 0	1 3½	5 8½	0 7
4	6	7 0	—	7 0	1 6½	5 5½	0 11
3	5	7 0	—	7 0	1 6½	5 5½	1 1

THIRD VILLAGE.

(a) Children.	(b) Number of Members in Family.	(c) Weekly Wage of the Men.	(d) Weekly Wage of the Children.	(e) Weekly Income of the Whole Family.	(f) Weekly Rent	(g) Total weekly wage after deduction of Rent.	(h) Weekly Income per head.
		s. d.		s. d.	s. d.	s. d.	s. d.
4	6	7 0	—	7 0	1 0	6 0	1 0
3	5	7 0	1-, 2-,	11 6	0 10	10 8	2 1½
0	2	5 0	1-, 26,	5 0	1 0	4 0	2 0 1

The repeal of the Corn Laws gave a marvellous impulse to English agriculture. Drainage on the most extensive scale, new methods of stall-feeding, and of the artificial cultivation of green crops, introduction of mechanical manuring apparatus, new treatment of clay soils, increased use of mineral manures, employment of the steam-engine, and of all kinds of new machinery, more intensive cultivation generally, characterised this epoch. Mr. Pusey, Chairman of the Royal Agricultural Society, declares that the (relative) expenses of farming have been reduced nearly one-half by the introduction of new machinery. On the other hand, the actual return of the soil rose rapidly. Greater outlay of capital per acre, and, as a consequence, more rapid concentration of farms, were essential conditions of the new method. At the same time, the area under cultivation increased, from 1846 to 1856, by 464,119 acres, without reckoning the great area in the Eastern Counties which was transformed from rabbit warrens and poor pastures into magnificent cornfields. It has already been seen that, at the same time, the total number of persons employed in agriculture fell. As far as the actual agricultural labourers of both sexes and of all ages are concerned, their number fell from 1,241,396, in 1851, to 1,163,217 in 1861. If the English Registrar-General, therefore, rightly remarks: "The increase of farmers and farm-labourers, since 1801, bears no kind of proportion...to the increase of agricultural produce," this disproportion obtains much more for the last period, when a positive decrease of the agricultural population went hand in hand with increase of the area under cultivation, with more intensive cultivation, unheard-of accumulation of the capital incorporated with the soil, and devoted to its working, an augmentation in the products of the soil without parallel in the history of English agriculture, plethoric rent-rolls of landlords, and growing wealth of the capitalist farmers. If we take this,

together with the swift, unbroken extension of the markets, viz., the towns, and the reign of Free Trade, then the agricultural laborer was at last, post tot discrimina rerum, placed in circumstances that ought, secundum artem, to have made him drunk with happiness.

But Professor Rogers comes to the conclusion that the lot of the English agricultural labourer of to-day, not to speak of his predecessor in the last half on the 14th and in the 15th century, but only compared with his predecessor from 1770 to 1780, has changed for the worse to an extraordinary extent, that “the peasant has again become a serf,” and a serf worse fed and worse clothed. Dr. Julian Hunter, in his epoch-making report on the dwellings of the agricultural labourers, says: “The cost of the hind” (a name for the agricultural labourer, inherited from time of serfdom) “is fixed at the lowest possible amount on which he can live...the supplies of wages and shelter are not calculated on the profit to be derived from him. He is a zero in farming calculations. ...The means [of subsistence] being always supposed to be a fixed quantity. As to any further reduction of his income, he may say, nihil habeo nihil curo. He has no fears for the future, because he has now only the spare supply necessary to keep him. He has reached the zero from which are dated the calculations of the farmer. Come what will, he has no share either in prosperity or adversity.”

In the year 1863, an official inquiry took place into the conditions of nourishment and labour of the criminals condemned to transportation and penal servitude. The results are recorded in two voluminous blue books. Among other things it is said: “From an elaborate comparison between the diet of convicts in the convict prisons in England, and that of paupers in workhouses and of free labourers in the same country...it certainly appears that the former are much better fed than either of the two other classes,” whilst “the amount of labour required from an ordinary convict under penal servitude is about one half of what would be done by an ordinary day labourer.” A few characteristic depositions of witnesses: John Smith, governor of the Edinburgh prison, deposes: No. 5056. “The diet of the English prisons [is] superior to that of ordinary labourers in England.” No. 50. “It is the fact...that the ordinary agricultural labourers in Scotland very seldom get any meat at all.” Answer No. 3047. “Is there anything that you are aware of to account for the necessity of feeding them very much better than ordinary labourers? — Certainly not.” No. 3048. “Do you think that further experiments ought to be made in order to ascertain whether a

dietary might not be hit upon for prisoners employed on public works nearly approaching to the dietary of free labourers? ...”He [the agricultural labourer] might say: ‘I work hard, and have not enough to eat, and when in prison I did not work harder where I had plenty to eat, and therefore it is better for me to be in prison again than here.’” From the tables appended to the first volume of the Report I have compiled the annexed comparative summary.

**WEEKLY AMOUNT OF NUTRIMENT.**

	Quantity of Nitrogenous Ingredients.	Quantity of Non-Nitrogenous Ingredients.	Quantity of Mineral Matter.	Total.
	Ounces	Ounces	Ounces	Ounces
Portland (convict)	28·05	150·06	4·68	103·69
Sailor in the Navy	29·63	152·91	4·52	187·06
Soldier	25·55	114·49	3·94	14·98
Working Coachmaker	24·53	162·06	4·23	190·82
Compositor	21·24	100·83	3·12	125·19
Agricultural labourer	17·73	118·06	3·29	139·08 <sup>a</sup>

The general result of the inquiry by the medical commission of 1863, on the food of the lowest fed classes, is already known to the reader. He will remember that the diet of a great part of the agricultural labourer’s families is below the minimum necessary “to arrest starvation diseases.” This is especially the case in all the purely rural districts of Cornwall, Devon, Somerset, Wilts, Stafford, Oxford, Berks, and Herts. “The nourishment obtained by the labourer himself,” says Dr. E. Smith, “is larger than the average quantity indicates, since he eats a larger share...necessary to enable him to perform his labour...of food than the other members of the family, including in the poorer districts nearly all the meat and bacon.... The quantity of food obtained by the wife and also by the children at the period of rapid growth, is in many cases, in almost every county, deficient, and

particularly in nitrogen.” The male and female servants living with the farmers themselves are sufficiently nourished. Their number fell from 288,277 in 1851, to 204,962 in 1861. “The labour of women in the fields,” says Dr. Smith, “whatever may be its disadvantages,...is under present circumstances of great advantage to the family, since it adds that amount of income which...provides shoes and clothing and pays the rent, and thus enables the family to be better fed.” One of the most remarkable results of the inquiry was that the agricultural labourer of England, as compared with other parts of the United Kingdom, “is considerably the worst fed,” as the appended table shows:

Quantities of Carbon and Nitrogen weekly consumed by an average agricultural adult.

Carbon, grains.	Nitrogen, grains.
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1. c. . The English agricultural labourer receives only  $\frac{1}{4}$  as much milk and  $\frac{1}{2}$  as much bread as the Irish. Arthur Young in his “Tour through Ireland,” at the beginning of this century, already noticed the better nourishment of the latter. The reason is simply this, that poor Irish farmer is incomparably more humane than the rich English. As regards Wales, that which is said in the text holds only for the south-west. All the doctors there agree that the increase of the deathrate through tuberculosis, scrofula, etc., increases in intensity with the deterioration of the physical condition of the population, and all ascribe this deterioration to poverty. “His (the farm labourer’s) keep is reckoned at about five pence a day, but in many districts it was said to be of much less cost to the farmer,” [himself very poor]... “A morsel of the salt meat or bacon,... salted and dried to

the texture of mahogany, and hardly worth the difficult process of assimilation.... is used to flavour a large quantity of broth or gruel, of meal and leeks, and day after day this is the labourer's dinner." The advance of industry resulted for him, in this harsh and damp climate, in "the abandonment of the solid homespun clothing in favour of the cheap and so-called cotton goods," and of stronger drinks for so-called tea. "The agriculturist, after several hours' exposure to wind and rain, gains his cottage to sit by a fire of peat or of balls of clay and small coal kneaded together, from which volumes of carbonic and sulphurous acids are poured forth. His walls are of mud and stones, his floor the bare earth which was there before the but was built, his roof a mass of loose and sodden thatch. Every crevice is stopped to maintain warmth, and in an atmosphere of diabolic odour, with a mud floor, with his only clothes drying on his back, he often sups and sleeps with his wife and children. Obstetricians who have passed parts of the night in such cabins have described how they found their feet sinking in the mud of the floor, and they were forced (easy task) to drill a hole through the wall to effect a little private respiration. It was attested by numerous witnesses in various grades of life, that to these insanitary influences, and many more, the underfed peasant was nightly exposed, and of the result, a debilitated and scrofulous people, there was no want of

evidence.... The statements of the relieving officers of Carmarthenshire and Cardiganshire show in a striking way the same state of things. There is besides “a plague more horrible still, the great number of idiots.” Now a word on the climatic conditions. “A strong south-west wind blows over the whole country for 8 or 9 months in the year, bringing with it torrents of rain, which discharge principally upon the western slopes of the hills. Trees are rare, except in sheltered places, and where not protected, are blown out of all shape. The cottages generally crouch under some bank, or often in a ravine or quarry, and none but the smallest sheep and native cattle can live on the pastures.... The young people migrate to the eastern mining districts of Glamorgan and Monmouth. Carmarthenshire is the breeding ground of the mining population and their hospital. The population can therefore barely maintain its numbers.” Thus in Cardiganshire:

1851.

1861.

Males

45,155

44,446

Females

52,459

52,955

97,614

97,401

Dr. Hunter's Report in Public Health, Seventh Report. 1864. p-502 passim.

England	46.673	1.594
Wales	48.354	2.031
Scotland	48.980	2.348
Ireland	43.366	2.434.

“To the insufficient quantity and miserable quality of the house accommodation generally had,” says Dr. Simon, in his official Health Report, “by our agricultural labourers, almost every page of Dr. Hunter’s report bears testimony. And gradually, for many years past, the state of the labourer in these respects has been deteriorating, house-room being now greatly more difficult for him to find, and, when found, greatly less suitable to his needs than, perhaps, for centuries had been the case. Especially within the last twenty or thirty years, the evil has been in very rapid increase, and the household circumstances of the labourer are now in the highest degree deplorable. Except in so far as they whom his labour enriches, see fit to treat him with a kind of pitiful indulgence, he is quite peculiarly helpless in the matter. Whether he shall find house-room on the land which he contributes to till, whether the house-room which he gets shall be human or swineish, whether he shall have the little space of garden that so vastly lessens the pressure of his poverty — all this does not depend on his willingness and ability to pay reasonable rent for the decent accommodation he requires, but depends on the use which others may see fit to make of their ‘right to do as they will with their own.’ However large

may be a farm, there is no law that a certain proportion of labourers' dwellings (much less of decent dwellings) shall be upon it; nor does any law reserve for the labourer ever so little right in that soil to which his industry is as needful as sun and rain.... An extraneous element weighs the balance heavily against him....the influence of the Poor Law in its provisions concerning settlement and chargeability. Under this influence, each parish has a pecuniary interest in reducing to a minimum the number of its resident labourers: — for, unhappily, agricultural labour instead of implying a safe and permanent independence for the hard-working labourer and his family, implies for the most part only a longer or shorter circuit to eventual pauperism — a pauperism which, during the whole circuit, is so near, that any illness or temporary failure of occupation necessitates immediate recourse to parochial relief — and thus all residence of agricultural population in a parish is glaringly an addition to its poor rates.... Large proprietors ...have but to resolve that there shall be no labourers' dwellings on their estates, and their estates will thenceforth be virtually free from half their responsibility for the poor. How far it has been intended, in the English constitution and law, that this kind of unconditional property in land should be acquirable, and that a landlord, 'doing as he wills with his own,' should be able to treat the cultivators of the soil as aliens, whom he may expel from his territory, is a question which I do not pretend to discuss....for that (power) of eviction...does not exist only in theory. On a very large scale it prevails in practice — prevails...as a main governing condition in the household circumstances of agricultural labour.... As regards the extent of the evil, it may suffice to refer to the evidence which Dr. Hunter has compiled from the last census, that destruction of houses, notwithstanding increased local demands for them, had, during the last ten years, been in progress in 821 separate parishes or townships of England, so that irrespectively of persons who had been forced to become non-resident (that is in the parishes in which they work), these parishes and townships were receiving in 1861, as compared with 1851, a population  $5\frac{1}{3}$  per cent. greater, into house-room  $4\frac{1}{2}$  per cent. less.... When the process of depopulation has completed itself, the result, says Dr. Hunter, is a showvillage where the cottages have been reduced to a few, and where none but persons who are needed as shepherds, gardeners, or game-keepers, are allowed to live; regular servants who receive the good treatment usual to their class. But the land requires cultivation, and it will be found that the

labourers employed upon it are not the tenants of the owner, but that they come from a neighboring open village, perhaps three miles off, where a numerous small proprietary had received them when their cottages were destroyed in the close villages around. Where things are tending to the above result, often the cottages which stand, testify, in their unrepaired and wretched condition, to the extinction to which they are doomed. They are seen standing in the various stages of natural decay. While the shelter holds together, the labourer is permitted to rent it, and glad enough he will often be to do so, even at the price of decent lodging. But no repair, no improvement shall it receive, except such as its penniless occupants can supply. And when at last it becomes quite uninhabitable — uninhabitable even to the humblest standard of serfdom — it will be but one more destroyed cottage, and future poor-rates will be somewhat lightened. While great owners are thus escaping from poor-rates through the depopulation of lands over which they have control, the nearest town or open village receive the evicted labourers: the nearest, I say, but this “nearest” may mean three or four miles distant from the farm where the labourer has his daily toil. To that daily toil there will then have to be added, as though it were nothing, the daily need of walking six or eight miles for power of earning his bread. And whatever farm-work is done by his wife and children, is done at the same disadvantage. Nor is this nearly all the toil which the distance occasions him. In the open village, cottage-speculators bus scraps of land, which they throng as densely as they can with the cheapest of all possible hovels. And into those wretched habitations (which, even if they adjoin the open country, have some of the worst features of the worst town residences) crowd the agricultural labourers of England. ...Nor on the other hand must it be supposed that even when the labourer is housed upon the lands which he cultivates, his household circumstances are generally such as his life of productive industry would seem to deserve. Even on princely estates...his cottage...may be of the meanest description. There are landlords who deem any style good enough for their labourer and his family, and who yet do not disdain to drive with him the hardest possible bargain for rent. It may be but a ruinous one-bedroomed hut, having no fire-grate, no privy, no opening window, no water supply but the ditch, no garden — but the labourer is helpless against the wrong.... And the Nuisances Removal Acts...are...a mere dead letter...in great part dependent for their working on such cottage owners as the one from whom his (the labourer’s) hovel is rented.... From

brighter, but exceptional scenes, it is requisite in the interests of justice, that attention should again be drawn to the overwhelming preponderance of facts which are a reproach to the civilization of England. Lamentable indeed, must be the case, when, notwithstanding all that is evident with regard to the quality of the present accommodation, it is the common conclusion of competent observers that even the general badness of dwellings is an evil infinitely less urgent than their mere numerical insufficiency. For years the overcrowding of rural labourer's dwellings has been a matter of deep concern, not only to persons who care for sanitary good, but to persons who care for decent and moral life. For again and again in phrases so uniform that they seem stereotyped, reporters on the spread of epidemic disease in rural districts, have insisted on the extreme importance of that over-crowding, as an influence which renders it a quite hopeless task, to attempt the limiting of any infection which is introduced. And again and again it has been pointed out that, notwithstanding the many salubrious influences which there are in country life, the crowding which so favours the extension of contagious disease, also favours the origination of disease which is not contagious. And those who have denounced the over-crowded state of our rural population have not been silent as to a further mischief. Even where their primary concern has been only with the injury to health, often almost perforce they have referred to other relations on the subject. In showing how frequently it happens that adult persons of both sexes, married and unmarried, are huddled together in single small sleeping rooms, their reports have carried the conviction that, under the circumstances they describe, decency must always be outraged, and morality almost of necessity must suffer. Thus, for instance, in the appendix of my last annual report, Dr. Ord, reporting on an outbreak of fever at Wing, in Buckinghamshire, mentions how a young man who had come thither from Wingrave with fever, "in the first days of his illness slept in a room with nine other persons. Within a fortnight several of these persons were attacked, and in the course of a few weeks five out of the nine had fever, and one died."...From Dr. Harvey, of St. George's Hospital, who, on private professional business, visited Wing during the time of the epidemic, I received information exactly in the sense of the above report.... "A young woman having fever, lay at night in a room occupied by her father and mother, her bastard child, two young men (her brothers), and her two

sisters, each with a bastard child — 10 persons in all. A few weeks ago 13 persons slept in it.”

Dr. Hunter investigated 5,375 cottages of agricultural labourers, not only in the purely agricultural districts, but in all counties of England. Of these, 2,195 had only one bedroom (often at the same time used as living-room), 2,930 only two, and 250, more than two. I will give a few specimens culled from a dozen counties.

#### BEDFORDSHIRE.

Wrestlingworth. Bedrooms about 12 feet long and 10 broad, although many are smaller than this. The small, one-storied cots are often divided by partitions into two bedrooms, one bed frequently in a kitchen, 5 feet 6 inches in height. Rent, £3 a year. The tenants have to make their own privies, the landlord only supplies a hole. As soon as one has made a privy, it is made use of by the whole neighborhood. One house, belonging to a family called Richardson, was of quite unapproachable beauty. “Its plaster walls bulged very like a lady’s dress in a curtsey. One gable end was convex, the other concave, and on this last, unfortunately, stood the chimney, a curved tube of clay and wood like an elephant’s trunk. A long stick served as prop to prevent the chimney from falling. The doorway and window were rhomboidal.” Of 17 houses visited, only 4 had more than one bedroom, and those four overcrowded. The cots with one bedroom sheltered 3 adults and 3 children, a married couple with 6 children, 8c.

Dunton. High rents, from £4 to £5; weekly wages of the man, 10s. They hope to pay the rent by the straw-plaiting of the family. The higher the rent, the greater the number that must work together to pay it. Six adults, living with 4 children in one sleeping apartment, pay £3 10s. for it. The cheapest house in Dunton, 15 feet long externally, 10 broad, let for £3. Only one of the houses investigated had 2 bedrooms. A little outside the village, a house whose “tenants dinged against the house-side,” the lower 9 inches of the door eaten away through sheer rottenness; the doorway, a single opening closed at night by a few bricks, ingeniously pushed up after shutting and covered with some matting. Half a window, with glass and frame, had gone the way of all flesh. Here, without furniture, huddled together, were 3 adults and 5 children. Dunton is not worse than the rest of Biggleswade Union.

#### BERKSHIRE.

Beenham. In June, 1864, a man, his wife and 4 children lived in a cot (one-storied cottage). A daughter came home from service with scarlet fever. She died. One child sickened and died. The mother and one child were down with typhus when Dr. Hunter was called in. The father and one child slept outside, but the difficulty of securing isolation was seen here, for in the crowded market of the miserable village lay the linen of the fever-stricken household, waiting for the wash. The rent of H.'s house, 1s. a week; one bedroom for man, wife, and 6 children. One house let for 8d. a-week, 14 feet 6 inches long, 7 feet broad; kitchen, 6 feet high; the bedroom without window, fire-place, door, or opening, except into the lobby; no garden. A man lived here for a little while, with two grown-up daughters and one grown-up son; father and son slept on the bed, the girls in the passage. Each of the latter had a child while the family was living here, but one went to the workhouse for her confinement and then came home.

#### BUCKINGHAMSHIRE.

30 cottages — on 1,000 acres of land — contained here about 130-140 persons. The parish of Bradenham comprises 1,000 acres; it numbered, in 1851, 36 houses and a population of 84 males and 54 females. This inequality of the sexes was partly remedied in 1861, when they numbered 98 males and 87 females; increase in 10 years of 14 men and 33 women. Meanwhile, the number of houses was one less.

Winslow. Great part of this newly built in good style; demand for houses appears very marked, since very miserable cots let at 1s. to 1s. 3d. per week.

Water Eaton. Here the landlords, in view of the increasing population, have destroyed about 20 per cent. of the existing houses. A poor labourer, who had to go about 4 miles to his work, answered the question, whether he could not find a cot nearer: "No; they know better than to take a man in with my large family."

Tinker's End, near Winslow. A bedroom in which were 4 adults and 4 children; 11 feet long, 9 feet broad, 6 feet 5 inches high at its highest part; another 11 feet 3 inches by 9 feet, 5 feet 10 inches high, sheltered 6 persons. Each of these families had less space than is considered necessary for a convict. No house had more than one bedroom, not one of them a back-door; water very scarce; weekly rent from 1s. 4d. to 2s. In 16 of the houses visited, only 1 man that earned 10s. a week. The quantity of air for each person under the circumstances just described corresponds to that which he

would have if he were shut up in a box of 4 feet measuring each way, the whole night. But then, the ancient dens afforded a certain amount of unintentional ventilation.

#### CAMBRIDGESHIRE.

Gamblingay belongs to several landlords. It contains the wretchedest cots to be found anywhere. Much straw-plaiting. "A deadly lassitude, a hopeless surrendering up to filth," reigns in Gamblingay. The neglect in its centre, becomes mortification at its extremities, north and south, where the houses are rotting to pieces. The absentee landlords bleed this poor rookery too freely. The rents are very high; 8 or 9 persons packed in one sleeping apartment, in 2 cases 6 adults, each with 1 or 2 children in one small bedroom.

#### ESSEX.

In this county, diminutions in the number of persons and of cottages go, in many parishes, hand in hand. In not less than 22 parishes, however, the destruction of houses has not prevented increase of population, or has not brought about that expulsion which, under the name "migration to towns," generally occurs. In Fingringhoe, a parish of 3443 acres, were in 1851, 145 houses; in 1861, only 110. But the people did not wish to go away, and managed even to increase under these circumstances. In 1851, 252 persons inhabited 61 houses, but in 1861, 262 persons were squeezed into 49 houses. In Basilden, in 1851, 157 persons lived on 1827 acres, in 35 houses; at the end of ten years, 180 persons in 27 houses. In the parishes of Fingringhoe, South Farnbridge, Widford, Basilden, and Ramsden Crag, in 1851, 1392 persons were living on 8449 acres in 316 houses; in 1861, on the same area, 1473 persons in 249 houses.

#### HEREFORDSHIRE.

This little county has suffered more from the "eviction-spirit" than any other in England. At Nadby, over-crowded cottages generally, with only 2 bedrooms, belonging for the most part to the farmers. They easily let them for £3 or £4 a-year, and paid a weekly wage of 9s.

#### HUNTINGDON.

Hartford had, in 1851, 87 houses; shortly after this, 19 cottages were destroyed in this small parish of 1720 acres; population in 1831, 452; in 1852, 832; and in 1861, 341. 14 cottages, each with 1 bedroom, were visited. In one, a married couple, 3 grown-up sons, 1 grown-up daughter, 4 children — in all 10; in another, 3 adults, 6 children. One of these rooms, in

which 8 people slept, was 12 feet 10 inches long, 12 feet 2 inches broad, 6 feet 9 inches high: the average, without making any deduction for projections into the apartment, gave about 130 cubic feet per head. In the 14 sleeping rooms, 34 adults and 33 children. These cottages are seldom provided with gardens, but many of the inmates are able to farm small allotments at 10s. or 12s. per rood. These allotments are at a distance from the houses, which are without privies. The family “must either go to the allotment to deposit their ordures,” or, as happens in this place, saving your presence, “use a closet with a trough set like a drawer in a chest of drawers, and drawn out weekly and conveyed to the allotment to be emptied where its contents were wanted.” In Japan, the circle of life-conditions moves more decently than this.

#### LINCOLNSHIRE.

Langtoft. A man lives here, in Wright’s house, with his wife, her mother, and 5 children; the house has a front kitchen, scullery, bedroom over the front kitchen; front kitchen and bedroom, 12 feet 2 inches by 9 feet 5 inches; the whole ground floor, 21 feet 2 inches by 9 feet 5 inches. The bedroom is a garret; the walls run together into the roof like a sugar-loaf, a dormer-window opening in front. “Why did he live here? On account of the garden? No; it is very small. Rent? High, 1s. 3d. per week. Near his work? No; 6 miles away, so that he walks daily, to and fro, 12 miles. He lived there, because it was a tenantable cot,” and because he wanted to have a cot for himself alone, anywhere, at any price, and in any conditions. The following are the statistics of 12 houses in Langtoft, with 12 bedrooms, 38 adults, and 36 children.

TWELVE HOUSES IN LANGTOFT.

Houses.	Bedrooms.	Adults.	Children.	Number of persons.	Houses.	Bedrooms.	Adults.	Children.	Number of persons.
No. 1.	1	3	5	8	No. 7.	1	3	3	6
„ 2.	1	4	3	7	„ 8.	1	3	2	5
„ 3.	1	4	4	8	„ 9.	1	2	0	2
„ 4.	1	5	4	9	„ 10.	1	2	3	5
„ 5.	1	2	2	4	„ 11.	1	3	3	6
„ 6.	1	5	3	8	„ 12.	1	2	4	6

KENT.

Kennington, very seriously over-populated in 1859, when diphtheria appeared, and the parish doctor instituted a medical inquiry into the condition of the poorer classes. He found that in this locality, where much labour is employed, various cots had been destroyed and no new ones built. In one district stood four houses, named birdcages; each had 4 rooms of the following dimensions in feet and inches:

Kitchen; 9 ft. by 58 ft. 11 by 6 ft. 6

Scullery: 8 ft. 6 by 4 ft. 6 by 6 ft. 6.

Bedroom: 8 ft. 5 by 5 ft. 10 by 6 ft. 3.

Bedroom: 8 ft. 3 by 8 ft. 4 by 6 ft. 3.

NORTHAMPTONSHIRE.

Brinworth, Pickford and Floore: in these villages in the winter 20-30 men were lounging about the streets from want of work. The farmers do not always till sufficiently the corn and turnip lands, and the landlord has found it best to throw all his farms together into 2 or 3. Hence want of employment. Whilst on one side of the wall, the land calls for labour, on the other side the defrauded labourers are casting at it longing glances.

Feverishly overworked in summer, and half-starved in winter, it is no wonder if they say in their peculiar dialect, “the parson and gentlefolk seem frit to death at them.”

At Floore, instances, in one bedroom of the smallest size, of couples with 4, 5, 6 children; 3 adults with 5 children; a couple with grandfather and 6 children down with scarlet fever, 8c.; in two houses with two bedrooms, two families of 8 and 9 adults respectively.

#### WILTSHIRE.

Stratton. 31 houses visited, 8 with only one bedroom, Pentill, in the same parish: a cot let at 1s. 3d. weekly with 4 adults and 4 children, had nothing good about it, except the walls, from the floor of rough-hewn pieces of stones to the roof of worn-out thatch.

#### WORCESTERSHIRE.

House-destruction here not quite so excessive; yet from 1851 to 1861, the number of inhabitants to each house on the average, has risen from 4.2 to 4.6.

Badsey. Many cots and little gardens here. Some of the farmers declare that the cots are “a great nuisance here, because they bring the poor.” On the statement of one gentleman: “The poor are none the better for them; if you build 500 they will let fast enough, in fact, the more you build, the more they want,” (according to him the houses give birth to the inhabitants, who then by a law of Nature press on “the means of housing”). Dr. Hunter remarks: “Now these poor must come from somewhere, and as there is no particular attraction, such as doles, at Badsey, it must be repulsion from some other unfit place, which will send them here. If each could find an allotment near his work, he would not prefer Badsey, where he pays for his scrap of ground twice as much as the farmer pays for his.”

The continual emigration to the towns, the continual formation of surplus-population in the country through the concentration of farms, conversion of arable land into pasture, machinery, 8c., and the continual eviction of the agricultural population by the destruction of their cottages, go hand in hand. The more empty the district is of men, the greater is its “relative surplus-population,” the greater is their pressure on the means of employment, the greater is the absolute excess of the agricultural population over the means for housing it, the greater, therefore, in the villages is the local surplus-population and the most pestilential packing together of

human beings. The packing together of knots of men in scattered little villages and small country towns corresponds to the forcible draining of men from the surface of the land. The continuous superseding of the agricultural labourers, in spite of their diminishing number and the increasing mass of their products, gives birth to their pauperism. Their pauperism is ultimately a motive to their eviction and the chief source of their miserable housing which breaks down their last power of resistance, and makes them mere slaves of the landed proprietors and the farmers. Thus the minimum of wages becomes a law of Nature to them. On the other hand, the land, in spite of its constant “relative surplus-population,” is at the same time under-populated. This is seen, not only locally at the points where the efflux of men to towns, mines, railroad-making, &c., is most marked. It is to be seen everywhere, in harvest-time as well as in spring and summer, at those frequently recurring times when English agriculture, so careful and intensive, wants extra hands. There are always too many agricultural labourers for the ordinary, and always too few for the exceptional or temporary needs of the cultivation of the soil. Hence we find in the official documents contradictory complaints from the same places of deficiency and excess of labour simultaneously. The temporary or local want of labour brings about no rise in wages, but a forcing of the women and children into the fields, and exploitation at an age constantly lowered. As soon as the exploitation of the women and children takes place on a larger scale, it becomes in turn a new means of making a surplus-population of the male agricultural labourer and of keeping down his wage. In the east of England thrives a beautiful fruit of this vicious circle — the so-called gang-system, to which I must briefly return here.

The gang-system obtains almost exclusively in the counties of Lincoln, Huntingdon, Cambridge, Norfolk, Suffolk, and Nottingham, here and there in the neighbouring counties of Northampton, Bedford, and Rutland. Lincolnshire will serve us as an example. A large part of this country is new land. marsh formerly, or even, as in others of the eastern counties just named, won lately from the sea. The steam-engine has worked wonders in the way of drainage. What were once fens and sandbanks, bear now a luxuriant sea of corn and the highest of rents. The same thing holds of the alluvial lands won by human endeavor, as in the island of Axholme and other parishes on the banks of the Trent. In proportion as the new farms arose, not only were no new cottages built: old ones were demolished, and

the supply of labour had to come from open villages, miles away, by long roads that wound along the sides of the hills. There alone had the population formerly found shelter from the incessant floods of the wintertime. The labourers that dwell on the farms of 400-1000 acres (they are called “confined labourers”) are solely employed on such kinds of agricultural work as is permanent, difficult, and carried on by aid of horses. For every 100 acres there is, on an average, scarcely one cottage. A fen farmer, e.g., gave evidence before the Commission of Inquiry: “I farm 320 acres, all arable land. I have not one cottage on my farm. I have only one labourer on my farm now. I have four horsemen lodging about. We get light work done by gangs.” The soil requires much light field labour, such as weeding, hoeing, certain processes of manuring, removing of stones, &c. This is done by the gangs, or organised bands that dwell in the open villages.

The gang consists of 10 to 40 or 50 persons, women, young persons of both sexes (13-18 years of age, although the boys are for the most part eliminated at the age of 13), and children of both sexes (6-13 years of age). At the head is the gang-master, always an ordinary agricultural labourer, generally what is called a bad lot, a scapegrace, unsteady, drunken, but with a dash of enterprise and savior faire. He is the recruiting-sergeant for the gang, which works under him, not under the farmer. He generally arranges with the latter for piece-work, and his income, which on the average is not very much above that of an ordinary agricultural labourer, depends almost entirely upon the dexterity with which he manages to extract within the shortest time the greatest possible amount of labour from his gang. The farmers have discovered that women work steadily only under the direction of men, but that women and children, once set going, impetuously spend their life-force — as Fourier knew — while the adult male labourer is shrewd enough to economise his as much as he can. The gang-master goes from one farm to another, and thus employs his gang from 6 to 8 months in the year. Employment by him is, therefore, much more lucrative and more certain for the labouring families, than employment by the individual farmer, who only employs children occasionally. This circumstance so completely rivets his influence in the open villages that children are generally only to be hired through his instrumentality. The lending out of these individually, independently of the gang, is his second trade.

The “drawbacks” of the system are the over-work of the children and young persons, the enormous marches that they make daily to and from the farms, 5, 6, and sometimes 7 miles distant, finally, the demoralisation of the gang. Although the gangmaster, who, in some districts is called “the driver,” is armed with a long stick, he uses it but seldom, and complaints of brutal treatment are exceptional. He is a democratic emperor, or a kind of Pied Piper of Hamelin. He must therefore be popular with his subjects, and he binds them to himself by the charms of the gipsy life under his direction. Coarse freedom, a noisy jollity, and obscenest impudence give attractions to the gang. Generally the gangmaster pays up in a public house; then he returns home at the head of the procession reeling drunk, propped up right and left by a stalwart virago, while children and young persons bring up the rear, boisterous, and singing chaffing and bawdy songs. On the return journey what Fourier calls “phanerogamie,” is the order of the day. The getting with child of girls of 13 and 14 by their male companions of the same age, is common. The open villages which supply the contingent of the gang, become Sodoms and Gomorrahs, and have twice as high a rate of illegitimate births as the rest of the kingdom. The moral character of girls bred in these schools, when married women, was shown above. Their children, when opium does not give them the finishing stroke, are born recruits of the gang.

The gang in its classical form just described, is called the public, common, or tramping gang. For there are also private gangs. These are made up in the same way as the common gang, but count fewer members, and work, not under a gangmaster, but under some old farm servant, whom the farmer does not know how to employ in any better way. The gipsy fun has vanished here, but according to all witnesses, the payment and treatment of the children is worse.

The gang-system, which during the last years has steadily increased, clearly does not exist for the sake of the gangmaster. It exists for the enrichment of the large farmers, and indirectly of the landlords. For the farmer there is no more ingenious method of keeping his labourers well below the normal level, and yet of always having an extra hand ready for extra work, of extracting the greatest possible amount of labour with the least possible amount of money, and of making adult male labour “redundant.” From the exposition already made, it will be understood why, on the one hand, a greater or less lack of employment for the agricultural

labourer is admitted, while on the other, the gang-system is at the same time declared “necessary” on account of the want of adult male labour and its migration to the towns. The cleanly weeded land, and the uncleanly human weeds, of Lincolnshire, are pole and counterpole of capitalistic production.

(f.) IRELAND.

In concluding this section, we must travel for a moment to Ireland. First, the main facts of the case.

The population of Ireland had, in 1841, reached 8,222,664; in 1851, it had dwindled to 6,623,985; in 1861, to 5,850,309; in 1866, to 5½ millions, nearly to its level in 1801. The diminution began with the famine year, 1846, so that Ireland, in less than twenty years, lost more than 5/16 ths of its people.

*Table A.*

**LIVE STOCK.**

Year.	HORSES.		CATTLE.		
	Total Number.	Decrease.	Total Number.	Decrease.	Increase.
1860	619,811		3,606,374		
1861	614,232	5,993	3,471,688	138,316	
1862	602,894	11,338	3,254,890	216,798	
1863	579,978	22,916	3,144,231	110,665	
1864	562,158	17,820	3,262,294		118,063
1865	547,867	14,291	3,403,414		231,120

Its total emigration from May, 1851, to July, 1865, numbered 1,591,487: the emigration during the years 1861-1865 was more than half-a-million. The number of inhabited houses fell, from 1851-1861, by 52,990. From 1851-1861, the number of holdings of 15 to 30 acres increased 61,000, that of holdings over 30 acres, 109,000, whilst the total number of all farms fell

120,000, a fall, therefore, solely due to the suppression of farms under 15 acres — i.e., to their centralisation.

Year.	SHEEP.			Pigs.		
	Total Number.	Decrease.	Increase.	Total Number.	Decrease.	Increase.
1860	3,542,080			1,271,072		
1861	3,556,050		13,970	1,102,042	169,030	
1862	3,456,132	99,918		1,154,324		52,282
1863	3,308,204	147,928		1,067,458	86,866	
1864	3,366,941		58,737	1,058,480	8,978	
1865	3,688,742		321,801	1,299,893		241,413

The decrease of the population was naturally accompanied by a decrease in the mass of products. For our purpose, it suffices to consider the 5 years from 1861-1865 during which over half-a-million emigrated, and the absolute number of people sank by more than 1/3 of a million.

From the above tables it results: —

HORSES.	CATTLE.	SHEEP.	Pigs.
Absolute Decrease.	Absolute Decrease.	Absolute Increase.	Absolute Increase.
72,358	116,626	146,608	28,819 1

-The result would be found yet more unfavourable if we went further back. Thus: Sheep in 1865, 3,688,742, but in 1856, 3,894,394. Pigs in 1865, 1,299,893, but in 1858, 1,409,883.

Let us now turn to agriculture, which yields the means of subsistence for cattle and for men. In the following table is calculated the decrease or increase for each separate year, as compared with its immediate predecessor. The Cereal Crops include wheat, oats, barley, rye, beans and peas; the Green Crops, potatoes, turnips, mangolds, beet-root, cabbages, carrots, parsnips, vetches, &c.

*Table B.*

**INCREASE OR DECREASE IN THE AREA UNDER CROPS AND  
GRASS IN ACREAGE.**

Year.	Cereal Crops.	Green Crops.		Grass and Clover.		Flax.		Total Cultivated Land.	
	Decrease.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.
	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.
1861	15,701	68,974		47,969			19,971	81,973	
1862	72,734	74,735			6,623		2,055	138,541	
1863	144,719	19,858			7,724		63,922	92,431	
1864	122,487	2,317			47,466		87,761		10,468
1865	72,450		25,241		68,970	50,159		23,215	
1861-65	488,041	107,984			82,634		122,850	830,580	

In the year 1865, 127,470 additional acres came under the heading "grass land," chiefly because the area under the heading of "bog and waste unoccupied," decreased by 101,543 acres. If we compare 1865 with 1864, there is a decrease in cereals of 246,667 qrs., of which 48,999 were wheat, 160,605 oats, 29,892 barley, 8c.: the decrease in potatoes was 446,398 tons, although the area of their cultivation increased in 1865.

*Table C.*  
**INCREASE OR DECREASE IN THE AREA UNDER CULTIVATION, PRODUCT PER ACRE, AND TOTAL PRODUCT OF 1865 COMPARED WITH 1864.**

Product.	Acres of Cultivated Land.		Increase or Decrease, 1865.	Product per Acre.		Increase or Decrease, 1865.	Total Product.	
	1864.	1865.		1864.	1865.		1864.	1865.
Wheat,.....	276,456	266,658	9,494	Wheat, cwt., 18-9	18-0	0-8	875,735	826,758
Oats,.....	1,814,856	1,748,328	69,658	Oats, " 12-1	12-8	0-8	7,536,832	7,559,727
Barley,.....	172,700	177,162	4,462	Barley, " 18-9	14-9	1-0	761,000	782,017
Bere,.....	8,884	10,091	1,197	Bere, " 18-4	14-5	1-8	15,150	13,639
Rye,.....				Rye, " 8-8	10-4	1-9	12,680	15,384
Potatoes,.....	1,039,734	1,065,260	26,526	Potatoes, tons, 4-1	5-5	0-5	4,312,888	3,365,990
Turnips,.....	337,866	384,212	46,346	Turnips, " 10-8	9-9	0-4	3,467,659	5,301,633
Mangold-wurzel.....	14,073	14,830	757	Mangold-wurzel " 10-8	13-8	2-9	147,284	151,937
Cabbages,.....	81,321	88,622	7,301	Cabbages, " 9-3	10-4	1-1	297,375	350,262
Flax,.....	301,693	251,438	50,255	Flax st. (14 lb.) 84-2	25-2	9-0	64,806	39,561
Hay,.....	1,000,569	1,075,453	74,884	Hay, tons, 1-6	1-8	0-2	2,507,133	3,063,707
								461,354
								44,053
								52,377
								24,945

<sup>1</sup> The data of the text are put together from the materials of the "Agricultural Statistics, Ireland, General Abstracts, Dublin," for the years 1869, *et seq.*, and "Agricultural Statistics, Ireland, Tables showing the estimated average produce, &c., Dublin, 1866." These statistics are official, and laid before Parliament annually. (Note to 2nd edition. The official statistics for the year 1873 show, as compared with 1871, a decrease in area under cultivation of 134,915 acres. An increase occurred in the cultivation of green crops, turnips, mangold-wurzel, and the like; a decrease in the area under cultivation for wheat of 16,000 acres; oats, 14,000; barley and rye, 4,000; potatoes, 66,032; flax, 34,667; grass, clover, &c., 1,000,000; and other crops, 1,000,000. The total area under cultivation in 1871, 244,000; in 1872, 238,000. For 1873 we find, in round numbers, an increase of 2,400 horses, 80,000 horned cattle, 63,809 sheep, and a decrease of 236,000 pigs.)

From the movement of population and the agricultural produce of Ireland, we pass to the movement in the purse of its landlords, larger farmers, and industrial capitalists. It is reflected in the rise and fall of the Income-tax. It may be remembered that Schedule D (profits with the exception of those of farmers), includes also the so-called, "professional" profits — i.e., the incomes of lawyers, doctors, &c.; and the Schedules C. and E., in which no special details are given, include the incomes of employés, officers, State sinecurists, State fundholders, &c.

*Table. D.*

THE INCOME-TAX ON THE SUBJOINED INCOMES IN  
POUNDS STERLING.

	1860.	1861.	1862.	1863.	1864.	1865.
<b>SCHEDULE A.</b>						
Rent of Land	18,698,829	18,008,554	18,398,938	18,494,091	18,470,700	18,801,616
<b>SCHEDULE B.</b>						
Farmers' Pfts.	2,765,887	2,773,644	2,937,899	2,938,828	2,936,874	2,948,072
<b>SCHEDULE D.</b>						
Industrial, &c. Profits . . . .	4,891,652	4,838,203	4,858,800	4,846,497	4,546,147	4,850,199
Total Schedla. A. to E. . . .	22,963,866	22,983,394	23,597,574	23,658,531	23,256,298	23,990,340 <sup>1</sup>

<sup>1</sup>Tenth Report of the Commissioners of Inland Revenue. Lond. 1868.

Under Schedule D. the average annual increase of income from 1853-1864 was only 0.93; whilst, in the same period, in Great Britain, it was 4.58. Table E, , shows the distribution of the profits (with the exception of those of farmers) for the years 1864 and 1865.

England, a country with fully developed capitalist production, and pre-eminently industrial, would have bled to death with such a drain of population as Ireland has suffered. But Ireland is at present only an agricultural district of England, marked off by a wide channel from the country to which it yields corn, wool, cattle, industrial and military recruits.

*Table E.*

SCHEDULE D. INCOME FROM PROFITS (OVER £60) IN IRELAND.

	1864. £.	1865. £.
Total yearly income of .....	4,368,610 divided among 17,467 persons.	4,660,979 divided among 18,081 persons.
Yearly income over £60 and under £100	238,626 „ 5,015 „	222,575 „ 4,703 „
Of the yearly total income .....	1,979,066 „ 11,321 „	2,028,471 „ 12,184 „
Remainder of the total yearly income	2,150,818 „ 1,131 „	2,418,933 „ 1,194 „
	1,083,906 „ 910 „	1,097,937 „ 1,044 „
	1,066,912 „ 121 „	1,320,996 „ 186 „
Of these.....	430,535 „ 105 „	584,458 „ 122 „
	646,377 „ 26 „	736,448 „ 28 „
	262,610 „ 3 „	264,528 „ 3 „ <sup>1</sup>

The depopulation of Ireland has thrown much of the land out of cultivation, has greatly diminished the produce of the soil, and, in spite of the greater area devoted to cattle breeding, has brought about, in some of its branches, an absolute diminution, in others, an advance scarcely worthy of mention, and constantly interrupted by retrogressions. Nevertheless, with the fall in numbers of the population, rents and farmers' profits rose, although the latter not as steadily as the former. The reason of this is easily comprehensible. On the one hand, with the throwing of small holdings into large ones, and the change of arable into pasture land, a larger part of the whole produce was transformed into surplus produce. The surplus produce increased, although the total produce, of which it formed a fraction, decreased. On the other hand, the money-value of this surplus produce increased yet more rapidly than its mass, in consequence of the rise in the

English market-price of meat, wool, &c., during the last 20, and especially during the last 10, years.

The scattered means of production that serve the producers themselves as means of employment and subsistence, without expanding their own value by the incorporation of the labour of others, are no more capital than a product consumed by its own producer is a commodity. If, with the mass of the population, that of the means of production employed in agriculture also diminished, the mass of the capital employed in agriculture increased, because a part of the means of production that were formerly scattered, was concentrated and turned into capital.

The total capital of Ireland outside agriculture, employed in industry and trade, accumulated during the last two decades slowly, and with great and constantly recurring fluctuations; so much the more rapidly did the concentration of its individual constituents develop. And, however small its absolute increase, in proportion to the dwindling population it had increased largely.

Here, then, under our own eyes and on a large scale, a process is revealed, than which nothing more excellent could be wished for by orthodox economy for the support of its dogma: that misery springs from absolute surplus-population, and that equilibrium is re-established by depopulation. This is a far more important experiment than was the plague in the middle of the 14th century so belauded of Malthusians. Note further: If only the naïveté of the schoolmaster could apply, to the conditions of production and population of the nineteenth century, the standard of the 14th, this naïveté, into the bargain, overlooked the fact that whilst, after the plague and the decimation that accompanied it, followed on this side of the channel, in England, enfranchisement and enrichment of the agricultural population, on that side, in France, followed greater servitude and more misery.

The Irish famine of 1846 killed more than 1,000,000 people, but it killed poor devils only. To the wealth of the country it did not the slightest damage. The exodus of the next 20 years, an exodus still constantly increasing did not, as, e.g., the thirty years' war, decimate, along with the human beings, their means of production. Irish genius discovered an altogether new way of spiriting a poor people thousands of miles away from the scene of its misery. The exiles transplanted to the United States, send home sums of money every year as travelling expenses for those left

behind. Every troop that emigrates one year, draws another after it the next. Thus, instead of costing Ireland anything, emigration forms one of the most lucrative branches of its export trade. Finally, it is a systematic process, which does not simply make a passing gap in the population, but sucks out of it every year more people than are replaced by the births, so that the absolute level of the population falls year by year.

What were the consequences for the Irish labourers left behind and freed from the surplus-population? That the relative surplus-population is to-day as great as before 1846; that wages are just as low, that the oppression of the labourers has increased, that misery is forcing the country towards a new crisis. The facts are simple. The revolution in agriculture has kept pace with emigration. The production of relative surplus population has more than kept pace with the absolute depopulation. A glance at table C shows that the change of arable to pasture land must work yet more acutely in Ireland than in England. In England the cultivation of green crops increases with the breeding of cattle; in Ireland, it decreases. Whilst large number of acres, that were formerly tilled, lie idle or are turned permanently into grassland, a great part of the waste land and peat bogs that were unused formerly, become of service for the extension of cattle-breeding. The smaller and medium farmers — I reckon among these all who do not cultivate more than 100 acres — still make up about 8/10 ths of the whole number. They are, one after the other, and with a degree of force unknown before, crushed by the competition of an agriculture managed by capital, and therefore they continually furnish new recruits to the class of wage-labourers. The one great industry of Ireland, linen-manufacture, requires relatively few adult men and only employs altogether, in spite of its expansion since the price of cotton rose in 1861-1866, a comparatively insignificant part of the population. Like all the other great modern industries, it constantly produces, by incessant fluctuations, a relative surplus-population within its own sphere, even with an absolute increase in the mass of human beings absorbed by it. The misery of the agricultural population forms the pedestal for gigantic shirt-factories, whose armies of labourers are, for the most part, scattered over the country. Here, we encounter again the system described above of domestic industry, which in under-payment and over-work, possesses its own systematic means for creating supernumerary labourers. Finally, although the depopulation has not such destructive consequences as would result in a country with fully developed capitalistic production, it

does not go on without constant reaction upon the home-market. The gap which emigration causes here, limits not only the local demand for labour, but also the incomes of small shopkeepers, artisans, tradespeople generally. Hence the diminution in incomes between £60 and £100 in table E.

A clear statement of the condition of the agricultural labourers in Ireland is to be found in the Reports of the Irish Poor Law Inspectors (1870). Officials of a government which is maintained only by bayonets and by a state of siege, now open, now disguised, they have to observe all the precautions of language that their colleagues in England disdain. In spite of this, however, they do not let their government cradle itself in illusions. According to them the rate of wages in the country, still very low, has within the last 20 years risen 50-60 per cent., and stands now, on the average, at 6s. to 9s. per week. But behind this apparent rise, is hidden an actual fall in wages, for it does not correspond at all to the rise in price of the necessary means of subsistence that has taken place in the meantime. For proof, the following extract from the official accounts of an Irish workhouse.

AVERAGE WEEKLY COST PER HEAD.

Year ended	Provisions and Necessaries.	Clothing.	Total.
29th Sept. 1849	1s. 3½d.	3d.	1s. 6½d.
" 1869	2s. 7½d.	6d.	3s. 1½d.

The price of the necessary means of subsistence is therefore fully twice, and that of clothing exactly twice, as much as they were 20 years before.

Even apart from this disproportion, the mere comparison of the rate of wages expressed in gold would give a result far from accurate. Before the famine, the great mass of agricultural wages were paid in kind, only the smallest part in money; to-day, payment in money is the rule. From this it follows that, whatever the amount of the real wage, its money rate must rise. "Previous to the famine, the labourer enjoyed his cabin...with a rood, or half-acre or acre of land, and facilities for... a crop of potatoes. He was able to rear his pig and keep fowl.... But they now have to buy bread, and they have no refuse upon which they can feed a pig or fowl, and they have consequently no benefit from the sale of a pig, fowl, or eggs." In fact,

formerly, the agricultural labourers were but the smallest of the small farmers, and formed for the most part a kind of rearguard of the medium and large farms on which they found employment. Only since the catastrophe of 1846 have they begun to form a fraction of the class of purely wage-labourers, a special class, connected with its wage-masters only by monetary relations.

We know what were the conditions of their dwellings in 1846. Since then they have grown yet worse. A part of the agricultural labourers, which, however, grows less day by day, dwells still on the holdings of the farmers in over-crowded huts, whose hideousness far surpasses the worst that the English agricultural labourers offered us in this way. And this holds generally with the exception of certain tracts of Ulster; in the south, in the counties of Cork, Limerick, Kilkenny, &c.; in the east, in Wicklow, Wexford, &c.; in the centre of Ireland, in King's and Queen's County, Dublin, &c.; in the west, in Sligo, Roscommon, Mayo, Galway, &c. "The agricultural labourers' huts," an inspector cries out, "are a disgrace to the Christianity and to the civilisation of this country." In order to increase the attractions of these holes for the labourers, the pieces of land belonging thereto from time immemorial, are systematically confiscated. "The mere sense that they exist subject to this species of ban, on the part of the landlords and their agents, has...given birth in the minds of the labourers to corresponding sentiments of antagonism and dissatisfaction towards those by whom they are thus led to regard themselves as being treated as...a proscribed race."

The first act of the agricultural revolution was to sweep away the huts situated on the field of labour. This was done on the largest scale, and as if in obedience to a command from on high. Thus many labourers were compelled to seek shelter in villages and towns. There they were thrown like refuse into garrets, holes, cellars and corners, in the worst back slums. Thousands of Irish families, who according to the testimony of the English, eaten up as these are with national prejudice, are notable for their rare attachment to the domestic hearth, for their gaiety and the purity of their home-life, found themselves suddenly transplanted into hotbeds of vice. The men are now obliged to seek work of the neighboring farmers and are only hired by the day, and therefore under the most precarious forms of wage. Hence "they sometimes have long distances to go to and from work,

often get wet, and suffer much hardship, not unfrequently ending in sickness, disease and want.”

“The towns have had to receive from year to year what was deemed to be the surplus-labour of the rural division;” and then people still wonder “there is still a surplus of labour in the towns and villages, and either a scarcity or a threatened scarcity in some of the country divisions.” The truth is that this want only becomes perceptible “in harvest-time, or during spring, or at such times as agricultural operations are carried on with activity; at other periods of the year many hands are idle;” that “from the digging out of the main crop of potatoes in October until the early spring following...there is no employment for them;” and further, that during the active times they “are subject to broken days and to all kinds of interruptions.”

These results of the agricultural revolution — i.e., the change of arable into pasture land, the use of machinery, the most rigorous economy of labour, &c., are still further aggravated by the model landlords, who, instead of spending their rents in other countries, condescend to live in Ireland on their demesnes. In order that the law of supply and demand may not be broken, these gentlemen draw their “labour-supply...chiefly from their small tenants, who are obliged to attend when required to do the landlord’s work, at rates of wages, in many instances, considerably under the current rates paid to ordinary labourers, and without regard to the inconvenience or loss to the tenant of being obliged to neglect his own business at critical periods of sowing or reaping.”

The uncertainty and irregularity of employment, the constant return and long duration of gluts of labour, all these symptoms of a relative surplus-population, figure therefore in the reports of the Poor Law administration, as so many hardships of the agricultural proletariat. It will be remembered that we met, in the English agricultural proletariat, with a similar spectacle. But the difference is that in England, an industrial country, the industrial reserve recruits itself from the country districts, whilst in Ireland, an agricultural country, the agricultural reserve recruits itself from the towns, the cities of refuge of the expelled agricultural labourers. In the former, the supernumeraries of agriculture are transformed into factory-operatives; in the latter, those forced into the towns, whilst at the same time they press on the wages in towns, remain agricultural labourers, and are constantly sent back to the country districts in search of work.

The official inspectors sum up the material condition of the agricultural labourer as follows: "Though living with the strictest frugality, his own wages are barely sufficient to provide food for an ordinary family and pay his rent, and he depends upon other sources for the means of clothing himself, his wife, and children...The atmosphere of these cabins, combined with the other privations they are subjected to, has made this class particularly susceptible to low fever and pulmonary consumption." After this, it is no wonder that, according to the unanimous testimony of the inspectors, a sombre discontent runs through the ranks of this class, that they long for the return of the past, loathe the present, despair of the future, give themselves up to "to the evil influence of agitators," and have only one fixed idea, to emigrate to America. This is the land of Cockaigne, into which the great Malthusian panacea, depopulation, has transformed green Erin.

What a happy life the Irish factory operative leads, one example will show: "On my recent visit to the North of Ireland," says the English Factory Inspector, Robert Baker, "I met with the following evidence of effort in an Irish skilled workman to afford education to his children; and I give his evidence verbatim, as I took it from his mouth. That he was a skilled factory hand, may be understood when I say that he was employed on goods for the Manchester market. 'Johnson. — I am a beetler and work from 6 in the morning till 11 at night, from Monday till Friday. Saturday we leave off at 6 p.m., and get three hours of it (for meals and rest). I have five children in all. For this work I get 10s. 6d. a week; my wife works here also, and gets 5s. a week. The oldest girl who is 12, minds the house. She is also cook, and all the servant we have. She gets the young ones ready for school. A girl going past the house wakes me at half past five in the morning. My wife gets up and goes along with me. We get nothing (to eat) before we come to work. The child of 12 takes care of the little children all the day, and we get nothing till breakfast at eight. At eight we go home. We get tea once a week; at other times we get stirabout, sometimes of oatmeal, sometimes of Indian meal, as we are able to get it. In the winter we get a little sugar and water to our Indian meal. In the summer we get a few potatoes, planting a small patch ourselves; and when they are done we get back to stirabout. Sometimes we get a little milk as it may be. So we go on from day to day, Sunday and week day, always the same the year round. I am always very much tired when I have done at night. We may see a bit of flesh meat

sometimes, but very seldom. Three of our children attend school, for whom we pay 1d. a week a head. Our rent is 9d. a week. Peat for firing costs 1s. 6d. a fortnight at the very lowest.” Such are Irish wages, such is Irish life!

In fact the misery of Ireland is again the topic of the day in England. At the end of 1866 and the beginning of 1867, one of the Irish land magnates, Lord Dufferin, set about its solution in the “Times.” “Wie menschlich von solch grossem Herrn!”

From Table E. we saw that, during 1864, of £4,368,610 of total profits, three surplus-value makers pocketed only £262,610; that in 1865, however, out of £4,669,979 total profits, the same three virtuosi of “abstinence” pocketed £274,448; in 1864, 26 surplus-value makers reached to £646,377; in 1865, 28 surplus-value makers reached to £736,448; in 1864, 121 surplus-value makers, £1,066,912; in 1865, 186 surplus-value makers, £1,320,996; in 1864, 1131 surplus-value makers £2,150,818, nearly half of the total annual profit; in 1865, 1194 surplus-value makers £2,418,933, more than half of the total annual profit. But the lion’s share, which an inconceivably small number of land magnates in England, Scotland and Ireland swallow up of the yearly national rental, is so monstrous that the wisdom of the English state does not think fit to afford the same statistical materials about the distribution of rents as about the distribution of profits. Lord Dufferin is one of those land magnates. That rent-rolls and profits can ever be “excessive,” or that their plethora is in any way connected with plethora of the people’s misery is, an idea as “disreputable” as “unsound.” He keeps to facts. The fact is that, as the Irish population diminishes, the Irish rent-rolls swell; that depopulation benefits the landlords, therefore also benefits the soil, and, therefore the people, that were accessory of the soil. He declares, therefore, that Ireland is still over-populated, and the stream of emigration still flows too lazily. To be perfectly happy, Ireland must get rid of at least one-third of a million of labouring men. Let no man imagine that this lord, poetic into the bargain, is a physician of the school of Sangrado, who as often as he did not find his patient better, ordered phlebotomy and again phlebotomy, until the patient lost his sickness at the same time as his blood. Lord Dufferin demands a new blood-letting of one-third of a million only, instead of about two millions; in fact, without the getting rid of these, the millennium in Erin is not to be. The proof is easily given.

Centralisation has from 1851 to 1861 destroyed principally farms of the first three categories, under 1 and not over 15 acres. These above all must disappear. This gives 307,058

NUMBER AND EXTENT OF FARMS IN IRELAND IN 1864.

(1) Farms not over 1 acre.		(2) Farms over 1, not over 5 acres.		(3) Farms over 5, not over 15 acres.		(4) Farms over 15, not over 30 acres.	
No.	Acres.	No.	Acres.	No.	Acres.	No.	Acres.
48,653	25,394	92,037	238,916	175,368	1,826,310	136,675	8,051,348

(5) Farms over 30, not over 50 acres.		(6) Farms over 50, not over 100 acres.		(7) Farms over 100 acres.		(8) Total area.
No.	Acres.	No.	Acres.	No.	Acres.	Acres.
71,901	2,905,273	54,247	3,968,690	81,927	8,227,807	26,319,924

“supernumerary” farmers, and reckoning the families the low average of 4 persons 1,228,232 persons. On the extravagant supposition that, after the agricultural revolution is complete, one-fourth of these are again absorbable, there remain for emigration 921,174 persons. Categories, 4, 5, 6, of over 15 and not over 100 acres, are, as was known long since in England, too small for capitalistic cultivation of corn, and for sheep-breeding are almost vanishing quantities. On the same supposition as before, therefore, there are further 788,761 persons to emigrate; total, 1,709,532. And as l'appétit vient en mangeant, Rent-roll's eyes will soon discover that Ireland, with 3½ millions, is still always miserable because she is overpopulated. Therefore her depopulation must go yet further, that thus she may fulfill her true destiny, that of an English sheep walk and cattle-pasture.

Like all good things in this bad world, this profitable method has its drawbacks. With the accumulation of rents in Ireland, the accumulation of the Irish in America keeps pace. The Irishman, banished by sheep and ox, reappears on the other side of the ocean as a Fenian, and face to face with the old queen of the sea rises, threatening and more threatening, the young giant Republic:

Acerba fata Romanos agunt  
Scelusque fraternæ necis.

**PART VIII. THE SO-CALLED PRIMITIVE  
ACCUMULATION.**

## CHAPTER XXVI. THE SECRET OF PRIMITIVE ACCUMULATION.

WE have seen how money is changed into capital; how through capital surplus-value is made, and from surplus-value more capital. But the accumulation of capital presupposes surplus-value; surplus-value presupposes capitalistic production; capitalistic production presupposes the preexistence of considerable masses of capital and of labour-power in the hands of producers of commodities. The whole movement, therefore, seems to turn in a vicious circle, out of which we can only get by supposing a primitive accumulation (previous accumulation of Adam Smith) preceding capitalistic accumulation; an accumulation not the result of the capitalist mode of production, but its starting point.

This primitive accumulation plays in Political Economy about the same part as original sin in theology. Adam bit the apple, and thereupon sin fell on the human race. Its origin is supposed to be explained when it is told as an anecdote of the past. In times long gone by there were two sorts of people; one, the diligent, intelligent, and, above all, frugal élite; the other, lazy rascals, spending their substance, and more, in riotous living. The legend of the logical original sin tells us certainly how man came to be condemned to eat his bread in the sweat of his brow; but the history of economic original sin reveals to us that there are people to whom this is by no means essential. Never mind! Thus it came to pass that the former sort accumulated wealth, and the latter sort had at last nothing to sell except their own skins. And from this original sin dates the poverty of the great majority that, despite all its labour, has up to now nothing to sell but itself, and the wealth of the few that increases constantly although they have long ceased to work. Such insipid childishness is every day preached to us in the defence of property. M. Thiers, e.g., had the assurance to repeat it with all the solemnity of a states-man, to the French people, once so spirituel. But as soon as the question of property crops up, it becomes a sacred duty to proclaim the intellectual food of the infant as the one thing fit for all ages and for all stages of development. In actual history it is notorious that conquest, enslavement, robbery, murder, briefly force, play the great part. In the tender annals of Political Economy, the idyllic reigns from all time immemorial. Right and “labour” were from all time the sole means of

enrichment, the present year of course always excepted. As a matter of fact, the methods of primitive accumulation are anything but idyllic.

In themselves, money and commodities are no more capital than are the means of production and of subsistence. They want transforming into capital. But this transformation itself can only take place under certain circumstances that centre in this, viz., that two very different kinds of commodity-possessors must come face to face and into contact; on the one hand, the owners of money, means of production, means of subsistence, who are eager to increase the sum of values they possess, by buying other people's labour-power; on the other hand, free labourers, the sellers of their own labour-power, and therefore the sellers of labour. Free labourers, in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, &c., nor do the means of production belong to them, as in the case of peasant-proprietors; they are, therefore, free from, unencumbered by, any means of production of their own. With this polarisation of the market for commodities, the fundamental conditions of capitalist production are given. The capitalist system presupposes the complete separation of the labourers from all property in the means by which they can realise their labour. As soon as capitalist production is once on its own legs, it not only maintains this separation, but reproduces it on a continually extending scale. The process, therefore, that clears the way for the capitalist system, can be none other than the process which takes away from the labourer the possession of his means of production; a process that transforms, on the one hand, the social means of subsistence and of production into capital, on the other, the immediate producers into wage-labourers. The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production. It appears as primitive, because it forms the pre-historic stage of capital and of the mode of production corresponding with it.

The economic structure of capitalistic society has grown out of the economic structure of feudal society. The dissolution of the latter set free the elements of the former.

The immediate producer, the labourer, could only dispose of his own person after he had ceased to be attached to the soil and ceased to be the slave, serf, or bondsman of another. To become a free seller of labour-power, who carries his commodity wherever he finds a market, he must further

have escaped from the regime of the guilds, their rules for apprentices and journeymen, and the impediments of their labour regulations. Hence, the historical movement which changes the producers into wage-workers, appears, on the one hand, as their emancipation from serfdom and from the fetters of the guilds, and this side alone exists for our bourgeois historians. But, on the other hand, these new freedmen became sellers of themselves only after they had been robbed of all their own means of production, and of all the guarantees of existence afforded by the old feudal arrangements. And the history of this, their expropriation, is written in the annals of mankind in letters of blood and fire.

The industrial capitalists, these new potentates, had on their part not only to displace the guild masters of handicrafts, but also the feudal lords, the possessors of the sources of wealth. In this respect their conquest of social power appears as the fruit of a victorious struggle both against feudal lordship and its revolting prerogatives, and against the guilds and the fetters they laid on the free development of production and the free exploitation of man by man. The chevaliers d'industrie, however, only succeed in supplanting the chevaliers of the sword by making use of events of which they themselves were wholly innocent. They have risen by means as vile as those by which the Roman freed-man once on a time made himself the master of his patronus.

The starting-point of the development that gave rise to the wage-labourer as well as to the capitalist, was the servitude of the labourer. The advance consisted in a change of form of this servitude, in the transformation of feudal exploitation into capitalist exploitation. To understand its march, we need not go back very far. Although we come across the first beginnings of capitalist production as early as the 14th or 15th century, sporadically, in certain towns of the Mediterranean, the capitalistic era dates from the 16th century. Wherever it appears, the abolition of serfdom has been long effected, and the highest development of the middle ages, the existence of sovereign towns, has been long on the wane.

In the history of primitive accumulation, all revolutions are epoch-making that act as levers for the capitalist class in course of formation; but, above all, those moments when great masses of men are suddenly and forcibly torn from their means of subsistence, and hurled as free and "unattached" proletarians on the labour market. The expropriation of the agricultural producer, of the peasant, from the soil, is the basis of the whole

process. The history of this expropriation, in different countries, assumes different aspects, and runs through its various phases in different orders of succession, and at different periods. In England alone, which we take as our example, has it the classic form.

## CHAPTER XXVII. EXPROPRIATION OF THE AGRICULTURAL POPULATION FROM THE LAND.

IN England, serfdom had practically disappeared in the last part of the 14th century. The immense majority of the population consisted then, and to a still larger extent, in the 15th century, of free peasant proprietors, whatever was the feudal title under which their right of property was hidden. In the larger seignorial domains, the old bailiff, himself a serf, was displaced by the free farmer. The wage-labourers of agriculture consisted partly of peasants, who utilised their leisure time by working on the large estates, partly of an independent special class of wage-labourers, relatively and absolutely few in numbers. The latter also were practically at the same time peasant farmers, since, besides their wages, they had alloted to them arable land to the extent of 4 or more acres, together with their cottages. Besides they, with the rest of the peasants, enjoyed the usufruct of the common land, which gave pasture to their cattle, furnished them with timber, fire-wood, turf, &c. In all countries of Europe, feudal production is characterised by division of the soil amongst the greatest possible number of sub-feudatories. The might of the feudal lord, like that of the sovereign, depended not on the length of his rent roll, but on the number of his subjects, and the latter depended on the number of peasant proprietors. Although, therefore, the English land, after the Norman conquest, was distributed in gigantic baronies, one of which often included some 900 of the old Anglo-Saxon lordships, it was bestrewn with small peasant properties, only here and there interspersed with great seignorial domains. Such conditions, together with the prosperity of the towns so characteristic of the 15th century, allowed of that wealth of the people which Chancellor Fortescue so eloquently paints in his “*Laudes legum Angliæ*,” but it excluded the possibility of capitalistic wealth.

The prelude of the revolution that laid the foundation of the capitalist mode of production, was played in the last third of the 15th, and the first decade of the 16th century. A mass of free proletarians was hurled on the labour-market by the breaking-up of the bands of feudal retainers, who, as Sir James Steuart well says, “everywhere uselessly filled house and castle.”

Although the royal power, itself a product of bourgeois development, in its strife after absolute sovereignty forcibly hastened on the dissolution of these bands of retainers, it was by no means the sole cause of it. In insolent conflict with king and parliament, the great feudal lords created an incomparably larger proletariat by the forcible driving of the peasantry from the land, to which the latter had the same feudal right as the lord himself, and by the usurpation of the common lands. The rapid rise of the Flemish wool manufactures, and the corresponding rise in the price of wool in England, gave the direct impulse to these evictions. The old nobility had been devoured by the great feudal wars. The new nobility was the child of its time, for which money was the power of all powers. Transformation of arable land into sheep-walks was, therefore, its cry. Harrison, in his "Description of England, prefixed to Holinshed's Chronicle," describes how the expropriation of small peasants is ruining the country. "What care our great encroachers?" The dwellings of the peasants and the cottages of the labourers were razed to the ground or doomed to decay. "If," says Harrison, "the old records of euerie manour be sought...it will soon appear that in some manour seventeene, eighteene, or twentie houses are shrunk...that England was neuer less furnished with people than at the present...Of cities and townes either utterly decaied or more than a quarter or half diminished, though some one be a little increased here or there; of townes pulled downe for sheepe-walks, and no more but the lordships now standing in them...I could saie somewhat." The complaints of these old chroniclers are always exaggerated, but they reflect faithfully the impression made on contemporaries by the revolution in the conditions of production. A comparison of the writings of Chancellor Fortescue and Thomas More reveals the gulf between the 15th and 16th century. As Thornton rightly has it, the English working-class was precipitated without any transition from its golden into its iron age.

Legislation was terrified at this revolution. It did not yet stand on that height of civilisation where the "wealth of the nation" (i.e., the formation of capital, and the reckless exploitation and impoverishing of the mass of the people) figure as the ultima Thule of all state-craft. In his history of Henry VII., Bacon says: "Inclosures at that time (1489) began to be more frequent, whereby arable land (which could not be manured without people and families) was turned into pasture, which was easily rid by a few herdsmen; and tenancies for years, lives, and at will (whereupon much of the

yeomanry lived) were turned into demenses. This bred a decay of people, and (by consequence) a decay of towns, churches, tithes, and the like...In remedying of this inconvenience the king's wisdom was admirable, and the parliament at that time...they took a course to take away depopulating inclosures, and depopulating pasturage." An Act of Henry VII., 1489, ca, forbad the destruction of all "houses of husbandry" to which at least 20 acres of land belonged. By an Act, 25 Henry VIII., the same law was renewed. It recites, among other things, that many farms and large flocks of cattle, especially of sheep, are concentrated in the hands of a few men, whereby the rent of land has much risen and tillage has fallen off, churches and houses have been pulled down, and marvellous numbers of people have been deprived of the means wherewith to maintain themselves and their families. The Act, therefore, ordains the rebuilding of the decayed farmsteads, and fixes a proportion between corn land and pasture land, 8c. An Act of 1533 recites that some owners possess 24,000 sheep, and limits the number to be owned to 2000. The cry of the people and the legislation directed, for 150 years after Henry VII., against the appropriation of the small farmers and peasants, were alike fruitless. The secret of their inefficiency Bacon, without knowing it, reveals to us. "The device of King Henry VII.," says Bacon, in his "Essays, Civil and Moral," Essay 29, "was profound and admirable, in making farms and houses of husbandry of a standard; that is, maintained with such a proportion of land unto them as may breed a subject to live in convenient plenty, and no servile condition, and to keep the plough in the hands of the owners and not mere hirelings." What the capital system demanded was, on the other hand, a degraded and almost servile condition of the mass of the people, the transformation of them into mercenaries, and of their means of labour into capital. During this transformation period, legislation also strove to retain the 4 acres of land by the cottage of the agricultural wage-labourer, and forbad him to take lodgers into his cottage. In the reign of James I. 1627, Roger Crocker of Front Mill, was condemned for having built a cottage on the manor of Front Mill without. 4 acres of land attached to the same in perpetuity. As late as Charles I.'s reign, 1638, a royal commission was appointed to enforce the carrying out of the old laws, especially that referring to the 4 acres of land. Even in Cromwell's time, the building of a house within 4 miles of London was forbidden unless it was endowed with 4 acres of land. As late as the first half of the 18th century complaint is made if the cottage of the

agricultural labourer has not an adjunct of one or two acres of land. Nowadays he is lucky if it is furnished with a little garden, or if he may rent, far away from his cottage, a few roods. "Landlords and farmers," says Dr. Hunter, "work here hand in hand. A few acres to the cottage would make the labourers too independent."

The process of forcible expropriation of the people received in the 16th century a new and frightful impulse from the Reformation, and from the consequent colossal spoliation of the church property. The Catholic church was, at the time of the Reformation, feudal proprietor of a great part of the English land. The suppression of the monasteries, 8c., hurled their inmates into the proletariat. The estates of the church were to a large extent given away to rapacious royal favourites, or sold at a nominal price to speculating farmers and citizens, who drove out, en masse, the hereditary sub-tenants and threw their holdings into one. The legally guaranteed property of the poorer folk in a part of the church's tithes was tacitly confiscated. "Pauper ubique jacet," cried Queen Elizabeth, after a journey through England. In the 43rd year of her reign the nation was obliged to recognise pauperism officially by the introduction of a poor-rate. "The authors of this law seem to have been ashamed to state the grounds of it, for [contrary to traditional usage] it has no preamble whatever." By the 16th of Charles I., ch. 4, it was declared perpetual, and in fact only in 1834 did it take a new and harsher form. These immediate results of the Reformation were not its most lasting ones. The property of the church formed the religious bulwark of the traditional conditions of landed property. With its fall these were no longer tenable.

Even in the last decade of the 17th century, the yeomanry, the class of independent peasants, were more numerous than the class of farmers. They had formed the backbone of Cromwell's strength, and, even according to the confession of Macaulay, stood in favourable contrast to the drunken squires and to their servants, the country clergy, who had to marry their master's cast-off mistresses. About 1750, the yeomanry had disappeared, and so had, in the last decade of the 18th century, the last trace of the common land of the agricultural labourer. We leave on one side here the purely economic causes of the agricultural revolution. We deal only with the forcible means employed.

After the restoration of the Stuarts, the landed proprietors carried, by legal means, an act of usurpation, effected every-where on the Continent

without any legal formality. They abolished the feudal tenure of land, i.e., they got rid of all its obligations to the State, “indemnified” the State by taxes on the peasantry and the rest of the mass of the people, vindicated for themselves the rights of modern private property in estates to which they had only a feudal title, and, finally, passed those laws of settlement, which, *mutatis mutandis*, had the same effect on the English agricultural labourer, as the edict of the Tartar Boris Godunof on the Russian peasantry.

The “glorious Revolution” brought into power, along with William of Orange, the landlord and capitalist appropriators of surplus-value. They inaugurated the new era by practising on a colossal scale thefts of state lands, thefts that had been hitherto managed more modestly. These estates were given away, sold at a ridiculous figure, or even annexed to private estates by direct seizure. All this happened without the slightest observation of legal etiquette. The crown lands thus fraudulently appropriated, together with the robbery of the Church estates, as far as these had not been lost again during the republican revolution, form the basis of the to-day princely domains of the English oligarchy. The bourgeois capitalists favoured the operation with the view, among others, to promoting free trade in land, to extending the domain of modern agriculture on the large farm-system, and to increasing their supply of the free agricultural proletarians ready to hand. Besides, the new landed aristocracy was the natural ally of the new bankocracy, of the newly-hatched haute finance, and of the large manufacturers, then depending on protective duties. The English bourgeoisie acted for its own interest quite as wisely as did the Swedish bourgeoisie who, reversing the process, hand in hand with their economic allies, the peasantry, helped the kings in the forcible resumption of the Crown lands from the oligarchy. This happened since 1604 under Charles X. and Charles XI.

Communal property — always distinct from the State property just dealt with — was an old Teutonic institution which lived on under cover of feudalism. We have seen how the forcible usurpation of this, generally accompanied by the turning of arable into pasture land, begins at the end of the 15th and extends into the 16th century. But, at that time, the process was carried on by means of individual acts of violence against which legislation, for a hundred and fifty years, fought in vain. The advance made by the 18th century shows itself in this, that the law itself becomes now the instrument of the theft of the people’s land, although the large farmers make use of

their little independent methods as well. The parliamentary form of the robbery is that of Acts for enclosures of Commons, in other words, decrees by which the landlords grant themselves the people's land as private property, decrees of expropriation of the people. Sir F. M. Eden refutes his own crafty special pleading, in which he tries to represent communal property as the private property of the great landlords who have taken the place of the feudal lords, when he, himself, demands a "general "Act of Parliament for the enclosure of Commons," (admitting thereby that a parliamentary coup d'état is necessary for its transformation into private property), and moreover calls on the legislature for the indemnification for the expropriated poor.

Whilst the place of the independent yeoman was taken by tenants at will, small farmers on yearly leases, a servile rabble dependent on the pleasure of the landlords, the systematic robbery of the Communal lands helped especially, next to the theft of the State domains, to swell those large farms, that were called in the 18th century capital farms or merchant farms, and to "set free" the agricultural populations as proletarians for manufacturing industry.

The 18th century, however, did not yet recognise as fully as the 19th, the identity between national wealth and the poverty of the people. Hence the most vigorous polemic, in the economic literature of that time, on the "enclosure of commons." From the mass of materials that lie before me, I give a few extracts that will throw a strong light on the circumstances of the time. "In several parishes of Hertfordshire," writes one indignant person, "24 farms, numbering on the average 50-150 acres, have been melted up into three farms." "In Northamptonshire and Leicestershire the enclosure of common lands has taken place on a very large scale, and most of the new lordships, resulting from the enclosure, have been turned into pasturage, in consequence of which many lordships have not now 50 acres ploughed yearly, in which 1500 were ploughed formerly. The ruins of former dwelling-houses, barns, stables, &c.," are the sole traces of the former inhabitants. "An hundred houses and families have in some open field villages...dwindled to eight or ten...The land-holders in most parishes that have been enclosed only 15 or 20 years, are very few in comparison of the numbers who occupied them in their open-field state. It is no uncommon thing for 4 or 5 wealthy graziers to engross a large enclosed lordship which

was before in the hands of 20 or 30 farmers, and as many smaller tenants and proprietors. All these are hereby thrown out of their livings with their families and many other families who were chiefly employed and supported by them.” It was not only the land that lay waste, but often land cultivated either in common or held under a definite rent paid to the community, that was annexed by the neighbouring landlords under pretext of enclosure. “I have here in view enclosures of open fields and lands already improved. It is acknowledged by even the writers in defence of enclosures that these diminished villages increase the monopolies of farms, raise the prices of provisions, and produce depopulation...and even the enclosure of waste lands (as now carried on) bears hard on the poor, by depriving them of a part of their subsistence, and only goes towards increasing farms already too large. “When,” says Dr. Price, “this land gets into the hands of a few great farmers, the consequence must be that the little farmers” (earlier designated by him “a multitude of little proprietors and tenants, who maintain themselves and families by the produce of the ground they occupy by sheep kept on a common, by poultry, hogs, &c., and who therefore have little occasion to purchase any of the means of subsistence”) “will be converted into a body of men who earn their subsistence by working for others, and who will be under a necessity of going to market for all they want...There will, perhaps, be more labour, because there will be more compulsion to it...Towns and manufacturers will increase, because more will be driven to them in quest of places and employment. This is the way in which the engrossing of farms naturally operates. And this is the way in which, for many years, it has been actually operating in this kingdom. He sums up the effect of the enclosures thus: “Upon the whole, the circumstances of the lower ranks of men are altered in almost every respect for the worse. From little occupiers of land, they are reduced to the state of day-labourers and hirelings; and, at the same time, their subsistence in that state has become more difficult.” In fact, usurpation of the common lands and the revolution in agriculture accompanying this, told so acutely on the agricultural labourers that, even according to Eden, between 1765 and 1780, their wages began to fall below the minimum, and to be supplemented by official poor-law relief. Their wages, he says, “were not more than enough for the absolute necessities of life.”

Let us hear for a moment a defender of enclosures and an opponent of Dr. Price. “Nor is it a consequence that there must be depopulation, because

men are not seen wasting their labour in the open field...If, by converting the little farmers into a body of men who must work for others, more labour is produced, it is an advantage which the nation” (to which, of course, the “converted” ones do not belong) “should wish for...the produce being greater when their joint labours are employed on one farm, there will be a surplus for manufactures, and by this means manufactures, one of the mines of the nation, will increase, in proportion to the quantity of corn produced.”

The stoical peace of mind with which the political economist regards the most shameless violation of the “sacred rights of property” and the grossest acts of violence to persons, as soon as they are necessary to lay the foundations of the capitalistic mode of production, is shown by Sir. F. M. Eden, philanthropist and tory, to boot. The whole series of thefts, outrages, and popular misery, that accompanied the forcible expropriation of the people, from the last third of the 15th to the end of the 18th century, lead him merely to the comfortable conclusion: “The due proportion between arable land and pasture had to be established. During the whole of the 14th and the greater part of the 15th century, there was one acre of pasture to 2, 3 and even 4 of arable land. About the middle of the 16th century the proportion was changed to 2 acres of pasture to 2, later on, of 2 acres of pasture to one of arable, until at last the just proportion of 3 acres of pasture to one of arable land was attained.”

In the 19th century, the very memory of the connexion between the agricultural labourer and the communal property had, of course, vanished. To say nothing of more recent times, have the agricultural population received a farthing of compensation for the 3,511,770 acres of common land which between 1801 and 1831 were stolen from them and by parliamentary devices presented to the landlords by the landlords?

The last process of wholesale expropriation of the agricultural population from the soil is, finally, the so-called clearing of estates, i.e., the sweeping men off them. All the English methods hitherto considered culminated in “clearing.” As we saw in the picture of modern conditions given in a former chapter, where there are no more independent peasants to get rid of, the “clearing” of cottages begins; so that the agricultural labourers do not find on the soil cultivated by them even the spot necessary for their own housing. But what “clearing of estates” really and properly signifies, we learn only in the promised land of modern romance, the Highlands of Scotland. There the process is distinguished by its systematic character, by

the magnitude of the scale on which it is carried out at one blow (in Ireland landlords have gone to the length of sweeping away several villages at once; in Scotland areas as large as German principalities are dealt with), finally by the peculiar form of property, under which the embezzled lands were held.

The Highland Celts were organised in clans, each of which was the owner of the land on which it was settled. The representative of the clan, its chief or “great man,” was only the titular owner of this property, just as the Queen of England is the titular owner of all the national soil. When the English government succeeded in suppressing the intestine wars of these “great men,” and their constant incursions into the Lowland plains, the chiefs of the clans by no means gave up their time-honoured trade as robbers; they only changed its form. On their own authority they transformed their nominal right into a right of private property, and as this brought them into collision with their clansmen, resolved to drive them out by open force. “A king of England might as well claim to drive his subjects into the sea,” says Professor Newman. This revolution, which began in Scotland after the last rising of the followers of the Pretender, can be followed through its first phases in the writings of Sir James Steuart and James Anderson. In the 18th century the hunted-out Gaels were forbidden to emigrate from the country, with a view to driving them by force to Glasgow and other manufacturing towns. As an example of the method obtaining in the 19th century, the “clearing” made by the Duchess of Sutherland will suffice here. This person, well instructed in economy, resolved, on entering upon her government, to effect a radical cure, and to turn the whole country, whose population had already been, by earlier processes of the like kind, reduced to 15,000, into a sheep-walk. From 1814 to 1820 these 15,000 inhabitants, about 3000 families, were systematically hunted and rooted out. All their villages were destroyed and burnt, all their fields turned into pasturage. British soldiers enforced this eviction, and came to blows with the inhabitants. One old woman was burnt to death in the flames of the hut, which she refused to leave. Thus this fine lady appropriated 794,000 acres of land that had from time immemorial belonged to the clan. She assigned to the expelled inhabitants about 6000 acres on the sea-shore — 2 acres per family. The 6000 acres had until this time lain waste, and brought in no income to their owners. The Duchess, in the nobility of her heart, actually went so far as to let these at an average

rent of 2s. 6d. per acre to the clansmen, who for centuries had shed their blood for her family. The whole of the stolen clan-land she divided into 29 great sheep farms, each inhabited by a single family, for the most part imported English farmservants. In the year 1835 the 15,000 Gaels were already replaced by 131,000 sheep. The remnant of the aborigines flung on the sea-shore, tried to live by catching fish. They became amphibious and lived, as an English author says, half on land and half on water, and withal only half on both.

But the brave Gaels must expiate yet more bitterly their idolatry, romantic and of the mountains, for the “great men” of the clan. The smell of their fish rose to the noses of the great men. They scented some profit in it, and let the seashore to the great fishmongers of London. For the second time the Gaels were hunted out.

But, finally, part of the sheep-walks are turned into deer preserves. Every one knows that there are no real forests in England. The deer in the parks of the great are demurely domestic cattle, fat as London aldermen. Scotland is therefore the last refuge of the “noble passion.” “In the Highlands,” says Somers in 1848, “new forests are springing up like mushrooms. Here, on one side of Gaick, you have the new forest of Glenfeshie; and there on the other you have the new forest of Ardverikie. In the same line you have the Black Mount, an immense waste also recently erected. From east to west — from the neighbourhood of Aberdeen to the crags of Oban — you have now a continuous line of forests; while in other parts of the Highlands there are the new forests of Loch Archaig, Glengarry, Glenmoriston, &c. Sheep were introduced into glens which had been the seats of communities of small farmers; and the latter were driven to seek subsistence on coarser and more sterile tracks of soil. Now deer are supplanting sheep; and these are once more dispossessing the small tenants, who will necessarily be driven down upon still coarser land and to more grinding penury. Deer forests and the people cannot co-exist. One or other of the two must yield. Let the forests be increased in number and extent during the next quarter of a century, as they have been in the last, and the Gaels will perish from their native soil.... This movement among the Highland proprietors is with some a matter of ambition...with some love of sport...while others, of a more practical cast, follow the trade in deer with an eye solely to profit. For it is a fact, that a mountain range laid out in forest is, in many cases, more profitable to the

proprietor than when let as a sheep walk.... The huntsman who wants a deer-forest limits his offers by no other calculation than the extent of his purse.... Sufferings have been inflicted in the Highlands scarcely less severe than those occasioned by the policy of the Norman kings. Deer have received extended ranges, while men have been hunted within a narrower and still narrower circle.... One after one the liberties of the people have been cloven down.... And the oppressions are daily on the increase.... The clearance and dispersion of the people is pursued by the proprietors as a settled principle, as an agricultural necessity, just as trees and brushwood are cleared from the wastes of America or Australia; and the operation goes on in a quiet, business-like way, &c.”

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

## **CHAPTER XXVIII. BLOODY LEGISLATION AGAINST THE EXPROPRIATED, FROM THE END OF THE 15TH CENTURY. FORCING DOWN OF WAGES BY ACTS OF PARLIAMENT.**

THE proletariat created by the breaking up of the bands of feudal retainers and by the forcible expropriation of the people from the soil, this “free” proletariat could not possibly be absorbed by the nascent manufactures as fast as it was thrown upon the world. On the other hand, these men, suddenly dragged from their wanted mode of life, could not as suddenly adapt themselves to the discipline of their new condition. They were turned en masse into beggars, robbers, vagabonds, partly from inclination, in most cases from stress of circumstances. Hence at the end of the 15th and during the whole of the 16th century, throughout Western Europe a bloody legislation against vagabondage. The fathers of the present working-class were chastised for their enforced transformation into vagabonds and paupers. Legislation treated them as “voluntary” criminals, and assumed that it depended on their own goodwill to go on working under the old conditions that no longer existed.

In England this legislation began under Henry VII.

Henry VIII. 1530: Beggars old and unable to work receive a beggar’s licence. On the other hand, whipping and imprisonment for sturdy vagabonds. They are to be tied to the carttail and whipped until the blood streams from their bodies, then to swear an oath to go back to their birthplace or to where they have lived the last three years and to “put themselves to labour.” What grim irony! In 27 Henry VIII. the former statute is repeated, but strengthened with new clauses. For the second arrest for vagabondage the whipping is to be repeated and half the ear sliced off; but for the third relapse the offender is to be executed as a hardened criminal and enemy of the common weal.

Edward VI.: A statute of the first year of his reign, 1547, ordains that if anyone refuses to work, he shall be condemned as a slave to the person who has denounced him as an idler. The master shall feed his slave on bread and

water, weak broth and such refuse meat as he thinks fit. He has the right to force him to do any work, no matter how disgusting, with whip and chains. If the slave is absent a fortnight, he is condemned to slavery for life and is to be branded on forehead or back with the letter S; if he runs away thrice, he is to be executed as a felon. The master can sell him, bequeath him, let him out on hire as a slave, just as any other personal chattel or cattle. If the slaves attempt anything against the masters, they are also to be executed. Justices of the peace, on information, are to hunt the rascals down. If it happens that a vagabond has been idling about for three days, he is to be taken to his birthplace, branded with a redhot iron with the letter V on the breast and be set to work, in chains, in the streets or at some other labour. If the vagabond gives a false birthplace, he is then to become the slave for life of this place, of its inhabitants, or its corporation, and to be branded with an S. All persons have the right to take away the children of the vagabonds and to keep them as apprentices, the young men until the 24th year, the girls until the 20th. If they run away, they are to become up to this age the slaves of their masters, who can put them in irons, whip them, 8c., if they like. Every master may put an iron ring round the neck, arms or legs of his slave, by which to know him more easily and to be more certain of him. The last part of the statute provides, that certain poor people may be employed by a place or by persons, who are willing to give them food and drink and to find them work. This kind of parish-slaves was kept up in England until far into the 19th century under the name of "roundsmen."

Elizabeth, 1572: Unlicensed beggars above 14 years of age are to be severely flogged and branded on the left ear unless some one will take them into service for two years; in case of a repetition of the offence, if they are over 18, they are to be executed, unless some one will take them into service for two years; but for the third offence they are to be executed without mercy as felons. Similar statutes: 18 Elizabeth, c. 13, and another of 1597.

James I: Any one wandering about and begging is declared a rogue and a vagabond. Justices of the peace in petty sessions are authorised to have them publicly whipped and for the first offence to imprison them for 6 months, for the second for 2 years. Whilst in prison they are to be whipped as much and as often as the justices of the peace think fit...Incorrigible and dangerous rogues are to be branded with an R on the left shoulder and set to hard labour, and if they are caught begging again, to be executed without

mercy. These statutes, legally binding until the beginning of the 18th century, were only repealed by 12 Ann, c. 23.

Similar laws in France, where by the middle of the 17th century a kingdom of vagabonds (truands) was established in Paris. Even at the beginning of Louis XVI.'s reign (Ordinance of July 13th, 1777) every man in good health from 16 to 60 years of age, if without means of subsistence and not practising a trade, is to be sent to the galleys. Of the same nature are the statute of Charles V. for the Netherlands (October, 1537), the first edict of the States and Towns of Holland (March 10, 1614), the "Plakaat" of the United Provinces (June 26, 1649), 8c.

Thus were the agricultural people, first forcibly expropriated from the soil, driven from their homes, turned into vagabonds, and then whipped, branded, tortured by laws grotesquely terrible, into the discipline necessary for the wage system.

It is not enough that the conditions of labour are concentrated in a mass, in the shape of capital, at the one pole of society, while at the other are grouped masses of men, who have nothing to sell but their labour-power. Neither is it enough that they are compelled to sell it voluntarily. The advance of capitalist production develops a working-class, which by education, tradition, habit, looks upon the conditions of that mode of production as self-evident laws of nature. The organization of the capitalist process of production, once fully developed, breaks down all resistance. The constant generation of a relative surplus-population keeps the law of supply and demand of labour, and therefore keeps wages, in a rut that corresponds with the wants of capital. The dull compulsion of economic relations completes the subjection of the labourer to the capitalist. Direct force, outside economic conditions, is of course still used, but only exceptionally. In the ordinary run of things, the labourer can be left to the "natural laws of production," i.e., to his dependence on capital, a dependence springing from, and guaranteed in perpetuity by, the conditions of production themselves. It is otherwise during the historic genesis of capitalist production. The bourgeoisie, at its rise, wants and uses the power of the state to "regulate" wages, i.e., to force them within the limits suitable for surplus-value making, to lengthen the working-day and to keep the labourer himself in the normal degree of dependence. This is an essential element of the so-called primitive accumulation.

The class of wage-labourers, which arose in the latter half of the 14th century, formed then and in the following century only a very small part of the population, well protected in its position by the independent peasant proprietary in the country and the guild-organization in the town. In country and town master and workman stood close together socially. The subordination of labour to capital was only formal — i.e., the mode of production itself had as yet no specific capitalistic character. Variable capital preponderated greatly over constant. The demand for wage-labour grew, therefore, rapidly with every accumulation of capital, whilst the supply of wage-labour followed but slowly. A large part of the national product, changed later into a fund of capitalist accumulation, then still entered into the consumption fund of the labourer.

Legislation on wage-labour, (from the first, aimed at the exploitation of the labourer and, as it advanced, always equally hostile to him), is started in England by the Statute of Labourers, of Edward III., 1349. The ordinance of 1350 in France, issued in the name of King John, corresponds with it. English and French legislation run parallel and are identical in purport. So far as the labour-statutes aim at compulsory extension of the working-day, I do not return to them, as this point was treated earlier (Chap. X., Section 5).

The Statute of Labourers was passed at the urgent instance of the House of Commons. A Tory says naively: “Formerly the poor demanded such high wages as to threaten industry and wealth. Next, their wages are so low as to threaten industry and wealth equally and perhaps more, but in another way.” A tariff of wages was fixed by law for town and country, for piece-work and day-work. The agricultural labourers were to hire themselves out by the year, the town ones “in open market.” It was forbidden, under pain of imprisonment, to pay higher wages than those fixed by the statute, but the taking of higher wages was more severely punished than the giving them. [So also in Sections 18 and 19 of the Statute of Apprentices of Elizabeth, ten days’ imprisonment is decreed for him that pays the higher wages, but twenty-one days for him that receives them.] A statute of 1360 increased the penalties and authorised the masters to extort labour at the legal rate of wages by corporal punishment. All combinations, contracts, oaths, &c., by which masons and carpenters reciprocally bound themselves, were declared null and void. Coalition of the labourers is treated as a heinous crime from the 14th century to 1825, the year of the repeal of the laws against Trades’ Unions. The spirit of the Statute of Labourers of 1349 and of its offshoots,

comes out clearly in the fact, that indeed a maximum of wages is dictated by the State, but on no account a minimum.

In the 16th century, the condition of the labourers had, as we know, become much worse. The money wage rose, but not in proportion to the depreciation of money and the corresponding rise in the prices of commodities. Wages, therefore, in reality fell. Nevertheless, the laws for keeping them down remained in force, together with the ear-clipping and branding of those “whom no one was willing to take into service.” By the Statute of Apprentices 5 Elizabeth, c. 3, the justices of the peace were empowered to fix certain wages and to modify them according to the time of the year and the price of commodities. James I. extended these regulations of labour also to weavers, spinners, and all possible categories of workers. George II. extended the laws against coalitions of labourers to manufactures. In the manufacturing period par excellence, the capitalist mode of production had become sufficiently strong to render legal regulation of wages as impracticable as it was unnecessary; but the ruling classes were unwilling in case of necessity to be without the weapons of the old arsenal. Still, 8 George II. forbade a higher day’s wage than 2s. 7½d. for journeymen tailors in and around London, except in cases of general mourning; still 13 George III., c. 68, gave the regulation of the wages of silk-weavers to the justices of the peace; still, in 1706, it required two judgments of the higher courts to decide, whether the mandates of justices of the peace as to wages held good also for non-agricultural labourers; still, in 1799, an act of Parliament ordered that the wages of the Scotch miners should continue to be regulated by a statute of Elizabeth and two Scotch acts of 1661 and 1671. How completely in the meantime circumstances had changed, is proved by an occurrence unheard-of before in the English Lower House. In that place, where for more than 400 years laws had been made for the maximum, beyond which wages absolutely must not rise, Whitbread in 1796 proposed a legal minimum wage for agricultural labourers. Pitt opposed this, but confessed that the “condition of the poor was cruel.” Finally, in 1813, the laws for the regulation of wages were repealed. They were an absurd anomaly, since the capitalist regulated his factory by his private legislation, and could by the poor-rates make up the wage of the agricultural labourer to the indispensable minimum. The provisions of the labour statutes as to contracts between master and workman, as to giving notice and the like, which only allows of a civil

action against the contract-breaking master, but on the contrary permit a criminal action against the contract-breaking workman, are to this hour (1873) in full force. The barbarous laws against Trades' Unions fell in 1825 before the threatening bearing of the proletariat. Despite this, they fell only in part. Certain beautiful fragments of the old statute vanished only in 1859. Finally, the act of Parliament of June 29, 1871, made a pretence of removing the last traces of this class of legislation by legal recognition of Trades Unions. But an act of Parliament of the same date (an act to amend the criminal law relating to violence, threats, and molestation), re-established, in point of fact, the former state of things in a new shape. By this Parliamentary escamotage the means which the labourers could use in a strike or lock-out were withdrawn from the laws common to all citizens, and placed under exceptional penal legislation, the interpretation of which fell to the masters themselves in their capacity as justices of the peace. Two years earlier, the same House of Commons and the same Mr. Gladstone in the well-known straightforward fashion brought in a bill for the abolition of all exceptional penal legislation against the working-class. But this was never allowed to go beyond the second reading, and the matter was thus protracted until at last the "great Liberal party," by an alliance with the Tories, found courage to turn against the very proletariat that had carried it into power. Not content with this treachery, the "great Liberal party" allowed the English judges, ever complaisant in the service of the ruling classes, to dig up again the earlier laws against "conspiracy," and to apply them to coalitions of labourers. We see that only against its will and under the pressure of the masses did the English Parliament give up the laws against Strikes and Trades' Unions, after it had itself, for 500 years, held, with shameless egoism, the position of a permanent Trades' Union of the capitalists against the labourers.

During the very first storms of the revolution, the French bourgeoisie dared to take away from the workers the right of association but just acquired. By a decree of June 14, 1791, they declared all coalition of the workers as "an attempt against liberty and the declaration of the rights of man," punishable by a fine of 500 livres, together with deprivation of the rights of an active citizen for one year. This law which, by means of State compulsion, confined the struggle between capital and labour within limits comfortable for capital, has outlived revolutions and changes of dynasties. Even the Reign of Terror left it untouched. It was but quite recently struck

out of the Penal Code. Nothing is more characteristic than the pretext for this bourgeois coup d'état. "Granting," says Chapelier, the reporter of the Select Committee on this law, "that wages ought to be a little higher than they are,...that they ought to be high enough for him that receives them, to be free from that state of absolute dependence due to the want of the necessaries of life, and which is almost that of slavery," yet the workers must not be allowed to come to any understanding about their own interests, nor to act in common and thereby lessen their "absolute dependence, which is almost that of slavery;" because, forsooth, in doing this they injure "the freedom of their cidevant masters, the present entrepreneurs," and because a coalition against the despotism of the quondam masters of the corporations is — guess what! — is a restoration of the corporations abolished by the French constitution.

## CHAPTER XXIX. GENESIS OF THE CAPITALIST FARMER.

NOW that we have considered the forcible creation of a class of outlawed proletarians, the bloody discipline that turned them into wage-labourers, the disgraceful action of the state which employed the police to accelerate the accumulation of capital by increasing the degree of exploitation of labour, the question remains: whence came the capitalists originally? For the expropriation of the agricultural population creates, directly, none by great landed proprietors. As far, however, as concerns the genesis of the farmer, we can, so to say, put our hand on it, because it is a slow process evolving through many centuries. The serfs, as well as the free small proprietors, held land under very different tenures, and were therefore emancipated under very different economic conditions. In England the first form of the farmer is the bailiff, himself a serf. His position is similar to that of the old Roman villicus, only in a more limited sphere of action. During the second half of the 14th century he is replaced by a farmer, whom the landlord provides with seed, cattle and implements. His condition is not very different from that of the peasant. Only he exploits more wage-labour. Soon he becomes a métayer, a half-farmer. He advances one part of the agricultural stock, the landlord the other. The two divide the total product in proportions determined by contract. This form quickly disappears in England, to give place to the farmer proper, who makes his own capital breed by employing wage-labourers, and pays a part of the surplus product, in money or in kind, to the landlord as rent. So long, during the 15th century, as the independent peasant and the farm-labourer working for himself as well as for wages, enriched themselves by their own labour, the circumstances of the farmer, and his field of production, were equally mediocre. The agricultural revolution which commenced in the last third of the 15th century, and continued during almost the whole of the 16th (excepting, however, its last decade), enriched him just as speedily as it impoverished the mass of the agricultural people.

The usurpation of the common lands allowed him to augment greatly his stock of cattle, almost without cost, whilst they yielded him a richer supply of manure for the tillage of the soil. To this, was added in the 16th century, a

very important element. At that time the contracts for farms ran for a long time, often for 99 years. The progressive fall in the value of the precious metals, and therefore of money, brought the farmers golden fruit. Apart from all the other circumstances discussed above, it lowered wages. A portion of the latter was now added to the profits of the farm. The continuous rise in the price of corn, wool, meat, in a word of all agricultural produce, swelled the money capital of the farmer without any action on his part, whilst the rent he paid, (being calculated on the old value of money) diminished in reality. Thus they grew rich at the expense both of their labourers and their landlords. No wonder therefore, that England, at the end of the 16th century, had a class of capitalist farmers, rich, considering the circumstances of the time.

## **CHAPTER XXX. REACTION OF THE AGRICULTURAL REVOLUTION ON INDUSTRY. CREATION OF THE HOME MARKET FOR INDUSTRIAL CAPITAL.**

THE expropriation and expulsion of the agricultural population, intermittent but renewed again and again, supplied, as we saw, the town industries with a mass of proletarians, entirely unconnected with the corporate guilds and unfettered by them; a fortunate circumstance that makes old A. Anderson (not to be confounded with James Anderson) in his "History of Commerce," believe in the direct intervention of Providence. We must still pause a moment on this element of primitive accumulation. The thinning-out of the independent, self-supporting peasants not only brought about the crowding together of the industrial proletariat, in the way that Geoffroy Saint Hilaire explained the condensation of cosmical matter at one place, by its rarefaction at another. In spite of the smaller numbers of its cultivators, the soil brought forth as much or more produce, after as before, because the revolution in the conditions of landed property was accompanied by improved methods of culture, greater co-operation, concentration of the means of production, &c., and because not only were the agricultural wage-labourers put on the strain more intensely, but the field of production on which they worked for themselves, became more and more contracted. With the setting free of a part of the agricultural population, therefore, their former means of nourishment were also set free. They were now transformed into material elements of variable capital. The peasant, expropriated and cast adrift, must buy their value in the form of wages, from his new master, the industrial capitalist. That which holds good of the means of subsistence holds with the raw materials of industry dependent upon home agriculture. They were transformed into an element of constant capital. Suppose, e.g., a part of the West-phalian peasants, who, at the time of Frederic II., all spun flax, forcibly expropriated and hunted from the soil; and the other part that remained, turned into day-labourers of large farmers. At the same time arise large establishments for flax-spinning and weaving, in which the men "set free" now work for wages. The flax looks exactly as

before. Not a fibre of it is changed, but a new social soul has popped into its body. It forms now a part of the constant capital of the master manufacturer. Formerly divided among a number of small producers, who cultivated it themselves and with their families spun it in retail fashion, it is now concentrated in the hand of one capitalist, who sets others to spin and weave it for him. The extra labour expended in flax-spinning realised itself formerly in extra income to numerous peasant families, or maybe, in Frederic II.'s time, in taxes pour le roi de Prusse. It realises itself now in profit for a few capitalists. The spindles and looms, formerly scattered over the face of the country, are now crowded together in a few great labour-barracks, together with the labourers and the raw material. And spindles, looms, raw material, are now transformed, from means of independent existence for the spinners and weavers, into means for commanding them and sucking out of them unpaid labour. One does not perceive, when looking at the large manufactories and the large farms, that they have originated from the throwing into one of many small centres of production, and have been built up by the expropriation of many small independent producers. Nevertheless, the popular intuition was not at fault. In the time of Mirabeau, the lion of the Revolution, the great manufactories were still called manufactures réunies, workshops thrown into one, as we speak of fields thrown into one. Says Mirabeau: "We are only paying attention to the grand manufactories, in which hundreds of men work under a director and which are commonly called manufactures réunies. Those where a very large number of labourers work, each separately and on his own account, are hardly considered; they are placed at an infinite distance from the others. This is a great error, as the latter alone make a really important object of national prosperity...The large workshop (manufacture réunie) will enrich prodigiously one or two entrepreneurs, but the labourers will only be journeymen, paid more or less, and will not have any share in the success of the undertaking. In the discrete workshop (manufacture séparée,) on the contrary, no one will become rich, but many labourers will be comfortable; the saving and the industrious will be able to amass a little capital, to put by a little for a birth of a child, for an illness, for themselves or their belongings. The number of saving and industrious labourers will increase, because they will see in good conduct, in activity, a means of essentially bettering their condition, and not of obtaining a small rise of wages that can never be of any importance for the future, and whose sole result is to place

men in the position to live a little better, but only from day to day...The large workshops, undertakings of certain private persons who pay labourers from day to day to work for their gain, may be able to put these private individuals at their ease, but they will never be an object worth the attention of governments. Discrete workshops, for the most part combined with cultivation of small holdings, are the only free ones.” The expropriation and eviction of a part of the agricultural population not only set free for industrial capital, the labourers, their means of subsistence, and material for labour; it also created the home market.

In fact, the events that transformed the small peasants into wage-labourers, and their means of subsistence and of labour into material elements of capital, created, at the same time, a home-market for the latter. Formerly, the peasant family produced the means of subsistence and the raw materials, which they themselves, for the most part, consumed. These raw materials and means of subsistence have now become commodities; the large farmer sells them, he finds his market in manufactures. Yarn, linen, coarse woollen stuffs — things whose raw materials had been within the reach of every peasant family, had been spun and woven by it for its own use — were now transformed into articles of manufacture, to which the country districts at once served for markets. The many scattered customers, whom stray artisans until now had found in the numerous small producers working on their own account, concentrate themselves now into one great market provided for by industrial capital. Thus, hand in hand with the expropriation of the self-supporting peasants, with their separation from their means of production, goes the destruction of rural domestic industry, the process of separation between manufacture and agriculture. And only the destruction of rural domestic industry can give the internal market of a country that extension and consistence which the capitalist mode of production requires. Still the manufacturing period, properly so-called, does not succeed in carrying out this transformation radically and completely. It will be remembered that manufacture, properly so-called, conquers but partially the domain of national production, and always rests on the handicrafts of the town and the domestic industry of the rural districts as its ultimate basis. If it destroys these in one form, in particular branches, at certain points, it calls them up again elsewhere, because it needs them for the preparation of raw material up to a certain point. It produces, therefore, a new class of small villagers who, while following the cultivation of the

soil as an accessory calling, find their chief occupation in industrial labour, the products of which they sell to the manufacturers directly, or through the medium of merchants. This is one, though not the chief, cause of a phenomenon which, at first, puzzles the student of English history. From the last third of the 15th century he finds continually complaints, only interrupted at certain intervals, about the encroachment of capitalist farming in the country districts, and the progressive destruction of the peasantry. On the other hand, he always finds this peasantry turning up again, although in diminished number, and always under worse conditions. The chief reason is: England is at one time chiefly a cultivator of corn, at another chiefly a breeder of cattle, in alternate periods, and with these the extent of peasant cultivation fluctuates. Modern Industry alone, and finally, supplies, in machinery, the lasting basis of capitalistic agriculture, expropriates radically the enormous majority of the agricultural population, and completes the separation between agriculture and rural domestic industry, whose roots — spinning and weaving — it tears up. It therefore also, for the first time, conquers for industrial capital the entire home market.

## CHAPTER XXXI. GENESIS OF THE INDUSTRIAL CAPITALIST.

THE genesis of the industrial capitalist did not proceed in such a gradual way as that of the farmer. Doubtless many small guild-masters, and yet more independent small artisans, or even wage-labourers, transformed themselves into small capitalists, and (by gradually extending exploitation of wage-labour and corresponding accumulation) into full-blown capitalists. In the infancy of capitalist production, things often happened as in the infancy of mediæval towns, where the question, which of the escaped serfs should be master and which servant, was in great part decided by the earlier or later date of their flight. The snail's-pace of this method corresponded in no wise with the commercial requirements of the new world-market that the great discoveries of the end of the 15th century created. But the middle age had handed down two distinct forms of capital, which mature in the most different economic social formations, and which, before the era of the capitalist mode of production, are considered as capital *quand même* — usurer's capital and merchant's capital.

“At present, all the wealth of society goes first into the possession of the capitalist...he pays the landowner his rent, the labourer his wages, the tax and tithe gatherer their claims, and keeps a large, indeed the largest, and a continually augmenting share, of the annual produce of labour for himself. The capitalist may now be said to be the first owner of all the wealth of the community, though no law has conferred on him the right to this property...this change has been effected by the taking of interest on capital...and it is not a little curious that all the lawgivers of Europe endeavoured to prevent this by statutes, viz., statutes against usury.... The power of the capitalist over all the wealth of the country is a complete change in the right of property, and by what law, or series of laws, was it effected?” The author should have remembered that revolutions are not made by laws.

The money capital formed by means of usury and commerce was prevented from turning into industrial capital, in the country by the feudal constitution, in the towns by the guild organization. These fetters vanished with the dissolution of feudal society, with the expropriation and partial

eviction of the country population. The new manufacturers were established at sea-ports, or in inland points beyond the control of the old municipalities and their guilds. Hence in England an embittered struggle of the corporate towns against these new industrial nurseries.

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. On their heels treads the commercial war of the European nations, with the globe for a theatre. It begins with the revolt of the Netherlands from Spain, assumes giant dimensions in England's anti-jacobin war, and is still going on in the opium wars against China, 8c.

The different momenta of primitive accumulation distribute themselves now, more or less in chronological order, particularly over Spain, Portugal, Holland, France, and England. In England at the end of the 17th century, they arrive at a systematical combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But they all employ the power of the State, the concentrated and organised force of society, to hasten, hothouse fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power.

Of the Christian colonial system, W. Howitt, a man who makes a specialty of Christianity, says: "The barbarities and desperate outrages of the so-called Christian race, throughout every region of the world, and upon every people they have been able to subdue, are not to be paralleled by those of any other race, however fierce, however untaught, and however reckless of mercy and of shame, in any age of the earth." The history of the colonial administration of Holland — and Holland was the head capitalistic nation of the 17th century — "is one of the most extraordinary relations of treachery, bribery, massacre, and meanness." Nothing is more characteristic than their system of stealing men, to get slaves for Java. The men stealers were trained for this purpose. The thief, the interpreter, and the seller, were the chief agents in this trade, native princes the chief sellers. The young

people stolen, were thrown into the secret dungeons of Celebes, until they were ready for sending to the slave-ships. An official report says: "This one town of Macassar, e.g., is full of secret prisons, one more horrible than the other, crammed with unfortunates, victims of greed and tyranny fettered in chains, forcibly torn from their families." To secure Malacca, the Dutch corrupted the Portuguese governor. He let them into the town in 1641. They hurried at once to his house and assassinated him, to "abstain" from the payment of £21,875, the price of his treason. Wherever they set foot, devastation and depopulation followed. Banjuwangi, a province of Java, in 1750 numbered over 80,000 inhabitants, in 1811 only 18,000. Sweet commerce!

The English East India Company, as is well known, obtained, besides the political rule in India, the exclusive monopoly of the tea-trade, as well as of the Chinese trade in general, and of the transport of goods to and from Europe. But the coasting trade of India and between the islands, as well as the internal trade of India, were the monopoly of the higher employés of the company. The monopolies of salt, opium, betel and other commodities, were inexhaustible mines of wealth. The employés themselves fixed the price and plundered at will the unhappy Hindus. The Governor-General took part in this private traffic. His favourites received contracts under conditions whereby they, cleverer than the alchemists, made gold out of nothing. Great fortunes sprang up like mushrooms in a day; primitive accumulation went on without the advance of a shilling. The trial of Warren Hastings swarms with such cases. Here is an instance. A contract for opium was given to a certain Sullivan at the moment of his departure on an official mission to a part of India far removed from the opium district. Sullivan sold his contract to one Binn for £40,000; Binn sold it the same day for £60,000, and the ultimate purchaser who carried out the contract declared that after all he realised an enormous gain. According to one of the lists laid before Parliament, the Company and its employés from 1757-1766 got £6,000,000 from the Indians as gifts. Between 1769 and 1770, the English manufactured a famine by buying up all the rice and refusing to sell it again, except at fabulous prices.

The treatment of the aborigines was, naturally, most frightful in plantation-colonies destined for export trade only, such as the West Indies, and in rich and well-populated countries, such as Mexico and India, that

were given over to plunder. But even in the colonies properly so-called, the Christian character of primitive accumulation did not belie itself. Those sober virtuosi of Protestantism, the Puritans of New England, in 1703, by decrees of their assembly set a premium of £40 on every Indian scalp and every captured red-skin: in 1720 a premium of £100 on every scalp; in 1744, after Massachusetts-Bay had proclaimed a certain tribe as rebels, the following prices: for a male scalp of 12 years and upwards £100 (new currency), for a male prisoner £105, for women and children prisoners £50, for scalps of women and children £50. Some decades later, the colonial system took its revenge on the descendants of the pious pilgrim fathers, who had grown seditious in the meantime. At English instigation and for English pay they were tomahawked by red-skins. The British Parliament, proclaimed blood-hounds and scalping as “means that God and Nature had given into its hand.”

The colonial system ripened, like a hot-house, trade and navigation. The “societies Monopolia” of Luther were powerful levers for concentration of capital. The colonies secured a market for the budding manufactures, and, through the monopoly of the market, an increased accumulation. The treasures captured outside Europe by undisguised looting, enslavement, and murder, floated back to the mother-country and were there turned into capital. Holland, which first fully developed the colonial system, in 1648 stood already in the acme of its commercial greatness. It was “in almost exclusive possession of the East Indian trade and the commerce between the south-east and north-west of Europe. Its fisheries, marine, manufactures, surpassed those of any other country. The total capital of the Republic was probably more important than that of all the rest of Europe put together.” Gülich forgets to add that by 1648, the people of Holland were more overworked, poorer and more brutally oppressed than those of all the rest of Europe put together.

To-day industrial supremacy implies commercial supremacy, In the period of manufacture properly so-called, it is, on the other hand, the commercial supremacy that gives industrial predominance. Hence the preponderant rôle that the colonial system plays at that time. It was “the strange God” who perched himself on the altar cheek by jowl with the old Gods of Europe, and one fine day with a shove and a kick chucked them all of a heap. It proclaimed surplus-value making as the sole end and aim of humanity.

The system of public credit, i.e. of national debts, whose origin we discover in Genoa and Venice as early as the middle ages, took possession of Europe generally during the manufacturing period. The colonial system with its maritime trade and commercial wars served as a forcing-house for it. Thus it first took root in Holland. National debts, i.e., the alienation of the state — whether despotic, constitutional or republican — marked with its stamp the capitalistic era. The only part of the so-called national wealth that actually enters into the collective possessions of modern peoples is — their national debt. Hence, as a necessary consequence, the modern doctrine that a nation becomes the richer the more deeply it is in debt. Public credit becomes the credo of capital. And with the rise of national debt-making, want of faith in the national debt takes the place of the blasphemy against the Holy Ghost, which may not be forgiven.

The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter's wand, it endows barren money with the power of breeding and thus turns it into capital, without the necessity of its exposing itself to the troubles and risks inseparable from its employment in industry or even in usury. The state-creditors actually give nothing away, for the sum lent is transformed into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would. But further, apart from the class of lazy annuitants thus created, and from the improvised wealth of the financiers, middlemen between the government and the nation — as also apart from the taxfarmers, merchants, private manufacturers, to whom a good part of every national loan renders the service of a capital fallen from heaven — the national debt has given rise to joint-stock companies, to dealings in negotiable effects of all kinds, and to agiotage, in a word to stock-exchange gambling and the modern bankocracy.

At their birth the great banks, decorated with national titles, were only associations of private speculators, who placed themselves by the side of governments, and, thanks to the privileges they received, were in a position to advance money to the state. Hence the accumulation of the national debt has no more infallible measure than the successive rise in the stock of these banks, whose full development dates from the founding of the Bank of England in 1694. The Bank of England began with lending its money to the Government at 8%; at the same time it was empowered by Parliament to

coin money out of the same capital, by lending it again to the public in the form of bank-notes. It was allowed to use these notes for discounting bills, making advances on commodities, and for buying the precious metals. It was not long ere this credit-money, made by the bank itself, became the coin in which the Bank of England made its loans to the state, and paid, on account of the state, the interest on the public debt. It was not enough that the bank gave with one hand and took back more with the other; it remained, even whilst receiving, the eternal creditor of the nation down to the last shilling advanced. Gradually it became inevitably the receptacle of the metallic hoard of the country, and the centre of gravity of all commercial credit. What effect was produced on their contemporaries by the sudden uprising of this brood of bankocrats, financiers, rentiers, brokers, stock-jobbers, &c., is proved by the writings of that time, e.g., by Bolingbroke's.

With the national debt arose an international credit system, which often conceals one of the sources of primitive accumulation in this or that people. Thus the villanies of the Venetian thieving system formed one of the secret bases of the capital-wealth of Holland to whom Venice in her decadence lent large sums of money. So also was it with Holland and England. By the beginning of the 18th century the Dutch manufactures were far outstripped. Holland had ceased to be the nation preponderant in commerce and industry. One of its main lines of business, therefore, from 1701-1776, is the lending out of enormous amounts of capital, especially to its great rival England. The same thing is going on to-day between England and the United States. A great deal of capital, which appears to-day in the United States without any certificate of birth, was yesterday, in England, the capitalised blood of children.

As the national debt finds its support in the public revenue, which must cover the yearly payments for interest, &c., the modern system of taxation was the necessary complement of the system of national loans. The loans enable the government to meet extraordinary expenses, without the taxpayers feeling it immediately, but they necessitate, as a consequence, increased taxes. On the other hand, the raising of taxation caused by the accumulation of debts contracted one after another, compels the government always to have recourse to new loans for new extraordinary expenses. Modern fiscality, whose pivot is formed by taxes on the most necessary means of subsistence (thereby increasing their price), thus contains within

itself the germ of automatic progression. Over-taxation is not an incident, but rather a principle. In Holland, therefore, where this system was first inaugurated, the great patriot, De Witt, has in his "Maxims" extolled it as the best system for making the wage-labourer submissive, frugal, industrious, and overburdened with labour. The destructive influence that it exercises on the condition of the wage-labourer concerns us less however, here, than the forcible expropriation, resulting from it, of peasants, artisans, and in a word, all elements of the lower middle-class. On this there are not two opinions, even among the bourgeois economists. Its expropriating efficacy is still further heightened by the system of protection, which forms one of its integral parts.

The great part that the public debt, and the fiscal system corresponding with it, has played in the capitalisation of wealth and the expropriation of the masses, has led many writers, like Cobbett, Doubleday and others, to seek in this, incorrectly, the fundamental cause of the misery of the modern peoples.

The system of protection was an artificial means of manufacturing manufacturers, of expropriating independent labourers, of capitalising the national means of production and subsistence, of forcibly abbreviating the transition from the mediæval to the modern mode of production. The European states tore one another to pieces about the patent of this invention, and, once entered into the service of the surplus-value makers, did not merely lay under contribution in the pursuit of this purpose their own people, indirectly through protective duties, directly through export premiums. They also forcibly rooted out, in their dependent countries, all industry, as, e.g., England did with the Irish woollen manufacture. On the continent of Europe, after Colbert's example, the process was much simplified. The primitive industrial capital, here, came in part directly out of the state treasury. "Why," cries Mirabeau, "why go so far to seek the cause of the manufacturing glory of Saxony before the war? 180,000,000 of debts contracted by the sovereigns!"

Colonial system, public debts, heavy taxes, protection, commercial wars, &c., these children of the true manufacturing period, increase gigantically during the infancy of Modern Industry. The birth of the latter is heralded by a great slaughter of the innocents. Like the royal navy, the factories were recruited by means of the press-gang. Blasé as Sir F. M. Eden is as to the

horrors of the expropriation of the agricultural population from the soil, from the last third of the 15th century to his own time; with all the self-satisfaction with which he rejoices in this process, “essential” for establishing capitalistic agriculture and “the due proportion between arable and pasture land” — he does not show, however, the same economic insight in respect to the necessity of child-stealing and child-slavery for the transformation of manufacturing exploitation into factory exploitation, and the establishment of the “true relation” between capital and labour-power. He says: “It may, perhaps, be worthy the attention of the public to consider, whether any manufacture, which, in order to be carried on successfully, requires that cottages and workhouses should be ransacked for poor children; that they should be employed by turns during the greater part of the night and robbed of that rest which, though indispensable to all, is most required by the young; and that numbers of both sexes, of different ages and dispositions, should be collected together in such a manner that the contagion of example cannot but lead to profligacy and debauchery; will add to the sum of individual or national felicity?”

“In the counties of Derbyshire, Nottinghamshire, and more particularly in Lancashire,” says Fielden, “the newly-invented machinery was used in large factories built on the sides of streams capable of turning the water-wheel. Thousands of hands were suddenly required in these places, remote from towns; and Lancashire, in particular, being, till then, comparatively thinly populated and barren, a population was all that she now wanted. The small and nimble fingers of little children being by very far the most in request, the custom instantly sprang up of procuring apprentices from the different parish workhouses of London, Birmingham, and elsewhere. Many, many thousands of these little, hapless creatures were sent down into the north, being from the age of 7 to the age of 13 or 14 years old. The custom was for the master to clothe his apprentices and to feed and lodge them in an “apprentice house” near the factory; overseers were appointed to see to the works, whose interest it was to work the children to the utmost, because their pay was in proportion to the quantity of work that they could exact. Cruelty was, of course, the consequence...In many of the manufacturing districts, but particularly, I am afraid, in the guilty county to which I belong [Lancashire], cruelties the most heart-rending were practised upon the unoffending and friendless creatures who were thus consigned to the charge of master manufacturers; they were harassed to the brink of death by excess

of labour...were flogged, fettered and tortured in the most exquisite refinement of cruelty;...they were in many cases starved to the bone while flogged to their work and...even in some instances...were driven to commit suicide...The beautiful and romantic valleys of Derbyshire, Nottinghamshire and Lancashire, secluded from the public eye, became the dismal solitudes of torture, and of many a murder. The profits of manufactures were enormous; but this only whetted the appetite that it should have satisfied, and therefore the manufacturers had recourse to an expedient that seemed to secure to them those profits without any possibility of limit; they began the practice of what is termed “night-working,” that is, having tired one set of hands, by working them throughout the day, they had another set ready to go on working throughout the night; the day-set getting into the beds that the night-set had just quitted, and in their turn again, the night-set getting into the beds that the day-set quitted in the morning. It is a common tradition in Lancashire, that the beds never get cold.”

With the development of capitalist production during the manufacturing period, the public opinion of Europe had lost the last remnant of shame and conscience. The nations bragged cynically of every infamy that served them as a means to capitalistic accumulation. Read, e.g., the naïve *Annals of Commerce* of the worthy A. Anderson. Here it is trumpeted forth as a triumph of English statecraft that at the Peace of Utrecht, England extorted from the Spaniards by the Asiento Treaty the privilege of being allowed to ply the negro-trade, until then only carried on between Africa and the English West Indies, between Africa and Spanish America as well. England thereby acquired the right of supplying Spanish America until 1743 with 4800 negroes yearly. This threw, at the same time, an official cloak over British smuggling. Liverpool waxed fat on the slave-trade. This was its method of primitive accumulation. And, even to the present day, Liverpool “respectability” is the Pindar of the slave-trade which — compare the work of Aikin already quoted— “has coincided with that spirit of bold adventure which has characterised the trade of Liverpool and rapidly carried it to its present state of prosperity; has occasioned vast employment for shipping and sailors, and greatly augmented the demand for the manufactures of the country” . Liverpool employed in the slave trade, in 1730, 15 ships; in 1751, 53; in 1760, 74; in 1770, 96; and in 1792, 132.

Whilst the cotton industry introduced child-slavery in England, it gave in the United States a stimulus to the transformation of the earlier, more or less patriarchal slavery, into a system of commercial exploitation. In fact, the veiled slavery of the wage-earners in Europe needed, for its pedestal, slavery pure and simple in the new world.

Tantæ molis erat, to establish the “eternal laws of Nature” of the capitalist mode of production, to complete the process of separation between labourers and conditions of labour, to transform, at one pole, the social means of production and subsistence into capital, at the opposite pole, the mass of the population into wage-labourers, into “free labouring poor,” that artificial product of modern society. If money, according to Augier, “comes into the world wide a congenital blood-stain on one cheek,” capital comes dripping from head to foot, from every pore, with blood and dirt.

## CHAPTER XXXII. HISTORICAL TENDENCY OF CAPITALIST ACCUMULATION.

WHAT does the primitive accumulation of capital, i.e., its historical genesis, resolve itself into? In so far as it is not immediate transformation of slaves and serfs into wage-labourers, and therefore a mere change of form, it only means the expropriation of the immediate producers, i.e., the dissolution of private property based on the labour of its owner. Private property, as the antithesis to social, collective property, exists only where the means of labour and the external conditions of labour belong to private individuals. But according as these private individuals are labourers or not labourers, private property has a different character. The numberless shades, that it at first sight presents, correspond to the intermediate stages lying between these two extremes. The private property of the labourer in his means of production is the foundation of petty industry, whether agricultural, manufacturing or both; petty industry, again, is an essential condition for the development of social production and of the free individuality of the labourer himself. Of course, this petty mode of production exists also under slavery, serfdom, and other states of dependence. But it flourishes, it lets loose its whole energy, it attains its adequate classical form, only where the labourer is the private owner of his own means of labour set in action by himself: the peasant of the land which he cultivates, the artizan of the tool which he handles as a virtuoso. This mode of production pre-supposes parcelling of the soil, and scattering of the other means of production. As it excludes the concentration of these means of production, so also it excludes co-operation, division of labour within each separate process of production, the control over, and the productive application of the forces of Nature by society, and the free development of the social productive powers. It is compatible only with a system of production, and a society, moving within narrow and more or less primitive bounds. To perpetuate it would be, as Pecqueur rightly says, "to decree universal mediocrity." At a certain stage of development it brings forth the material agencies for its own dissolution. From that moment new forces and new passions spring up in the bosom of society; but the old social organization fetters them and keeps them down. It must be annihilated; it is

annihilated. Its annihilation, the transformation of the individualised and scattered means of production into socially concentrated ones, of the pigmy property of the many into the huge property of the few, the ex-propriation of the great mass of the people from the soil, from the means of subsistence, and from the means of labour, this fearful and painful expropriation of the mass of the people forms the prelude to the history of capital. It comprises a series of forcible methods, of which we have passed in review only those that have been epoch-making as methods of the primitive accumulation of capital. The expropriation of the immediate producers was accomplished with merciless Vandalism, and under the stimulus of passions the most infamous, the most sordid, the pettiest, the most meanly odious. Self-earned private property, that is based, so to say, on the fusing together of the isolated, independent labouring-individual with the conditions of his labour, is supplanted by capitalistic private property, which rests on exploitation of the nominally free labour of others, i.e., on wages-labour.

As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralisation of capital. One capitalist always kills many. Hand in hand with this centralisation, or this expropriation of many capitalists by few, develop, on an ever extending scale, the co-operative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economising of all means of production by their use as the means of production of combined, socialised labour, the entanglement of all peoples in the net of the world-market, and this, the international character of the capitalistic régime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery,

degradation, exploitation; but with this too grows the revolt of the working-class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.

The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisitions of the capitalist era: i.e., on co-operation and the possession in common of the land and of the means of production.

The transformation of scattered private property, arising from individual labour, into capitalist private property is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialised production, into socialised property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people.

## CHAPTER XXXIII. THE MODERN THEORY OF COLONISATION.

POLITICAL economy confuses on principle two very different kinds of private property, of which one rests on the producers' own labour, the other on the employment of the labour of others. It forgets that the latter not only is the direct antithesis of the former, but absolutely grows on its tomb only. In Western Europe, the home of political economy, the process of primitive accumulation is more or less accomplished. Here the capitalist régime has either directly conquered the whole domain of national production, or, where economic conditions are less developed, it, as least, indirectly controls those strata of society which, though belonging to the antiquated mode of production, continue to exist side by side with it in gradual decay. To this ready-made world of capital, the political economist applies the notions of law and of property inherited from a pre-capitalistic world with all the more anxious zeal and all the greater unctiousness, the more loudly the facts cry out in the face of his ideology. It is otherwise in the colonies. There the capitalist régime everywhere comes into collision with the resistance of the producer, who, as owner of his own conditions of labour, employs that labour to enrich himself, instead of the capitalist. The contradiction of these two diametrically opposed economic systems, manifests itself here practically in a struggle between them. Where the capitalist has at his back the power of the mother-country, he tries to clear out of his way by force, the modes of production and appropriation, based on his independent labour of the producer. The same interest which compels the sycophant of capital, the political economist, in the mother-country, to proclaim the theoretical identity of the capitalist mode of production with its contrary, that same interest compels him in the colonies to make a clean breast of it, and to proclaim aloud the antagonism of the two modes of production. To this end he proves how the development of the social productive power of labour, co-operation, division of labour, use of machinery on a large scale, &c., are impossible without the expropriation of the labourers, and the corresponding transformation of their means of production into capital. In the interest of the so-called national wealth, he seeks for artificial means to ensure the poverty of the people. Here his

apologetic armour crumbles off, bit by bit, like rotten touchwood. It is the great merit of E.g. Wakefield to have discovered, not anything new about the Colonies, but to have discovered in the Colonies the truth as to the conditions of capitalist production in the mother-country. As the system of protection at its origin attempted to manufacture capitalists artificially in the mother-country. so Wakefield's colonisation theory, which England tried for a time to enforce by Acts of Parliament, attempted to effect the manufacture of wage-workers in the Colonies. This he calls "systematic colonisation."

First of all, Wakefield discovered that in the Colonies property in money, means of subsistence, machines and other means of production, does not as yet stamp a man as a capitalist if there be wanting the correlative — the wage-worker, the other man who is compelled to sell himself of his own free-will. He discovered that capital is not a thing, but a social relation between persons, established by the instrumentality of things. Mr. Peel, he moans, took with him from England to Swan River, West Australia, means of subsistence and of production to the amount of £50,000. Mr. Peel had the foresight to bring with him, besides, 3000 persons of the working-class, men, women, and children. Once arrived at his destination, "Mr. Peel was left without a servant to make his bed or fetch him water from the river." Unhappy Mr. Peel who provided for everything except the export of English modes of production to Swan River!

For the understanding of the following discoveries of Wakefield, two preliminary remarks: We know that the means of production and subsistence, while they remain the property of the immediate producer, are not capital. They become capital, only under circumstances in which they serve at the same time as means of exploitation and subjection of the labourer. But this capitalist soul of theirs is so intimately wedded, in the head of the political economist, to their material substance, that he christens them capital under all circumstances, even when they are its exact opposite. Thus is it with Wakefield. Further: the splitting up of the means of production into the individual property of many independent labourers, working on their own account, he calls equal division of capital. It is with the political economist as with the feudal jurist. The latter stuck on to pure monetary relations the labels supplied by feudal law.

"If," says Wakefield, "all the members of the society are supposed to possess equal portions of capital...no man would have a motive for accumulating more capital than he could use with his own hands. This is to

some extent the case in new American settlements, where a passion for owning land prevents the existence of a class of labourers for hire.” So long, therefore, as the labourer can accumulate for himself — and this he can do so long as he remains possessor of his means of production — capitalist accumulation and the capitalistic mode of production are impossible. The class of wage-labourers, essential to these, is wanting. How, then, in old Europe, was the expropriation of the labourer from his conditions of labour, i.e., the co-existence of capital and wage-labour, brought about? By a social contract of a quite original kind. “Mankind have adopted a...simple contrivance for promoting the accumulation of capital,” which, of course, since the time of Adam, floated in their imagination as the sole and final end of their existence: “they have divided themselves into owners of capital and owners of labour.... This division was the result of concert and combination.” In one word: the mass of mankind expropriated itself in honour of the “accumulation of capital.” Now, one would think, that this instinct of self-denying fanaticism would give itself full fling especially in the Colonies, where alone exist the men and conditions that could turn a social contract from a dream to a reality. But why, then, should “systematic colonisation” be called in to replace its opposite, spontaneous, unregulated colonisation? But — but— “In the Northern States of the American Union, it may be doubted whether so many as a tenth of the people would fall under the description of hired labourers.... In England...the labouring class compose the bulk of the people.” Nay, the impulse to self-expropriation, on the part of labouring humanity, for the glory of capital, exists so little, that slavery, according to Wakefield himself, is the sole natural basis of Colonial wealth. His systematic colonisation is a mere pis aller, since he unfortunately has to do with free men, not with slaves. “The first Spanish settlers in Saint Domingo did not obtain labourers from Spain. But, without labourers, their capital must have perished, or, at least, must soon have been diminished to that small amount which each individual could employ with his own hands. This has actually occurred in the last Colony founded by Englishmen — the Swan River Settlement — where a great mass of capital, of seeds, implements, and cattle, has perished for want of labourers to use it, and where no settler has preserved much more capital than he can employ with his own hands.”

We have seen that the expropriation of the mass of the people from the soil forms the basis of the capitalist mode of production. The essence of a free colony, on the contrary, consists in this — that the bulk of the soil is still public property, and every settler on it therefore can turn part of it into his private property and individual means of production, without hindering the later settlers in the same operation. This is the secret both of the prosperity of the colonies and of their inveterate vice — opposition to the establishment of capital. “Where land is very cheap and all men are free, where one who so pleases can easily obtain a piece of land for himself, not only is labour very dear, as respects the labourer’s share of the produce, but the difficulty is to obtain combined labour at any price.”

As in the colonies the separation of the labourer from the conditions of labour and their root, the soil, does not yet exist, or only sporadically, or on too limited a scale, so neither does the separation of agriculture from industry exist, nor the destruction of the household industry of the peasantry. Whence then is to come the internal market for capital? “No part of the population of America is exclusively agricultural, excepting slaves and their employers who combine capital and labour in particular works. Free Americans, who cultivate the soil, follow many other occupations. Some portion of the furniture and tools which they use is commonly made by themselves. They frequently build their own houses, and carry to market, at whatever distance, the produce of their own industry. They are spinners and weavers; they make soap and candles, as well as, in many cases, shoes and clothes for their own use. In America the cultivation of land is often the secondary pursuit of a blacksmith, a miller or a shopkeeper.” With such queer people as these, where is the “field of abstinence” for the capitalists?

The great beauty of capitalist production consists in this — that it not only constantly reproduces the wage-worker as wage-worker, but produces always, in proportion to the accumulation of capital, a relative surplus population of wage-workers. Thus the law of supply and demand of labour is kept in the right rut, the oscillation of wages is penned within limits satisfactory to capitalist exploitation, and lastly, the social dependence of the labourer on the capitalist, that indispensable requisite, is secured; an unmistakable relation of dependence, which the smug political economist, at home, in the mother country, can transmogrify into one of free contract between buyer and seller, between equally independent owners of commodities, the owner of the commodity capital and the owner of the

commodity labour. But in the colonies this pretty fancy is torn asunder. The absolute population here increases much more quickly than in the mother-country, because many labourers enter this world as ready-made adults, and yet the labour market is always understocked. The law of the supply and demand of labour falls to pieces. On the one hand, the old world constantly throws in capital, thirsting after exploitation and “abstinence;” on the other, the regular reproduction of the wage-labourer as wage-labourer comes into collision with impediments the most impertinent and in part invincible. What becomes of the production of wage-labourers, supernumerary in proportion to the accumulation of capital? The wage-worker of to-day is tomorrow an independent peasant, or artisan, working for himself. He vanishes from the labour-market, but not into the workhouse. This constant transformation of the wage-labourers into independent producers, who work for themselves instead of for capital, and enrich themselves instead of the capitalist gentry, reacts in its turn very perversely on the conditions of the labour-market. Not only does the degree of exploitation of the wage-labourer remain indecently low. The wage-labourer loses into the bargain, along with the relation of dependence, also the sentiment of dependence on the abstemious capitalist. Hence all the inconveniences that our E.g. Wakefield pictures so doughtily, so eloquently, so pathetically.

The supply of wage-labour, he complains, is neither constant, nor regular, nor sufficient. “The supply of labour is always, not only small, but uncertain.” “Though the produce divided between the capitalist and the labourer be large the labourer takes so great a share that he soon becomes a capitalist.... Few, even of those whose lives are unusually long, can accumulate great masses of wealth.” The labourers most distinctly declines to allow the capitalist to abstain from the payment of the greater part of their labour. It avails him nothing if he is so cunning as to import from Europe, with his own capital, his own wage-workers. They soon “cease...to be labourers for hire; they...become independent landowners, if not competitors with their former masters in the labour market.” Think of the horror! The excellent capitalist has imported bodily from Europe, with his own good money, his own competitors! The end of the world has come! No wonder Wakefield laments the absence of all dependence and of all sentiment of dependence on the part of the wage-workers in the colonies. On account of the high wages, says his disciple, Merivale, there is in the colonies “the urgent desire for cheaper and more subservient labourers —

for a class to whom the capitalist might dictate terms, instead of being dictated to by them.... In ancient civilized countries the labourer, though free, is by law of nature dependent on capitalists; in colonies this dependence must be created by artificial means.”

What is now, according to Wakefield, the consequence of this unfortunate state of things in the colonies? A “barbarising tendency of dispersion” of producers and national wealth. The parcelling-out of the means of production among innumerable owners, working on their own account, annihilates, along with the centralisation of capital, all the foundations of combined labour. Every long-winded undertaking, extending over several years and demanding outlay of fixed capital, is prevented from being carried out. In Europe, capital invests without hesitating a moment, for the working-class constitutes its living appurtenance, always in excess, always at disposal. But in the colonies! Wakefield tells an extremely doleful anecdote. He was talking with some capitalists of Canada and the state of New York, where the immigrant wave often becomes stagnant and deposits a sediment of “supernumerary” labourers. “Our capital,” says one of the characters in the melodrama, “was ready for many operations which require a considerable period of time for their completion; but we could not begin such operations with labour which, we knew, would soon leave us. If we had been sure of retaining the labour of such emigrants, we should have been glad to have engaged it at once, and for a high price: and we should have engaged it, even though we had been sure it would leave us, provided we had been sure of a fresh supply whenever we might need it.”

After Wakefield has contrasted the English capitalist agriculture and its “combined” labour with the scattered cultivation of American peasants, he unwittingly gives us a glimpse at the reverse of the medal. He depicts the mass of the American people as well-to-do, independent, enterprising and comparatively cultured, whilst “the English agricultural labourer is a miserable wretch, a pauper.... In what country, except North America and some new colonies, do the wages of free labour employed in agriculture, much exceed a bare subsistence for the labourer?...Undoubtedly, farm-horses in England, being a valuable property, are better fed than English peasants.” But, never mind, national wealth is, once again, by its very nature, identical with misery of the people.

How, then, to heal the anti-capitalistic cancer of the colonies? If men were willing, at a blow, to turn all the soil from public into private property,

they would destroy certainly the root of the evil, but also — the colonies. The trick is how to kill two birds with one stone. Let the Government put upon the virgin soil an artificial price, independent of the law of supply and demand, a price that compels the immigrant to work a long time for wages before he can earn enough money to buy land, and turn himself into an independent peasant. The funds resulting from the sale of land at a price relatively prohibitory for the wage-workers, this fund of money extorted from the wages of labour by violation of the sacred law of supply and demand, the Government is to employ, on the other hand, in proportion as it grows, to import have-nothings from Europe into the colonies, and thus keep the wage-labour market full for the capitalists. Under these circumstances, tout sera pour le mieux dans le meilleur des mondes possibles. This is the great secret of “systematic colonisation.” By this plan, Wakefield cries in triumph, “the supply of labour must be constant and regular, because, first, as no labourer would be able to procure land until he had worked for money, all immigrant labourers, working for a time for wages and in combination, would produce capital for the employment of more labourers; secondly, because every labourer who left off working for wages and became a landowner, would, by purchasing land, provide a fund for bringing fresh labour to the colony.” The price of the soil imposed by the State must, of course, be a “sufficient price” — i.e., so high “as to prevent the labourers from becoming independent landowners until others had followed to take their place.” This “sufficient price for the land” is nothing but a euphemistic circumlocution for the ransom which the labourer pays to the capitalist for leave to retire from the wage-labour market to the land. First, he must create for the capitalist “capital,” with which the latter may be able to exploit more labourers; then he must place, at his own expense, a locum tenens on the labour market, whom the Government forwards across the sea for the benefit of his old master, the capitalist.

It is very characteristic that the English Government for years practised this method of “primitive accumulation,” prescribed by Mr. Wakefield expressly for the use of the colonies. The fiasco was, of course, as complete as that of Sir Robert Peel’s Bank Act. The stream of emigration was only diverted from the English colonies to the United States. Meanwhile, the advance of capitalistic production in Europe, accompanied by increasing Government pressure, has rendered Wakefield’s recipe superfluous. On the one hand, the enormous and ceaseless stream of men, year after year driven

upon America, leaves behind a stationary sediment in the east of the United States, the wave of immigration from Europe throwing men on the labour market there more rapidly than the wave of emigration westwards can wash them away. On the other hand, the American Civil War brought in its train a colossal national debt, and, with it, pressure of taxes, the rise of the vilest financial aristocracy, the squandering of a huge part of the public land on speculative companies for the exploitation of railways, mines, &c., in brief, the most rapid centralisation of capital. The great republic has, therefore, ceased to be the promised land for emigrant labourers. Capitalistic production advances there with giant strides, even though the lowering of wages and the dependence of the wage-worker are yet far from being brought down to the normal European level. The shameless lavishing of uncultivated colonial land on aristocrats and capitalists by the Government, so loudly denounced even by Wakefield, has produced, especially in Australia, in conjunction with the stream of men that the gold-diggings attract, and with the competition that the importation of English commodities causes even to the smallest artisan, an ample “relative surplus labouring population,” so that almost every mail brings the Job’s news of a “glut of the Australian labour-market,” and prostitution in some places there flourishes as wantonly as in the London Haymarket.

However, we are not concerned here with the condition of the colonies. The only thing that interests us is the secret discovered in the new world by the political economy of the old world, and proclaimed on the house-tops: that the capitalist mode of production and accumulation, and therefore capitalist private property, have for their fundamental condition the annihilation of self-earned private property; in other words, the expropriation of the labourer.

**VOLUME II. THE PROCESS OF  
CIRCULATION OF CAPITAL.**

## **PREFACE by Friedrich Engels**

It was no easy task to prepare the second volume of “CAPITAL” for the printer in such a way that it should make a connected and complete work and represent exclusively the ideas of its author, not of its publisher. The great number of available manuscripts, and their fragmentary character, added to the difficulties of this task. At best one single manuscript (No. 4) had been revised throughout and made ready for the printer. And while it treated its subject-matter fully, the greater part had become obsolete through subsequent revision. The bulk of the material was not polished as to language, even if the subject-matter was for the greater part fully worked out. The language was that in which Marx used to make his outlines, that is to say his style was careless, full of colloquial, often rough and humorous, expressions and phrases, interspersed with English and French technical terms, or with whole sentences or pages of English. The thoughts were jotted down as they developed in the brain of the author. Some parts of the argument would be fully treated, others of equal importance only indicated. The material to be used for the illustration of facts would be collected, but barely arranged, much less worked out. At the conclusion of the chapters there would be only a few incoherent sentences as mile-stones of the incomplete deductions, showing the haste of the author in passing on to the next chapter. And finally, there was the well-known handwriting which Marx himself was sometimes unable to decipher.

I have been content to interpret these manuscripts as literally as possible, changing the style only in places where Marx would have changed it himself and interpolating explanatory sentences or connecting statements only where this was indispensable, and where the meaning was so clear that there could be no doubt of the correctness of my interpretation. Sentences which seemed in the least ambiguous were preferably reprinted literally. The passages which I have remodeled or interpolated cover barely ten pages in print, and concern mainly matters of form.

The mere enumeration of the manuscripts left by Marx as a basis for Volume II proves the unparalleled conscientiousness and strict self-criticism which he practiced in his endeavor to fully elaborate his great economic discoveries before he published them. This self-criticism rarely permitted him to adapt his presentation of the subject, in content as well as in form, to his ever widening horizon, which he enlarged by incessant study.

The material for this second volume consists of the following parts: First, a manuscript entitled "A Contribution to the Critique of Political Economy," containing 1472 quarto pages in 23 divisions, written in the time from August, 1861, to June, 1863. It is a continuation of the work of the same title, the first volume of which appeared in Berlin, in 1859. It treats on pages 1-220, and again pages 1159-1472, of the subject analyzed in Volume I of "CAPITAL," beginning with the transformation of money into capital and continuing to the end of the volume, and is the first draft for this subject. Pages 973-1158 deal with capital and profit, rate of profit, merchant's capital and money capital, that is to say with subjects which have been farther developed in the manuscript for Volume III. The questions belonging to Volume II and many of those which are part of Volume III are not arranged by themselves in this manuscript. They are merely treated in passing, especially in the section which makes up the main body of the manuscript, viz.: pages 220-972, entitled "Theories of Surplus Value." This section contains an exhaustive critical history of the main point of political economy, the theory of surplus value, and develops at the same time, in polemic remarks against the position of the predecessors of Marx, most of the points which he has later on discussed individually and in their logical connection in Volume II and III. I reserve for myself the privilege of publishing the critical part of this manuscript, after the elimination of the numerous parts covered by Volumes II and III, in the form of Volume IV. This manuscript, valuable though it is, could not be used in the present edition of Volume II.

The manuscript next following in the order of time is that of Volume III. It was written for the greater part in 1864 and 1865. After this manuscript had been completed in its essential parts, Marx undertook the elaboration of Volume I, which was published in 1867. I am now preparing this manuscript of Volume III for the printer.

The period after the publication of Volume I, which is next in order, is represented by a collection of four manuscripts for Volume II, marked I-IV by Marx himself. Manuscript I (150 pages), presumably written in 1865 or 1867, is the first independent, but more or less fragmentary, elaboration of the questions now contained in Volume II. This manuscript is likewise unsuited for this edition. Manuscript II is partly a compilation of quotations and references to the manuscripts containing Marx's extracts and comments, most of them relating to the first section of Volume II, partly an

elaboration of special points, particularly a critique of Adam Smith's statements as to fixed and circulating capital and the source of profits; furthermore, a discussion of the relation of the rate of surplus value to the rate of profit, which belongs in Volume III. The references furnished little that was new, while the elaborations for Volumes II and III were rendered valueless through subsequent revisions and had to be ruled out for the greater part. Manuscript IV is an elaboration, ready for printing, of the first section and the first chapters of the second section of Volume II, and has been used in its proper place. Although it was found that this manuscript had been written earlier than Manuscript II, yet it was far more finished in form and could be used with advantage for the corresponding part of this volume. I had to add only a few supplementary parts of Manuscript II. This last manuscript is the only fairly complete elaboration of Volume II and dates from the year 1870. The notes for the final revision, which I shall mention immediately, say explicitly: "The second elaboration must be used as a basis."

There is another interruption after 1870, due mainly to ill health. Marx employed this time in his customary way, that is to say he studied agronomics, agricultural conditions in America and especially Russia, the money market and banking institutions, and finally natural sciences, such as geology and physiology. Independent mathematical studies also form a large part of the numerous manuscripts of this period. In the beginning of 1877, Marx had recovered sufficiently to resume once more his chosen life's work. The beginning of 1877 is marked by references and notes from the above-named four manuscripts intended for a new elaboration of Volume II, the beginning of which is represented by Manuscript V (56 pages in folio). It comprises the first four chapters and is not very fully worked out. Essential points are treated in foot notes. The material is rather collected than sifted, but it is the last complete presentation of this most important first section. A preliminary attempt to prepare this part for the printer was made in Manuscript VI (after October, 1877, and before July, 1878), embracing 17 quarto pages, the greater part of the first chapter. A second and last attempt was made in Manuscript VII, dated July 2, 1878, and consisting of 7 pages in folio.

About this time Marx seems to have realized that he would never be able to complete the second and third volume in a manner satisfactory to himself, unless a complete revolution in his health took place. Manuscripts

V-VIII show traces of hard struggles against depressing physical conditions far too frequently to be ignored. The most difficult part of the first section had been worked over in Manuscript V. The remainder of the first, and the entire second section, with the exception of Chapter 17, presented no great theoretical difficulties. But the third section, dealing with the reproduction and circulation of social capital, seemed to be very much in need of revision. Manuscript II, it must be pointed out, had first treated of this reproduction without regard to the circulation which is instrumental in effecting it, and then taken up the same question with regard to circulation. It was the intention of Marx to eliminate this section and to reconstruct it in such a way that it would conform to his wider grasp of the subject. This gave rise to Manuscript VIII, containing only 70 pages in quarto. A comparison with section III, as printed after deducting the paragraphs inserted out of Manuscript II, shows the amount of matter compressed by Marx into this space.

Manuscript VIII is likewise merely a preliminary presentation of the subject, and its main object was to ascertain and develop the new points of view not set forth in Manuscript II, while those points were ignored about which there was nothing new to say. An essential part of Chapter XVII, Section II, which is more or less relevant to Section III, was at the same time drawn into this discussion and expanded. The logical sequence was frequently interrupted, the treatment of the subject was incomplete in various places, and especially the conclusion was very fragmentary. But Marx expressed as nearly as possible what he intended to say on the subject.

This is the material for Volume II, out of which I was supposed "to make something," as Marx said to his daughter Eleanor shortly before his death. I have interpreted this request in its most literal meaning. So far as this was possible, I have confined my work to a mere selection of the various revised parts. And I always based my work on the last revised manuscript and compared this with the preceding ones. Only the first and third section offered any real difficulties, of more than a technical nature, and these were indeed considerable. I have endeavored to solve them exclusively in the spirit of the author of this work.

For Volume III, the following manuscripts were available, apart from the corresponding sections of the above-named manuscript, entitled "A Contribution to the Critique of Political Economy," from the sections in Manuscript III likewise mentioned above, and from a few occasional notes

scattered through various extracts: The folio manuscript of 1864-65, referred to previously, which is about as fully elaborated as Manuscript II of Volume II; furthermore, a manuscript dated 1875 and entitled “The Relation of the Rate of Surplus Value to the Rate of Profit,” which treats the subject in mathematical equations. The preparation of Volume III for the printer is proceeding rapidly. So far as I am enabled to judge at present, it will present mainly technical difficulties, with the exception of a few very important sections.

I avail myself of this opportunity to refute a certain charge which has been raised against Marx, first indistinctly and at various intervals, but more recently, after the death of Marx, as a statement of fact by the German state and university socialists. It is claimed that Marx plagiarized the work of Rodbertus. I have already expressed myself on the main issue in my preface to the German edition of Marx’s “Poverty of Philosophy” (1885), but I will now produce the most convincing testimony for the refutation of this charge.

To my knowledge this charge is made for the first time in R. Meyer’s “Emancipationskampf des Vierten Standes” (Struggles for the Emancipation of the Fourth Estate), page 43: “It can be demonstrated that Marx has gathered the greater part of his critique from these publications” — meaning the works of Rodbertus dating back to the last half of the thirties of this century. I may well assume, until such time as will produce further proof, that the “demonstration” of this assertion rests on a statement made by Rodbertus to Mr. Meyer. Furthermore, Rodbertus himself appears on the stage in 1879 and writes to J. Zeller (*Zeitschrift für die Gesamte Staatswissenschaft*, Tübingen, 1879, page 219), with reference to his work “Zur Erkenntniss Unserer Staatswirthschaftlichen Zustände” (A Contribution to the Understanding of our Political and Economic Conditions), 1842, as follows: “You will find that this line of thought has been very nicely used...by Marx, without, however, giving me credit for it.” The publisher of Rodbertus posthumous works, Th. Kozak, repeats his insinuation without further ceremony. (*Das Kapital von Rodbertus*. Berlin, 1884. Introduction, page XV.) Finally in the “Briefe und Sozialpolitische Aufsätze von Dr. Rodbertus-Jagetzow,” (Letters and Essays on Political Economy by Dr. Rodbertus-Jagetzow), published by R. Meyer in 1881, Rodbertus says directly: “To-day I find that I am robbed by Schäffle and Marx without having my name mentioned” (Letter No. 60, page 134). And

in another place, the claim of Rodbertus assumes a more definite form: “In my third letter on political economy, I have shown practically in the same way as Marx, only more briefly and clearly, the source of the surplus value of the capitalists.” (Letter No. 48, page 111.)

Marx never heard anything definite about any of these charges of plagiarism. In his copy of the “Emancipationskampf” only that part had been opened with a knife which related to the International. The remaining pages were not opened until I cut them myself after his death. The “Zeitschrift” of Tübingen was never read by him. The “Letters,” etc., to R. Meyer likewise remained unknown to him, and I did not learn of the passage referring to the “robbery” of which Rodbertus was supposed to be the victim until Mr. Meyer himself called my attention to it. However, Marx was familiar with letter No. 48. Mr. Meyer had been kind enough to present the original to the youngest daughter of Marx. Some of the mysterious whispering about the secret source of his critique and his connection with Rodbertus having reached the ear of Marx, he showed me this letter with the remark that he had at last discovered authentic information as to what Rodbertus claimed for himself; if that was all Rodbertus wanted, he Marx, had no objection, and he could well afford to let Rodbertus enjoy the pleasure of considering his own version the briefer and clearer one. In fact, Marx considered the matter settled by this letter of Rodbertus.

He could so much the more afford this, as I know positively that he was not in the least acquainted with the literary activity of Rodbertus until about 1859, when his own critique of political economy had been completed, not only in its fundamental outlines, but also in its more important details. Marx began his economic studies in Paris, in 1843, starting with the prominent Englishmen and Frenchmen. Of German economists he knew only Rau and List, and he did not want any more of them. Neither Marx nor I heard a word of Rodbertus’ existence, until we had to criticise, in the “Neue Rheinische Zeitung,” 1848, the speeches he made as the representative of Berlin and as Minister of Commerce. We were both of us so ignorant that we had to ask the Rhenish representatives who this Rodbertus was that had become a Minister so suddenly. But these representatives could not tell us anything about the economic writings of Rodbertus. On the other hand, Marx showed that he knew even then, without the help of Rodbertus, whence came “the surplus value of the capitalists,” and he showed furthermore how it was produced, as may be seen in his “Poverty of

Philosophy,” 1847, and in his lectures on wage labor and capital, delivered in Brussels in 1847, and published in Nos. 264-69 of the “Neue Rheinische Zeitung,” 1849. Marx did not learn that an economist Rodbertus existed, until Lassalle called his attention to the fact in 1859, and thereupon Marx looked up the “Third Letter on Political Economy” in the British Museum.

This is the actual condition of things. And now let us see what there is to the content of Rodbertus which Marx is charged with appropriating by “robbery.” Says Rodbertus: “In my third letter on political economy, I have shown practically in the same way as Marx, only more briefly and clearly, the source of the surplus-value of the capitalists.” This, then, is the disputed point: The theory of surplus value. And indeed, it would be difficult to say what else there is in Rodbertus which Marx might have found worth appropriating. Rodbertus here claims to be the real originator of the theory of surplus-value of which Marx is supposed to have robbed him.

And what has this third letter on political economy to say in regard to the origin of surplus-value? Simply this: That the “rent,” as he terms the sum of ground rent and profit, does not consist of an “addition to the value” of a commodity, but is obtained “by means of a deduction of value from the wages of labor, in other words, the wages represent only a part of the value of a certain product,” and provided that labor is sufficiently productive, wages need not be “equal to the natural exchange value of the product of labor in order to leave enough of it for the replacing of capital and for rent.” We are not informed, however, what sort of a “natural exchange value” of a product it is that leaves nothing for the “replacing” of capital, or in other words, I suppose, for the replacing of raw material and the wear and tear of tools.

I am happy to say that we are enabled to ascertain what impression was produced on Marx by this stupendous discovery of Rodbertus. In the manuscript entitled “A Contribution to the Critique of Political Economy,” Section X, pages 445 and following, we find, “A deviation. Mr. Rodbertus. A new theory of ground rent.” This is the only point of view from which Marx there looks upon the third letter on political economy. The Rodbertian theory of surplus value is dismissed with the ironical remark: “Mr. Rodbertus first analyzes what happens in a country where property in land and property in capital are not separated, and then he arrives at the important discovery that rent — meaning the entire surplus-value — is only

equal to the unpaid labor or to the quantity of products in which it is embodied.”

Now it is a fact, that capitalist humanity has been producing surplus-value for several hundred years, and has in the course of this time also arrived at the point where people began to ponder over the origin of surplus-value. The first explanation for this phenomenon grew out of the practice of commerce and was to the effect that surplus-value arose by raising the value of the product. This idea was current among the mercantilists. But James Steuart already saw that in that case the one would lose what the other would gain. Nevertheless, this idea persists for a long time after him, especially in the heads of the “socialists.” But it is crowded out of classical science by Adam Smith.

He says in “Wealth of Nations,” Vol. I, Ch. VI: “As soon as stock has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a profit by the sale of their work, or, by what their labor adds to the value of the materials.... The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced.” And a little farther on he says: “As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce.... The laborer...must give up to the landlord a portion of what his labor either collects or produces. This portion, or what comes to the same thing, the price of this portion, constitutes the rent of land.”

Marx comments on this passage in the above-named manuscript, entitled, “A Contribution, etc.,” page 253: “Adam Smith, then, regards surplus-value, that is to say the surplus labor, the surplus of labor performed and embodied in its product over and above the paid labor, over and above that labor which has received its equivalent in wages, as the general category, and profit and ground rent merely as its ramifications.”

Adam Smith says, furthermore, Vol. I, Chap. VIII: “As soon as land becomes private property, the landlord demands a share of almost all the produce which the laborer can either raise or collect from it. His rent makes the first deduction from the produce of labor which is employed upon land. It seldom happens that the person who tills the ground has wherewithal to

maintain himself till he reaps the harvest. His maintenance is generally advanced to him from the stock of a master, the farmer who employs him, and who would have no interest to employ him, unless he was to share in the produce of his labor, or unless his stock was to be replaced by him with a profit. This profit makes a second deduction from the produce of the labor which is employed upon land. The produce of almost all other labor is liable to the like deduction of profit. In all arts and manufactures the greater part of the workmen stand in need of a master to advance them the materials for their work, and their wages and maintenance till it be completed. He shares in the produce of their labor, or in the value which it adds to the materials upon which it is bestowed; and in this share consists his profit.”

The comment of Marx on this passage (on page 256 of his manuscript) is as follows: “Here Adam Smith declares in so many words that ground rent and profit of capital are simply deductions from the product of the laborer, or from the value of his product, and equal to the additional labor expended on the raw material. But this deduction, as Adam Smith himself has previously explained, can consist only of that part of labor which the laborer expends over and above the quantity of work which pays for his wages and furnishes the equivalent of wages; in other words, this deduction consists of the surplus labor, the unpaid part of his labor.”

It is therefore evident that even Adam Smith knew “the source of the surplus-value of the capitalists,” and furthermore also that of the surplus-value of the landlords. Marx acknowledged this as early as 1861, while Rodbertus and the swarming mass of his admirers, who grew like mushrooms under the warm summer showers of state socialism, seem to have forgotten all about that.

“Nevertheless,” continues Marx, “Smith did not separate surplus-value proper as a separate category from the special form which it assumes in profit and ground rent. Hence there is much error and incompleteness in his investigation, and still more in that of Ricardo.” This statement literally fits Rodbertus. His “rent” is simply the sum of ground rent plus profit. He builds up an entirely erroneous theory of ground rent, and he takes surplus-value without any critical reservation just as his predecessors hand it over to him. On the other hand, Marx’s surplus-value represents the general form of the sum of values appropriated without any equivalent return by the owners of the means of production, and this form is then seen to transform itself into profit and ground rent by very particular laws which Marx was the first

to discover. These laws are traced in Volume III. We shall see there how many intermediate links are required for the passage from an understanding of surplus-value in general to that of its transformation into profits and ground rent; in other words, for the understanding of the laws of the distribution of surplus-value within the capitalist class.

Ricardo goes considerably farther than Adam Smith. He bases his conception of surplus-value on a new theory of value which is contained in the germ in Adam Smith, but which is generally forgotten when it comes to applying it. This theory of value became the starting point of all subsequent economic science. Ricardo starts out with the determination of the value of commodities by the quantity of labor embodied in them, and from this premise he derives his theory of the distribution, between laborers and capitalists, of the quantity of value added by labor to the raw materials, this value being divided into wages and profit (meaning surplus-value). He shows that the value of the commodities remains the same, no matter what may be the proportion of these two parts, and he claims that this law has only a few exceptions. He even formulates a few fundamental laws relative to the mutual relations of wages and surplus-value (the latter considered by him as profit), although his statements are too general (see Marx, CAPITAL, Vol. I, Chap. XVII, 1), and he shows that ground rent is a quantity realized under certain conditions over and above profit. Rodbertus did not improve on Ricardo in any of these respects. He either remained unfamiliar with the internal contradictions which caused the downfall of the Ricardian theory and school, or they misled him into utopian demands instead of enabling him to solve economic problems (see his "Zur Erkenntniss, etc.," page 130).

But the Ricardian theory of value and surplus-value did not have to wait for Rodbertus' "Zur Erkenntniss" in order to be utilized for socialist purposes. On page 609 of the second edition of the German original of "CAPITAL," Vol. I, we find the following quotation: "The possessors of surplus produce or capital." This quotation is taken from a pamphlet entitled "The Source and Remedy of the National Difficulties. A Letter to Lord John Russell. London, 1821." In this pamphlet, the importance of which should have been recognized on account of the terms surplus produce or capital, and which Marx saved from being forgotten, we read the following statements:

“Whatever may be due to the capitalist” (from the capitalist standpoint) “he can never appropriate more than the surplus labor of the laborer, for the laborer must live” (page 23). As for the way in which the laborer lives and for the quantity of the surplus value appropriated by the capitalist, these are very relative things.— “If capital does not decrease in value in proportion as it increases in volume, the capitalist will squeeze out of the laborer the product of every hour of labor above the minimum on which the laborer can live...the capitalist can ultimately say to the laborer: You shall not eat bread, for you can live on beets and potatoes; and this is what we have to come to” (page 24). “If the laborer can be reduced to living on potatoes, instead of bread, it is undoubtedly true that more can be gotten out of his labor; that is to say, if, in order to live on bread, he was compelled, for his own subsistence and that of his family, to keep for himself the labor of Monday and Tuesday, he will, when living on potatoes, keep only half of Monday’s labor for himself; and the other half of Monday, and all of Tuesday, are set free, either for the benefit of the state or for the capitalist.” (Page 26.) “It is admitted that the sums of interest paid to the capitalist, either in the form of rent, money-interest, or commercial profit, are paid from the labor of others.” (Page 23.) Here we have the same idea of “rent” which Rodbertus has, only the writer says “interest” instead of rent.

Marx makes the following comment (manuscript of “A Contribution, etc.,” page 852): “The little known pamphlet — published at a time when the ‘incredible cobbler’ MacCulloch began to be talked about — represents an essential advance over Ricardo. It directly designates surplus-value or ‘profit’ in the language of Ricardo (sometimes surplus produce), or interest, as the author of this pamphlet calls it, as surplus labor, which the laborer performs gratuitously, which he performs in excess of that quantity of labor required for the reproduction of his labor-power, the equivalent of his wages. It was no more important to reduce value down to labor than it is to reduce surplus-value, represented by surplus-produce, to surplus-labor. This had already been stated by Adam Smith, and forms a main factor in the analysis of Ricardo. But neither of them said so anywhere clearly and frankly in such a way that it could not be misunderstood.” We read furthermore, on page 859 of this manuscript: “Moreover, the author is limited by the economic theories which he finds at hand and which he accepts. Just as the confounding of surplus-value and profit misleads Ricardo into irreconcilable contradictions, so this author fares by baptizing

surplus-value with the name of ‘interest of capital.’ It is true, he advances beyond Ricardo by reducing all surplus-value to surplus-labor. And furthermore, in calling surplus-value ‘interest of capital,’ he emphasizes that he is referring by this term to the general form of surplus-labor as distinguished from its special forms, rent, money interest, and commercial profit. But yet he chooses the name of one of these special forms, interest, at the same time for the general form. And this causes his relapse into the economic slang.”

This last passage fits Rodbertus just as if it were made to order for him. He, too, is limited by the economic categories which he finds at hand. He, too, applies the name of one of the minor categories to surplus-value, and he makes it quite indefinite at that by calling it “rent.” The result of these two mistakes is that he relapses into the economic slang, that he makes no attempt to follow up his advance over Ricardo by a critical analysis, and that he is misled into using his imperfect theory, even before it has gotten rid of its egg-shells, as a basis for a utopia which is in every respect too late. The above-named pamphlet appeared in 1821 and anticipated completely Rodbertus “rent” of 1842.

This pamphlet is but the farthest outpost of an entire literature which the Ricardian theories of value and surplus-value directed against capitalist production in the interest of the proletariat, fighting the bourgeoisie with its own weapons. The entire communism of Owen, so far as it plays a role in economics and politics, is based on Ricardo. Apart from him, there are still numerous other writers, some of whom Marx quoted as early as 1847 in his “POVERTY OF PHILOSOPHY” against Proudhon, such as Edmonds, Thompson, Hodgskin, etc., etc., “and four more pages of et cetera.” I select from among this large number of writings the following by a random choice: “An Inquiry into the Principles of the Distribution of Wealth, Most Conducive to Human Happiness, by William Thompson; a new edition. London, 1850.” This work, written in 1822, first appeared in 1827. It likewise regards the wealth appropriated by the non-producing classes as a deduction from the product of the laborer, and uses pretty strong terms in referring to it. The author says that the ceaseless endeavor of that which we call society consisted in inducing, by fraud or persuasion, by intimidation or compulsion, the productive laborer to perform his labors in return for the minimum of his own product. He asks why the laborer should not be entitled to the full product of his labor. He declares that the compensations,

which the capitalists filch from the productive laborer under the name of ground rent or profit, are claimed in return for the use of land or other things. According to him, all physical substances, by means of which the propertiless productive laborer who has no other means of existence but the capacity of producing things, can make use of his faculties, are in the possession of others with opposite material interests, the consent of these is required in order that the laborer may find work; under these circumstances, he says, it depends on the good will of the capitalists how much of the fruit of his own labor the laborer shall receive. And he speaks of “these defalcations” and of their relation to the unpaid product, whether this is called taxes, profit, or theft, etc.

I must admit that I do not write these lines without a certain mortification. I will not make so much of the fact that the anti-capitalist literature of England of the 20’s and 30’s is so little known in Germany, in spite of the fact that Marx referred to it even in his “POVERTY OF PHILOSOPHY,” and quoted from it, as for instance that pamphlet of 1821, or Ravenstone, Hodgskin, etc., in Volume I of “CAPITAL.” But it is a proof of the degradation into which official political economy has fallen, that not only the vulgar economist, who clings desperately to the coat tails of Rodbertus and really has not learned anything, but also the duly installed professor, who boasts of his wisdom, have forgotten their classical economy to such an extent that they seriously charge Marx with having robbed Rodbertus of things which may be found even in Adam Smith and Ricardo.

But what is there that is new about Marx’s statements on surplus-value? How is it that Marx’s theory of surplus-value struck home like a thunderbolt out of a clear sky, in all modern countries, while the theories of all his socialist predecessors, including Rodbertus, remained ineffective?

The history of chemistry offers an illustration which explains this:

Until late in the 18th century, the phlogistic theory was accepted. It assumed that in the process of burning, a certain hypothetical substance, an absolute combustible, named phlogiston, separated from the burning bodies. This theory sufficed for the explanation of most of the chemical phenomena then known, although it had to be considerably twisted in some cases. But in 1774, Priestley discovered a certain kind of air which was so pure, or so free from phlogiston, that common air seemed adulterated in comparison to it. He called it “dephlogisticized air.” Shortly after him, Scheele obtained the same kind of air in Sweden, and demonstrated its existence in the

atmosphere. He also found that this air disappeared, whenever some body was burned in it or in the open air, and therefore he called it “fire-air.” “From these facts he drew the conclusion that the combination arising from the union of phlogiston with one of the elements of the atmosphere” (that is to say by combustion) “was nothing but fire or heat which escaped through the glass.”

Priestley and Scheele had produced oxygen, without knowing what they had discovered. They remained “limited by the phlogistic categories which they found at hand.” The element, which was destined to abolish all phlogistic ideas and to revolutionize chemistry, remained barren in their hands. But Priestley had immediately communicated his discovery to Lavoisier in Paris, and Lavoisier, by means of this discovery, now analyzed the entire phlogistic chemistry and came to the conclusion that this new air was a new chemical element, that it was not the mysterious phlogiston which departed from a burning body, but that this new element combined with the burning body. Thus he placed chemistry, which had so long stood on its head, squarely on its feet. And although he did not obtain the oxygen simultaneously and independently of the other two scientists, as he claimed later on, he nevertheless is the real discoverer of oxygen as compared to the others who had produced it without knowing what they had found.

Marx stands in the same relation to his predecessors in the theory of surplus-value that Lavoisier maintains to Priestley and Scheele. The existence of those parts of the value of products, which we now call surplus-value, had been ascertained long before Marx. It had also been stated with more or less precision that it consisted of that part of the laborer’s product for which its appropriator does not give any equivalent. But there the economists halted. Some of them, for instance the classical bourgeois economists investigated, perhaps, the proportion in which the product of labor was divided among the laborer and the owner of the means of production. Others, the socialists, declared that this division was unjust and looked for utopian means of abolishing this injustice. They remained limited by the economic categories which they found at hand.

Now Marx appeared. And he took an entirely opposite view from all his predecessors. What they had regarded as a solution, he considered a problem. He saw that he had to deal neither with dephlogisticized air, nor with fire-air, but with oxygen. He understood that it was not simply a matter of stating an economic fact, or of pointing out the conflict of this fact with

“eternal justice and true morals,” but of explaining a fact which was destined to revolutionize the entire political economy, and which offered a key for the understanding of the entire capitalist production, provided you knew how to use it. With this fact for a starting point Marx analyzed all the economic categories which he found at hand, just as Lavoisier had analyzed the categories of the phlogistic chemistry which he found at hand. In order to understand what surplus-value is, Marx had to find out what value is. Therefore he had above all to analyze critically the Ricardian theory of value. Marx also analyzed labor as to its capacity for producing value, and he was the first to ascertain what kind of labor it was that produced value, and why it did so, and by what means it accomplished this. He found that value was nothing but crystallized labor of this kind, and this is a point which Rodbertus never grasped to his dying day. Marx then analyzed the relation of commodities to money and demonstrated how, and why, thanks to the immanent character of value, commodities and the exchange of commodities must produce the opposition of money and commodities. His theory of money, founded on this basis, is the first exhaustive treatment of this subject, and it is tacitly accepted everywhere. He analyzed the transformation of money into capital and demonstrated that this transformation is based on the purchase and sale of labor-power. By substituting labor-power, as a value-producing quality, for labor he solved with one stroke one of the difficulties which caused the downfall of the Ricardian school, viz.: the impossibility of harmonizing the mutual exchange of capital and labor with the Ricardian law of determining value by labor. By ascertaining the distinction between constant and variable capital, he was enabled to trace the process of the formation of surplus-value in its details and thus to explain it, a feat which none of his predecessors had accomplished. In other words, he found a distinction inside of capital itself with which neither Rodbertus nor the capitalist economists know what to do, but which nevertheless furnished a key for the solution of the most complicated economic problems, as is proved by this Volume II and will be proved still more by Volume III. He furthermore analyzed surplus-value and found its two forms, absolute and relative surplus-value. And he showed that both of them had played a different, and each time a decisive role, in the historical development of capitalist production. On the basis of this surplus-value he developed the first rational

theory of wages which we have, and drew for the first time an outline of the history of capitalist accumulation and a sketch of its historical tendencies.

And Rodbertus? After he has read all that, he regards it as “an assault on society,” and finds that he has said much more briefly and clearly by what means surplus-value is originated, and finally declares that all this does indeed apply to “the present form of capital,” that is to say to capital as it exists historically, but not to the “conception of capital,” that is to say, not to the utopian idea which Rodbertus has of capital. He is just like old Priestley, who stood by phlogiston to the end and refused to have anything to do with oxygen. There is only this difference: Priestley had actually produced oxygen, while Rodbertus had merely rediscovered a common-place in his surplus-value, or rather his “rent;” and Marx declined to act like Lavoisier and to claim that he was the first to discover the fact of the existence of surplus-value.

The other economic feats of Rodbertus were performed on about the same plane. His elaboration of surplus-value into a utopia has already been inadvertently criticized by Marx in his “POVERTY OF PHILOSOPHY.” What may be said about this point in other respects, I have said in my preface to the German edition of that work. Rodbertus’ explanation of commercial crises out of the underconsumption of the working class has been stated before him by Sismondi in his “Nouveaux Principes de l’Economie Politique,” liv. IV, ch. IV. However, Sismondi always had the world-market in mind, while the horizon of Rodbertus does not extend beyond Prussia. His speculations as to whether wages are derived from capital or from income belong to the domain of scholasticism and are definitely settled by the third part of this second volume of “CAPITAL.” His theory of rent has remained his exclusive property and may rest in peace, until the manuscript of Marx criticising it will be published. Finally his suggestions for the emancipation of the old Prussian landlords from the oppression of capital are entirely utopian; for they avoid the only practical question, which has to be solved, viz.: How can the old Prussian landlord have a yearly income of, say, 20,000 marks and a yearly expense of, say, 30,000 marks, without running into debt?

The Ricardian school failed about the year 1830, being unable to solve the riddle of surplus-value. And what was impossible for this school, remained still more insoluble for its successor, vulgar economy. The two points which caused its failure were these:

Labor is the measure of value. However, actual labor in its exchange with capital has a lower value than labor embodied in the commodities for which actual labor is exchanged. Wages, the value of a definite quantity of actual labor, are always lower than the value of the commodity produced by this same quantity of labor and in which it is embodied. The question is indeed insoluble, if put in this form. It has been correctly formulated by Marx and then answered. It is not labor which has any value. As an activity which creates values it can no more have any special value in itself than gravity can have any special weight, heat any special temperature, electricity any special strength of current. It is not labor which is bought and sold as a commodity, but labor-power. As soon as labor-power becomes a commodity, its value is determined by the labor embodied in this commodity as a social product. This value is equal to the social labor required for the production and reproduction of this commodity. Hence the purchase and sale of labor-power on the basis of this value does not contradict the economic law of value.

According to the Ricardian law of value, two capitals employing the same and equally paid labor, all other conditions being equal, produce the same value and surplus-value, or profit, in the same time. But if they employ unequal quantities of actual labor, they cannot produce equal surplus-values, or, as the Ricardians say, equal profits. Now in reality, the exact opposite takes place. As a matter of fact, equal capitals, regardless of the quantity of actual labor employed by them, produce equal average profits in equal times. Here we have, therefore, a clash with the law of value, which had been noticed by Ricardo himself, but which his school was unable to reconcile. Rodbertus likewise could not but note this contradiction. But instead of solving it, he made it a starting point of his utopia (*Zur Erkenntniss*, etc.). Marx had solved this contradiction even in his manuscript for his "CRITIQUE OF POLITICAL ECONOMY." According to the plan of "CAPITAL," this solution will be made public in Volume III. Several months will pass before this can be published. Hence those economists, who claim to have discovered that Rodbertus is the secret source and the superior predecessor of Marx, have now an opportunity to demonstrate what the economics of Rodbertus can accomplish. If they can show in which way an equal average rate of profit can and must come about, not only without a violation of the law of value, but by means of it, I am willing to discuss the matter further with them. In the meantime, they

had better make haste. The brilliant analyses of this Volume II and its entirely new conclusions on an almost untilled ground are but the initial statements preparing the way for the contents of Volume III, which develops the final conclusions of Marx's analysis of the social process of reproduction on a capitalist basis. When this Volume III will appear, little mention will be made of a certain economist called Rodbertus.

The second and third volumes of "CAPITAL" were to be dedicated, as Marx stated repeatedly, to his wife.

FRIEDRICH ENGELS.

London, on Marx's birthday,

May 5, 1885.

The present second edition is, in the main, a faithful reprint of the first. Typographical errors have been corrected, a few inconsistencies of style eliminated, and a few short passages containing repetitions struck out.

The third volume, which presented quite unforeseen difficulties, is likewise almost ready for the printer. If my health holds out, it will be ready for the press this fall.

FRIEDRICH ENGELS.

London,

July 15, 1893.

## **TRANSLATOR'S NOTE.**

The conditions and the location of the place in which I translated volumes II and III of this work made it impossible for me to get access to the original works of the authors quoted by Marx. I was compelled, under these circumstances, to retranslate many quotations from English authors from the German translation, without an opportunity to compare my retranslated version with the English original. But whatever may be the difference in the wording of the originals and of my retranslation from the German, it does not affect the substance of the quotations in the least. The meaning of the originals will be found to be the same as that of my retranslation. The interpretation given by Marx to the various quotations from other authors, and the conclusions drawn by him from them, are not altered in the least by any deviation, which my translation may show from the original texts. If any one should be inclined to turn these statements of mine to any controversial advantage, he should remember that he cannot use them against Marx, but only against me.

ERNEST UNTERMANN.

## **Book II. The Circulation of Capital.**

# **PART I The Metamorphoses of Capital and Their Cycles.**

# CHAPTER I. THE CIRCULATION OF MONEY-CAPITAL.

The circulation process of capital takes place in three stages, which, according to the presentation of the matter in Volume I, form the following series:

First stage: The capitalist appears as a buyer on the commodity and labor market; his money is transformed into commodities, or it goes through the circulation process M-C.

Second stage: Productive consumption of the purchased commodities by the capitalist. He acts in the capacity of a capitalist producer of commodities; his capital passes through the process of production. The result is a commodity of more value than that of the elements composing it.

Third stage: The capitalist returns to the market as a seller; his commodities are exchanged for money, or they pass through the circulation process C-M.

Hence the formula for the circulation process of money capital is: M-C...P...C'-M', the dots indicating the points where the process of circulation was interrupted, and C' and M' designating C and M increased by surplus value.

The first and third stages were discussed in Volume I only in so far as it was required for an understanding of the second stage, the process of production of capital. For this reason, the various forms which capital assumes in its different stages, and which it either retains or discards in the repetition of the circulation process, were not considered. These forms are now the first objects of our study.

In order to conceive of these forms in their purest state, we must first of all abstract from all factors which have nothing to do directly with the discarding or adopting of any of these forms. It is therefore taken for granted at this point that the commodities are sold at their value and that this takes place under the same conditions throughout. Abstraction is likewise made of any changes of value which might occur during the process of circulation.

First Stage. M-C.

M-C represents the exchange of a sum of money for a sum of commodities; the purchaser exchanges his money for commodities, the sellers exchange their commodities for money. It is not so much the form of this act of exchange which renders it simultaneously a part of the general circulation of commodities and a definite organic section in the independent circulation of some individual capital, as its substance, that is to say the specific use-values of the commodities which are exchanged for money. These commodities represent on the one hand means of production, on the other labor-power, and these objective and personal factors in the production of commodities must naturally correspond in their peculiarities to the special kind of articles to be manufactured. If we call labor-power L, and the means of production Pm, the sum of commodities to be purchased is  $C=L+Pm$ , or more briefly C. M-C, considered as to its substance, is therefore represented by M-C, that is to say M-C is composed of M-L and M-Pm. The sum of money M is separated into two parts, one of which buys labor-power, the other means of production. These two series of purchases belong to entirely different markets, the one to the commodity-market proper, the other to the labor-market.

Aside from this qualitative division of the sum of commodities into which M is transformed, the formula M-C also represents a very characteristic quantitative relation.

We know that the value, or price, of labor-power is paid to its owner, who offers it for sale as a commodity, in the form of wages, that is to say it is the price of a sum of labor containing surplus-value. For instance, if the daily value of labor-power is equal to the product of five hours' labor valued at three shillings, this sum figures in the contract between the buyer and seller of labor power as the price, or wages, for say, ten hours of labor time. If such a contract is made, for instance, with 50 laborers, they are supposed to work 500 hours per day for their purchaser, and one-half of this time, or 250 hours equal to 25 days of labor of 10 hours each, represent nothing but surplus-value. The quantity and the volume of the commodities to be purchased must be sufficient for the utilization of this labor-power.

M-C, then, does not merely express the qualitative relation represented by the exchange of a certain sum of money, say 422 pounds sterling, for a corresponding sum of means of production and labor-power, but also a quantitative relation between certain parts of that same money spent for the labor-power L and the means of production Pm. This relation is determined

at the outset by the quantity of surplus-labor to be expended by a certain number of laborers.

If, for instance, a certain manufacturer pays a weekly wage of 50 pounds sterling to 50 laborers, he must spend 372 pounds sterling for means of production, if this is the value of the means of production which a weekly labor of 3,000 hours, 1,500 of which are surplus-labor, transforms into factory products.

It is immaterial for the point under discussion, how much additional value in the form of means of production is required in the various lines of industry by the utilization of surplus-labor. We merely emphasize the fact that the amount of money  $M$  spent for means of production in the exchange  $M-P_m$  must buy a proportional quantity of them. The quantity of means of production must suffice for the absorption of the amount of labor which is to transform them into products. If the means of production were insufficient, the surplus-labor available for the purchaser would not be utilized, and he could not dispose of it. On the other hand, if there were more means of production than available labor, they would not be saturated with labor and would not be transformed into products.

As soon as the process  $M-C$  has been completed, the purchaser has more than simply the means of production and labor-power required for the manufacture of some useful article. He has also at his disposal a greater supply of labor-power, or a greater quantity of labor, than is necessary for the reproduction of the value of this labor-power, and he has at the same time the means of production required for the materialization of this quantity of labor. In other words, he has at his disposal the elements required for the production of articles of a greater value than these elements, he has a mass of commodities containing surplus-value. The value advanced by him in the form of money has then assumed a natural form in which it can be incarnated as a value generating more value. In brief, value exists then in the form of productive capital which has the faculty of creating value and surplus-value. Let us call capital in this form  $P$ .

Now the value of  $P$  is equal to that of  $L+P_m$ , it is equal to  $M$  exchanged for  $L$  and  $P_m$ .  $M$  is the same capital-value as  $P$ , only it has a different form of existence, it is capital value in the form of money — money-capital.

$M-C$ , or the more general formula  $M-C$ , a sum of purchases of commodities, a process within the general circulation of commodities, is therefore at the same time, seeing that it is a stage in the independent

circulation of capital, a process of transforming capital-value from its money form into its productive form. It is the transformation of money-capital into productive capital. In the diagram of the circulation which we are here discussing, money appears as the first bearer of capital-value, and money-capital therefore represents the form in which capital is advanced.

Money in the form of money-capital finds itself employed in the functions of a medium of exchange, in the present case it performs the service of a general purchasing medium and general paying medium. The last-named service is required inasmuch as labor-power, though first bought is not paid until it has been utilized. If the means of production are not found ready on the market, but have to be ordered, money in the process M-Pm likewise serves as a paying medium. These functions are not due to the fact that money-capital is capital, but that it is money.

On the other hand, money-capital, or capital-value in the form of money, cannot perform any other service but that of money. This service appears as a function of capital simply because it plays a certain role in the movements of capital. The stage in which this function is performed is interrelated with other stages of the circulation of money-capital. Take, for instance, the case with which we are here dealing. Money is here exchanged for commodities which represent the natural form of productive capital, and this form contains in the germ the phenomena of the process of capitalist production.

A part of the money performing the function of money-capital in the process M-C assumes, in the course of this circulation, a function in which it loses its capital character but preserves its money character. The circulation of money-capital M is divided into the stages M-Pm and M-L, into the purchase of means of production and of labor-power.

Let us consider the last-named stage by itself. M-L is the purchase of labor-power by the capitalist. It is also the sale of labor-power, or we may say of labor, since we have assumed the existence of wages, by the laborer who owns it. What is M-C, or in this case M-L, from the standpoint of the buyer, is here, as in every other transaction of this kind, C-M from the standpoint of the seller, L-M from the standpoint of the laborer. It is the sale of labor-power by the laborer. This is the first stage of circulation, or the first metamorphosis, of commodities (Vol. I, Chap. III, Sect. 2a). It is for the seller of labor-power a transformation of his commodity into the money-form. The laborer spends the money so obtained gradually for a number of commodities required for the satisfaction of his needs, for articles of

consumption. The complete circulation of his commodity therefore appears as L-M-C, that is to say first as L-M, or C-M, second as M-C, which is the general form of the simple circulation of commodities, C-M-C. Money is in this case merely a passing circulation-medium, a mere mediator in the exchange of one commodity for another.

M-L is the typical stage of the transformation of money-capital into productive capital. It is the essential condition for the transformation of value advanced in the form of money into capital, that is to say into a value producing surplus-value. M-Pm is necessary only for the purpose of realizing the quantity of labor bought in the process M-L. This process was discussed from this point of view in Vol. I, Part II, under the head of "Transformation of Money into Capital." But at this point, we shall have to consider it also from another side, relating especially to money-capital as a form of capital.

M-L is regarded as a general characteristic of the capitalist mode of production. But in this case we are doing so, not so much because the purchase of labor-power represents a contract which stipulates the delivery of a certain quantity of labor-power for the reproduction of the price of labor-power, or of wages, not so much for the reason that it means the delivery of surplus-labor which is the fundamental condition for the capitalization of the value advanced, or for the production of surplus-value; but we do so rather on account of its money form, because wages in the form of money buy labor-power, and this is the characteristic mark of the money system.

Nor is it the irrational feature of the money form which we shall note as the characteristic part. We shall overlook the irrationalities. The irrationality consists in the fact that labor itself as a value-creating element cannot have any value which could be expressed in its price, and that, therefore, a certain quantity of labor cannot have any equivalent in a certain quantity of money. But we know that wages are but a disguised form in which, for instance, the price of one day's labor-power is seen to be the price of the quantity of labor materialized by this labor-power in one day. The value produced by this labor-power in six hours of labor is then expressed as the value of twelve hours of its labor.

M-L is regarded as the characteristic signature of the so-called money system, because labor there appears as the commodity of its owner, and money as the buyer. In other words, it is the money relation in the sale and

purchase of human activity which is considered. It is a fact, however, that money appears at an early stage as a buyer of so-called services, without the transformation of M into money-capital, and without any change in the general character of the economic system.

It makes no difference to money into what sort of commodities it is transformed. It is the general equivalent of all commodities, which show by their prices that they represent in an abstract way a certain sum of money and anticipate their exchange for money. They do not assume the form in which they may be translated into use-values for their owners, until they change places with money. Once that labor power has come into the market as the commodity of its owner, to be sold for wages in return for labor, its sale and purchase is no more startling than the sale and purchase of any other commodity. The peculiar characteristic is not that the commodity labor-power is salable, but that labor-power appears in the shape of a commodity.

By means of M-C, that is to say by the transformation of money-capital into productive capital, the capitalist accomplishes the combination of the objective and personal factors of production so far as they consist of commodities. If money is transformed into productive capital for the first time, or if it performs for the first time the function of money-capital for its owner, he must begin by buying means of production, such as buildings, machinery, etc., before he buys any labor-power. For as soon as labor-power passes into his control, he must have means of production for it, in order to utilize it.

This is the capitalist's point of view.

The laborer, on the other hand, looks at this question in the following light: The productive application of his labor-power is not possible, until he has sold it and brought it into contact with means of production. Before its sale, it exists in a state of separation from the means of production which it requires for its materialization. So long as it remains in this state, it cannot be used either for the production of use-values for its owner, or for the production of commodities, by the sale of which he might live. But from the moment that it is brought into touch with means of production, it forms part of the productive capital of its purchaser, the same as the means of production.

It is true, that in the act M-L the owner of money and the owner of labor-power enter into the relation of buyer and seller, of money-owner and

commodity-owner. To this extent they enter into a money relation. But at the same time the buyer also appears in the role of an owner of means of production, which are the material conditions for the productive expenditure of labor-power on the part of its owner. The means of production, then, meet the owner of labor-power in the form of the property of another. On the other hand, the seller of labor meets its buyer in the form of the labor-power of another and it must pass into the buyer's possession, it must become a part of his capital, in order that it may become productive capital. The class relation between the capitalist and the wage laborer is therefore established from the moment that they meet in the act M-L, which signifies L-M from the standpoint of the laborer. It is indeed a sale and a purchase, a money relation, but it is a sale and a purchase in which the buyer is a capitalist and the seller a wage-laborer. And this relation arises out of the fact that the conditions required for the materialization of labor-power, viz.: means of subsistence and means of production, are separated from the owner of labor-power and are the property of another.

We are not here concerned in the origin of this separation. It is a fact, as soon as the act M-L can be performed. The thing which interests us here is that M-L does not become a function of money-capital for the sole reason that it is a means of paying for a useful human activity or service. The function of money as a paying medium is not the main object of our attention. Money can be expended in this form only because labor-power finds itself separated from its means of production, including the means of subsistence required for its reproduction; because this separation can be overcome only by the sale of the labor-power to the owner of the means of production; because the materialization of labor-power, which is by no means limited to the quantity of labor required for the reproduction of its own price, is likewise in the control of its buyer. The capital relation during the process of production arises only because it is inherent in the process of circulation based on the different economic conditions, the class distinctions between the buyer and the seller of labor-power. It is not money which by its nature creates this relation; it is rather the existence of this relation which permits of the transformation of a mere money-function into a capital-function.

In the conception of money-capital, so far as it relates to the special function which we are discussing, two errors run parallel to one another or cross each other. In the first place, the functions performed by capital-value

in its capacity of money-capital, which are due to its money form, are erroneously derived from its character as capital. But they are due only to the money form of capital-value. In the second and reverse case, the specific nature of the money-function, which renders it simultaneously a capital-function, is attributed to its money nature. Money is here confounded with capital, while the specific nature of the money-function is conditioned on social relations such as are indicated by the act M-L, and these conditions do not exist in the mere circulation of commodities and money.

The sale and purchase of slaves is formally also a sale and purchase of commodities. But money cannot perform this function without the existence of slavery. If slavery exists, then money can be invested in the purchase of slaves. On the other hand, the mere possession of money cannot make slavery possible.

In order that the sale of his labor-power by the laborer, in the form of the sale of labor for wages, may take place as a result of social conditions which make it the basis of the production of commodities, in order that it may not be an isolated instance, so that money-capital may perform, on a social scale, the function in the process M-C, definite historical processes are required, by which the original connection of the means of production with labor-power is dissolved. These processes must have resulted in opposing the mass of the people, the laborers, as propertiless to the idle owners of the means of production. It makes no difference in this case, whether the connection between the labor-power and the means of production before its dissolution was such that the laborer belonged to the means of production and was a part of them, or whether he was their owner.

The fact which lies back of the process M-C is distribution; not distribution in the ordinary meaning of a distribution of articles of consumption, but the distribution of the elements of production themselves. These consist of the objective things which are concentrated on one side, and labor-power which is isolated on the other.

The means of production, the objective things of productive capital, must therefore stand opposed to the laborer as capital, before the process M-L can become a universal, social one.

We have seen on previous occasions that capitalist production, once it is established, does not only reproduce in its further development this separation, but extends its scope more and more, until it becomes the

prevailing social condition. However, there is still another side to this question. In order that capital may be able to arise and take control of production, a definite stage in the development of commerce must precede. This includes the circulation of commodities, and therefore also the production of commodities; for no articles can enter circulation in the form of commodities, unless they are manufactured for sale, and intended for commerce. But the production of commodities does not become the normal mode of production, until it finds as its basis the capitalist system of production.

The Russian landowners, who are compelled to carry on agriculture by the help of wage-laborers instead of serfs, since the so-called emancipation of the serfs, complain about two things. They wail in the first place about the lack of money-capital. They say, for instance, that large sums must be paid to wage-laborers, before the crops can be sold, and there is a dearth of ready cash. Capital in the form of money must always be available for the payment of wages, before production on a capitalist scale can be carried on. But the landowners may take hope. In due time the industrial capitalist will have at his disposal, not alone his own money, but also that of others.

The second complaint is more characteristic. It is to the effect that even if money is available, there are not enough laborers at hand at any time. The reason is that the Russian farm laborer, owing to the communal property in land, has not been fully separated from his means of production, and hence is not yet a “free wage-worker” in the full capitalist meaning of the word. But the existence of “free” wage-workers is the indispensable condition for the realization of the act M-C, the exchange of money for commodities, the transformation of money-capital into productive capital.

As a matter of course, the formula M-C...P...C’ -M’ does not represent the normal form of the circulation of money-capital, until capitalist production is fully developed, because it is conditioned on the existence of a social class of wage-laborers. We have seen that capitalist production does not only create commodities and surplus-values, but also gives rise to an ever growing class of wage-laborers, either by propagation or by the transformation of independent producers into proletarians.

Since the first condition for the realization of the act M-C...P...C’ -M’ is the permanent existence of a class of wage-workers, capital in the form of productive capital and the circulation of productive capital must precede it.

Second Stage. Functions of Productive Capital.

The circulation of capital which we have here considered begins with the act of circulation represented by the formula  $M-C$ , the transformation of money into commodities, or purchase. Circulation must therefore be supplemented by the reverse metamorphosis  $C-M$ , the transformation of commodities into money, or sale. But the immediate result of  $M-C$  is the interruption of the circulation of the capital advanced in the form of money. By the transformation of money-capital into productive capital the value of capital has assumed a natural form in which it cannot continue to circulate, but must enter into consumption, more accurately into productive consumption.

The application of labor-power, labor, can not be carried into effect anywhere but in the labor process. The capitalist cannot sell the laborer along with the commodities, because the wage-worker is not a chattel slave and the capitalist does not buy anything from the laborer but the privilege of utilizing the labor-power purchased in the person of the laborer for a certain time. On the other hand, the capitalist cannot use this labor-power in any other way than by using it up in transforming, by its help, means of production into commodities. The result of the first stage of the circulation of money-capital is therefore its entrance into the second stage, that of productive capital.

This movement is represented by the formula  $M-C, P$ , in which the dots indicate the place where the circulation of capital is interrupted, while its rotation continues, since it passes from the sphere of the circulation of commodities into that of production. The first stage, the transformation of money-capital into productive capital, is therefore merely the harbinger of the second, the productive stage of capital.

The act  $M$  presupposes that the person performing it not only has at his or her disposal values of some useful form, but also that he or she has them in the form of money. And the act consists precisely in giving away money. A man can, therefore, remain the owner of money only on the condition, that the giving away of money at the same time implies a return of money. But money can return only through the sale of commodities. Hence the above formula assumes the owner of money to be a producer of commodities.

Now let us look at the formula  $M-L$ . The wage worker lives only by the sale of his labor-power. The preservation of this power, equivalent to the self-preservation of the laborer, requires a daily consumption. Hence the

payment of wages must be continually repeated at short intervals, in order that the wage laborer may be able to repeat acts L-M or C-M-C, by means of which he is enabled to purchase the articles required for his self-preservation. For this reason the capitalist must stand opposed to the wage worker in the capacity of a money-capitalist, and his capital must be money-capital. On the other hand, if the wage laborers, the mass of direct producers, are to perform the act L-M-C, the means of subsistence required for it must be present in the form of purchasable commodities. This state of affairs necessitates a high degree of development of the circulation of products in the form of commodities, and this again must be preceded by a corresponding extension of the production of commodities. As soon as production by means of wage labor has become universal, the production of commodities must be the typical form of production. If this mode of production is general, it carries in its wake an ever increasing division of labor, that is to say an ever growing differentiation in the special nature of the products which are manufactured in the form of commodities by the various capitalists, an ever greater division of supplementary processes of production into independent specialties. To the extent that M-L develops, M-Pm also develops, that is to say the production of means of production to that extent differentiates from the production of commodities with those means. The means of production then stand opposed as commodities to every producer of commodities and he must buy those means in order to be able to carry on his special line of commodity production. They are derived from branches of production which are entirely divorced from his own and enter into his own branch as commodities which he must buy. The objective materials of commodity production assume more and more the character of products of other commodity manufacturers which he must purchase. And to the same extent the capitalist must become a money-capitalist, in the same ratio his capital must assume the functions of money-capital.

On the other hand, the same conditions which are the cause of the fundamental constitution of capitalist production, especially the existence of a class of wage laborers, also demand the transition of all commodity production into the capitalist mode of commodity production. In proportion as the capitalist mode of production develops, it has a disintegrating effect on all older forms of production, which were mainly adjusted to the individual needs and transformed only the surplus over and above those needs into commodities. Capitalist production makes of the sale of products

the main incentive, without at first apparently affecting the mode of production itself. Such was, for instance, the first effect of capitalist world commerce on such nations as the Chinese, Indians, Arabs, etc. But wherever it takes root, there it destroys all forms of commodity production which are either based on the self-employment of the producers, or merely on the sale of the surplus product. The production of commodities is first made general and then transformed by degrees into the capitalist mode of commodity production.

Whatever may be the social form of production, laborers and means of production always remain its main elements. But either of these factors can become effective only when they unite. The special manner in which this union is accomplished distinguishes the different economic epochs from one another. In the present case, the separation of the so-called free laborer from his means of production is the starting point, and we have observed the way and the conditions in which these two elements are united in the hands of the capitalist, as the productive mode of existence of his capital. The actual process which combines the personal and objective materials of commodity production under these conditions, the process of production, thus becomes in its turn a function of capital, a capitalist process of production, the nature of which has been fully analyzed in the first volume of this work. Every process of commodity production at the same time becomes a process of exploiting labor-power. But it is not until the capitalist production of commodities is established that this mode of exploitation becomes universal and typical, and revolutionizes in the course of its historical development, through the organization of the labor process and the enormous improvement of technique, the entire economic structure of society, in a manner eclipsing all former epochs.

The means of production and labor-power in so far as they are forms of existence of advanced capital values, are distinguished by the different roles assumed by them in the production of value, hence also of surplus-value, and known under the names of constant and variable capital. As different parts of productive capital they are further-more distinguished by the fact that the means of production in the possession of the capitalist remain his capital even outside of the process of production, while labor-power exists in the form of individual capital only within this process. While labor-power is a commodity only in the hands of its seller, the wage worker, it becomes capital only in the hands of its buyer, the capitalist who uses it

temporarily. And the means of production do not become objective parts of productive capital, until labor-power, the personal form of productive capital, is embodied in them. Human labor-power is originally no more capital than are the means of production. They assume this specific social character only under definite historically developed conditions, and the same character is impregnated upon precious metals, and still more upon money, by the same circumstances.

Productive capital, in performing its functions, consumes its own component parts for the purpose of transforming them into a mass of products of a higher value. Seeing that labor-power acts likewise merely as an organ of productive capital, the surplus-value produced by its surplus-labor over and above the value of its component elements is also gathered by capital. The surplus-labor of labor-power is the inexpensive labor of capital and thus forms surplus-value for the capitalist, a value which costs him no equivalent return. The product is, therefore, not only a commodity, but a commodity pregnant with surplus-value. Its value is equal to  $P+S$ , that is to say equal to the value of the productive capital consumed in its manufacture plus the surplus-value  $S$  created by it. Assuming that this product were represented by 10,000 pounds of yarn, let us say that means of production valued at 372 pounds sterling and labor-power valued at 50 pounds sterling were consumed in the production of this quantity of yarn. During the process of spinning, the spinners transferred the value of the means of production to the amount of 372 pounds sterling to the yarn, and at the same time they created, by means of their labor-power, new values to the amount of 128 pounds sterling. The 10,000 pounds of yarn therefore represent a value of 500 pounds sterling.

Third Stage.  $C'-M'$ .

Commodities become commodity-capital by springing into existence as a direct result of commodity-production, embodying in a new form the capital values already utilized. If the production of commodities were carried on as capitalist production in all spheres of society, all commodities would be elements of commodity-capital from the outset, whether they would be composed of crude iron, Brussels laces, sulphuric acid, or cigars. The problem as to what class of commodities is destined by its nature to rank as capital and what class to serve as general commodities, is one of the self-prepared ills of the scholastic economists.

In the form of commodities, capital has to perform the functions of commodities. The articles of which commodity capital is composed are produced for sale and must be exchanged for money, must go through the process C-M.

The commodities of the capitalist may consist of 10,000 pounds of yarn. If 372 pounds sterling represent the value of the means of production consumed in the spinning process, and new values to the amount of 128 pounds sterling have been created, the yarn has a value of 500 pounds sterling, which is expressed in its price of the same amount. This price is realized by the sale C-M. What is it that makes of this simple process of all commodity circulation at the same time a capital function? It is not any change that takes place inside of it. Neither the use-value of the product has been changed, for it passes into the hands of the buyer as an object of use, nor has anything been altered in its exchange-value, for this value has not experienced any change of magnitude, but only of form. It first existed as yarn, while now it exists as money. Thus a plain distinction is evident between the first stage C-M, and the last stage C'-M'. There the advanced money serves as money-capital, because it is transformed, by means of the circulation of commodities, into articles of a specific use-value. Here, on the other hand, the commodities can only serve as capital, since they brought this character with them from the process of production before their circulation began. During the spinning process, the spinners created new values to the amount of 128 pounds sterling in the shape of yarn. Of this sum, say 50 pounds sterling are regarded by the capitalist merely as an equivalent for wages advanced for labor-power, while 78 pounds sterling — representing an exploitation of 156 per cent — are his surplus-value.

The value of the 10,000 pounds of yarn therefore embodies first the value of the consumed productive capital P, which consists of a constant capital of 372 pounds sterling and a variable capital of 50 pounds sterling, their sum being 422 pounds sterling, equal to 8,440 pounds of yarn. Now the value of the productive capital P is equal to C, the value of the elements constituting it which the capitalist found to be in the hands of their sellers in the stage M-C. In the second place, the value of the yarn embodies a surplus-value of 78 pounds sterling, equal to 1,560 pounds of yarn. C as an expression of the value of 10,000 pounds of yarn is therefore equal to C plus surplus C, or C plus an increment of C worth 78 pounds sterling, which we shall call c, since it exists in the same commodity form as that now

assumed by the original value  $C$ . The value of the 10,000 pounds of yarn, equal to 500 pounds sterling, is therefore represented by the formula  $C+c=C'$ . What changes  $C$ , the value of the 10,000 pounds of yarn, into  $C'$  is not its absolute value of 500 pounds sterling, for it is determined, the same as  $C$  standing for the expression of the value of any other sum of commodities, by the quantity of labor embodied in it. It is rather its relative value, its value as compared to that of the productive capital  $P$  consumed in its production, which is the essential thing. This value is contained in it plus the surplus-value created through the productive capital. Its value exceeds that of the capital by the surplus-value  $c$ . The 10,000 pounds of yarn are the bearers of the consumed capital value increased by this surplus-value, and they are so by virtue of the capitalist process of production.  $C'$  expresses the relation of the value of the commodities to that of the capital advanced in its production, in other words the composition of the value of the commodities, of capital value and surplus-value. The 10,000 pounds of yarn represent a commodity-capital  $C'$  only because they are an altered form of the productive capital  $P$ , and this relation exists originally by virtue of the circulation of this individual capital, it applies primarily to the capitalist who produced the yarn by the help of his capital. It is, so to say, an internal, not an external relation which makes a commodity capital of the 10,000 pounds of yarn in their capacity of representatives of value. They are bearing the imprint of capital not in the absolute magnitude of their value, but in its relative magnitude, in the proportion of their value to that of productive capital embodied in them before they became commodities. If, then, these 10,000 pounds of yarn are sold at their value of 500 pounds sterling, this act of circulation, considered by itself, is identical with  $C-M$ , a mere transformation of the same value from the form of a commodity into that of money. But as a special stage in the circulation of a certain individual capital, the same act is also a realization of the capital value, embodied in the commodity, to the amount of 422 pounds sterling plus the surplus-value, likewise embodied in it, of 78 pounds sterling. That is to say, it also represents  $C'-M'$ , the transformation of the commodity-capital from its commodity form into that of money.

The function of  $C'$  is now that of all commodities, viz.: to transform itself into money, to be sold, to go through the circulation stage  $C-M$ . So long as the capital utilized so far remains in the form of commodity-capital and stays on the market, the process of production rests. The commodity-

capital serves then neither as a creator of value nor of products. In proportion to the degree of speed with which capital throws off the commodity-form and assumes that of money, in other words, in proportion to the rapidity of the sale, the same capital-value will serve in widely different degrees as a creator of products or of values, and the scale of reproduction will be extended or abridged. It has been shown in Volume I that the effectiveness of any given capital is conditioned on factors in the productive process which are to a certain extent independent of the magnitude of its own value. Here we see that the process of circulation sets in motion new factors which are independent of the value of the capital, its effectiveness, its expansion or contraction.

The mass of commodities  $C'$ , being the embodiment of the consumed capital, must furthermore pass in its entire volume through the metamorphosis  $C'-M'$ . The quantity sold is here the main determinant. The individual commodity figures only as an integral part of the total mass. The 500 pounds sterling are embodied in 10,000 pounds of yarn. If the capitalist succeeds in selling only 7,440 pounds of yarn at their value of 372 pounds sterling, he has recovered only the value of his constant capital, the value expended by him for means of production. If he sells 8,440 pounds of yarn, he recovers only the value of his total capital. He must sell more, in order to obtain some surplus-value, and he must sell the entire 10,000 pounds in order to get the entire surplus-value of 78 pounds sterling (1,560 pounds of yarn). In 500 pounds sterling he receives merely an equivalent for the commodity sold. His transaction within the process of circulation is simply  $C-M$ . If he had paid his laborers 64 pounds sterling instead of 50 pounds sterling, his surplus-value would be only 64 pounds sterling instead of 78, and the degree of exploitation would have been only 100 per cent instead of 150. But the value of the yarn would remain the same; only the relation of its component parts would be changed. The circulation-act  $C-M$  would still represent the sale of 10,000 pounds of yarn for 500 pounds sterling, which is their value.

$C'$  is equal to  $C+c$  (or 422 plus 78 pounds st.).  $C$  equals the value of  $P$ , the productive capital, and this equals the value of  $M$ , the money advanced in the act  $M-C$ , the purchase of the elements of production, amounting to 422 pounds sterling in our example. If the mass of commodities is sold at its value, then  $C$  equals 422 pounds sterling, and  $c$ , the value of the surplus product of 1,560 pounds of yarn, equals 78 pounds sterling. If we call  $c$ ,

expressed in money,  $m$ , then  $C'-M'=(C+c)-(M+m)$ , and the cycle  $M-C...P...C'-M'$ , in its expanded form, is represented by  $M-C...P...(C+c)-(M+m)$ .

In the first stage, the capitalist takes articles of use out of the commodity-market proper and the labor-market. And in the third stage he throws commodities back, but only into one market, the commodity-market proper. But the fact that he extracts from the market, by means of his commodities, a greater value than he threw upon it originally, is due only to the circumstance that he throws more commodity-values back upon it than he first drew out of it. He threw the value  $M$  into it and drew out of it the equivalent  $C$ ; he throws the value  $C+c$  back into it, and draws out of it the equivalent  $M+m$ .

$M$  was in our example equal to the value of 8,440 pounds of yarn. But he throws 10,000 pounds of yarn into the market, he returns a greater value than he drew out of it. On the other hand, he threw this increased value into it only by virtue of the fact that he obtained a surplus-value through the exploitation of labor-power (this value being expressed by an aliquot part of the product). The mass of commodities becomes a commodity-capital only by virtue of this process, it is the impersonation of the used-up capital value only through it. By the act  $C'-M'$  the advanced capital-value is recovered as well as the surplus-value. The realization of both coincides with that series of sales, or with that one sale, of the entire mass of commodities, which is expressed by  $C'-M'$ . But this same act of circulation is different for capital-value and surplus-value, because it expresses for each one of these two values a different stage of their circulation, a different section of the series of metamorphoses through which each of them passes in its circulation. The surplus-value  $c$  did not come into the world until the process of production began. It appeared for the first time on the commodity-market in the form of commodities. This is its first form of circulation, hence the act  $c-m$  is its first circulation act, or its first metamorphosis, which remains to be supplemented by the reverse circulation, or the opposite metamorphosis,  $M-c$ .

It is different with the circulation which the capital-value  $C$  performs in the same circulation act  $C'-M'$ , and which constitutes for it the circulation act  $C-M$ , in which  $C$  is equal to  $P$ , the  $M$  originally advanced. It opened its circulation in the form of  $M$ , money-capital, and returns through the act  $C-M$  to the same form. In other words, it has now passed through the two

opposite stages of the circulation, first M-C, second C-M, and finds itself once more in the form in which it can begin its cycle anew. What constitutes for surplus-value the first transformation of the commodity-form into that of money, constitutes for capital-value its return, or retransformation, into its original money-form.

By means of M-C, money-capital is transformed into an equivalent mass of commodities, L and P<sub>m</sub>. These commodities no longer perform the function of commodities, of articles of sale. Their value now exists in the hands of the capitalist who bought them, they represent the value of his productive capital P. And in the function P, productive consumption, they are transformed into commodities substantially different from the means of production, into yarn, in which their value is not only preserved but increased, rising from 422 pounds sterling to 500 pounds sterling. By means of this metamorphosis, the commodities taken from the market in the first stage, M-C, are replaced by commodities of a different substance and value, which now perform the function of commodities, being exchanged for money and sold. The process of production, therefore, appears to us as an interruption of the process of circulation of capital-value, since up to production it has passed only through the phase M-C. It passes through the second and concluding phase, C-M, after C has been altered in substance and value. But so far as capital-value, considered by itself, is concerned, it has merely gone through a transformation of its use-form in the process of production. It existed in the form of 422 pounds sterling's worth of L and P<sub>m</sub>, while now it exists in the form of 8,440 pounds of yarn valued at 422 pounds sterling. If we consider merely the two circulation phases of capital-value, apart from its surplus-value, we find that it passes through the stages M-C and C-M, in which the second C represents a different use-value, but the same exchange-value as the first C. And the process M-C-M is, therefore, a cycle which requires the return of the value advanced in money to its money-form, because the commodity here changes places twice and in the opposite direction, the first change being from the money to the commodity-form, the second from the commodity to the money-form. Capital-value is retransformed into money.

The same circulation act C'-M', which constituted the second and concluding metamorphosis, a return to the money-form, for capital-value, represents for the surplus-value simultaneously embodied in the commodity-capital, and realized by its exchange for money, its first

metamorphosis, its transformation from the commodity to the money-form, C-M, its first circulation phase.

We have, then, two observations to make. First, the final return of capital-value to its original money-form is a function of commodity-capital. Second, this function includes the first transformation of surplus-value from its original commodity-form to that of money. The money-form, then, plays a double role here. On the one hand, it is a return of a value, originally advanced in money, to its old form, a return to that form of value which opened the process. On the other hand, it is the first metamorphosis of a value which originally enters the circulation in the form of a commodity. If the commodities composing the commodity-capital are sold at their value, as we assume, then C plus c is transformed into M plus m, its equivalent. The sold commodity-capital now exists in the hands of the capitalist in the form of M plus m (422 pounds sterling plus 78 pounds sterling, equal to 500 pounds sterling). Capital-value and surplus-value are now present in the form of money, the form of the general equivalent.

At the conclusion of the process, capital-value has resumed the form in which it entered, and can now open a new cycle of the same kind, in the form of money-capital, and go through it. Just because the opening and concluding form of this process is that of money-capital, M, we call this form of the circulation process the circulation of money-capital. It is not the form, but merely the magnitude of the advanced value which is changed in the end.

M plus m is a sum of money of a definite magnitude, in this case 500 pounds sterling. As a result of the circulation of capital, of the sale of commodity-capital, this sum of money contains the capital-value and the surplus-value. And these values are now no longer organically connected, as they were in the yarn, they are now arranged side by side. Their sale has given both of them an independent money form; 211-250th of this money represent the capital value of 422 pounds sterling, and 39-250th constitute the surplus-value of 78 pounds sterling. This separation of capital-value and surplus-value, which results from the sale of the commodity-capital, has not only the formal meaning to which we shall refer presently. It becomes important in the process of the reproduction of capital, according to whether m is entirely, or partially, or not at all, lumped together with M, that is to say according to whether or not it continues to perform the functions of

capital-value. Both  $m$  and  $M$  may also pass through widely different cycles of circulation.

In  $M'$ , capital has returned to its original form  $M$ , to its money-form. But it then has a form, in which it is materialized capital.

There is in the first place a difference of quantity. It was  $M$ , 422 pounds sterling. It is now  $M'$ , 500 pounds sterling, and this difference is expressed by the quantitatively different points  $M...M'$  of the cycle, the movement of which is indicated by the dots.  $M'$  is greater than  $M$ , and  $M'-M$  is equal to the surplus-value  $s$ . But as a result of this cycle  $M...M'$  it is only  $M'$  which exists now; it is the product which marks the close of the process of formation of money-capital.  $M'$  now exists independently of the movement which it started. This movement is completed, and  $M'$  exists in its place.

But  $M'$ , being  $M$  plus  $m$ , or in this case 500 pounds sterling, composed of 422 pounds sterling advanced capital plus an increment of 78 pounds sterling, represents at the same time a qualitative relation. It is true that this qualitative relation does not exist outside of the quantitative relation of the parts of one and the same sum.  $M$ , the advanced capital, which is now once more present in its original form (422 pounds sterling), exists as the realization of capital. It has not only preserved itself, but also realized its own capital-form, distinguished from  $m$  (78 pounds sterling), to which it stands in the relation of creator,  $m$  being its fruit, an increment born by it. It has realized its capital-form, because it is a value which has created more value.  $M'$  exists as a capital relation.  $M$  no longer appears as mere money, but it is explicitly used as money-capital, as a value which has utilized itself by creating a higher value than itself.  $M$  acts as capital by virtue of its relation to another part of  $M'$ , which it has created. Thus  $M'$  appears as a sum of values expressing the capital relation, being differentiated into functionally different parts.

But this expresses only a result, without showing the intermediate process which caused it.

Parts of value as such are not qualitatively different from one another, except in so far as they are values of different articles, of concrete things, embodied in different use-values. They are values of different commodities, and this difference is not due to their character as exchange-values. In money, all differences of commodities are extinguished, because it is an equivalent form common to all of them. A sum of money of 500 pounds sterling consists of equal elements of one pounds sterling each. Since the

intermediate links of descent are extinguished in the simple form of this sum of money. and all traces of the specific differences of the individual parts of capital in the productive process have disappeared, there exists only the mental distinction between the main sum of 422 pounds sterling, which was the capital advanced, and a surplus sum of 78 pounds sterling.

Or, again, let  $M'$  be equal to 110 pounds sterling, of which 100 may be equal to the main sum  $M$  and 10 equal to the surplus-value  $s$ . There is an absolute homogeneity, an absence of distinctions, between the two constituent parts of the sum of 110 pounds sterling. Any 10 pounds of this sum always constitute 1-11th of the sum of 110 pounds regardless of the fact that they are also 1-10th of the advanced main sum of 100 pounds, or the excess of 10 pounds above it. Main sum and surplus sum (capital and surplus-value), may simply be expressed as fractional parts of the total sum. In our illustration, 10-11th form the main sum, and 1-11th the surplus sum. Materialized capital, at the end of its cycle, therefore appears as an undifferentiated expression, the money expression, of the capital relation.

True, this applies also to  $C'$  ( $C$  plus  $c$ ). But there is this difference, that  $C'$ , of which  $C$  and  $c$  are also proportional parts of the same homogeneous mass of commodities, indicates its origin  $P$ , the immediate product of which it is, while in  $M'$ , a form derived immediately from circulation, the direct relation to  $P$  is obliterated.

The undifferentiated distinction between the main sum and the surplus sum, which are contained in  $M'$ , so far as this expresses the result of the movement  $M...M'$ , disappears as soon as it performs its active function of money-capital and is not preserved as a fixed expression of materialized industrial capital. The circulation of money-capital can never begin with  $M'$  (although  $M'$  now performs the function of  $M$ ). It can begin only with  $M$ , that is to say, it can never begin as an expression of the capital relation, but only as an advance of capital-value. As soon as the 500 pounds sterling are once more advanced as capital, in order to be again utilized, they constitute a point of departure, not one of conclusion. Instead of a capital of 422 pounds sterling, a capital of 500 pounds sterling is now advanced. It is more money than before, more capital-value, but the relation between its two constituent parts has disappeared. In fact, a sum of 500 pounds sterling might have served instead of the 422 pounds sterling as the original capital.

It is not an active function of money-capital to materialize in the form of  $M'$ ; this is rather a function of  $C'$ . Even in the simple circulation of

commodities, first in C-M, then in M-C<sub>2</sub>, money M does not figure actively until in the second movement, M-C<sub>2</sub>. Its embodiment in the form of M is the result of the first act, by virtue of which it becomes a transformation of C. The capital relation contained in M', the relation of its constituent parts in the form of capital-value and surplus-value, assumes a functional importance only in so far as the repeated cycle M...M' splits M' into two circulations, one of them a circulation of capital, the other of surplus-value. In this case these two parts perform not only quantitatively, but also qualitatively different functions, M others than m. But considered by itself, M...M' does not include the consumption of the capitalist, but emphatically only the self-utilization and accumulation of money-capital, the latter function expressing itself at the outset as a periodical augmentation of ever renewed advances of money-capital.

Although M' (M plus m) is the undifferentiated form of capital, it is at the same time a materialization of money-capital, it is money which has generated more money. But this is different from the role played by money-capital in the first stage, M-C. In this first stage, M circulates as money. It assumes the functions of money-capital only because it cannot serve as money unless it assumes the form of money, because it cannot transform itself in any other way into the component parts of P, L and P<sub>m</sub>, which stand opposed to it in the form of commodities. In this circulation act it serves as money. But as this act is the first stage in the circulation of capital-value, it is also a function of money-capital, by virtue of the specific use-value of the commodities L and P<sub>m</sub> which are bought by it. M', on the other hand, composed of M, the capital-value, and m, the surplus-value created by M, stands for materialized capital-value, expresses the purpose and the outcome, the function of the total process of circulation of capital. The fact that it expresses this outcome in the form of money, of materialized money-capital, is due to the capital-character of money-capital, not to its money-character; for capital opened the process of circulation in the form of an advance of money. Its return to the money-form, as we have seen, is a function of C', not of money-capital. As for the difference between M and M', it is simply m, the money-form of c, the increment of C. For M' is composed of M plus m only because C' was composed of C plus c. In C', this difference and the relation of capital-value to its product, surplus-value, is already present and expressed, before both of them are transformed into

M'. And in this form, these two values appear independently side by side and may, therefore, be employed in separate and distinct functions.

M' is the outcome of the materialization of C'. Both M' and C' are different forms of utilized capital-value, one of them the commodity, the other the money-form. Both of them share the quality of being utilized capital-value. Both of them are materialized capital, because capital-value here exists simultaneously with its product, surplus-value, although it is true that this relation is expressed in the undifferentiated form of the proportion of two parts of one and the same sum of money or commodity-value. But as expressions of capital, and in distinction from the surplus-value produced by it, M' and C' are the same and express the same thing, only in different forms. In so far as they represent utilized value, capital acting in its own role, they express the result of the function of productive capital, the only function in which capital-value generates more value. What is common to both of them, is that money-capital as well as commodity-capital are different modes of existence of capital. Their distinctive and specific functions cannot, therefore, be anything else but the difference between the functions of money and of commodities. Commodity-capital, the direct product of the capitalist process of production, indicates its capitalist origin and is, therefore, to that extent more rational and less difficult to understand than money-capital, in which every trace of this process has disappeared. In general, all special use-forms of commodities disappear in money.

It is only when M' itself figures as commodity-capital, when it is the direct outcome of a productive process, instead of being a transformed product of this process, that it loses its bizarre form, that is to say, in the production of money itself. In the production of gold, for instance, the formula would be M-C...P...M (M plus m), and M' would here figure as a commodity, because P furnishes more gold than had been advanced for the elements of production contained in the first money-capital M. In this case, the irrational nature of the formula M...M' (M plus m) disappears. Here a part of a certain sum of money appears as the mother of another part of the same sum of money.

The Rotation as a Whole.

We have seen that the process of circulation is interrupted at the end of its first phase, M-C. by P, which makes the commodities L and Pm parts of the substance and value of productive capital and consumes them. The result of this productive consumption is a new commodity C', which is of

different composition and value than the commodities L and Pm. The interrupted process of circulation, C-M, must be completed by M-C. The basis of this second and concluding phase of circulation is C', a commodity of different composition and value than C. The process of circulation therefore appears first as M-C,1 then as C 2-M', the C2 in this second phase representing a greater value and a different use-value than C1, due to the interruption caused by the function of P which is the production of C' from elements of C, embodied in the productive capital P. The first form assumed by capital (vol. I, chap. IV), viz., M-C-M', or extended first M-C,1 second C1-M', shows the same commodity twice. It is the same commodity which is exchanged for money in the first phase and again exchanged for more money in the second phase. In spite of this essential difference, these two modes of circulation share the peculiarity of transforming in their first phase money into commodities, and in the second phase commodities into money, so that the money spent in the first phase returns in the second. On the one hand, both have in common this return of money to its starting point, on the other hand the excess of the returned money over the money first advanced. To this extent, the formula M-C...C'-M' is apparently contained in the general formula M-C-M'.

It follows furthermore that equal quantities of simultaneously existing values are placed in opposition to one another and exchanged in the two metamorphoses of circulation represented by M-C and C'-M'. The change of value is due exclusively to the metamorphosis P, the process of production, which thus appears as a natural metamorphosis of capital, as compared to the merely formal metamorphosis of circulation.

Let us now consider the total movement, M-C...P...C'-M', or its more explicit form, M-C...P...C' (C+c) -M' (M+m). Capital here appears as a value which goes through a series of connected metamorphoses conditioned on one another and representing so many phases of the total process. Two of these phases belong to the sphere of circulation, one of them to that of production. In each one of these phases, capital-value has a different form corresponding to a different, special, function. Within this cycle, value does not only maintain itself at the magnitude in which it was originally advanced, but it increases. Finally, in the concluding stage, it returns to the same form which it had at the beginning of the cycle. This total movement constitutes the process of rotation as a whole.

The two forms assumed by capital-value are that of money-capital and commodity-capital. In the stage of production, its form is that of productive capital. The capital which assumes these different forms in the course of its total process of rotation, discards them one after the other, and performs a special function in each one of them, is industrial capital. The term industrial applies to every branch of industry run on a capitalist basis.

Money-capital, commodity-capital, productive capital are not, therefore, terms indicating independent classes of capital, nor are their functions processes of independent and separate branches of industry. They are here used only to indicate special functions of industrial capital, assumed by it seriatim.

The circulation of capital proceeds normally only so long as its various phases flow uninterruptedly one into the other. If capital stops short in its first phase M-C, money-capital assumes the rigid form of a hoard; if it stops in the phase of production, the means of production remain lifeless on one side, while labor-power remains unemployed on the other; and if capital stops short in its last phase C'-M', masses of unsold commodities accumulate and clog the flow of rotation.

At the same time, it is a matter of course that the rotation of capital includes the stopping of capital for a certain length of time in the various sections of its cycle. In each of these sections, industrial capital is poured into a definite mold, being either money-capital, productive capital, or commodity-capital. It does not assume a form in which it may enter a new metamorphosis, until it has gone through the function corresponding to the form preceding the new metamorphosis. In order to make this plain, we have assumed in our illustration, that the capital-value of the mass of commodities created in the phase of production is equal to the total sum of values originally advanced in the form of money, or, in other words, that the entire capital-value advanced in the form of money enters undivided from one stage into the next. Now we have seen (vol. I, chap. IV) that a part of the constant capital, the means of production proper, such as machinery, always serve repeatedly, for a greater or smaller number of times, in the same processes of production, so that they transfer their values piece-meal to the products. We shall see later, to what extent this circumstance modifies the process of rotation of capital. For the present, it suffices to say this: In our illustration, the value of the productive capital of 422 pounds sterling contained only the average wear and tear of buildings, machinery, etc., that

is to say only that part of value which they transferred in the transformation of 10,600 pounds of cotton to 10,000 pounds of yarn, which represents the product of one week's spinning, or of 60 hours. In the means of production, into which the advanced constant capital of 372 pounds sterling is transformed, the instruments of labor, buildings, machinery, etc., figure only as would objects which were rented in the market for a weekly rate. But this does not change the problem in any way. We have but to multiply the quantity of yarn produced in one week, or 10,000 pounds of yarn, with the number of weeks contained in a certain number of years, in order to transfer the entire value of the means of production bought and consumed during this period. It is then plain that the advanced money-capital must first be transformed into these means of production, must first have gone through the phase M-C, before it can be used as productive capital, P. And it is likewise plain that, in our illustration, the capital value of 422 pounds sterling, embodied in the yarn during the process of production, cannot become a part of the value of the 10,000 pounds of yarn and enter the circulation phase C'-M', until it has been produced. The yarn cannot be sold, until it has been spun.

In the general formula, the product of P is regarded as a material thing different from the elements of the productive capital, as an object existing apart from the process of production and having a different use-value than the elements of production. And if the fruit of production assumes the form of such an object, it always corresponds to this description, even if a part of it should re-enter production as one of its elements. Grain, for instance, serves as seed for its own reproduction, but the final product is always grain and has a different composition than the elements used in its production, such as labor-power, implements, and fertilizer. But there are certain independent branches of industry, in which the result of the productive process is not a new material product, not a commodity. Among these, only the industries representing communication, such as transportation proper for commodities and human beings, and the transmission of communications, letters, telegrams, etc., are economically important.

Cuprov says on this score: "The manufacturer may first produce articles and then look for consumers" (his product, having been completed in the process of production, is transferred to the process of circulation as a separate commodity). "Production and consumption thus appear as two acts distinct from one another in space and time. In the transportation industry,

which does not create any new products, but merely transfers men and things, these two acts coincide; its services (change of place) must be consumed at the same time that they are produced. For this reason the distance, within which railroads can find customers, extends at best 50 verst (53 kilometers or about 30 miles) on either side of their tracks.”

The result in the transportation of either men or commodities is a change of place. Yarn, for instance, is thus transferred from England, where it was produced, to India.

Now transportation, as an industry, sells this change of location. This utility is inseparably connected with the process of transportation, which is the productive process of transportation. Men and commodities travel by the help of the means of transportation, and this traveling, this change of location, constitutes the production in which these means of transportation are consumed. The utility of transportation can be consumed only in this process of production. It does not exist as a use-value apart from this process, it does not, like other commodities, serve as a commodity which circulates after its process of production. The exchange value of this utility is determined, like that of any other commodity, by the value of the elements of production (labor-power and means of production) plus the surplus-value created by the surplus-labor of the laborers employed in transportation. This utility also entertains the same relations to consumption that all other commodities do. If it is consumed individually, its value is used up in consumption; if it is consumed productively by entering into the process of production of the transported commodities, its value is added to that of the commodity. The formula for the transportation industry would, therefore, be  $M-C...P-M'$ , since it is the process of production itself which is paid for and consumed, not a product distinct and separate from it. This formula has almost the same form as that of the precious metals, only with the difference, that in this case  $M'$  represents the changed form of the utility resulting during the process of production, while in the case of the precious metals it represents the natural form of the gold or silver obtained in this process and transferred from it to other stages.

Industrial capital is the only form of existence of capital, in which not only the appropriation of surplus value or surplus product, but also its creation is a function of capital. Therefore it gives to production its capitalist character. Its existence includes that of class antagonisms between capitalists and laborers. To the extent that it assumes control over social

production, the technique and social organization of the labor process are revolutionized and with them the economic and historical type of society. The other classes of capital, which appear before industrial capital amid past or declining conditions of social production, are not only subordinated to it and suffer changes in the mechanism of their functions corresponding to it, but move on it as a basis, live and die, stand and fall with this basis. Money-capital and commodity-capital, so far as they still persist as independent branches of industry along with industrial capital, are nothing but modes of existence of different functional forms either assumed or discarded by industrial capital in the sphere of circulation, made independent and developed one-sidedly by the social division of labor.

The cycle  $M...M'$  on one side intermingles with the general circulation of commodities, proceeds from it and flows back into it, is a part of it. On the other hand, it is for the individual capitalist an independent movement of his capital value, taking place partly within the general circulation of commodities, partly outside of it, but always preserving its independent character. For in the first place, its two phases taking place in the sphere of circulation,  $M-C$  and  $C'-M'$ , have functionally different characters as functions of capital circulation. In  $M-C$ , the commodity  $C$  is composed of labor-power and means of production; in  $C'-M'$ , capital value is realized plus surplus-value. In the second place, the process of production,  $P$ , includes productive consumption. In the third place, the return of money to its starting point makes of the cycle  $M...M'$  a process of circulation complete in itself.

Every individual capital is therefore, on the one hand, in its two phases  $M-C$  and  $C'-M'$ , an active element in the general circulation of commodities, with which it is connected either as money or as a commodity. Thus it forms a link in the general chain of metamorphoses in the world of commodities. On the other hand, it goes through its own independent circulation within the general circulation. Its independent circulation passes through the sphere of production and returns to its starting point in the same form in which it left that point. Within its own circulation, which includes its natural metamorphosis in the process of production, it changes at the same time its value. It returns not only as the same money-value, but as an increased money-value.

Let us finally consider  $M-C...P...C'-M'$  as a special form of the process of circulation of capital, apart from the other forms which we shall analyze

later. It is distinguished by the following points:

It appears as the circulation of money-capital, because industrial capital in its money form, as money-capital, forms the starting and terminal point of its total process. The formula itself expresses the fact that money is not expended as money at this stage, but advanced as the money-form of capital. It expresses furthermore that exchange-value, not use-value, is the determining aim of this movement. Just because the money-form of this value is its tangible and independent form, the compelling motive of capitalist production, the making of money, is most fittingly expressed by the circulation formula  $M...M'$ . The process of production appears merely as an indispensable and intermediate link, as a necessary evil of money-making. All nations with a capitalist mode of production are seized periodically by a feverish attempt to make money without the mediation of the process of production.

The stage of production, the function of  $P$ , represents an interruption of the two phases of circulation  $M-C...C'-M'$ , which in their turn represent links in the simple circulation  $M-C-M'$ . The process of production appears formally and essentially in circulation as that which is typical of capitalist production, that is to say as a mere means of utilizing previously advanced values. The accumulation of wealth is the purpose of production.

Since the series of phases is opened by  $M-C$ , the second link of the circulation is  $C'-M'$ . In other words, the starting point is  $M$ , or the money-capital to be utilized, the terminal point  $M'$ , or the utilized money-capital  $M$  plus  $m$ , in which  $M$  figures together with its offspring  $m$ . This distinguishes the circulation of  $M$  from that of the two other cycles  $P$  and  $C'$ , in two ways. On one side, its two extremes are represented by the money-form. And money is the tangible form of value, the value of the product in its independent form, in which every trace of the use-value of the commodities has been extinguished. On the other side, the formula  $P...P$  is not necessarily transformed into  $P...P'$  ( $P$  plus  $p$ ), and in the form  $C-C'$ , no difference in value is visible between the two extremes. It is, therefore, characteristic for the formula  $M-M'$  that capital value is its starting point, and utilized capital value its terminal point, so that advanced capital value appears as the means, and utilized capital value as the end of the entire operation. And furthermore, this relation is expressed in the form of money, in the form of independent value, so that money-capital is money generating more money. The generation of surplus-value by value is not only expressed as the Alpha

and Omega of the process, but more explicitly in the form of glittering money.

Since  $M'$ , the money-capital realized as a result of  $C'-M'$ , the supplementary and concluding form of  $M-C$ , has absolutely the same form in which it began its first circulation, it can immediately begin the same circulation over again as an increased (accumulated) money-capital, or as  $M'$  equal to  $M$  plus  $m$ . And it is not expressed in the formula  $M-M'$  that, in the repetition of the cycle, the circulation of  $m$  separates from that of  $M$ . Considered in its complete form, the circulation of money capital expresses simply the process of utilization and accumulation. The consumption in it is productive consumption, as shown by the formula  $M-C$  and it is only this which is included in this circulation of individual capital.  $M-L$  means  $L-M$ , or  $C-M$ , on the part of the laborer. It is therefore the first phase of circulation which promotes his individual consumption, thus:  $L-M-C$  (means of subsistence). The second phase,  $M-C$ , no longer falls within the circulation of individual capital, but it is initiated by individual capital and an indispensable premise for it, since the laborer must above all live and maintain himself by individual consumption, in order to be always on the market for exploitation by the capitalist. But this consumption is here only assumed as the indispensable condition for the productive consumption of labor power by capital, and it is, therefore, considered only in so far as it preserves and reproduces his labor power by means of his individual consumption. But the means of production  $P_m$ , the commodities proper which enter into the circulation of capital, are only material feeding the productive consumption. The act  $L-M$  promotes the individual consumption of the laborer, the transformation of means of subsistence into flesh and blood. It is true, that the capitalist must also be present, must also live and consume in order to perform the function of a capitalist. To this end, he has, indeed, but to consume in the same way as the laborer, and this is all that is assumed in this form of the circulation process. But it is not formally expressed, since the term  $M'$  concludes the formula and indicates that it may at once re-enter on its function of increased money-capital.

In the formula  $C'-M'$ , the sale of  $C'$  is directly indicated; but this sale  $C'-M'$  on the part of one is  $M-C$ , or the purchase of commodities, on the part of another, and in the last analysis a commodity is bought only for its use-value, in order to enter (leaving intermediate sales out of consideration) into the process of consumption, and this may be either productive or

individual consumption, according to the nature of the commodity. But this consumption does not enter into the circulation of individual capital, the product of which is  $C'$ . This product is eliminated from this circulation from the moment that it is sold.  $C'$  is explicitly produced for consumption by others. For this reason we note that certain spokesmen of the mercantile system (which is based on the formula  $M-C...P...C'-M'$ ) deliver lengthy sermons to the effect that the individual capitalist should consume only in his capacity as a worker, that capitalist nations should let other and less intelligent nations consume their own and other commodities, and that a capitalist nation should devote itself for life to the productive consumption of commodities. These sermons frequently remind us in form and content of analogous ascetic exhortations of the fathers of the church.

The rotation process of capital is therefore a combination of circulation and production, it includes both. In so far as the two phases  $M-C$  and  $C'-M'$  are processes of circulation, the rotation of capital is a part of the general circulation of commodities. But in so far as they are definite sections performing a peculiar function in the rotation of capital, which combines the spheres of circulation and production, capital goes through its own circulation in the general circulation of commodities. The general circulation of commodities serves capital in its first stage as a means of assuming that form in which it can perform the function of productive capital; in its second stage, it serves to eliminate the commodity function in which capital cannot renew its circulation; at the same time it enables capital to separate its own circulation from that of the surplus-value created by it.

The circulation of money-capital is therefore the most one-sided, and thus the most convincing and typical form of the circulation of industrial capital. Its aim and compelling motive, the utilization of value, the making and accumulation of money, is thus most clearly revealed. Buying in order to sell dearer is its slogan. The first phase  $M-C$  also indicates the origin of the elements of productive capital in the commodity market, or more generally, the dependence of the capitalist mode of production on circulation, on commerce. The circulation of money-capital is not merely the production of commodities; it is itself possible only through circulation of commodities and based on it. This is plain from the fact that the term  $M$  belongs to circulation and represents the first and most typical form of

advanced capital-value. This is not the case in the other two forms of circulation.

The circulation of money-capital always remains the general expression of industrial capital, because it always implies the utilization of the advanced value. In P...P, the money-character of capital is shown only in the price of the elements of production as a value expressed in money-terms for the purpose of calculation and book-keeping.

M...M' becomes a special form of the circulation of industrial capital when new capital is first advanced in the form of money and then returned in the same form, either in passing from one branch of industry to another, or in the case that industrial capital retires from business. This includes the capital function of the surplus-value first advanced in the form of money, and becomes most evident when surplus-value performs a function in some other business than the one in which it originated. M...M' may be the first circulation of a certain capital; it may be the last; it may be regarded as the form of the total social capital; it is that form of capital which is newly invested, either as a recently accumulated capital in the form of money, or as some old capital which is entirely transformed into money for the purpose of transfer from one branch of industry to another.

Being a form always contained in all circulations, money-capital performs this circulation precisely for that part of capital which produces surplus-value, viz., variable capital. The normal form of an advance in wages is payment in money; this process must be renewed in short intervals, because the laborer lives from hand to mouth. In his relation to the laborer, the capitalist must therefore always be a money-capitalist, and his capital must be money-capital. There can be no direct or indirect balancing of accounts in this case, such as we find in the purchase of means of production or in the sale of productive commodities, where the greater part of the money capital really exists in the form of commodities, while the money is mainly used for purposes of calculation and figures in cash only in the balancing of accounts. On the other hand, a part of the surplus-value arising out of variable capital is spent by the capitalist for his individual consumption, which is a part of the retail trade, and this surplus-value is in the last analysis always expended in the form of money. It does not matter how large or small may be this part of surplus-value. Variable capital always appears anew as money-capital invested in wages (M-L) and m as surplus-value which may be expended for the individual consumption of the

capitalist. So that M, capital advanced for wages, and m, its increment, are necessarily held and spent in the form of money.

The formula  $M-C...P...C'-M'$ , with its result  $M'$  equal to  $M$  plus  $m$ , is, in a certain sense, deceptive, owing to the existence of the advanced and surplus-value in the form of the general equivalent, money. The emphasis in this formula is not on the utilization of value, but on the money-form of this process, on the fact that more money-value is finally drawn out of the circulation than had originally been advanced; in other words, the emphasis is on the multiplication of the amount of gold and silver belonging to the capitalist. The so-called monetary system is merely the expression of the abstract formula  $M-C-M'$ , a movement which takes place exclusively in the circulation. And this system cannot explain the two phases  $M-C$  and  $C-M'$  in any other way than by declaring that  $C$  is sold above its value in the second phase and thus draws more money out of the circulation than was put into it in its purchase. But if  $M-C...P...C'-M'$  becomes the exclusive form of circulation, it is the basis of a more highly developed mercantile system, in which not only the circulation of commodities, but also their production, is recognized as a necessary element.

The illusive character of  $M-C...P...C'-M'$  and the resulting illusive interpretation always appear, whenever this form is considered as rigid, not as a flowing and ever renewed movement; in other words, they appear whenever this formula is considered not as one section of circulation, but as the exclusive form of circulation. But it itself points toward other forms.

In the first place, this entire circulation is conditioned on the capitalist character of the process of production, and considers it and the specific social conditions created by it as the basis.  $M-C$  is equal to  $M-C$  but  $M-L$  assumes the existence of the wage laborer, and regards the means of production as parts of productive capital. It assumes, therefore, that the process of labor and of utilization, the process of production, is a function of capital.

In the second place, if  $M...M'$  is repeated, the return to the money-form is just as transient as the money-form in the first phase.  $M-C$  disappears and makes room for  $P$ . The recurrent advance of money-capital and its equally persistent return in the form of money appear merely as passing moments in the general circulation.

In the third place; the repeated formula has this form:  $M-C...P...C'-M'$ .  $M-C...P...C'-M'$ .  $M-C...P...etc.$

Beginning with the second repetition of the circulation, the cycle  $P...C'-M'.M-C...P$  appears, before the second circulation of  $M$  is completed, and all other cycles may be considered under the form of  $P...C'-M-C...P$ , so that the first phase of the first circulation is merely the passing introduction for the constantly repeated circulation of the productive capital. And this is indeed the case for the first time in the investment of industrial capital in the form of money.

On the other hand, before the second circulation of  $P$  is completed, the first circulation, that of the commodity-capital, as shown in the formula  $C'-M'.M-C...P...C'$  (or abridged  $C'...C'$ ) has preceded. Thus the first form already contains the other two, and the money-form disappears, so far as it is a general equivalent and not merely an expression of value used for calculation.

Finally, if we consider some newly invested capital going for the first time through the circulation  $M-C...P...C'-M'$ , then  $M-C$  is the introductory phase, the preparation for the first process of production undertaken by this capital. This phase  $M-C$  is not considered as existing, but is caused by the requirements of the process of production. But this applies only to this individual capital. The general form of the circulation of industrial capital is the circulation of money-capital, whenever the capitalist mode of production exists and with it the social conditions corresponding to it. It is therefore the capitalist mode of production which is the first condition for the circulation of money-capital, and if it is not assumed for the first phase of a newly invested industrial capital, it is certainly assumed for all others. The continuous movement of this process of production requires the persistent renewal of the cycle  $P...P$ . Even the first stage,  $M-C$ , reveals this basic condition. For it requires on one side the existence of the wage-working class. On the other side, that which is  $M-C$  for the buyer of means of production, is  $C'-M'$  for their seller. Hence  $C'$  presupposes the existence of commodity-capital, and thus of commodities as the result of capitalist production, and this implies the function of productive capital.

## CHAPTER II. THE ROTATION OF PRODUCTIVE CAPITAL.

The rotation of productive capital has the general formula  $P...C'-M'-C...P$ . It signifies the periodical renewal of the function of productive capital, in other words its reproduction, or its process of production as a reproductive process generating surplus-value. It is not only production, but a periodical reproduction of surplus-value; it is the function of industrial capital in its productive form, and this function is not performed merely once, but periodically so that the terminal point of one cycle is the starting point of another. A portion of  $C'$  may re-enter directly into the same labor process as means of production out of which it came in the form of commodities (for instance, in various branches of investment of industrial capital). This merely does away with the transformation of its value into money proper, or token-money, or else it finds an independent expression merely in calculation. This part of value does not enter into the circulation. Thus it is that values enter into the process of production which do not enter into circulation. The same is also true of that part of  $C'$  which is consumed by the capitalist, and which represents surplus-value in the form of means of consumption, in their natural state. But this is inconsiderable for capitalist production. It deserves consideration, if at all, only in agriculture.

Two things are at once apparent in this form.

In the first place, while in the first form,  $M...M'$ , the process of production, a function of  $P$ , interrupts the circulation of money-capital and acts only as a mediator between its two phase  $M-C$  and  $C'-M'$ , it is the entire circulation process of industrial capital, its entire movement within the sphere of circulation, which intervenes here and forms the connecting link between productive capitals, which begin the circulation at one extreme and close it at another, only to make this last extreme the starting point of a new cycle. Circulation proper appears but as an instrument promoting the periodic renewal, and thus the continuous reproduction, of productive capital.

In the second place, the entire circulation assumes a form which is the reverse of that which it has in the circulation of money-capital. While the circulation of money-capital proceeds after the formula  $M — C — M$  ( $M —$

C. C — M), making exception of the determination of value, it proceeds in the case of productive capital, making the same exception, after the formula C — M — C (C — M. M — C). which is the form of the simple circulation of commodities.

#### Simple Reproduction.

Let us first consider the process C' — M' — C, which takes place between the two extremes P...P.

The starting point of this circulation is the commodity-capital C', equal to C plus c, or equal to P plus c. The function of commodity-capital C' — M' has been considered in the first form of the circulation. It consisted in the realization of the capital-value P, contained in it, which now exists as a part of the commodity C, and likewise in the realization of the surplus-value contained in it, which now exists as a part of the same mass of commodities C and has the value of c. But in the former case, this function formed the second phase of the interrupted circulation and the concluding phase of the entire cycle. In the present case, it forms the second phase of the cycle, but the first phase of the circulation. The first cycle ends with M', and since M' as well as the original M may again open the second cycle as money-capital, it was not necessary for the moment to analyze whether the parts of M', viz., M and m (surplus-value) continue in their course together, or whether each one of them pursues its own course. This would only have been necessary, if we had followed up the first cycle in its renewed course. But in studying the cycles of productive capital, this point must be decided, because the determination of its very first cycle depends on it, and because C' — M' appears in it as the first phase of circulation which has to be supplemented by M — C. It depends on the outcome of this decision, whether our formula represents the simple reproduction, or reproduction on an enlarged scale. The character of the cycle changes according to this decision.

Let us, then, take first the simple reproduction of productive capital, assuming that the conditions are the same as those taken for a basis in the first chapter, and that the commodities are bought and sold at their value. Under these conditions, the entire surplus-value enters into the individual consumption of the capitalist. As soon as the transformation of the commodity-capital C' into money has taken place, that part of the money which represents the capital-value continues in the cycle of industrial capital; the other part, which represents surplus-value in the form of gold,

enters into the general circulation of commodities as a circulation of money emanating from the capitalist but taking place outside of the circulation of his individual capital.

In our illustration, we had a commodity-capital  $C'$  of 10,000 pounds of yarn, valued at 500 pounds sterling; 422 pounds sterling of this represent the value of productive capital and continue, as the money-form of 8,440 pounds of yarn, the capital circulation begun by  $C'$ , while the surplus-value of 78 pounds sterling, as the money-form of 1,560 pounds of yarn, the surplus-product, leaves this circulation and describes its own separate course within the general circulation of commodities.

$$C' \left( \begin{array}{c} C \\ \dagger \\ c \end{array} \right) \dots\dots \left( \begin{array}{c} M \\ \dagger \\ m \end{array} \right) \dots\dots C \left( \begin{array}{c} L \\ P_m \end{array} \right)$$

The formula  $m — c$  represents a series of purchases by means of money which the capitalist spends either in commodities proper or for personal services to his cherished self or family. These purchases are made piecemeal at various times. Money, therefore, exists temporarily in the form of a supply, or hoard, of money destined for gradual consumption, for money interrupted in its circulation partakes of the nature of a hoard. Its function as a circulating medium, including that of a temporary hoard, does not share in the circulation of capital having the form of money  $M$ . This money is not advanced, but spent.

We have assumed that the advanced total capital always passed entirely from one of its phases into the other. In this case, we, therefore, assume that the mass of commodities produced by  $P$  represents the total value of the productive capital  $P$ , or 422 pounds sterling plus 78 pounds sterling of surplus-value created in the process of production. In our illustration, which deals with an easily analyzed commodity, the surplus-value exists in the form of 1,560 pounds of yarn; if computed on the basis of one pound of yarn, it would exist in the form of 2.496 ounces. But if the commodity were, for instance, a machine valued at 500 pounds sterling and representing the same division of values, one part of the value of this machine would indeed be represented by 78 pounds sterling of surplus-value, but these 78 pounds sterling would exist only in the machine as a whole. This machine cannot be

divided into capital-value and surplus-value without breaking it to pieces and thus destroying, with its use-value, also its exchange-value. For this reason the two parts of value can be represented only ideally as portions of a mass of commodities, not as independent elements of the commodity  $C'$ , such as we are able to distinguish in each pound of yarn in the 10,000 pounds of our illustration. In the case of the machine, the total commodity representing the commodity-capital must be sold before  $m$  can enter into its independent circulation. On the other hand, when the capitalist has sold 8,440 pounds of yarn, the sale of the remaining 1,560 pounds of yarn would represent an entirely separate circulation of the surplus-value in the form of  $c$  (1,560 pounds of yarn) —  $m$  (78 pounds sterling) equal to  $c$  (articles of consumption). But the elements of value of each individual portion of yarn in the 10,000 pounds may be individually separated and valued the same as the total quantity of yarn. Just as the entire 10,000 pounds of yarn may be divided into the value of the constant capital  $c$  (7,440 pounds of yarn worth 372 pounds sterling), variable capital  $v$  (1,000 pounds of yarn worth 50 pounds sterling, and surplus-value  $s$  (1,560 pounds of yarn worth 78 pounds sterling), so every pound of yarn may be divided into  $c$  (11.904 ounces of yarn worth 8.929 d.),  $v$  (1.600 ounces of yarn worth 1.200 d.), and  $s$  (2.496 ounces of yarn worth 1.872 d.). The capitalist might also sell various portions of the 10,000 pounds of yarn successively and consume the different portions of surplus-value contained in them in the same way, thus realizing gradually the sum of  $c$  plus  $v$ . But this operation likewise requires the final sale of the entire lot, so that the value of  $c$  plus  $v$  would be made good by the sale of 8,440 pounds of yarn (vol. I, chap IX, 2).

However that may be, by the movement  $C' — M'$ , both the capital-value and surplus-value contained in  $C'$  secure a separate existence in separate sums of money. In both cases,  $M$  and  $m$  are actually transformed values, which had originally only an ideal existence in  $C$  as prices of commodities.

The formula  $c — m — c$  represents the simple circulation of commodities, the first phase of which,  $c — m$ , is included in the circulation of the commodity-capital  $C' — M'$ , in short, included in the cycle of capital; while its supplementary phase  $m — c$  falls outside of this cycle and is a separate process in the general circulation of commodities. The circulation of  $C$  and  $c$ , of capital-value and surplus-value, is differentiated after the transformation of  $C'$  into  $M'$ . Hence it follows:

First, by the realization on the commodity-capital in the process  $C' — M'$ , or  $C' — (M+m)$ , the courses of capital-value and surplus-value, which are united so long as they are both embodied in the same mass of commodities in  $C' — M'$ , are separated, for both of them henceforth appear in two independent sums of money.

Second, after this separation has taken place,  $m$  being spent as the income of the capitalist, while  $M$  continues its way as a functional form of capital-value in a course determined by this cycle, the movement  $C' — M'$  in connection with the subsequent movements  $M — C$  and  $m — c$ , may be represented in the form of two different circulations, viz.:  $C — M — C$  and  $c — m — c$ , and both of these, so far as their general form is concerned, belong to the general circulation of commodities.

By the way, in the case of commodities which cannot be cut up into their constituent parts, it is a matter of practice to isolate their different portions of value and surplus-value ideally. In the building-business of London, for instance, which is carried on mainly on credit, the contractor receives advances in proportion to the different stages in which the construction of a house proceeds. None of these stages is a house, but only an actually existing fraction of the growing house; in spite of its actuality, each stage is but an ideal portion of the entire house, but it is real enough to serve as security for an additional advance. (See on this point chapter XII, vol. II.)

Third, if the movement of capital-value and surplus-value, which proceeds unitedly so long as they are in the form of  $C$  and  $M$ , is separated only in part (so that a portion of the surplus-value is not spent as income), or is not separated at all, a change takes place in the capital-value itself within its own cycle, before it is completed. In our illustration the value of the productive capital was equal to 422 pounds sterling. If it continues its cycle  $M-C$ , for instance as 480 pounds sterling or 500 pounds sterling, then it goes through the further stages of its cycle with an increase of 58 pounds sterling or 78 pounds sterling over its original value. This change may also go hand in hand with a change in the proportion of its component parts.

$C' — M'$ , the second stage of the circulation and the final stage of cycle I ( $M...M'$ ), is the second stage in our cycle and the first in the circulation of commodities. So far as the circulation is concerned, this stage must be supplemented by  $M' — C'$ . But  $C' — M'$  has not only passed the process of utilization (in this case the function of  $P$ , the first stage), but has also realized as its result the commodity  $C'$ . The process of utilization of capital,

and the realization on the commodities which are its product, are therefore completed in  $C' — M'$ .

We have started out with simple reproduction and assumed that  $m — c$  separates entirely from  $M — C$ . Since both circulations,  $c — m — c$  as well as  $C — M — C$ , belong to the circulation of commodities, so far as their general form is concerned (and do not show, for this reason, any difference in the value of their extremes), it is easy to conceive of the process of capitalist production, after the manner of vulgar economy, as a mere production of commodities, of use-value destined for consumption of some sort, which the capitalist produces for no other purpose than that of getting in their place commodities with different use-values, or exchanging them, as vulgar economy erroneously states.

$C'$  appears from the very outset as commodity-capital, and the purpose of the entire process, the accumulation of wealth, does not exclude an increasing consumption on the part of the capitalist in proportion as his surplus-value (and thus his capital) increases; on the contrary, it promotes such an increasing consumption.

Indeed, in the circulation of the income of the capitalist, the produced commodity  $c$ , or the ideal fraction of the commodity  $C$  corresponding to it, serves merely for its transformation, first into money, and from money into a number of other commodities required for individual consumption. But we must not, at this point, overlook the trifling circumstance that  $c$  is that part of the commodity-value which did not cost the capitalist anything, since it is the embodiment of surplus-labor and steps originally on the stage as a part of the commodity-capital  $C'$ . This  $c$  is, by the varying nature of its existence, bound to the cycle of circulating capital-value, and if this cycle is clogged, or otherwise disturbed, not only the consumption of  $c$  is restricted or entirely arrested, but also the disposal of that series of commodities which are to take the place of  $c$ . The same is true in the case that the movement  $C' — M'$  is a failure, or that only a part of  $C'$  is sold.

We have seen that  $c — m — c$ , as representing the circulation of the revenue of the capitalist, enters into the circulation of capital only so long as  $c$  is a part of the value of  $C'$ , of the commodity-capital; but that, as soon as it materializes in the form of  $m — c$ , that is to say, as soon as it completes the entire cycle  $c — m — c$ , it does not enter into the movements of the capital advanced by the capitalist, although this advance is its cause. It is connected with the movements of capital only in so far as the existence of

capital presupposes the existence of the capitalist, and this is conditioned on the consumption of surplus-value by the capitalist.

Within the general circulation,  $C'$ , for instance yarn, passes only as a commodity; but as an element in the circulation of capital it performs the function of commodity-capital, and capital-value alternately assumes and discards this form. After the sale of the yarn to a merchant, it has passed out of the circulation of the capital which produced it, but nevertheless, as a commodity, it moves always in the cycle of the general circulation. The circulation of one and the same mass of commodities continues, although it may have ceased to be an element in the independent cycle of the capital of the manufacturer. Hence the actual and final metamorphosis of the mass of commodities thrown into circulation by the capitalist by means of  $C — M$ , their final elimination in consumption, may be separated in space and time from that metamorphosis in which this same mass of commodities performs the function of commodity-capital. The same metamorphosis which has been completed in the circulation of capital still remains to be accomplished in the sphere of the general circulation.

This state of things is not changed by the transfer of this yarn to the cycle of some other industrial capital. The general circulation comprises as much the interrelations of the various independent fractions of social capital, in other words, the totality of the individual capitals, as the circulation of those values which are not thrown on the market as capital, but enter into individual consumption.

The different relations in the cycle of capital, according to whether it is a part of the general circulation, or forms certain links in the independent cycles of capital, may be further understood when we consider the circulation of  $M'$ , or of  $M$  plus  $m$ .  $M$  as money-capital, continues the cycle of capital. On the other hand  $m$ , spent as revenue in the act  $m — c$ , enters into the general circulation, but is eliminated from the cycle of capital. Only that part enters the capital cycle which performs the function of additional money-capital. In  $c — m — c$ , money serves only as coin, and the purpose of this circulation is the individual consumption of the capitalist. It is significant for the idiocy of vulgar economy that it pretends to regard this circulation, which does not enter into the circulation of capital but is merely the circulation of that part of the surplus-product which is consumed as revenue, as the characteristic cycle of capital.

In its second phase,  $M — C$ , the capital-value  $M$  (which is equal to  $P$ , the value of the productive capital that at this point re-opens the cycle of industrial capital) is again present, delivered of its surplus-value. Therefore it has once more the same magnitude which it had in the first stage of the cycle of money-capital,  $M — C$ . In spite of the different place at which we now find it, the function of money-capital, into which form the commodity-capital has now been transformed, is the same: Transformation into  $P_m$  and  $L$ , into means of production and labor-power.

Simultaneously with  $c — m$ , capital-value in the function of commodity-capital ( $C' — M'$ ) has also gone through the phase  $C — M$ , and enters now into the supplementary phase  $M — C$ . Its complete circulation is, therefore,  $C — M — C P_m$ .

First: Money-capital  $M$  appeared in cycle I ( $M...M'$ ) as the original form in which capital-value is advanced; it appears at the very outset as a part of that sum of money into which commodity-capital transformed itself in the first phase of circulation,  $C' — M'$ . It is from the beginning the transformation of  $P$  by means of the sale of commodities into the money-form. Money-capital exists here as that form of capital-value which is neither its original nor its final one, since the phase  $M — C$ , which supplements the phase  $C — M$ , can only be completed by again discarding the money-form. Therefore, that part of  $M — C$  which is at the same time  $M — L$  appears now no longer as a mere advance of money in the purchase of labor-power, but also as an advance by means of which the same 1,000 pounds of yarn, valued at 50 pounds, which form a part of the commodity-value created by labor-power, are given to the laborer in the form of money. The money thus advanced to the laborer is merely a transformed equivalent of a fraction of the value of the commodities produced by himself. And for this very reason, the act  $M — C$ , so far as it means  $M — L$ , is by no means simply a replacement of a commodity in the form of money by a commodity in the form of a use-value, but it includes other elements which are in a way independent of the general circulation of commodities.

$M'$  appears as a changed form of  $C'$ , which is itself a product of a previous function of  $P$ , of the process of production. The entire sum of money  $M$  is therefore a money-expression of past labor. In our illustration, 10,000 pounds of yarn (worth 500 pounds sterling), are the product of the spinning process. Of this quantity, 7,440 pounds represent the advanced constant capital  $c$  (worth 372 pounds sterling); 1,000 pounds represent the

advanced variable capital  $v$  (worth 50 pounds sterling); and 1,560 pounds represent the surplus-value  $s$  (worth 78 pounds sterling). If in  $M'$ , only the original capital of 422 pounds sterling is again advanced, other conditions remaining the same, then the laborer receives next week, in  $M - L$ , only a part of the 10,000 pounds of yarn produced in this week (the money-value of 1,000 pounds of yarn). As a result of  $C - M$ , money is always the expression of past labor. If the supplementary act  $M - C$  takes place at once on the commodity-market and  $M$  is given in return for commodities existing in this market, then this act is again a transformation of past labor from the money-form into the commodity-form. But  $M - C$  differs in the matter of time from  $C - M$ . True, these two acts may exceptionally take place at the same time, for instance when the capitalist who performs the act  $M - C$  and the other capitalist for whom this act signifies  $C - M$  mutually ship their commodities at the same time and  $M$  is used only to square the balance. The difference in time between the performance of  $C - M$  and  $M - C$  may be considerable or insignificant. Although  $M$ , as the result of  $C - M$ , represents past labor, it may, in the act  $M - C$ , represent the changed form of commodities which are not as yet on the market, but will be thrown upon it in the future, since  $M - C$  need not take place until  $C$  has been produced anew  $M$  may also stand for commodities which are produced simultaneously with the  $C$  whose money-expression  $M$  is; for instance, in the movement  $M - C$  (purchase of means of production), coal may be bought before it has been mined. In so far as  $m$  represents an accumulation of money which is not spent as revenue, it may stand for cotton which will not be produced until next year. The same holds good of the revenue of the capitalist represented by  $m - c$ . It also applies to wages, in this case to  $L$  equal to 50 pounds sterling; this money is not only the money-form of the past labor of the laborers, but at the same time a draft on simultaneously performed labor or on future labor. The laborer may buy for his wages a coat which will not be made until next week. This applies especially to the vast number of necessary means of subsistence which must be consumed almost as soon as they have been produced, to prevent their being spoiled. Thus the laborer receives in the money which represents his wages the changed form of his own future labor or that of others. By means of a part of the laborer's past labor, the capitalist gives him a draft on his own future labor. It is the laborer's simultaneous or future labor which represents the

not yet existing supply that will pay for his past labor. In this case, the idea of the formation of a supply disappears altogether.

Second: In the circulation  $C — M — C$  the same money changes places twice; the capitalist first receives it as a seller and gives it away as a buyer; the transformation of commodities into the money-form serves only for the purpose of retransforming it from money into commodities; the money-form of capital, its existence as money-capital, is therefore only a passing factor in this movement; or, so far as the movement proceeds, money-capital appears only as a circulating medium when it serves to buy things; on the other hand, money-capital performs the function of a paying medium when capitalists buy mutually from one another and square only the balance of their accounts.

Third: The function of money-capital, whether it is a mere circulating medium or a paying medium, mediates only the renewal of  $C$  by  $L$  and  $P_m$ , that is to say, the renewal of the commodities produced by productive capital, such as yarn (after deducting the surplus-value used as revenue), out of its constituent elements, in other words, the retransformation of capital-value from its commodity-form into the elements constituting this commodity. In the last analysis, the function of money-capital mediates only the retransformation of commodity-capital into productive capital.

In order that the cycle may be completed normally,  $C'$  must be sold at its value and completely. Furthermore,  $C — M — C$  does not signify merely the replacing of one commodity by another, but also the replacing of the same relative values. We assume that this takes place here. As a matter of fact, however, the values of the means of production vary; it is precisely capitalist production which has for its characteristic a continuous change of value-relations, and this is conditioned on the ever changing productivity of labor, which is another characteristic of capitalist production. This change in the value of the factors of production will be discussed later on, and we merely refer to it here. The transformation of the elements of production into commodity-products, of  $P$  into  $C'$ , takes place in the sphere of production, while their retransformation from  $C'$  into  $P$  takes place in the sphere of circulation; it is accomplished by way of the simple metamorphosis of commodities, but its content is a phase in the process of reproduction, regarded as a whole.  $C — M — C$ , considered as a form of the circulation of capital, includes a change of substance due to this function. The process  $C — M — C$  requires that  $C$  should be identical with

the elements of production of the quantity of commodities  $C'$ , and that these elements maintain their relative proportions toward one another. It is, therefore, understood that the commodities are not only bought at their value, but also that they do not undergo any change of value during their circulation. Otherwise this process cannot run normally.

In  $M...M'$ , the factor  $M$  represents the original form of capital-value, which is discarded only to be resumed. In  $P...C' — M' — C...P$ , the factor  $M$  represents a form which is only assumed in this process and which is discarded before this process is over with. The money-form appears here only as a passing independent form of capital-value. Capital is just as anxious to assume this form in  $C'$  as it is to discard it in  $M'$  after barely assuming it, in order to again transform itself into productive capital. So long as it remains in the money-form, it does not perform the function of capital and does not, therefore, generate new values; it then lies fallow.  $M$  serves here as a circulating medium, but as a circulating medium of capital. The semblance of independence, which the money-form of capital-value possesses in the first form of the circulation of money-capital, disappears in this second form, which, therefore, is the negation of the first form and reduces it to a concrete form. If the second metamorphosis  $M — C$  meets with any obstacles — for instance, if there are no means of production in the market — the uninterrupted flow of the process of reproduction is arrested, quite as much as it is when capital in the form of commodity-capital is held fast. But there is this difference: It can remain longer in the money-form than in that of commodities. It does not cease to be money, if it does not perform the functions of money-capital; but it does cease to be a commodity, or even a use-value, if it is interrupted too long in its functions of commodity-capital. Furthermore, it is capable in its money-form, of assuming another form instead of its original one of productive capital, while it does not change places at all if held in the form of  $C'$ .

$C' — M' — C$  includes processes of circulation only for  $C'$ , and they are phases in its reproduction, but the actual reproduction of  $C$ , into which  $C'$  is transformed, is necessary for the completion of  $C' — M' — C$ . This, however, is conditioned on a process of reproduction which lies outside of the process of reproduction of the individual capital represented by  $C'$ .

In the first form,  $M — C$  prepares only the first transformation of money-capital into productive capital; in the second form, it prepares the retransformation of commodity-capital into productive capital; that is to say,



The act C' — M' requires only that C' be transformed into money, that it be sold, in order that capital-value may continue its cycles and surplus-value be consumed by the capitalist. Of course, C' is bought only because the article is a use-value and serviceable for individual or productive consumption. But if C' continues to circulate, for instance, in the hand of the merchant who has bought the yarn, this does not interfere with the continuation of the cycle of individual capital which produced the yarn and sold it to the merchant. The entire process proceeds uninterruptedly and simultaneously with the individual consumption of the capitalist and the laborer. This point is important in a discussion of commercial crises.

As soon as C' has been sold for money, it may re-enter into the material elements of the labor process, and thus of the reproductive process. Whether C' is bought by the final consumer or by a merchant, does not alter the case. The quantity of commodities produced by capitalist production depends on the scale of production and on the continual necessity for expansion following from this production. It does not depend on a predestined circle of supply and demand, nor on certain wants to be supplied. Production on a large scale can have no other buyer, apart from other industrial capitalists, than the wholesale merchant. Within certain limits, the process of reproduction may take place on the same or on an increased scale, although the commodities taken out of it may not have gone into individual or productive consumption. The consumption of commodities is not included in the cycle of the capital which produced them. For instance, as soon as the yarn has been sold, the cycle of the capital-value contained in the yarn may begin anew, regardless of what may become of the sold yarn. So long as the product is sold, everything is going its regular course from the standpoint of the capitalist producer. The cycle of his capital-value is not interrupted. And if this process is expanded — including an increased productive consumption of the means of production — this reproduction of capital may be accompanied by an increased individual consumption (demand) on the part of the laborers, since this individual consumption is initiated and mediated by productive consumption. Thus the production of surplus-value, and with it the individual consumption of the capitalist, may increase, the entire process of reproduction may be in a flourishing condition, and yet a large part of the commodities may have entered into consumption only apparently, while in reality they may still remain unsold in the hands of dealers, in other words,

they may still be actually in the market. Now one stream of commodities follows another, and finally it becomes obvious that the previous stream had been only apparently absorbed by consumption. The commodity-capitals compete with one another for a place on the market. The succeeding ones, in order to be able to sell, do so below price. The former streams have not yet been utilized, when the payment for them is due. Their owners must declare their insolvency, or they sell at any price in order to fulfill their obligations. This sale has nothing whatever to do with the actual condition of the demand. It is merely a question of a demand for payment, of the pressing necessity of transforming commodities into money. Then a crisis comes. It becomes noticeable, not in the direct decrease of consumptive demand, not in the demand for individual consumption, but in the decrease of exchanges of capital for capital, of the reproductive process of capital.

If the commodities  $P_m$  and  $L$ , into which  $M$  is transformed in the performance of its function of money-capital, in its capacity as capital-value destined for retransformation into productive capital, if, I say, those commodities are to be bought or paid at different dates, so that  $M - C$  represents a series of successive purchases or payments, then a part of  $M$  performs the act  $M - C$ , while another part persists in the form of money, and does not serve in the performance of simultaneous or successive acts  $M - C$ , until the conditions of this process itself demand it. This part of  $M$  is temporarily withheld from circulation, in order to perform its function at the proper moment. This storing of  $M$  for a certain time is a function conditioned on its circulation and intended for circulation. Its existence as a fund for purchase and payment, the suspension of its movement, the condition of its interrupted circulation, are conditions in which money performs one of its functions as money-capital. I say money-capital; for in this case the money remaining temporarily at rest is itself a part of money-capital  $M$  (of  $M' - m$  equal to  $M$ ), of that part of commodity-capital which is equal to  $P$ , of that value of productive capital from which the cycle proceeds. On the other hand, all money withdrawn from circulation has the form of a hoard. In the form of a hoard, money is thus likewise a function of money-capital, just as the function of money in  $M - C$  as a medium of purchase or payment becomes a function of money-capital. For capital-value here exists in the form of money, the money-form is a condition of industrial capital in one of its stages, prescribed by the interrelations of processes within the cycle. At the same time it is here once more obvious,

that money-capital performs no other functions than those of money within the cycle of industrial capital, and that these functions assume the significance of capital functions only by virtue of their interrelations with the other stages of this cycle.

The representation of  $M'$  as a relation of  $m$  to  $M$ , as a capital relation, is not so much a function of money-capital, as of commodity-capital  $C'$ , which in its turn, as a relation of  $c$  to  $C$ , expresses but the result of the process of production, of the self-utilization of capital which took place in it.

If the movement of the process of circulation meets with obstacles, so that  $M$  must suspend its function  $M — C$  on account of external conditions, such as the condition of the market, etc., and if it therefore remains for a shorter or longer time in its money-form, then we have once more money in the form of a hoard which it may also assume in the simple circulation of commodities, as soon as the transition from  $C — M$  to  $M — C$  is interrupted by external conditions. It is an involuntary formation of a hoard. In the present case, money has the form of fallow, latent, money-capital. But we will not discuss this point any further for the present.

In both cases, the suspension of money-capital in the form of money is the result of an interruption of its movements, no matter whether this is advantageous or harmful, voluntary or involuntary, in accord with its functions or contrary to them.

#### Accumulation and Reproduction On An Enlarged Scale.

Since the proportions of the expansion of the productive process are not arbitrary, but determined by technical conditions, the produced surplus-value, though intended for capitalization, frequently does not attain a size sufficient for its function as additional capital, for its entrance into the cycle of circulating capital-value, until several cycles have been repeated so that it must be accumulated until that time. Surplus-value thus assures the rigid form of a hoard and is, then, latent capital. It is latent, because it cannot function as capital so long as it persists in the money-form. The formation of a hoard thus appears as a phenomenon included in the process of capitalist accumulation, accompanying it, but nevertheless essentially different from it. For the process of reproduction is not expanded by latent capital. On the contrary, latent money-capital is here formed, because the capitalist producer cannot at once expand the scale of his production. If he

sells his surplus-product to a producer of gold or silver, or, what amounts to the same thing, to a merchant who imports additional gold or silver from foreign countries for a part of the national surplus-product, then his latent money-capital forms an increment of the national gold or silver hoard. In all other cases, the surplus-value, for instance the 78 pounds sterling, which were a circulating medium in the hand of the purchaser, have only assumed the form of a hoard in the hands of the capitalist. In other words, a different repartition of the national gold or silver hoard has taken place, that is all.

If the money serves in the transactions of our capitalist as a means of payment, in such a way that the commodities are to be paid for by the buyer on long or short terms, then the surplus-product intended for capitalization is not transformed into money, but into creditor's claims, into titles of ownership of a certain equivalent, which the buyer may either have in his possession, or which he may expect to possess. It does not enter into the reproductive process of the cycle any more than money which is invested in interest-bearing papers, although it may enter into the cycles of other individual industrial capitals.

The entire character of capitalist production is determined by the utilization of the advanced capital-value, that is to say, in the first instance by the production of as much surplus-value as possible; in the second place, by the production of capital, in other words, by the transformation of surplus-value into capital (see vol. I, chap. XXIV). But, as we have seen in volume I, the further development makes it a necessity for every individual capitalist to accumulate, or to produce on an enlarged scale, in order to produce more and more surplus-value, and this appears as a personal motive of the capitalist for his own enrichment. The preservation of his capital is conditioned on its continuous enlargement. But we do not revert any further to our previous analysis.

We considered first simple reproduction, and we assumed that the entire surplus-value was spent as revenue. But in reality and under normal conditions, only a part of the surplus-value can be spent as revenue, and another part must be capitalized. And it is quite immaterial, whether a certain surplus-value, produced within a certain period, is entirely consumed or entirely capitalized. In the average movement — and the general formula cannot represent any other — both cases occur. But in order not to complicate the formula, it is better to assume that the entire surplus-value is accumulated. The formula  $P \dots C' - M' - C' \dots P$  stands for

productive capital, which is reproduced on an enlarged scale and with enlarged values, and which begins its second cycle as enlarged productive capital, or, what amounts to the same, which renews its first cycle. As soon as this second cycle is begun, we have once more P as a starting point; only P is a larger productive capital than the first P was. Hence, if the second cycle begins with M' in the formula  $M - M'$ , this M' functions as M, as an advanced capital of a definite size. It is a larger money-capital than the one with which the first cycle was opened; but all relations to its growth by the capitalization of surplus-value have disappeared, as soon as it appears in the function of advanced money-capital. This origin is extinguished in its form of money-capital which begins its cycle. This also applies to P', as soon as it becomes the starting point of a new cycle.

If we compare P...P' with M...M', or with the first cycle, we find that they have not the same significance. M...M', taken by itself as an individual cycle, expresses only that M, money-capital, or industrial capital in its cycle as money-capital, is money generating more money, value generating more value, in other words, producing surplus-value. But in the cycle of P, the process of utilization is completed as soon as the first stage, the process of production, is over with, and after going through the second stage (the first stage of the circulation),  $C' - M'$ , the capital-value plus surplus-value exists already as materialized money-capital, as M', which appeared as the last extreme in the first cycle. The fact that surplus-value has been produced is registered in the first considered formula P...P by  $c - m - c$  (see expanded formula previously given). This, in its second stage, falls outside of the circulation of capital and represents the circulation of surplus-value as revenue. In this form, where the entire movement is represented by P...P and where there is no difference in value between the two extremes, the utilization of the advanced value, or the production of surplus-value, is represented in the same way as in M...M', only the act  $C' - M'$ , which appears as the last stage in  $M - M'$ , and as the second stage of the cycle, appears as the first stage of the circulation P...P.

In P...P', the term P' does not express the fact that surplus-value has been produced, but that the produced surplus-value has been capitalized, that capital has been accumulated, and that P' as distinguished from P consists of the original capital-value plus the value of capital accumulated by its movements.

M', as the closing link of M...M', and C', as it appears within all these cycles, do not express the movement, but its result, if taken by themselves: they represent the result, in the form of money or commodities of the utilization of capital-value, and capital-value therefore appears as M plus m, or C plus c, as a relation of capital-value to its surplus-value, its offspring. But whether this result appears in the form of M' or C', it is not a function of either money-capital or commodity-capital. As special and different forms corresponding to special functions of industrial capital, money-capital can perform only money functions, and commodity-capital only commodity functions. Their difference is merely that of money and commodity. Industrial capital, in its capacity of productive capital, can likewise consist only of the same elements as those of any other process of labor which creates products: on one side objective means of production, on the other labor-power as the productive element. Just as industrial capital can exist within the process of production only in a composition which corresponds to the requirements of all production, even if it is not capitalist production so it can exist in the sphere of circulation only in the two forms corresponding to it, viz., that of a commodity or of money. Now the sum of the elements of production reveals its character of productive capital at the outside by the fact that the labor-power belongs to another from whom the capitalist purchases it, just as he purchases his means of production from others who own them, so that the process of production itself appears as a productive function of industrial capital. In the same way money and commodities appear as forms of circulation of the same industrial capital, hence their functions as those of the circulation of this capital, which either introduce the function of productive capital or originate from it. The money function and the commodity function become at the same time functions of money-capital and commodity-capital for no other reason than that they enter into relationship with the functional forms through which industrial capital passes in the different stages of its process of circulation. It is, therefore, a mistake to attempt to derive the specific characters of money and commodities, and their specific functions as such, from their capital-character, and it is likewise a mistake to derive the qualities of productive capital from its existence in means of production.

As soon as M' or C' have become fixed in the relation of M plus m, or C plus c, in other words, as soon as they become parts of the relation between capital-value and its offspring surplus-value, they give expression to this

relation either in the form of money or of commodities, without changing the nature of the relation itself. This relation is not due to any qualities or functions of either money or commodities as such. In both cases the characteristic quality of capital, that of being a value generating more value, is expressed only as a result.  $C'$  is always the product of the function of  $P$ , and  $M'$  is always merely a form of  $C'$  changed in the cycle of industrial capital. As soon as the realized money-capital begins its special function as money-capital anew, it ceases to express the capital-relation conveyed by the formula  $M'$  equal to  $M$  plus  $m$ . After  $M...M'$  has been completed and  $M'$  begins the cycle anew, it no longer figures as  $M'$  but as  $M$ , even if the entire capital-value contained in  $M'$  is capitalized. The second cycle begins in our case with a money-capital of 500 pounds sterling, instead of 422 pounds in the first cycle. The money-capital, which opens the cycle, is larger by 78 pounds sterling than before; this difference exists in the comparison of one cycle with another, but it does not exist within each cycle. The 500 pounds sterling advanced as money-capital, 78 pounds of which formerly existed as surplus-value, do not play any different role than some other 500 pounds sterling by which another capitalist opens his first cycle. The increased  $P'$  opens a new cycle as  $P$ , just as  $P$  did in the simple reproduction  $P...P$ .

In the stage  $M' — C'$ , the increased magnitude is indicated only by  $C'$ , but not by  $L'$  and  $PM'$ . Since  $C$  is the sum of  $L$  and  $Pm$ , the term  $C'$  indicates sufficiently that the sum of the  $L$  and  $Pm$  contained in it is greater than the original  $P$ . In the second place, the terms  $L'$  and  $PM'$  would be incorrect, because we know that the growth of capital implies a change in the relative proportions of the values composing it, and that, with the progressive changing of this proportion, the value of  $Pm$  increases, while that of  $L$  always decreases relatively, if not absolutely.

#### Accumulation of Money

Whether or not  $m$ , the surplus-value transformed into gold, is immediately combined with the circulating capital-value and is thus enabled to enter into the cycle together with the capital  $M$  in the magnitude of  $M'$ , depends on circumstances which are independent of the mere existence of  $m$ . If  $m$  is to serve as money-capital in a second independent business, to be run by the side of the first, it is evident that it cannot be used for this purpose, unless it is of the minimum size required for it. And if it is intended to use it for the extension of the original business, the condition of

the substances composing P and their relative values likewise demand a minimum magnitude for m. All the means of production employed in this business have not only a qualitative, but also a definite quantitative relation toward one another. These proportions of the substances and of their values entering into the productive capital determine the minimum magnitude required for m, in order to be capable of transformation into additional means of production and labor-power, or only into means of production as an addition to the productive capital. For instance, the owner of a spinning loom cannot increase the number of his spindles without at the same time purchasing a corresponding number of carders and preparatory looms, apart from the increased expense for cotton and wages, which such an extension of his business demands. In order to carry this out, the surplus-value must have reached a considerable figure (one pound sterling per spindle is generally assumed for new installations). So long as m does not reach this figure, the cycle of the original capital must be repeated several times, until the sum of the successively produced surplus-values m can take part in the functions of M, in the process  $M' - C'$ . Even mere changes of detail, for instance, in the spinning machinery, made for the purpose of making it more productive, require greater expenditures for spinning material, preparatory looms, etc. In the meantime, m is accumulated, and its accumulation is not its own function, but the result of repeated cycles of P...P. Its own function consists in persisting in the form of money, until it has received sufficient additions from the outside by means of successive cycles of utilization of capital to have acquired the minimum magnitude necessary for its active function. Only when it has reached this magnitude, can it actually serve as money-capital and eventually take part in the functions of the active money-capital M as its accumulated part. But until that time it is accumulated and exists only in the form of a hoard in a process of gradual growth. The accumulation of money, the formation of a hoard, appears here as a process which accompanies temporarily the accumulation by which industrial capital expands the scale of its productive action. This is a temporary phenomenon, for so long as the hoard remains in this condition, it does not perform the function of capital, does not take part in the process of utilization, and remains a sum of money which grows only by virtue of the fact that other money, existing without the initiative of the hoard, is thrown into the same safe.

The form of a hoard is simply the form of money not in circulation. It is money interrupted in its circulation and stored up in the form of money. As for the process of forming a hoard, it is found in all systems of commodity-production, and it plays a role as an end in itself only in the undeveloped, precapitalist forms of this production. In the present case, the hoard assumes the form of money-capital, and goes through the process of forming a hoard as a temporary corollary of the accumulation of capital, merely because the money here figures as latent money-capital, and because the formation of a hoard as well as the surplus-value hoarded in the form of money represent a functionally prescribed and preliminary stage required for the transformation of surplus-value into capital actually performing its functions. It is this end which gives it the character of latent money-capital. Hence the volume, which it must have acquired before it can take part in the process of capital, is determined in each case by the values of which the productive capital is composed. But so long as it remains in the condition of a hoard, it does not perform the functions of money-capital, but is merely sterile money-capital; its functions have not been interrupted, as in a previous case, but it is as yet incapable of performing them.

We are here discussing the accumulation of money in its original and real form of an actual hoard of money. But it may also exist in the form of mere outstanding money, of credits granted by a capitalist who has sold C'. As concerns its other forms, where this latent money-capital exists in the meantime in the shape of money breeding more money, such as interest-bearing deposits in a bank, in drafts, or in bonds of some sort, these do not fall within the discussion at this point. Surplus-value realized in the form of money then performs special capital-functions outside of that cycle of industrial capital which originated it. In the first place, these functions have nothing to do with that cycle of industrial capital as such, in the second place they represent capital-functions which are to be distinguished from the functions of industrial capital and which are not yet developed at this stage.

#### Reserve Funds.

In the case which we have just discussed, surplus-value in the form of a hoard represents accumulated funds, a money-form temporarily assumed by the accumulation of capital and to that extent a condition of this accumulation. However, such accumulated funds may also perform special services of a subordinate nature, that is to say they may enter into the

circulation-process of capital, even if this process has not assumed the form of  $P — P'$ , in other words, without an expansion of capitalist reproduction.

If the process  $C' — M'$  is prolonged beyond its normal size, so that commodity-capital meets with abnormal obstacles during its transformation into the money-form, or if, after the completion of this transformation, the price of the means of production into which the money-capital is to be transformed has risen above the level occupied by it in the beginning of the cycle, the hoard held as accumulated funds may be used in the place of money-capital, or of a part of such capital. In that case, the accumulated funds of money serve as reserve funds for the purpose of counterbalancing disturbances of the circulation.

When in use as such a reserve fund, accumulated money differs from the fund of purchase or paying media discussed in the cycle  $P — P'$ . These media are a part of money-capital performing its functions, they are forms of existence of a part of capital-value in general going through the process of its circulation, and its different parts perform their functions successively at different times. In the continuous process of production, money-capital in reserve is always formed, obligations being incurred today which will not be paid until later, and large quantities of commodities being sold today, while other large quantities are not to be bought until some other day. In these intervals, a part of the circulating capital exists continuously in the form of money. A reserve fund, on the other hand, is not a part of money-capital in the performance of its functions. It is rather a part of capital in a preliminary stage of its accumulation, of surplus-value not yet transformed into active capital.

Of course, it requires no explanation, that the capitalist, when pressed for funds, does not concern himself about the definite functions of the money in his hands. He simply employs whatever money he has for the purpose of keeping the circulation-process of his capital in motion. For instance, in our illustration,  $M$  is equal to 422 pounds sterling,  $M'$  to 500 pounds sterling. If a part of the capital of 422 pounds sterling exists in the form of money as a fund for paying or buying, it is intended that all of it should enter into circulation, conditions remaining the same, and that it is sufficient for this purpose. The reserve fund, on the other hand, is a part of the 78 pounds sterling of surplus-value. It cannot enter the circulation process of the capital of 422 pounds sterling, unless this circulation takes place under changed conditions; for it is a part of the accumulated funds, and figures

here under conditions, where the scale of the reproduction has not been enlarged.

Accumulated money-funds represent latent money-capital, or the transformation of money into money-capital.

The following is the general formula for the cycle of productive capital, combining simple reproduction and reproduction on an enlarged scale:

$$P...C' — M'. M — C...P (P').$$

If P equals P, then M in 2) is equal to M' — m; if P equals P', then M in 2) is greater than M' — m, that is to say, m has been completely or partially transformed into money-capital.

The cycle of productive capital is that form, under which classical political economy discusses the rotation process of industrial capital.

## CHAPTER III. THE CIRCULATION OF COMMODITY-CAPITAL.

The general formula for the cycle of commodity-capital is:

$$C' — M' — C...P...C'$$

$C'$  appears not alone as the product, but also as the premise of the two previous cycles, since  $M — C$  includes for one capital that which  $C' — M'$  includes for the other, at least in so far as a part of the means of production represents the commodity-product of other individual capitals going through their circulation process. In our case, for instance, coal, machinery, etc., represent the commodity-capital of the mine-owner, of the capitalist machine-manufacturer, etc. Furthermore, we have shown in chapter I, IV, that not only the cycle  $P...P$ , but also the cycle  $C'...C'$  is assumed even in the first repetition of  $M...M'$ , before this second cycle of money-capital is completed.

If reproduction takes place on an enlarged scale, then the final  $C'$  is greater than the initial  $C'$  and we shall then call the final one  $C''$ .

The difference between the third form and the first two is on the one hand, that in this case the total circulation opens the cycle with its two opposite phases, while in form I the circulation is interrupted by the process of production, and in form II the total circulation with its two complementary phases appears as a connecting link for the process of reproduction, intervening as a mediating movement between  $P...P$ . In the case of  $M...M'$ , the cycle has the form  $M — C...C' — M'=M — C — M$ . In the case of  $P...P$  it has the opposite form, namely,  $C' — M' . M — C=C — M — C$ . In the case of  $C' — C'$ , it likewise has this last form.

On the other hand, when the cycles I and II are repeated, even if the final points  $M'$  and  $P'$  are at the same time the starting points of the renewed cycle, the form in which they were originally generated disappears.  $M'=M$  plus  $m$ , and  $P'=P$  plus  $p$ , begin the new cycle as  $M$  and  $P$ . But in form III, the starting point  $C$  must be designated as  $C'$ , also in the case of the renewal of the cycle on the same scale, for the following reason. As soon as  $M'$  as such opens a new cycle in the form I, it performs the functions of money-capital  $M$ , as an advance in the form of money of the capital value to be utilized. The size of the advanced money-capital, increased by the

accumulation resulting from the first cycle, is greater. But whether the size of the advanced money-capital is 422 pounds sterling or 500 pounds sterling, it nevertheless appears merely as a capital-value.  $M'$  no longer exists as a utilized capital pregnant with surplus-value, for it is still to be utilized. The same is true of  $P...P'$ , for  $P'$  must always perform the functions of  $P$ , of capital-value used for the generation of surplus-value, and must renew its cycle for this purpose.

Now the circulation of commodity-capital does not open with capital-value, but with augmented capital-value in the form of commodities. It includes from the start not only the cycle of capital-value represented by commodities, but also of surplus-value. Hence, if simple reproduction takes place in this form,  $C'$  at the starting point is equal to  $C'$  at the closing point. If a part of the surplus-value enters into the circulation of capital,  $C''$ , an enlarged  $C'$ , appears at the close, but the succeeding cycle is once more opened by  $C'$ . This is merely a larger  $C'$  than that of the preceding cycle, and it begins its new cycle with a proportionately increased accumulation of capital-value, which includes a proportionate increase of newly produced surplus-value. In every case,  $C'$  always opens the cycle as a commodity-capital which is equal to capital-value plus surplus-value.

$C'$  as  $C$  does not appear in the circulation of some individual industrial capital as a form of this capital, but as a form of some other industrial capital, so far as the means of production are its products. What is  $M — C$  (or  $M — P_m$ ) for the first capital, is  $C' — M'$  for this second capital.

In the circulation act  $M — C$  the factors  $L$  and  $P_m$  have identical relations, in so far as they are commodities in the hands of those who sell them; on the one hand the laborers who sell their labor-power, on the other hand the owners of the means of production, who sell these. For the purchaser, whose money here performs the functions of money-capital,  $L$  and  $P_m$  represent merely commodities, so long as he has not bought them, so long as they confront his money-capital in the form of commodities owned by others.  $P_m$  and  $L$  here differ only in this respect that  $P_m$  may be  $C'$ , or capital, in the hands of its owner, if  $P_m$  is the commodity-form of his capital, while  $L$  is always nothing else but a commodity for the laborer, and does not become capital, until it is made a part of  $P$  in the hand of its purchaser.

For this reason,  $C'$  can never open any cycle as a mere commodity-form of capital-value. As commodity-capital it is always the representative of

two things. From the point of view of use-value it is the product of the function of P, in the present case yarn, whose elements L and Pm, coming from the circulation, have been active in creating this product. And from the point of view of exchange-value, commodity-capital is the capital-value P plus the surplus-value m produced by the function of P.

It is only in the circulation of C' itself that C equal to P, and equal to the capital-value, can and must separate from that part of C' in which surplus-value is contained, from the surplus-product representing the surplus-value. It does not matter, whether these two parts can be actually separated, as in the case of yarn, or whether they cannot be separated, as in the case of a machine. They may always be separated, as soon as C' is transformed into M'.

If the entire commodity-product is separable into independent homogeneous parts, as is the case in our 10,000 lbs. of yarn, so that the act C' — M' is performed by means of a number of successive sales, then capital-value in the form of commodities can perform the functions of C and can be separated from C', before the surplus-value, or the entire value of C', has been realized.

In the 10,000 lbs. of yarn at 500 pounds sterling, the value of 8,440 lbs., equal to 422 pounds sterling, is separated from the surplus-value. If the capitalist sells first 8,440 lbs. at 422 pounds sterling, then these 8,440 lbs. of yarn represent C, or the capital-value, in the form of commodities. The surplus-product of 1,560 lbs. of yarn, likewise contained in C', and valued at 78 pounds sterling, does not circulate until later. The capitalist may accomplish C — M — C before the surplus product c — m — c circulates.

Or, if he sells 7,440 lbs. of yarn at 372 pounds sterling, and then 1,000 lbs. of yarn at 50 pounds sterling, he might replace the means of production (the constant capital c) with the first part of C and the variable capital v, the labor-power, with the second part of C, and then proceed as before.

But if such successive sales take place, and the conditions of the cycle permit it, the capitalist, instead of separating C' into c plus v plus s, may make such a separation also in the case of aliquot parts of C'.

For instance, 7,440 lbs, yarn, valued at 372 pounds sterling, representing a constant capital as parts of C', namely of 10,000 lbs. of yarn valued at 500 pounds sterling, may be separated into 5,535 lbs. of yarn valued at 276.768 pounds sterling, which replace the constant part, the value of the means of production used up in producing 7,440 lbs. of yarn; 744 lbs. of yarn valued

at 37.200 pounds sterling, which replace only the variable capital; and 1,160.640 lbs. of yarn valued at 58.032 pounds sterling, which are the surplus-product and represent surplus-value. If he sells his 7,440 lbs. of yarn, he can replace the capital-value contained in them after the sale of 6,279.360 lbs. of yarn at 313.968 pounds sterling, and he can spend as his revenue the value of the surplus-product of 1,160.640 pounds, or 58.032 pounds sterling.

In the same way, he may separate 1,000 lbs. of yarn, valued at 50 pounds sterling, or equal to the variable capital-value, into its aliquot part and sell them successively, as follows: 744 lbs. of yarn at 37.200 pounds sterling, for the constant capital-value of 1,000 lbs. of yarn; 100 lbs. of yarn at 5 pounds sterling, for the variable capital-value; or together 844 lbs. of yarn at 42.2 pounds sterling, for replacing the capital-value contained in 1,000 lbs. of yarn; finally, 156 lbs. of yarn at 7.8 pounds sterling representing the surplus-product contained in 1,000 lbs. of yarn, which may be spent as such.

Finally, the capitalist may divide the remaining 1,560 lbs. of yarn, valued at 78 pounds sterling, provided he succeeds in selling them, in such a way that the sale of 1,160 lbs. of yarn, valued at 58.032 pounds sterling, replaces the value of the means of production contained in those 1,560 lbs. of yarn, and 156 lbs. of yarn, valued at 7.8 pounds sterling, replaces the variable capital-value; or a total of 1,316.640 lbs. of yarn, valued at 65.832 pounds sterling, for replacing the total capital-value; finally, the surplus-product of 243.360 lbs., valued at 12.168 pounds sterling, remains, to be spent as revenue.

Just as all the elements of c, v, and s, contained in the yarn, are divisible into the same component parts, so may every individual pound of yarn, valued at 1 sh., or 12 d., be divided.

$$c = 0.744 \text{ lbs. of yarn} = 8.928 \text{ d.}$$

$$v = 0.100 \text{ lbs. of yarn} = 1.200 \text{ d.}$$

$$s = 0.156 \text{ lbs. of yarn} = 1.872 \text{ d.}$$

$$c+v+s = 1.00 \text{ lb. of yarn} = 12.00 \text{ d.}$$

If we add the results of the three above partial sales, we obtain the same result as we should when selling the entire 10,000 lbs. at one time.

We have the following parts of constant capital:

In the first lot 5,535.360 lbs. of yarn at £276.768.  
In the second lot 744.000 lbs. of yarn at £37.200.  
In the third lot 1,160.640 lbs. of yarn at £58.032.  
Total...7,440.000 lbs. of yarn at £372.000.

Furthermore, the following parts of variable capital:

In the first lot of 744.000 lbs. of yarn at £37.200.  
In the second lot 100.000 lbs. of yarn at £5.000.  
In the third lot 156,000 lbs. of yarn at £7.800.  
Total...1,000.000 lbs. of yarn at £50.000.

Finally, the following parts of surplus-value:

In the first lot 1,160.740 lbs. of yarn at £58.032.  
In the second lot 156.000 lbs. of yarn at £7.800.  
In the third lot 343.360 lbs, of yarn at £12.168.  
Total...1,560.000 lbs. of yarn at £78.000.

Grand Total:

Constant capital...	7,450 lbs. of yarn at £372.
Variable capital...	1,000 lbs. of yarn at £50.
Surplus-value...	1,560 lbs. of yarn at £78.
Total...	10,000 lbs. of yarn at £500.

C' — M' stands in itself merely for the sale of 10,000 lbs. of yarn. These 10,000 lbs. of yarn are a commodity like all other yarn. The purchaser is interested in the price of 1 sh. per lb., or 500 pounds sterling for 10,000 lbs. If he analyzes during the negotiations the different values of which this lot is composed, he does so simply with the malignant intention of proving that it can be sold at less than 1 sh. per pound and still leave a fair profit to the seller. But the quantity purchased by him depends on his own requirements. If he is, for instance, the owner of a cloth-factory, the amount of his purchase depends on the composition of his own capital invested in this plant, not on that of the owner of the yarn from whom he buys. The

conditions, in which C' has to replace on one side the capital used up in its production (or the component parts of this capital), and on the other to serve as a surplus-product for the spending of surplus-value or for the accumulation of capital, exist only in the cycle of that capital, which exists as a commodity capital in the form of 10,000 lbs. of yarn. These conditions have nothing to do with the sale itself. In the present case we have also assumed the C' is sold at its value, so that it is only a question of its transformation from the commodity-form into that of money. Of course, it is essential for C', when performing a function in the cycle of this individual capital by which the productive capital is to be replaced, that it should be known to what extent, if at all, the price and the value vary in the sale. But this does not concern us here in the discussion of the distinctions of form.

In form I, or M...M', the process of production intervenes midway between the two complementary and opposite phases of the circulation of capital, and is past before the concluding phase C' — M' begins. Money has been advanced as capital, transformed into means of production and labor power, transferred from these to the commodity-product, and this in its turn changed into money. It is a complete cycle of business, which results in money, the universal medium. The renewal of the cycle is then possible, but not necessary. M...P...M' may either be the last cycle, concluding the function of some individual capital withdrawn from business, or the first cycle of some new capital beginning its active function. The general movement is here M...M', from money to more money.

In form II, or P...C' — M' — C...P (P'), the entire circulation process follows after the first P and takes place before the second P; but it takes place in the opposite direction from that of form I. The first P is the productive capital, and its function is the productive process, on which the succeeding circulation process is conditioned. The concluding P, on the other hand, does not stand for the productive process; it is only the return of industrial capital to its form of productive capital. And it has that form by virtue of the last phase of circulation, in which the transformation of capital-value into L plus P<sub>m</sub> was accomplished, those subjective and objective factors which combine to form the productive capital. The capital, whether it be P or P', is in the end once more present in a form in which it may again perform the function of productive capital, in which it must go

through the productive process. The general form of the movement  $P...P'(P)$  is that of reproduction and does not indicate that capital is to be increased by new values, as does  $M...M'$ . This enables classic political economy to ignore so much easier the capitalistic form of the process of production and to pretend that production itself is the purpose of this process; just as though it were only a question of producing as much as possible, as cheaply as possible, and of exchanging the product for the greatest variety of other products, either for the renewal of the production ( $M - C$ ), or for consumption ( $m - c$ ). It is then quite likely that the peculiarities of money and money-capital may be overlooked, for  $M$  and  $m$  appear here merely as passing media of circulation. The entire process seems so simple and natural, but natural in the sense of a shallow rationalism. In the same way, the profit is occasionally overlooked in the commodity-capital and it is mentioned merely as a commodity when discussing the productive circulation as a whole. But as soon as the question of the values composing it comes up for discussion, it is spoken of as commodity-capital. Accumulation, of course, is seen in the same light as production.

In form III, or  $C' - M' - C...P...C'$ , the two phases of the circulation process open the cycle, in the same order which obtains in form II, or  $P...P$ ; next follows  $P$  with its function, the productive process, the same as in form I; the cycle closes with the result of the process of production,  $C'$ . While form II closes with  $P$ , the return of productive capital to its mere form, so form III closes with  $C'$ , the return of commodity-capital to its form. Just as in form II the capital, in its concluding form of  $P$ , must renew its cycle by beginning with the process of production, so in this case, where the industrial capital re-appears in the form of commodity-capital, the cycle is re-opened by the circulation phase  $C' - M'$ . Both forms of the cycle are incomplete, because they do not close with  $M'$ , that is to say with capital-value retransformed into money and utilized. Both cycles must, therefore, be continued and include the reproduction. The total cycle of form III is represented by  $C'...C'$ .

The third form is distinguished from the two first by the fact that it is the only one in which the utilized capital-value appears as the starting point of its utilization, instead of the original value which is to be utilized.  $C'$  as a capital-relation is the starting point and has a determining influence on the entire cycle, for it includes the cycle of capital-value as well as that of surplus-value in its first phase, and the surplus-value is compelled to act

partly as revenue by going through the circulation  $c — m — c$ , partly to perform the function of an element of capital accumulation, at least in the average of the cycles, if not in all of them.

In the form  $C'...C'$  the consumption of the entire commodity-product is assumed as the condition of the normal course of the cycles of capital itself. The individual consumption of the laborer and the individual consumption of the unaccumulated part of the surplus-product comprise the entire individual consumption. Hence the consumption in its totality — individual as well as productive consumption — are conditional factors in the cycle  $C'$ . Productive consumption, which includes the individual consumption of the laborer as a corollary, since labor-power is a continuous product of the laborer's individual consumption, within certain limits, is performed by every individual capital itself. Individual consumption, in so far as it is not required for the existence of the individual capitalist, is here only regarded as a social act, not as an act of the individual capitalist.

In forms I and II, the aggregate movement appears as a movement of advanced capital-value. In form III, the utilized capital, in the shape of the total commodity-product, is the starting point and has the nature of moving capital, commodity-capital. Not until the transformation into money has been accomplished, does this movement separate into movements of capital and revenue. The distribution of the total social product as well as the special distribution of the product of every individual capital for purposes of individual consumption or for reproduction, is included in the cycle of capital under this form.

In  $M...M'$ , the possible expansion of the cycle is included, and depends on the volume of  $m$  entering into the renewed cycle.

In  $P...P$ , the new cycle may be started by  $P$  with the same, or even with a smaller, value, and yet may represent a reproduction on an enlarged scale, for instance in the case where certain elements of commodities become cheaper by increased productivity of labor. On the other hand, a productive capital which has increased in value may, in the opposite case, represent a reproduction on a decreased scale with less raw material, for instance, if some elements of production have become dearer. The same is true of  $C'...C'$ .

In  $C'...C'$  capital in the form of commodities is the premise of production. It re-appears as a premise within this cycle in the second  $C$ . If this  $C$  has not yet been produced or reproduced, the cycle is arrested in its

course. This C must be reproduced, for the greater part as C' of some other industrial capital. In this cycle, C' is found as the point of departure, of transit, and of conclusion; it is always there. It is a permanent condition of the process of reproduction.

C'...C' is distinguished from forms I and II by still another feature. All three cycles have this in common, that capital begins its course in the same form in which it ends the cycle, and thus re-assumes the original form whenever it renews the same cycle. The initial form M,P,C', is always the one in which capital-value (in III together with its increment of surplus-value) is advanced, in other words always the original starting form of this cycle. The concluding form M',P,C', on the other hand, is always a changed form of a functional one, which preceded the final form in the circulation and is not the original one.

Thus M' in I is a changed form of C', the final P in II is a changed form of M, and this transformation is accomplished in I and II by a simple transaction in the circulation of commodities, by a formal change of position of commodity and money; in III, C' is a changed form of the productive capital P. But here, in III, the transformation does not merely concern the functional form of capital, but also its magnitude as a value; and in the second place, the transformation is not the result of a formal change of position pertaining to the circulation process, but of an actual modification experienced by the use-form and value of the commodity parts of productive capital in the process of production.

The forms m,P,C', at the starting end, always precede every one of the cycles I, II, III. The return of these forms at the terminal end is conditioned on the series of metamorphoses in the cycle itself. C', as the terminal product of an individual cycle of industrial capital, presupposes only that form P of the industrial capital which does not belong to the circulation, M', since the terminal point of representing the changed form of C' (C' — M'), presupposes the existence of M in the hand of the buyer, that is to say outside of the cycle M...M', but drawn into it and made it its terminal form by the sale of C'. In the same way, the final P in II presupposes the existence of L and PM(C) outside of II, but incorporated as its final form by means of M — C. But apart from this last extreme, neither the cycle of individual money-capital presupposes the existence of money-capital in general, nor the cycle of individual productive capital that of productive

capital, in these cycles. In I, M may be the first money-capital; in II, P may be the first productive capital appearing on the historical scene. But in III,

$$C' \left\{ \begin{array}{l} C \dots \left\{ \begin{array}{l} M \dots C \left\{ \begin{array}{l} L \\ P_m \end{array} \right. \dots P \dots C' \\ \dots M' \end{array} \right. \\ c \dots \left\{ \begin{array}{l} m \dots c \end{array} \right. \end{array} \right.$$

C is presupposed twice outside of the cycle. The first time, it is assumed to exist in the cycle C' — M' — C. The C in this formula, so far as it consists of P<sub>m</sub>, is a commodity in the hands of the seller; it is itself a commodity-capital, in so far as it is the product of a capitalist process of production; and even if it is not, it appears as a commodity-capital in the hands of the merchant. The second time it is assumed in c, in the formula c — m — c, where it must likewise be at hand in the form of a commodity, in order to be available for purchase. At any rate, whether they are commodity-capital or not, L and P<sub>m</sub> are commodities as well as C' and maintain towards one another the relation of commodities. The same is true of the second c in the formula c — m — c. Inasmuch as C' is equal to C (L plus P<sub>m</sub>), it is composed of commodities and must be replaced by equal commodities in the circulation. In the same way, the second c in c — m — c must be replaced by equal commodities in the circulation.

With the capitalist mode of production for a basis, as the prevailing mode, all commodities in the hands of the seller must be commodity-capital. And they retain this character in the hand of the merchant, or assume it, if they did not have it before. Or they would have to be commodities, such as imported articles, which replace some original commodity-capital by bestowing upon it another form of existence.

The commodity-elements L and P<sub>m</sub>, of which the productive capital is composed, do not possess the same form as modes of existence of P, which they have on the various commodity-markets where they are gathered. They are now combined, and so combined they can perform the functions of productive capital.

C appears as the premise of C within the cycle III, because capital in commodity-form is its starting point. The cycle is opened by the transformation of C' (in so far as it performs the functions of capital-value, whether increased by surplus-value or not) into those commodities which are its elements of production. And this transformation comprises the entire

process of circulation,  $C — M — C$  (equal to  $L$  plus  $Pm$ ), and is its result.  $C$  here stands at both extremes, but the second extreme, which receives its form  $C$  by means of  $M — C$  from the commodity-market on the outside, is not the last extreme of the cycle, but only of its two first stage comprising the process of circulation. Its result is  $P$ , which then performs its function, the process of production. It is only as the result of this process, not as that of the circulation, that  $C'$  appears as the terminal point of the cycle and in the same form as the starting point,  $C'$ . On the other hand, in  $M...M'$  and  $P...P$ , the final extremes  $M'$  and  $P$  are the immediate results of the process of circulation. In these instances, it is only  $M'$  and  $P$  which are supposed to exist at the end in the hands of another. So far as the process of circulation takes place between the extremes, neither  $M$  in the hands of another as money, nor  $P$  as the productive process of another, are the premises of these cycles. But  $C'...C'$  requires the existence of  $C$  (equal to  $L$  plus  $Pm$ ) as commodities in the hands of others who are their owners. These commodities are drawn into the cycle by the introductory process of circulation and transformed into productive capital, and as a result of the functions of this capital,  $C'$  once more appears at the end of the cycle.

But just because the cycle  $C'...C'$  presupposes for its realization the existence of some other industrial capital in the form of  $C$  (equal to  $L$  plus  $Pm$ ) — and  $Pm$  comprises various other capitals, in our case machinery, coal, oil etc., — it demands of itself that it be considered not merely as the general form of the cycle, that is to say as a social form common to every industrial capital (except when it is first invested). It is not merely a common mobile form of all industrial capitals, but also the sum of all industrial capitals in action. It is a movement of the aggregate capital of the capitalist class, in which every individual capital appears only as a part whose movements intermingle with those of the others and are conditioned on them. For instance, if we regard the aggregate of commodities annually produced in a certain country, and analyze the movements by which a part of this aggregate product replaces the productive capital in all individual businesses, while another part enters into the individual consumption of the various classes, then we consider  $C'...C'$  as the formula indicating the movements of social capital as well as of the surplus-value, or surplus-product, generated by it. The fact that the social capital is equal to the sum of the individual capitals (including the stocks and state capital, so far as governments employ productive wage-labor in mining, railroading, etc., and

perform the function of capitalists), and that the aggregate movement of social capital is equal to the algebraic sum of the movements of individual capitals, does not militate against the possibility that this movement, seen as the movement of some individual capital, may present other phenomena than the same movement studied as a part of the aggregate movement of social capital. In the latter case, when studied in connection with all its parts, the movement simultaneously solves problems, the solution of which does not follow from the study of the cycles of some individual capital, but must be taken for granted.

C'...C' is the only cycle, in which the originally advanced capital-value constitutes only a part of the value opening the movement at one extreme, and in which the movement thus reveals itself at the outset as the total movement of the industrial capital. It includes that part of the product which replaces the productive capital as well as that part which creates a surplus-product and which is on an average either spent as revenue or employed as an element of accumulation. In so far as the expenditure of surplus-value in the form of revenue is included in this cycle, the individual consumption is likewise included. The latter is furthermore included for the reason, that the starting point C, commodity, exists in the form of some article of use; but every article produced by capitalist methods is a commodity-capital, no matter whether its use-form destines it for productive or for individual consumption, or for both. M...M' indicates only the quality of value, the utilization of the advanced capital-value for the purposes of the entire process; P...P (P') indicates the process of production of capital in the form of a process of reproduction with a productive capital of the same or of increased value (accumulation); C'...C', while it indicates at the outset that it is a part of the capitalist production of commodities, comprises productive and individual consumption from the start, and productive consumption with its implied generation of more value appears only as one branch of its movement. Finally, since C' may have a use-value which cannot enter any more into any process of production, it follows as a matter of course, that the different elements of value of C' expressed by parts of the product must occupy a different position, according to whether C'...C' is regarded as the formula for the movement of the total social capital, or for the independent movement of some individual industrial capital. All these peculiarities point to the fact that this cycle implies more than the mere cycle of some individual capital.

In the formula  $C' \dots C'$ , the movement of the commodity-capital, that is to say of the total product created by capitalist methods, appears simultaneously as the premise of the independent cycle of individual capital and as its effect. If this formula is grasped in its peculiarities, then it is no longer sufficient to be content with the knowledge that the metamorphoses  $C' - M'$  and  $M - C$  are on the one hand functionally defined sections in the metamorphoses of capital, on the other links in the general circulation of commodities. It becomes necessary to follow the ramifications of the metamorphoses of one industrial capital among those of other individual capitals and with that part of the total product which is intended for individual consumption. In the analysis of an individual industrial capital, we therefore base our studies mainly on the two first formulas.

The cycle  $C' \dots C'$  appears as the movement of an individual and independent capital in the case of agriculture, where calculations are made from crop to crop. In figure II, the sowing is the starting point, in figure III the harvest, or, to speak with the physiocrats, figure II starts out with the avances, and figure III with the reprises. The movement of capital-value in III appears from the outset only as a part of the movement of the general mass of products, while in I and II the movement of  $C'$  is only a part of the movement of some individual capital.

In figure III, the commodities on the market are the continuous premise of the processes of production and reproduction. If this formula is regarded as fixed, all elements of the process of production seem to originate in the circulation of commodities and to consist only of commodities. This one-sided conception overlooks those elements of the processes of production, which are independent of the commodity-elements.

Since  $C' \dots C'$  has for its starting point the total product (total value), it follows that (making exception of foreign trade) reproduction on an enlarged scale, productivity remaining otherwise the same, can take place only when the part of the surplus-product to be capitalized already contains the material elements of the additional productive capital; so that a surplus-product is at once produced in that form which enables it to perform the functions of additional capital, so far as the production of one year can serve as the basis of next year's production, or in so far as this can take place simultaneously with the simple process of reproduction in the same year. Increased productivity can increase only the substance of capital, but

not its value; of course, it creates additional material for the generation of more value.

C'...C' is the basis of Quesnay's Tableau Economique, and it shows great discrimination on his part that he selected this form instead of P...P as opposed to M...M' (which is the isolated formula retained by the mercantilists).

## CHAPTER IV. THE THREE DIAGRAMS OF THE PROCESS OF CIRCULATION.

The three diagrams may be formulated in the following manner, using the sign Tc for “total process of circulation”:

$M — C...P...C' — M'$

$P...Tc...P$

$Tc...P (C')$

If we take all three diagrams together, all premises of the process appear as its effects, as premises produced by itself. Every element appears as a point of departure, transit, and return to the starting point. The total process appears as the unity of the processes of production and circulation. The process of production mediates the process of circulation, and vice versa.

All three cycles have the following point in common: The creation of more value as the compelling motive. Diagram I expresses this by its form. Diagram II begins with P, the process of creating surplus-values. Diagram III begins the cycle with the utilized value and closes with renewed utilized value, even if the movement is repeated on the same scale.

So far as  $C — M$  means  $M — C$  from the point of view of the buyer, and  $M — C$  means  $C — M$  from the point of view of the seller, the circulation of capital presents only the features of the ordinary metamorphosis of commodities, subject to the laws relative to the amount of money in circulation, as analyzed in volume I, chap. III, 2. But if we do not cling to this formal aspect, but rather consider the actual connection of the metamorphoses of the various individual capitals, in other words, if we study the interrelation of the cycles of individual capitals as partial movements of the process of reproduction of the total social capital, then the mere change of form between money and commodities does not explain matters.

In a continuously revolving circle, every point is simultaneously a point of departure and point of return. If we interrupt the rotation, not every point of departure is a point of return. We have seen, for instance, that not only does every individual cycle imply the existence of the others, but also that the repetition of one cycle in a certain form necessitates the rotation of this cycle through its other forms. The entire difference thus assumes a formal

aspect, it appears as a mere subjective difference made for the convenience of the observer.

In so far as every one of these cycles is studied as a special form of movement through which various individual industrial capitals are passing, their differences have but an individual nature. But in reality every individual industrial capital is contained simultaneously in all three cycles. These three cycles, the forms of reproduction assumed by the three modes of capital, rotate continuously side by side. For instance, one part of capital value which now performs the function of commodity-capital, is transformed into money-capital, but at the same time another part leaves the process of production and enters the circulation as a new commodity-capital. The cycle C'...C' is thus continuously rotating, and so are the two other forms. The reproduction of capital in each one of its forms and stages is just as continuous as the metamorphoses of these forms and their successive transition through the three stages. The entire circulation is thus actually a unit with these three forms.

We assumed in our analysis that the entire volume of capital-value acts either as money-capital, productive capital, or commodity-capital. For instance, we had those 422 pounds sterling first in the role of money-capital, then we transformed them entirely into productive capital, and finally into commodity-capital, into yarn valued at 500 pounds sterling and containing 78 pounds sterling of surplus-value. Here the various stages are so many interruptions. So long as, for instance, those 422 pounds sterling retain the form of money, that is to say until the purchases  $M - C$  (L plus  $P_m$ ) have been made, the entire capital exists only in the form of money-capital and performs its functions. But as soon as it is transformed into productive capital, it performs neither the functions of money-capital nor of commodity-capital. Its entire process of circulation is interrupted, just as on the other hand its entire process of production is interrupted, as soon as it performs any functions in one of its two circulation stages, either as M or as C. From this point of view, the cycle P..P would not only present a periodical renewal of the productive capital, but also the interruption of its function, the process of production, up to the time when the process of circulation is completed. Instead of proceeding continuously, production took place in jumps and was renewed only in periods of uncertain duration, according to whether the two stages of the process of circulation were completed fast or slowly. This would apply, for instance, to a Chinese artisan, who works only for private

customers and whose process of production is interrupted, until he receives a new order.

This is true of every individual part of capital in process of circulation, and all parts of capital pass through this circulation in succession. For instance, the 10,000 lbs, of yarn are the weekly product of some spinner. These 10,000 lbs. of yarn leave the sphere of production in their entirety and enter the sphere of circulation. The capital-value contained in them must all be converted into money-capital, and so long as it retains the form of money-capital, it cannot return into the process of production. It must first go into circulation and be reconverted into the elements of productive capital,  $L$  plus  $Pm$ . The process of rotation of capital is a succession of interruptions, leaving one stage and entering the next, discarding one form and assuming another. Every one of these stages not only cause the next, but also excludes it.

But continuity is the characteristic mark of capitalist production, conditioned on its technical basis, although not absolutely attainable. Let us see, then, what passes in reality. While the 10,000 lbs. of yarn appear on the market as commodity-capital and are transformed into money (regardless of whether it is a paying, purchasing, or calculating medium), new cotton, coal, etc., take the place of the yarn in the process of production, having been reconverted from the form of money and commodities into that of productive capital and performing its functions. At the time when these 10,000 lbs. of yarn are converted into money, the preceding 10,000 lbs. are going through the second stage of circulation and are reconverted from money into the elements of productive capital. All parts of capital pass successively through the process of rotation and are simultaneously in its different stages. The industrial capital thus exists simultaneously in all the successive stages of its rotation and in the various forms corresponding to its functions. That part of industrial capital, which is for the first time converted from commodity-capital into money, begins the cycle  $C' \dots C'$ , while industrial capital as a rotating body of aggregates, has passed through it. One hand advances money, the other receives it. The inauguration of the cycle  $M \dots M'$  at one place coincides with its return to the starting point of another. The same is true of productive capital.

The actual rotation of industrial capital in its continuity is therefore not alone the unity of the processes of production and circulation, but also the unity of its three cycles. But it can be such a unity only, if every individual

part of capital can go successively through the various stages of the rotation, pass from one phase and from one functional form to another, so that the industrial capital, being the aggregate of all these parts, is found simultaneously in its various phases and functions and describes all three cycle at the same time. The succession of these parts is conditioned on their simultaneous existence side by side, that is to say, on the division of capital. In a systematized manufacture, the product is as much ubiquitous in the various stages of its process of formation, as it is in the transition from one phase of production to another. As the individual industrial capital has a definite volume which does not merely depend on the means of the capitalist and which has a minimum magnitude for every branch of production, it follows that its division must proceed according to definite proportions. The magnitude of the available capital determines the volume of the process of production, and this, again, determines the size of the commodity-capital and money-capital which perform their functions simultaneously with the process of production. The simultaneous functions, which enable the production to proceed continuously, are only due to the rotation of the various parts of capital which pass successively through their different stages. The simultaneousness is merely the result of the succession. For if the rotation of one phase, for instance of  $C' — M'$ , is interrupted for one of the parts of capital, if the commodity cannot be sold, then the cycle of this part is broken and the reproduction of its elements of production cannot take place; the succeeding parts, which come out of the process of production in the shape of  $C'$ , find the conversion of their function blocked by their predecessors. If this is continued for some time, production is restricted and the entire process arrested. Every stop of the succession carries disorder into the simultaneousness of the cycles, every obstruction of one stage causes more or less obstruction in the entire rotation, not only of the obstructed part of capital, but of the total individual capital.

The next form, in which the process presents itself, is that of a succession of phases, so that the transition of capital into a new phase is conditioned on its departure from another. Every special cycle has therefore one of the functional forms of capital for its point of departure or return. On the other hand, the aggregate process is indeed the unity of its three cycles, which are the different forms in which the continuity of the process expresses itself: The total rotation appears as its own specific cycle to every functional form of capital, and every one of these cycles contributes to the continuity of the

process. The rotation of one functional form requires that of the others. This is the inevitable requirement for the aggregate process of production, especially for the social capital, that it is at the same time a process of reproduction, and thus a rotation of each one of its elements. Different aliquot parts of capital pass successively through the various stages and functional forms. By this means, every functional form passes simultaneously with the others through its own cycles, although other parts of capital are continuously presented by each form. One part of capital, continually changing, continually reproduced, exists as a commodity-capital which is converted into money; another as money-capital converted into productive capital; and a third as productive capital converted into commodity-capital. The continuous existence of all three forms is brought about by the rotation of the aggregate cycle through these three phases.

Capital as a whole, then, exists simultaneously side by side in its different phases. But every part passes continuously and successively from one phase and functional form into the next one and performs a function in all of them. Its forms are fluid and their simultaneousness is brought about by their succession. Every form follows and precedes another, so that the return of one capital part to a certain form is conditioned on the return of another part to some other form. Every part describes continuously its own cycle, but it is always another part which assumes a certain form, and these special cycles are simultaneous and successive parts of the aggregate rotation.

The continuity of the aggregate process is realized only by the unity of the three cycles, and would be impossible with the above-mentioned interruptions. The social capital always has this continuity and its process always rests on the unity of the three cycles.

The continuity of the reproduction is more or less interrupted so far as the individual capitals are concerned. In the first place, the masses of value are frequently distributed at various periods and in unequal portions over the various stages and functional forms. In the second place, these portions may be differently distributed, according to the character of the commodity, which is to be produced. In the third place, the continuity, may be more or less interrupted in those branches of production, which are dependent on the seasons, either on account of natural causes, such as agriculture, fishing, etc., or on account of conventional circumstance such as the so-called season-work. The process proceeds most regularly and uniformly in the factories

and in mining. But this difference of the various branches of production does not cause any difference in the general forms of the process of rotation.

Capital, as a value creating more value, is not merely conditioned on class-relations, on a definite social system resting on the existence of labor in the form of wage-labor. It is also a movement, a rotation through various stages, comprising three different cycles. Therefore it can be understood only as a thing in motion, not as a thing at rest. Those who look upon the self-development of value as a mere abstraction forget that the movement of industrial capital is the realization of this abstraction. Value here passes through various forms in which it maintains itself and at the same time increases its value. As we are here concerned in the form of this movement, we shall not take into consideration the revolutions, which capital-value may undergo during its rotation. But it is clear that capitalist production can only exist and endure, in spite of the revolutions of capital-value, so long as this value creates more value, that is to say, so long as it goes through its cycles as a self-developing value, or so long as the revolutions in value can be overcome and balanced in some way. The movements of capital appear as the actions of some individual industrial capitalist who performs the functions of a buyer of labor-power, a seller of commodities, and an owner of productive capital, and who brings about the process of rotation by his activity. If social capital-value experiences a revolution in value, it may happen, that the capital of the individual capitalist succumbs and fails, because it cannot adapt itself to the conditions of this conversion of values. To the extent that such revolutions in value become acute and frequent, the automatic nature of self-developing value makes itself felt with the force of elementary powers against the foresight and calculations of the individual capitalist, the course of normal production becomes subject to abnormal speculation, and the existence of individual capitals is endangered. These periodical revolutions in value, therefore, prove that which they are alleged to refute, namely, the independent nature of value in the form of capital and its increasing independence in the course of its development.

This succession of the metamorphoses of rotating capital includes the continuous comparison of the changes of value brought about by rotation with the original magnitude of capital. When the growing independence of value as compared to the power of creating value, of labor-power, has been inaugurated by the act  $M - L$  (purchase of labor-power) and is realized during the process of production as an exploitation of labor-power, this rise

of independence on the part of value does not re-appear in that cycle, in which money, commodities, and elements of production are merely passing forms of rotating capital value, and in which the former magnitude of value compares itself to the present changed value of capital.

“Value,” says Bailey, in opposition to the idea of the growing independence of value characteristic of capitalist production, which he regards as an illusion of certain economists, “value is a relation between contemporary commodities, because such only admit of being exchanged with each other.” This criticism is directed against the comparison of commodity-values of different periods of time, which amounts to the comparison of the expenditure of productive labor required for the manufacture of equal commodities at different periods, once that the value of money for every period has been fixed. His opposition is due to his general misunderstanding, for he thinks that exchange-value is value itself, that the form of value is identical with the volume of value; so that values of commodities cannot be compared, so long as they do not perform active service as exchange value and are not actually exchanged for each other. He has not the least inkling of the fact that value performs only the functions of capital, in so far as it remains identical with itself and is compared with itself in those different phases of its rotation, which are not at all contemporary, but succeed one another.

In order to study the formula of this rotation in its purity, it is not sufficient to assume that the commodities are sold at their value, but that this takes place under conditions which are otherwise equal. Take, for instance, the cycle P...P and make abstraction of all technical revolutions within the process of production, by which the productive capital of a certain individual capitalist might be depreciated; make abstraction furthermore of all reactions, which a change in the elements of value of productive capital might cause in the value of the existing commodity-capital, which might be increased or lowered, if a stock of it were kept on hand. Take it also, that C', or 10,000 lbs. of yarn, have been sold at their value of 500 pounds sterling; 8,440 lbs., equal to 422 pounds sterling, reproduce the capital-value contained in C'. But if the prices of cotton, coal, etc., have increased (we do not consider mere fluctuations in price), these 422 pounds sterling may not suffice for the full reproduction of the elements of productive capital; in that case, additional money-capital is required and money-value is tied up. The opposite takes place, if those prices fall, and money-capital is set free. The

process takes a normal course only so long as the values remain constant; it proceeds practically normal, so long as the disturbances during the repetition of the process balance one another. But to the extent that these disturbances increase in volume, the industrial capitalist must have at his disposal a greater money-capital, in order to tide himself over the period of compensation; and as the scale of each individual process of production and thus the minimum size of the capital to be advanced increase in the process of capitalist production, we have here another circumstance to add to those others which transform the functions of the industrial capitalist more and more into a monopoly of great money-capitalists, who may be individuals or associations.

We remark incidentally that a difference in the form of  $M - M'$  on one side, and of  $P...P$  and  $C'...C'$  on the other appears, if a change in the value of the elements of production occurs.

In the cycle  $M...M'$ , the formula of newly invested capital, which for the first time appears in the role of money-capital, a fall in the value of elements of production, such as raw materials, auxiliary materials, etc., will require a smaller investment of money-capital than would have been necessary before this fall for the purpose of starting a business of a definite size, because the scale of the process of production depends on the mass and volume of the means of production (provided the productivity remains unchanged), which a given quantity of labor-power can assimilate; but it does not depend on the value of these means of production nor on that of the labor-power (the latter has an influence only on the creation of more value). Take the opposite case. If the value of the elements of production of certain commodities is increased, which are required as elements of a certain productive capital, then more money-capital is required for the establishment of a business of definite proportions. In both cases it is only the quantity of the money-capital required for investment which is affected. In the former case, money-capital is set free, in the latter it is tied up, provided the advent of new industrial capitals proceeds normally in a given branch of production.

The cycles  $P...P$  and  $C'...C'$  assume the character of  $M...M'$  only to the extent that the movement of  $P$  and  $C'$  is at the same time accumulation, so that additional  $m$ , money, is converted into money-capital. Apart from this case, they are differently affected than  $M...M'$  by a change of value of the elements of production; here, too, we do not take into consideration the reaction of such changes in value on those parts of capitals which are

engaged in the process of production. It is not the original investment, which is here directly affected, not a capital engaged in its first rotation, but one in a process of reproduction; in other words,  $C' \dots C$ , the reconversion of commodity-capital into its elements of production, so far as they are composed of commodities. In a reduction of value (or price), three cases are possible: The process of reproduction is continued on the same scale; in that case a part of the available money-capital is set free and money-capital is accumulated, although no actual accumulation (production on an enlarged scale), or the transformation of  $m$  (surplus-value) into funds for accumulation initiating and accompanying it, has previously taken place. Or, the process of reproduction is renewed on a more enlarged scale than would have been ordinarily the case, provided the technical proportions admit it. Or, finally, a larger stock of raw materials, etc., is laid in.

The opposite takes place if the value of the elements of reproduction of a commodity-capital increases. In that case, reproduction does not take place on its normal scale (work is done in a shorter time, for instance); or additional money-capital must be employed in order to maintain the old scale (money-capital is tied up); or the money-fund of the accumulation, if available, is entirely or partially employed for the enlargement of the process of reproduction to its old scale. This is also tying up money-capital, only the additional money-capital does not come from the outside, from the money-market, but out of the pockets of the industrial capitalist himself.

However, there may be modifying circumstances in  $P \dots P$  and  $C' \dots C'$ . If our cotton spinner has a large stock of cotton (a large proportion of his productive capital in the form of a stock of cotton), a part of his productive capital is depreciated by a fall in the price of cotton; but if this price has risen, this part of his productive capital is enhanced in value. On the other hand, if he had tied up a large part of his capital in the form of commodity-capital, for instance in cotton yarn, a part of his commodity capital or for that matter of any of his rotating capital, is depreciated by a fall in the price of cotton, or enhanced by a rise in that price. Finally take the process  $C' \text{ — } M \text{ — } C$ . If  $C' \text{ — } M$ , the realization on the commodity-capital, has taken place before a change in the value of the elements of  $C$ , then capital is affected only in the way indicated in the first case, that is to say, in the second act of circulation,  $M \text{ — } C$  but if such a change has occurred before the realization of  $C' \text{ — } M$ , then, other conditions remaining equal, a fall in the price of the cotton causes a corresponding fall in the price of yarn, and a rise in the price

of cotton a rise in the price of yarn. The effect on the various individual capitals in the same branch of production may differ widely according to the circumstances in which they find themselves. Money-capital may also be set free or tied up by differences in the duration of the process of circulation, in other words, by the pace of the circulation. But this belongs in the discussion of the periods of turn-over. At this point, we are only interested in the real difference arising from changes of values in the elements of productive capital between  $M...M'$  and the other two cycles of the process of rotation.

In the section of circulation indicated by  $M — C$  at a period of developed and prevailing capitalist modes of production, a large portion of the commodities composing  $P_m$ , means of production, will be rotating commodity-capital of some one else. From the standpoint of the seller, therefore, the transaction is  $C' — M'$ , the transformation of commodity-capital into money-capital. But this does not apply absolutely. In the opposite case, in those sections of its process of rotation, where industrial capital performs either the functions of money or of commodities, the cycle of industrial capital, whether as money-capital or as commodity-capital, crosses the circulation of commodities of the most varied social modes of production, so far as they produce commodities. No matter whether a commodity is the product of slavery, of peasants (Chinese, Indian ryots), of communes (Dutch East Indies), or of state enterprise (such as existed in former epochs of Russian history on the basis of serfdom), or of half savage hunting tribes, etc., commodities and money of such modes of production, when coming in contact with commodities and money representing industrial capital, enter as much into its rotation as into that of surplus-values embodied in the commodity-capital, provided the surplus-value is spent as revenue. They enter into both of the cycles of circulation of commodity-capital. The character of the process of production from which they emanate is immaterial. They perform the function of commodities on the market, and enter into the cycles of industrial capital as well as into those of the surplus-value carried by it. It is the universal character of the commodities, the world character of the market, which distinguishes the process of rotation of the industrial capital. What is true of foreign commodities, is also true of foreign money. Just as commodity-capital has only the character of commodities in contact with foreign money, so this money has only the character of money in contact with commodity-capital. Money here performs the functions of world-money.

However, two points must be noted here.

First. As soon as the transaction  $M - P_m$  is completed, the commodities ( $P_m$ ) cease to be such and become one of the modes of existence of industrial capital in its function of productive capital. Henceforth their origin is obliterated. They exist only as forms of industrial capital and are embodied in it. But it still remains necessary to reproduce them, if their places are to be filled, and to this extent the capitalist mode of production is conditioned on other modes of production outside of its own stage of development. But it is the tendency of capitalist production to transform all production as much as possible into a production of commodities. The mainspring, by which this is accomplished, is the implication of other modes of production into the circulation process of capitalist production. And developed commodity-production is capitalist production. The intervention of industrial capital promotes this transformation everywhere, and simultaneously with it also the transformation of all direct producers into wage laborers.

Second. The commodities entering into the process of circulation (including the means of existence necessary for the reproduction of the labor-power of the laborer, who receives variable capital in the form of wages), regardless of their origin and of the social form of the productive process by which they were created, entertain the relation of commodity-capital, in the form of merchandise or merchant's capital, toward industrial capital. Merchant's capital, by its very nature, includes commodities of all modes of production.

Capitalist production does not only imply production on a large scale, but also necessarily sale on a large scale, in other words, sale to the dealer, not to the individual consumer. Of course, so far as a consumer is himself a productive consumer, an industrial capitalist, whose industrial capital produces means of production for some other branch of industry, a direct sale of one industrial capitalist's product to many other capitalists takes place (orders, etc). To this extent, every industrial capitalist is a direct seller and his own dealer, also, when he sells to the merchant.

Trading in commodities as a function of merchant's capital is the premise of capitalist production and develops more and more in the course of development of this mode of production. Therefore we use it occasionally for the illustration of various aspects of the process of capitalist circulation; but in the general analysis of this process, we assume that commodities are

sold directly without the intervention of the merchant, because this intervention obscures various points of the movement.

See, for instance, Sismondi, who presents the matter somewhat naively, in the following words: "Commerce employs considerable capital, which at first sight does not seem to be a part of that capital whose movements we have just described. The value of the cloth in the stores of the cloth-merchant seems at first to be entirely foreign to that part of the annual production which the rich give to the poor' as wages in order to make them work. However, this capital has simply replaced the other of which we have spoken. For the purpose of clearly understanding the progress of wealth, we have begun with its creation and followed its movements to their conclusion. We have then seen that the capital employed in manufacture, for instance in the manufacture of cloth, was always the same; and when it was exchanged for the income of the consumer, it was merely divided into two part; one of them serving as revenue for the capitalist in the form of the product, the other serving as revenue to the laborers in the form the wages while they were manufacturing new cloth.

But it was soon found that it would be to the advantage of all to replace the different parts of this capital one by another and, if 10,000 dollars were sufficient for the entire circulation between the manufacturer and the consumer, to divide them equally between the manufacturer, the wholesale dealer, and the retail merchant. The first then did the same work with only one-third of this capital which he had formerly done with the entire capital, because, as soon as his work of manufacturing was completed, he found that the merchant bought from him much more readily than he could have found the consumer. On the other hand, the capital of the wholesale dealer was much sooner replaced by that of the retail merchant.... The difference between the sums advanced for wages and the purchase price paid by the last consumer was considered the profit of those capitals. It was divided between the manufacturer, the wholesale dealer, and the retail merchant, from the moment that they had divided their functions, and the work accomplished was the same, although it had required three persons and three parts of capital instead of one (Nouveaux Principes, I, pages 159, 160). All the merchants contributed indirectly to production; for having consumption for its object, production cannot be regarded as completed, until the product is placed into the reach of the consumer (Ibidem, page 157)."

We operate in the discussion of the general forms of the rotation, in short in the entire second volume, with money as metallic money, to the exclusion of symbolic money, of mere tokens of value, which are the specialties of certain states, and of credit-money, which is not yet developed. In the first place, this is the historical order; credit-money plays only a very minor role, or none at all, during the first epoch of capitalist production. In the second place, the necessity of this order is demonstrated theoretically by the fact, that everything which Tooke and others have hitherto produced of a critical nature in regard to the circulation of credit-money was compelled to hard back to the question, what would be the aspect of the matter if nothing but metal-money were in circulation. But it must not be forgotten, that metal-money may serve as a purchase medium and as a paying medium. For the sake of simplicity, we consider it in this second volume generally only in its first functional form.

The process of circulation of industrial capital, which is only a part of its individual process of rotation, is determined by the general laws outlined in volume I, chapter III, in so far as it is a series of transactions within the general circulation of commodities. The same mass of money, for instance 500 pounds sterling, starts successively so many more industrial capitals or eventually individual capitals in the form of commodity-capitals) in circulation, the greater the velocity of rotation of money is, and the more rapidly therefore every individual capital passes through the metamorphoses of commodities or money. One and the same volume of capital-value therefore requires so much less money for its circulation, the more this money performs the functions of a paying medium; the more, for instance, in the reproduction of some commodity-capital by its corresponding means of production, nothing but balances have to be squared; and the shorter the time of the payments is, for instance in paying wages. On the other hand, assuming that the velocity of the circulation and all other conditions remain the same, the volume of money required for the circulation of money-capital is determined by the sum of the prices of commodities (price multiplied by the volume of commodities), or, if the volume and value of the commodities are given, by the value of money itself.

But the laws of the general circulation of commodities apply only to the extent that the process of circulation of capital consists of a series of simple transactions in circulation; they do not apply to the extent that such

transactions are definite functional sections in the rotation of individual industrial capitals.

In order to make this plain, it is best to study the process of circulation in its uninterrupted and connected form, such as it appears in the following two formulas:

$$\text{II) } P \dots C' \left\{ \begin{array}{l} C \text{---} \\ \text{---} M' \\ \text{c---} \end{array} \right\} \left\{ \begin{array}{l} M \text{---} C \\ \text{---} m \end{array} \right\} \left\{ \begin{array}{l} L \\ P_m \dots P (P') \end{array} \right.$$

$$\text{III) } C' \left\{ \begin{array}{l} C \text{---} \\ \text{---} M' \\ \text{c---} \end{array} \right\} \left\{ \begin{array}{l} M \text{---} C \\ \text{---} m \end{array} \right\} \left\{ \begin{array}{l} L \\ P_m \dots P \dots C' \end{array} \right.$$

As a series of transaction, in circulation, the process of circulation, whether in the form of  $C - M - C$  or of  $M - C - M$ , represents merely the two opposite lines of metamorphoses of commodities, and every individual metamorphosis in its turn includes its opposite on the part of the commodity or money in the hands of another.

$C - M$  on the part of the owner of some commodity means  $M - C$  on the part of its buyer; the first metamorphosis of the commodity in  $C - M$  is the second metamorphosis of the commodity appearing in the form of  $M$ ; the opposite applies to  $M - C$ . The statements concerning the intermingling of the metamorphosis of a certain commodity in one stage with that of another in another stage apply to the circulation of capital to the extent that the capitalist performs the functions of a buyer and seller of commodities, so that his capital in the form of money meets the commodities of another, or in the form of commodities the money of another. But this intermingling is not identical with the intermingling of the metamorphoses of capitals.

In the first place,  $M - C(P_m)$ , as we have seen, may represent an intermingling of the metamorphoses of different individual capitals. For instance, the commodity-capital of the cotton-spinner, yarn, is partly replaced by coal. One part of his capital is in the form of money and is transformed into commodities, while the capital of the capitalist producer of coal exists in the form of commodities and is therefore transformed into money; the same transaction of circulation in this case represents opposite

metamorphoses of two industrial capitals in different departments of production, the series of metamorphoses of these capitals intermingles in it. But we have also seen, that the Pm into which M is transformed need not be commodity-capital in the strictest sense, that is to say need not be a functional form of industrial capital, need not be produced by a capitalist. It is always a question of M — C on one side, and C — M on the other, but not always of intermingling metamorphoses of capitals. Furthermore M — L, the purchase of labor-power, never intermingles with any metamorphoses of capital, for labor-power, though a commodity from the point of view of the laborer, does not become capital until it is sold to the capitalist. On the other hand, in the process C' — M', it is not necessary that M' should represent transformed commodity-capital; it may be the money-equivalent of labor-power (wages), or of the product of some independent laborer, some slave, serf, or some commune.

In the second place, a definite functional role played by every metamorphosis of some individual capital within the process of circulation, need not represent a corresponding opposite metamorphosis in the rotation of the other capital, provided we assume that the entire production of the world-market is carried on capitalistically. For instance, in the cycle P..P, the M' which pays for C' may be merely the money-form of the surplus-value of the buyer, in case that the commodity is an article for consumption; or, in M' — C' where accumulated capital is concerned, it may simply replace the advanced capital of the seller of Pm, or it may not return into the rotation of his capital at all by being side-tracked into expenditures as revenue.

This shows that the manner in which the different component parts of the aggregate social capital, of which individual capitals are merely components performing independent functions, mutually replace one another in the process of circulation (in regard to capital as well as surplus-value), is not apparent from the simple intermingling of the metamorphoses in the circulation of commodities. Such intermingling occurs in the transactions of capital circulation as it does in all other circulation of commodities, but it requires a different method of analysis. Hitherto nothing but general phrases have been employed by economists for his purpose, and if we test those phrases, they contain nothing but indefinite ideas borrowed from the intermingling of metamorphoses common to all circulations of commodities.

One of the most obvious peculiarities of the process of rotation of industrial capital, and therefore of capitalist production, is the fact that on the

one side, the component elements of productive capital are derived from the commodity-market, are continually renewed out of it, and are sold as commodities; that, on the other side, the product of the labor-process comes forth from it as a commodity and must be continually sold over and over as a commodity. Compare, for instance, a modern tenant of Lower Scotland with an old-fashioned small farmer on the continent. The former sells his entire product and has therefore to reproduce all its elements, even his seeds, by means of the market; the latter consumes the greater part of his product directly, buys and sells as little as possible, fashions tools, clothing, etc., so far as possible himself.

Such comparisons have led to the classification of production into natural economy, the money-system, and the credit-system, as being the three characteristic stages of economy in the development of social production.

But in the first place, these three forms do not represent any equivalent phases of development. The so-called credit-system is itself merely a modification of the money-system, so far as both terms express transactions between the producers themselves. In the developed capitalist production, the money-system appears only as the basis of the credit-system. The money-system and credit-system thus correspond only to different stages in the development of capitalist production, but they are by no means independent modes of economy as compared to natural economy. With the same justification, one might place the various forms of natural economy as equivalents by the side of those two systems.

In the second place, it is not the process of production itself which is emphasized as the distinguishing mark of the two systems of that classification, the money-system, the credit-system, but rather the mode of transaction between the various producers under those systems. Then the same should apply to the natural economy, which should in that case be classified as the exchange-system. A completely rounded system of natural economy, such as the state of the Inkas in Peru, would not fall under any of these classifications.

In the third place, the money-system is common to all production of commodities, and the product appears as a commodity in the most varied organisms of social production. The characteristic mark of capitalist production would then be only the extent to which the product is manufactured for purposes of trade, as a commodity, and the extent to which

its own elements of formation enter as commodities into the economy which creates that product.

It is true, that capitalist production has for its general form the production of commodities. But it is so and becomes more so in its development, only because labor itself here appears as a commodity, because the laborer sells labor, that is to say the function of his labor-power, and our assumption is that he sells it at a value determined by its cost of reproduction. To the extent that labor becomes wage-labor, the producer becomes an industrial capitalist. For this reason capitalist production (and the production of commodities) does not reach its full scope, until the agricultural laborer becomes a wage-laborer. In the relation of capitalist and wage-laborer, the relation between the buyer and the seller, the money-relation, becomes an imminent relation of production. And this relation has its foundation in the social character of production, not of circulation. The character of the circulation rather depends on that of production. It is however, quite characteristic of the bourgeois horizon, which is entirely bounded by the craze for making money, not to see in the character of the mode of production the basis of the corresponding mode of circulation, but vice versa.

The capitalist throws less value in the form of money into the circulation than he draws out of it, because he throws into it more value in the form of commodities than he had withdrawn from it. To the extent that he is simply a personification of capital, an industrial capitalist, his supply of commodity-value is always larger than his demand for that value. The equality of his supply and demand in this respect would indicate that his capital had not produced any surplus-value; it would not have performed the functions of productive capital; the productive capital would have been converted into commodity-capital which would not be impregnated with surplus-value; it would not have drawn any surplus-value in commodity-form out of labor-power during the process of production, it would not have performed any capital-functions at all. The capitalist must indeed “sell dearer than he has bought,” but he succeeds only in doing so, because the capitalist process of production enables him to transform the cheaper commodity, which contains less value, into a dearer commodity with increased value. He sells dearer, not because he gets more than the value of his commodity, but because his commodity contains a greater value than that contained in the natural elements of its production.

The rate at which value is added to the capital of the capitalist increases in proportion to the difference between his supply and his demand, that is to say in proportion as the surplus of the commodities which he places on the market exceeds the value of the commodities which he has taken from it. His aim is not to equalize his supply and demand, but to make the difference between them as much as possible in favor of his supply.

What is true of the individual capital, also applies to the capitalist class.

In so far as the capitalist personifies but his industrial capital, his own demand is only for means of production and labor-power. His demand for  $P_m$ , expressed in value, is smaller than his advanced capital; he buys means of production of a value smaller than his capital, and therefore much smaller than the value of the commodity-capital which he takes back to the market.

As regards his demand for labor-power, its value is determined by the proportion of his variable capital to his total capital, as expressed by  $V \div C$ . Its proportion in capitalist production decreases continually more than his demand for means of production. His purchases of  $P_m$  steadily increase over his purchases of  $L$ .

Inasmuch as the laborer generally converts his wages into means of existence, and for the overwhelmingly larger part necessities of life, the demand of the capitalist for labor-power is indirectly also a demand for the articles of consumption assimilated by the working class. But this demand is equal to  $v$  and not one atom greater. If the laborer saves a part of his wages — we do not consider any questions of credit at all — he converts a part of his wages into a hoard and does not perform the functions of a purchaser to that extent. The limit of the maximum demand of the capitalist is  $C$ , equal to  $c$  plus  $v$ , but his supply for the market is  $c$  plus  $v$  plus  $s$ . If the composition of his commodity-capital is  $80c+20v+20s$ , his demand is equal to  $80c+20v$ , or one fifth smaller in value than his supply. His demand as compared to his supply decreases in proportion as the percentage of the mass of surplus-value produced by him (his rate of profit) increases. Although the demand of the capitalist for labor-power, and thus indirectly for necessities of life, decreases continually compared to his demand for means of production in the further development of production, it must not be forgotten that day by day his demand for  $P_m$  is always smaller than his capital. His demand for means of production must, therefore, be always smaller in value than the commodity-product of the capitalist who, working with a capital of equal value and conditions like his, furnishes him with those means of production.

It does not alter the case, if many capitalists instead of one furnish him with means of production. Take it that his capital is 1,000 pounds sterling, and its constant part 800 pounds sterling; then his demand on all the capitalists supplying him is equal in value to 800 pounds sterling. Together they supply for each 1,000 pounds sterling means of production valued at 1,200 pounds sterling, assuming that the rate of profit is the same for all of them, regardless of the rate at which they share in the 1,000 and of the proportion which the share of each one may represent in his total capital. The demand of the buying capitalist covers only two-thirds of the supply of the sellers, while his total demand equals only four-fifths of the value of his own supply to the market.

It still remains to anticipate the analysis of the problem of turn-over. Let the total capital of the capitalist be 5,000 pounds sterling, of which 4,000 pounds is fixed and 1,000 pounds circulating capital; these 1,000 pounds sterling are composed of 800 c plus 200 v, as assumed before. His circulating capital must be turned over five times per year in order that his fixed capital may be turned over once. His commodity-product is then equal in value to 6,000 pounds sterling, it is valued at 1,000 pounds sterling more than his advanced capital, so that the same proportion of surplus-value is obtained as before:

$$5,000 C \div 1,000 s = 100(c+v) \div 20 s.$$

This turn-over does not change anything in the proportion of the total demand of the capitalist to his total supply. The former remains one-fifth smaller than the latter.

Take it that his fixed capital must be reproduced in 10 years. Hence he sinks every year one tenth, or 400 pounds sterling, so that he has only a value of 3,600 pounds of fixed capital left plus 400 pounds in money. Inasmuch as repairs are necessary which do not exceed the average, they represent nothing but capital invested later. We may look at the matter from the standpoint that he has allowed for the expenses for repairs when calculating the value of his investment, so far as this enters into the annual commodity-product, so that they are included in that one tenth of sinking fund. If the repairs cost less than the average he is so much money in pocket, and in the reverse case he loses it. At any rate, although his demand, after his total capital has been turned over once a year, still remains at 5,000 pounds sterling which was the value of the original capital advanced, it

increases so far as the circulating part of this capital is concerned, while it decreases so far as the fixed part is concerned.

We now come to the question of reproduction. Take it that the capitalist consumes the entire surplus-value composed of money  $m$  and reconverts only the original capital-value  $C$  into productive capital. Then the demand of the capitalist is equal to his supply; but this does not refer to the movements of his capital. As a capitalist, his demand is only for four-fifths of value of his supply. He consumes one-fifth as a non-capitalist; he consumes it, not in the performance of his function as capitalist, but for his private requirements or pleasure.

His calculation, expressed in percentages, stands as follows:

Demand as capitalist...	100, supply	120.
Demand as man of the world	20, supply	0.
Total demand...	120, supply	120.

This assumption amounts to a non-existence of capitalist production, and thus the non-existence of the industrial capitalist himself. For capitalism is destroyed in its very foundation, if we assume that its compelling motive is enjoyment instead of the accumulation of wealth.

But such an assumption is also technically impossible. The capitalist must not only form a reserve-capital as a protection against fluctuations of value and as a fund enabling him to wait for favorable conditions of the market for sale and purchase; he must also accumulate capital, in order to extend his production and embody the progress of technique in his productive organization.

In order to accumulate capital, he must first withdraw a part of the surplus-value from circulation which he obtained from that circulation in the form of money, and must hoard it until it has increased sufficiently for the extension of his old business or the opening of a side-line. So long as the formation of the hoard continues, it does not increase the demand of the capitalist. The money is then inactive. It does not withdraw from the commodity-market any equivalent in commodities for the money-equivalent which it withdrew for commodities supplied to it.

Credit is not considered here. And credit includes the depositing, on the part of the capitalist, of accumulating money in a bank on payment of interest as shown by a running account.

## CHAPTER V. THE TIME OF CIRCULATION.

We have seen that the movement of capital through the sphere of production and the two phases of circulation takes place in a succession of time. The duration of its sojourn in the sphere of production is its time of production, that of its stay in the sphere of circulation its time of circulation.

The time of production naturally includes the period of the labor-process, but is not comprised in it. We must first remember that a part of the constant capital exists in the form of instruments of production, such as machinery, buildings, etc., which serve for the repeated labor-processes until they are worn out. Periodical interruptions of the labor-process by night, etc., interrupt the function of these instruments of production, but not their location on the place of production. They belong to this place when they are not in function as well as when they are. On the other hand, the capitalist must have a definite supply of raw material and auxiliary substances in readiness, in order that the process of production may take place for a longer or shorter time on a previously determined scale, without being dependent on the accidents of a daily supply from the market. This supply of raw material, etc., is consumed productively by degrees. There is, therefore, a difference between its time of production and its time of function. The time of production of the means of production in general comprises, therefore, first the time during which they serve as means of production by taking part in the productive process; second, the stops during which a certain process of production, and thus the function of the means of production embodied in it, is interrupted; third, the time during which the means of production are held in readiness as requirements for the process of production, during which they represent productive capital, without having entered into the process of production.

The difference so far discussed is always the difference between the time which the productive capital passes in the sphere of production and that in the process of production. But the process of production itself may require interruptions of the labor-process, and thus of the labor time, and during such pauses the object of labor is exposed to the influence of physical processes without the intervention of human labor. The process of production, and thus the function of the means of production, continue in this case, although the labor-process, and thus the function of the means of

production as instruments of labor, have been interrupted. This applies, for instance, to the grain, after it has been sowed, the wine fermenting in the cellar, the labor-material of many manufacturers, such as tanneries, where the material is given over to chemical processes. The time of production is then greater than the labor-time. The difference between the two consists in an excess of the time of production over the labor-time. This excess always arises by the latent existence of productive capital in the sphere of production, without performing its function in the process of production itself, or by the performance of its function in the productive process without taking part in the labor-process.

That part of the latent productive capital, which is held in readiness as a requirement for the productive process, such as cotton, coal, etc., in a spinnery, produces neither products nor value. It is fallow capital, although its fallow condition is a requirement for the uninterrupted flow of the process of production. The buildings, apparatus, etc., necessary for the storage of the productive supply (latent capital) are requirements of the productive process and therefore component parts of the advanced productive capital. They perform their function as conservators of the elements of production in a preliminary stage. Inasmuch as labor-processes are required in this stage, they add to the cost of the raw material, etc., but they are productive labor and produce surplus-value, because a part of this labor, like all wage-labor, is not paid. The normal interruptions of the entire process of production, the pauses in which the productive capital does not perform any functions, create neither value nor surplus-value. Hence the tendency to keep the work going at night (Volume I, chapter X, 4). — The intervals in the labor-time, which the object of labor must endure in the process of production itself, create neither value nor surplus-value. But they advance the product, form a part of its life, a process through which it must necessarily pass. The value of the apparatus, etc., is transferred to the product in proportion to the entire time, during which they perform their function; the product is brought to this stage by labor itself, and the employment of these apparatus is as much a requirement of production as the wasting of a part of the cotton which does not enter into the product, but nevertheless transfers its value to that product. The other parts of latent capital, such as buildings, machinery etc., that is to say those instruments of labor whose function is interrupted only by the regular pauses of the productive process (irregular interruptions caused by the restriction of

production, crises, etc., are total losses) create additional values without entering into the creation of the product. The total value which this part of capital adds to the product, is determined by the average time which it lasts, for its own value, being use-value, diminishes during the time that it performs its functions as well as during that in which it does not.

Finally, the value of the constant part of capital, which continues in the productive process although the labor-process is interrupted, re-appears in the result of the productive process. Labor itself has here placed the means of production in a condition, where they pass without further assistance through certain useful processes, the result of which is a definite advantage or a change in the form of the use-values. Labor always transfers the value of the means of production to the product, to the extent that it really consumes them to good effect as means of production. And it does not change the case, whether labor has to be exerted continually on its object in order to produce this effect, or whether it merely gives the first impulse for it by placing the means of production in a condition wherein they undergo the intended transformation through the influence of natural processes, without further assistance from labor.

Whatever may be the reason for the excess of the time of production over the labor-time — whether it is that the means of production are still latent capital in a stage preliminary to the actual productive process, or that their function is interrupted within the process of production by its pauses, or that the process of production itself requires an interruption of the labor-process — in none of these cases do the means of production assimilate any labor. And if they do not assimilate any labor, they do not imbibe any surplus-labor. Hence the productive capital does not increase its value, so long as it remains in that part of its time of production which exceeds the labor-time, no matter how indispensable these pauses may be for the realization of the process of increasing value. It is plain, that the productivity and increment of a given productive capital in a given time are so much greater, the more nearly the time of production and labor-time are equal. Hence we have the tendency of capitalist production to reduce the excess of the time of production over the labor-time as much as possible. But although the time of production of a certain capital may exceed its labor-time, it always includes the latter, and its excess is a logical condition of the process of production. The time of production, then, is always that time in which a capital produces use-values and surplus-values, and in

which it performs the functions of productive capital, although it includes time in which it is either latent or produces without creating surplus-values.

Within the sphere of circulation, capital abides as commodity-capital and money-capital. Its two processes of circulation consist in its transformation from the commodity-form into that of money, and from the money-form into that of commodities. It does not alter the character of these processes as transactions in circulation, of processes in the simple metamorphosis of commodities, that this transformation of commodities into money is at the same time a realization of the surplus-values embodied in the commodities, and that the transformation of money into commodities is at the same time a transformation or reconversion of capital-value into the forms of its elements of production.

The time of circulation and time of production mutually exclude one another. During its time of circulation, capital does not perform the functions of productive capital and therefore produces neither commodities nor surplus-value. If we study the cycle in its simplest form, so that the entire capital-value passes in one bulk from one phase into the other, we can plainly see that the process of production is interrupted and therefore also the production of surplus-value, so long as its time of circulation lasts, and that the renewal of the process of production will take place promptly or slowly, according to the length of the time of circulation. But if the various parts of capital pass through the cycle successively, so that the rotation of the entire capital-value proceeds successively by the rotation of its component parts, then it is evident that the part performing continually the function of productive capital must be so much smaller, the longer the aliquot parts of capital-value remain in the sphere of circulation. The expansion and contraction of the time of circulation are therefore a check on the contraction or expansion of the time of production or of the volume which a given capital can assume for its productive function. To the extent that the metamorphoses of circulation of a certain capital are reduced, to the extent that the time of circulation approaches zero, its productivity and increment of surplus-value will increase. For instance, if a capitalist executes an order, so that he receives payment for his goods on delivery, and if this payment is made in his own elements of production, the time of circulation of his capital approaches zero.

In short, the time of circulation of a certain capital limits its time of production and the process of creating surplus-value. And this limitation is

proportional to the duration of the time of circulation. Seeing that this time may increase or decrease in different ratios, it may limit the time of production in various degrees. But political economy sees only the seeming effect, that is to say the effect of the time of circulation on the creation of surplus-values in general. It takes this negative effect for a positive one, because its results are positive. It clings so much the more to this semblance from which surplus-value flows toward it through the circulation, independently of its process of production and the exploitation of labor. We shall see later, that even scientific political economy has been deceived by this appearance of things. Various phenomena contribute to this deception: 1. The capitalist method of calculating profit, in which the negative cause figures as a positive one, seeing that with capitals in different spheres of investment, with different times of circulation only, a longer time of circulation tends toward an increase of prices, in short serves as one of the causes which bring about an equalization of profits. 2. The time of circulation is but a factor in the period of turn-over; and this period includes both the time of production and reproduction. What is really due to the period of turn-over, seems to be due to the time of circulation. 3. The conversion of commodities into variable capital (wages) is conditioned on their previous conversion into money. In the accumulation of capital, the conversion into additional variable capital takes place in circulation, or during the time of circulation. It thus appears as though this accumulation were due to the time of circulation.

Within the sphere of circulation, capital passes through the two opposite phases of  $C — M$  and  $M — C$ , no matter in what succession. Hence its time of circulation is likewise divided into two parts, viz.: the time required for its conversion from money into commodities, and that required for its conversion from commodities into money. We have already learned from the analysis of the simple circulation of commodities (Vol. I, Chap. III), that  $C — M$ , the sale, is the most difficult part of its metamorphosis and that, therefore, under ordinary conditions, it takes up the greater part of its time of circulation. As money, value exists in its ever convertible form. But as a commodity, value must first be transformed into money in order to assume such a directly convertible form of continual readiness. However, in the process of circulation of capital, its phase  $C — M$  deals with commodities which constitute definite elements of productive capital in a certain investment. The means of production may not be on the market and must

first be produced, or they must be ordered from distant markets, or their ordinary supply is interrupted, or prices change, etc., in short there are a multitude of circumstances which are not visible in the simple change of form from M to C, but which nevertheless require more or less time for this part of the phase of circulation.  $C — M$  and  $M — C$  may not only be separate in time, but also in space, the selling and the buying market may be located apart. In the case of factories, for instance, the buyer and seller are frequently different persons. In the production of commodities, circulation is as necessary as production itself, so that agents are just as much needed in circulation as in production. The process of reproduction includes both functions of capital, therefore it also includes the necessity of having representatives for both of them, either in the person of the capitalist or of wage-workers, as his agents. But this is no more a good reason for mistaking the agents in circulation for those in production than it is to confound the functions of commodity-capital and money-capital with those of productive capital. The agents of circulation must be paid by the agents of production. And since capitalists who mutually sell and buy do not create either values or products by these transactions, this state of affairs is not changed, if they are enabled or compelled by the expansion of their business to charge others with those transactions.

In some business, the buyers and sellers get their wages in the form of percentages on the profits. It does not alter the matter to use the phrase that they are paid by the consumer. The consumers can pay only inasmuch as they are themselves instrumental in producing an equivalent in commodities as agents of production or appropriate it out of the product of other agents in production, whether it be by means of legal titles or of personal services.

There is difference between  $C — M$  and  $M — C$ , which has nothing to do with the different forms of commodities and money, but arises from the capitalist character of production. Intrinsically,  $C — M$  as well as  $M — C$  is merely a conversion of a given value out of one form into another. But  $C' — M'$  is at the same time a realization of the surplus-value contained in  $C'$ . Not so  $M — C$ . For this reason the sale is more important than the purchase.  $M — C$  is under normal conditions a necessary act for the creation of more value by means of the value contained in it, but it is not the realization of surplus-value; it is the intimation of its production, not its after-effect.

The form in which a commodity exists, the form of its use-value, prescribes definite limits for the circulation of commodity-capital  $C' — M'$ .

Use-values are naturally perishable. Hence, if they are not productively or individually consumed within a certain time, in other words, if they are not sold within a certain period, they spoil and thus lose with their use-value also the faculty of being bearers of surplus-value. The capital-value, or eventually the surplus-value, contained in them is lost. The use-values do not remain the bearers of perennial capital-value increasing by the addition of surplus-value, unless they are continually reproduced and replaced by new use-values of the same or of some other order. The sale of the use-values in the form of finished commodities, their transfer to the productive or individual consumption by means of this sale, is the ever recurring requirement for their reproduction. They must change their old use-form within a certain time, in order to continue their existence in a new form. Exchange-value maintains itself only by means of this constant renewal of its substance. The use-values of certain commodities spoil sooner or later; the time between their production and consumption may therefore be long or short; they may retain the form of commodity-capital in phase C — M of the circulation for a shorter or longer term and endure a shorter or a longer time of circulation. The limit of the time of circulation of a certain commodity-capital imposed by the spoiling of the substance of the commodity is the absolute limit of this part of the time of circulation, or of the time of circulation of commodity-capital as such. To the extent that a commodity is perishable, to the extent that it must be sold and consumed as soon as possible after its production, its capacity for removal from its place of production is restricted, the sphere of its circulation is narrowed, its selling market is localized. For this reason a commodity is so much less suited for capitalist production as it is perishable, as its physical composition limits its time of circulation. It is available for this purpose only in thickly populated districts, or to the extent that the improvement of transportation brings places closer together. But the concentration of the production of such articles into a few hands and in a populous district may create a relatively large market even for them, for instance, such as the product of large beer-breweries, dairies, etc.

## CHAPTER VI. THE EXPENSES OF CIRCULATION.

### GENUINE EXPENSES OF CIRCULATION.

#### The Time of Purchase and Sale.

The transformations of capital from commodities into money and from money into commodities are at the same time transactions of the capitalist, acts of purchase and sale. The time in which these transformations take place constitutes from the personal standpoint of the capitalist a purchase and selling time, it is the time during which he performs the functions of a buyer and seller on the market. Just as the time of circulation of capital is a necessary part of its time of reproduction, so the time in which the capitalist buys and sells and remains in the market is a necessary part of the time in which he performs the functions of a capitalist, in which he personifies capital. It is a part of his business time.

Since we have assumed that commodities are bought and sold at their values, these transformations constitute merely a conversion of the same value from one form into another, from the form of commodities into that of money or vice versa, a change of composition in substance. If commodities are sold at their values, then the magnitude in the hands of the buyer and seller remains unchanged. Only the form of its existence is changed. If the commodities are not sold at their values, then the sum of the converted values remains the same; the plus on one side is offset by a minus on the other.

The metamorphoses  $C — M$  and  $M — C$  are transactions between buyers and sellers; they require time to perfect the trade, the more so as this represents a struggle in which each seeks to get the best of the other; for to business men applies the statement: “When Greek meets Greek, then comes the tug of war.” The conversion of a commodity costs time and labor-power, not for the purpose of creating values, but in order to accomplish the conversion of value from one form into another. The mutual attempt to appropriate an extra share of this value, changes nothing fundamentally. This work, increased by the evil designs on either side, does not create value any more than the work done in a civil process increases the value of the object of contention. It is with this labor, which is a

necessary part of the totality of the capitalist process of production, including the circulation or included by it, as it is with the labor of combustion of some element used for the generation of heat. This labor of combustion does not generate any heat, although it is a necessary part in the process of combustion. In order to employ coal as fuel, it must combine with oxygen, and for this purpose coal must be brought to the condition of carbonic acid gas; in other words, a physical change of form must take place. The separation of carbon molecules, which are united into a solid mass, and the breaking up of these molecules into their atoms, must precede the new combination, and this requires a certain effort, which is not transformed into heat, but taken from it. If the owners of commodities are not capitalists, but direct producers, the time required for buying and selling is so much loss of labor time, and for this reason such transactions were deferred in ancient and medieval times to holidays.

Of course, the dimensions acquired by the business in commodities in the hands of the capitalists cannot transform this labor, which does not create any values and promotes merely changes of form, into labor productive of surplus-value. Nor can this miracle of transsubstantiation be accomplished by unloading this work of “combustion” from the shoulders of the industrial capitalists to those of paid employees who attend to it exclusively. These employees will not tender their services out of pure love for the capitalists. The collector of some real-estate owner or the messenger of some bank is indifferent to the fact that their labor does not add any value to the rent or to the money carried to the bank in bags.

For the capitalist who has others working for him, selling and buying become primary functions. Seeing that he appropriates the products of many on a large social scale, he must sell on the same scale and then reconvert the money into elements of production. But still neither the sale nor the purchase create any values. An illusion is here created by the function of merchant’s capital. But without entering at this point into a detailed discussion of this fact, we can plainly see this much: If a function, which is unproductive in itself, although a necessary link in reproduction, is transformed by a division of labor from an incidental occupation of many into an exclusive occupation of a few, the character of this function is not changed thereby. One merchant, as an agent promoting the transformation of commodities by assuming the role of a mere buyer and seller, may

abbreviate by his operations the time of sale and purchase for many producers. To that extent he may be regarded as a machine which reduces a useless expenditure of energy or helps to set free some time of production.

In order to simplify the matter, seeing that we shall not discuss the merchant as a capitalist and his capital as merchant's capital until later, we shall assume that this buying and selling agent is a man who sells his labor-power. He expends his labor-power and labor-time in the operations  $C — M$  and  $M — C$ . And he makes his living that way, just as another does by spinning or by making pills. He performs a necessary function, because the process of reproduction itself includes an unproductive function. He works as well as any other man, but intrinsically his labor creates neither products nor values. He belongs himself to the unproductive expenses of production. His services do not transform an unproductive function into a productive one, nor unproductive into productive labor. It would be a miracle, if such a transformation could be accomplished by a mere transfer of a function. His usefulness consists rather in the fact that a small part of the labor-power and labor-time of society is tied up in this unproductive function. We shall assume that he is a wage-worker, even though better paid than others. Whatever may be his wages, in the role of a wage-worker he always works a part of his time for nothing. He may receive in wages the value of the product of eight working hours, when he performs his functions for ten hours. But his two hours of surplus-labor do not produce any surplus-values any more than his eight hours of necessary labor, although by means of these eight hours of necessary labor a part of the social product is transferred to him. In the first place, looking at it from the standpoint of society, his labor-power is used up for ten hours in a mere function of circulation. It cannot be used otherwise, for productive labor. In the second place, society does not pay for those two hours of surplus-labor, although they are expended by the man who worked during that time. Society does not appropriate any surplus-product or value through them. But the expenses of circulation, which he represents, are thereby reduced by one-fifth, from ten hours to eight. Society does not pay any equivalent for this fifth of this actual time of circulation, of which he is the agent. But if this man is employed by a capitalist, then the non-payment of these two hours reduces the expenses of circulation of his capital, which represent a deduction from his income. For the capitalist this is a positive gain, because the negative limit for the utilization of his capital is thereby reduced. So

long as small independent producers of commodities spend a part of their own time in selling and buying, this shows itself either as time spent during the intervals of their productive function, or as a reduction of their time of production.

At all events, the time required for this purpose is an expense of circulation, which does not add any increment to the converted values. It is the expense which is required in order to convert them from commodities into money. Inasmuch as the capitalist producer of commodities appears as an agent of circulation, he differs from the direct producers of commodities only by the fact that he buys and sells on a larger scale and therefore is a greater factor in circulation. And if the expansion of his business compels or enables him to hire his own wage-laborers as agents of circulation, the nature of this phenomenon is not changed in any way. A certain amount of labor-power and labor-time must be expended in the process of circulation, so far as it is merely a change of form. But this now appears as an additional expenditure of capital. A part of the variable capital must be expended in the purchase of these labor-powers active only in circulation. This advance of capital creates neither products nor values. It reduces to that extent the volume of the productive function of capital. It is as though one part of the product were transformed into a machine, which buys or sells the rest of the product. This machine deducts so much from the product. It does not participate in the productive process, although it can reduce the labor-power required for the circulation. It constitutes simply a part of the expenses of circulation.

#### Bookkeeping.

Apart from the actual selling and buying, labor-time is expended in bookkeeping, which assimilates more materialized labor, such as pens, ink, paper, desks, office-expenses. This function, therefore, requires labor-power and materials. It is the same condition of things which we observed in the case of the time of sale and purchase.

As a principle of unity within its cycles, as a value in process of rotation, whether it be in the sphere of production or in both phases of the sphere of circulation, capital exists ideally only in the form of accounting money, principally in the mind of the producer of commodities, more especially the capitalist producer of commodities. This movement is fixed and controlled by bookkeeping, which includes also the determination of prices, or the calculation of the prices of commodities. The movement of production,

especially of the production of values — in which the commodities figure as bearers of value, as mere names of things, the ideal existence of which as values is crystallized in accounting money — thus is symbolically reflected in imagination. So long as the individual producer of commodities keeps account only in his head (for instance a farmer; a bookkeeping tenant is not known until capitalist production introduces him), or incidentally, outside of his time of production, makes a note of his expenses, receipts, instalment days, etc., just so long does it appear intelligible that this function, and the materials consumed by it, such as paper, etc., require an additional expenditure of labor-time and materials, which is necessary, but constitutes a deduction from the time available for productive consumption and from the materials which are used in the actual process of production and are embodied in the creation of products and values. The nature of the function itself is not changed. The volume which it assumes by its concentration in the hands of the capitalist producer of commodities, who transforms it from a function of many small producers into that of one single capitalist within a process of large scale production does not alter the case, neither is its nature affected by its separation from those productive functions, which it accompanied incidentally, nor by its modification into an independent function of agents exclusively entrusted with it.

The division of labor, the assuming of independence, does not make a function productive, if it was not so before it became independent. If a capitalist invests his capital anew, then he must invest a part of it in hiring a bookkeeper, etc., and materials for bookkeeping. If his capital is already in active operation, in the process of continual reproduction, then he must continually reconvert a part of his commodity-product by means of its transformation into money, into a bookkeeper, salesman, etc. This part of his capital is withdrawn from production and belongs to the expenses of circulation, deductions from the total product (including the labor-power itself, which is expended wholly for this function).

But there is a certain difference between the expenses incidental to bookkeeping, or the unproductive expenditure of labor-time on one side, and that of mere selling and buying time on the other. The latter arise only from the definite social form of the process of production, they are due to the fact that it is a production of commodities. Bookkeeping, for the control and ideal survey of the process, becomes necessary to the extent that the process assumes a social scale and loses its purely individual character. It is,

therefore, more necessary in capitalist production than in scattered handicraft and agricultural production, and still more necessary in co-operative than in capitalist production. But the expenses of bookkeeping are reduced to the extent that production is concentrated and becomes social bookkeeping.

We are here concerned only about the general character of the expenses of circulation, which arise out of the general metamorphoses. It is superfluous to discuss all its details. To what extent phenomena, which are mere incidents in changes of form due to the social character of the process of production, may deceive the eyes when they cease to be imperceptible and incidental accompaniments of individual production, we may observe in the case of the mere handling of money, when it is concentrated into an exclusive function of banks on a large scale, or of a cashier in individual businesses. But it must be remembered, that these expenses of circulation do not change their character by changing their form.

Money.

Whether a product is intended for a commodity or not, it is always a materialized form of wealth, a use-value to be productively or individually consumed. If it is a commodity, its value is ideally expressed in its price, which does not change its actual use-value. But the fact that certain commodities, such as gold and silver, may perform the function of money and as such reside exclusively in the process of circulation (even in the form of a hoard, a reserve fund, etc., they remain in the sphere of circulation, although latent), is due to the definite social form of the process of production, which is a production of commodities. Since capitalist production gives to all its products the general form of commodities, and since the overwhelming mass of products are produced for sale and must therefore assume the form of money, and since the commodity-part of the social wealth grows continually in proportion, it follows that the quantity of gold and silver employed as means of circulation, paying medium, reserve fund, etc., must likewise increase. These commodities performing the function of money do not enter either into productive or into individual consumption. They represent social labor fixed in a form in which it may serve as a mere machine in circulation. Apart from the fact that a part of the social wealth is tied up in this unproductive form, the wearing out of the money constantly requires its reproduction, or the conversion of more social labor, in the form of products, into mere gold and silver. These expenses of

reproduction are considerable in capitalistically developed nations, because there is a large part of the wealth tied up in the form of money. Gold and silver as money-commodities represent social expenses of circulation, due to the social form of production. They are dead expenses of commodity-production in general, and they increase with the development of this production, especially when capitalized. They represent a part of the social wealth, which must be sacrificed in the process of circulation.

#### EXPENSES OF STORAGE.

Expenses of circulation, which are due to a mere change of form in circulation, ideally speaking, do not enter into the value of the commodities. The capital parts expended for them are deductions from the productively expended capital, so far as the capitalist is concerned. Not so the expenses of circulation which we shall consider now. They may arise from processes of production, which are continued only in circulation, the productive character of which is merely concealed by the form of the circulation. Or, on the other hand, they may represent from the standpoint of society mere unproductive expenses of subjective or materialized labor, which for this very reason they may become productive of value for the individual capitalist, by making an addition to the price of his commodities. This follows from the simple fact that these expenses are different in different spheres of production, or even for different individual capitalists in the same sphere of production. When added to the prices of commodities, they are divided in proportion as they fall upon the shoulders of the various individual capitalists. But all labor which adds value can also add surplus-value, and will always do so under capitalist production, the value created by it depending on the amount of the labor, the surplus-value added depending on the amount which the capitalist pays for it. In other words, expenses which increase the price of a commodity without adding anything to its value, which therefore are dead expenses so far as society is concerned, may be a source of profit for the individual capitalist. On the other hand, in so far as the addition to the price of commodities merely distributes these expenses of circulation equally, the unproductive character of this expenditure is not changed. For instance, insurance companies divide the losses of individual capitalists among the capitalist class. But this does not alter the fact that these equalized losses are losses so far as the aggregate social capital is concerned.

#### General Formation of Supply.

During its existence as commodity-capital, or its stay on the market, in other words, in the interval between the process of production from which it originates and the process of consumption into which it enters, the product forms a supply of commodities. As a commodity on the market, and therefore in the form of a supply, the commodity-product figures twice in each cycle: The first time as the commodity-product of that rotating capital whose cycle is being considered; the second time as the commodity-product of another capital, which must be found ready on the market, in order to be bought and converted into productive capital. It is, indeed, possible that this last-named commodity-capital is not produced until ordered. In that case, an interruption occurs until it has been produced. But the flow of the process of production and reproduction required that a certain mass of commodities (means of production) should be always on the market, that there should be a supply of them. In the same way, productive capital comprises the purchase of labor-power and the money-form is here only that form of the value of means of existence which the laborer must find at hand on the market, for the greater part. We shall discuss this more in detail in a short while; suffice it to make this point at present.

From the standpoint of the rotating capital-value, which has been transformed into a commodity-product and must now be sold or reconverted into money, which, therefore, has for the moment the function of commodity-capital on the market, the condition in which it forms a supply is contrary to its intentions and its stay on the market is involuntary. The sooner the sale is effected, the smoother runs the process of reproduction. The delay in the phase  $C' — M'$  prevents the actual change of substance which must take place in the rotation of capital and obstructs its further function as productive capital. On the other hand, so far as  $M — C$  is concerned, the constant presence of a supply of commodities on the market is a requirement for the flow of the process of reproduction and of the investment of new or additional capital.

The demurrage of the commodity-capital as a supply on the market requires buildings, stores, storage places, warehouses, in other words, an expenditure of constant capital; furthermore the payment of labor-power for storing the commodities. Finally, the commodities spoil and are exposed to injurious elementary influences. Additional capital is required to protect them, and this capital must be invested in materialized labor as well as in labor-power.

We see, then, that the sojourn of commodity-capital as a supply on the market causes expenses, which belong to the expenses of circulation, since they do not fall within the sphere of production. These expenses of circulation differ from those mentioned under I, by the fact that they enter in part into the value of the commodities, in other words, that they increase the price of commodities. Under all circumstances the capital and labor-power required for the conservation and storage of the commodity-supply, are withdrawn from the direct process of production. On the other hand, the capitals thus employed, including their labor-power, must be reproduced by the social product. Their expenditure, therefore, reduces the productivity of labor-power to that extent, so that a greater amount of capital and labor is needed to obtain a certain intended effect. They are dead expenses.

Inasmuch as the expenses of circulation arising out of the formation of a supply of commodities are due merely to the time required for the transformation of existing commodity-values into money, in other words, inasmuch as they are due to the prevailing social form of production, which makes the production of commodities and their transformation into money imperative, they share the character of the expenses of circulation enumerated under I. On the other hand, the value of the commodities is here preserved or increased, because the use-value, the product itself, is placed in conditions which require an outlay of capital. The commodities are submitted to operations, which expend additional labor on the use-values. But the computation of the values of commodities, the bookkeeping incidental to this process, the transactions of sale and purchase, do not influence the use-values in which the exchange-values of the commodities are embodied. These transactions concern merely the form of the values. Although, in the present case, the expenses of keeping a supply (which is done involuntarily) arise only from a delay of the metamorphosis and from its necessity, these expenses differ from those mentioned under I, in that they are not made for the purpose of effecting a change of form, but for the purpose of preserving the value embodied in the commodity as a use-value, which cannot be preserved in any other way than by preserving the use-value, the product, itself. The use-value is neither increased nor raised in value, on the contrary, it diminishes. But its diminution is restricted and it is preserved. Neither is the advanced value contained in the commodity increased, although new materialized and subjective labor is added.

We have now to investigate furthermore, to what extent these expenses arise from the peculiar nature of the production of commodities in general and from the prevailing absolute form of this mode of production, its capitalistic form; and to what extent they are common to all social production and merely assume a peculiar form and mode of expression in capitalist production.

Adam Smith has expressed the strange opinion, that the formation of a supply is a phenomenon peculiar to capitalist production alone. More recent economists, for instance Lalor, insist on the other hand, that it declines with the development of capitalist production. Sismondi even regards this as one of the drawbacks of this mode of production.

As a matter of fact, the supply exists in three forms: In the form of productive capital, in the form of a fund for individual consumption, and in the form of a commodity-supply or commodity-capital. The supply in one form decreases relatively, when it increases in another, although it may increase absolutely in all three forms simultaneously.

It is plain from the outset, that wherever production is carried on for direct consumption on the part of the producer, and only to a minor extent for exchange or sale, where the social product does not assume the character of commodities at all, or only to a small degree, there the supply in the form of commodities can be only a small and insignificant part of the social wealth. On the other hand, the supply for consumption is relatively large, especially that of the means of existence. We have but to take a look at ancient agriculture, in order to understand this. The overwhelming part of the product there constitutes directly a supply of means of production and means of existence, without becoming a supply of commodities, because it remains in the hands of its producers and owners. It does not assume the form of a supply of commodities, and for this reason Adam Smith declares that there is no supply at all in societies based on this form of production. He confounds the form of the supply with the supply itself and believes that society hitherto lived from hand to mouth or trusted to the luck of the next day. This is a naive misunderstanding.

A supply in the form of productive capital exists in the shape of means of production, which are either in operation in the process of production, or at least in the hands of the producer, so that they are latent in the process of production. We have seen previously, that with the development of the productivity of labour, and therefore with the development of the capitalist

mode of production, which develops the socially productive power of labor more than all previous modes of production, there is a steady increase of the mass of means of production, which are permanently embodied in the productive process as instruments of labor and perform their function in it for a longer or shorter time at repeated intervals (buildings, machinery, etc.); also, that this increase is at the same time the premise and result of the development of the productivity of social labor. It is especially capitalist production, which is characterized by relative as well as absolute growth of this sort of wealth. The material forms of existence of constant capital, the means of production, do not consist merely of such instruments of labor, but also of raw material in various stages of finish and of auxiliary substances, with the enlargement of the scale of production and the increase in the productivity of labor by co-operation, division, machinery, etc., the mass of raw materials and auxiliary substances used in the daily process of reproduction, grows likewise. These elements must be ready at hand in the shop. The volume of this form of productive capital increases absolutely. In order that the process may flow along smoothly — apart from the fact whether this supply may be renewed daily or only at fixed intervals — there must always be more raw material, etc., accumulated at the place of production than is used up, say, daily or weekly. The continuity of the process requires that the fulfillment of its conditions should neither depend on its possible interruption by daily purchases, nor on the daily or weekly sale of the product, so that the regularity of its reconversion into its elements of production may not be broken. But it is evident, that the productive capital may be latent, or form a supply, in different proportions. There is, for instance, quite a difference, whether a spinner must have on hand a supply of cotton or coal for three months or for one. Plainly this supply may decrease relatively, while it may at the same time increase absolutely.

This depends on various conditions, all of which practically amount to the requirement that there shall be a greater rapidity, regularity, and security in furnishing the necessary amount of raw material always in such a way, that there may be no interruption. To the extent that these conditions are not fulfilled, to the extent that there is no rapidity, regularity, and security of supply, the latent part of the productive capital in the hands of the producer, that is to say the supply of raw materials waiting to be used, must increase in size. These conditions are inversely proportional to the degree of

development of capitalist production, and thus to the productive power of social labor. The same applies to the supply in this form.

However, that which appears as a decrease of the supply, for instance, to Lalor, is in part merely a decrease of the supply in the form of commodity-capital, or of the actual commodity-supply; it is only a change of form of the same supply. If, for instance, the mass of coal daily produced in a certain country, and therefore the scale and energy of the coal-industry, are great, the spinner does not need a large store of coal in order to insure the continuity of his production. The security of the continuous reproduction of the coal supply makes this unnecessary. In the second place, the rapidity with which the product of one process may be transferred as means of production to another process depends on the development of the means of transportation and communication. The cheapness of transportation plays a great role in this question. The continually renewed transport, for instance, of coal from the mine to the spinnery, would be more expensive than the storing up of a large supply for a long time when the price of transportation is relatively cheap. These two circumstances are due to the process of production itself. In the third place, the development of the credit-system exerts an influence on this question. The less the spinner is dependent on the immediate sale of his yarn for the renewal of his supply of cotton, coal, etc., — and this dependence will be so much smaller, the more the credit-system is developed — the smaller can be the relative size of these supplies, in order to insure independence from the hazards of the sale of yarn for the continuous production of yarn on a given scale. In the fourth place, many raw materials, and half-finished products, etc., require long periods of time for their production, and this applies especially to all raw materials furnished by agriculture.

If no interruption of the process of production is to take place, there must be a certain amount of raw materials on hand for the entire period, in which no new products can take the places of the old. If this supply decreases in the hands of the capitalist, it proves merely that it increases in the hands of the merchant in the form of a supply of commodities. The development of transportation, for instance, makes it possible to convey the cotton stored in the import warehouses of Liverpool rapidly to Manchester, so that the manufacturer can renew his supply in small portions according to his needs. But in that case, the cotton remains in so much larger quantities as a commodity-supply in the hands of the merchants in Liverpool. It is

therefore merely a question of a change of form, and Lalor and others have overlooked this. And from the standpoint of social capital, the same quantity of products still remains in the form of a supply. The quantity of the supply required for, say, a whole nation during the period of one year decreases to the extent that the means of transportation are developed. If a large number of sailing vessels trade between America and England, the opportunities of England for the renewal of its supply of cotton are increased and quantity of the cotton supply to be held in storage on an average decreases. The same effect is produced by the development of the world-market and thus the multiplication of the sources of supply of the same articles. Various quantities of this supply are carried to the market from different countries and at different intervals.

#### The Commodity-Supply in Particular.

We have already seen that the product assumes the general form of commodities on the basis of capitalist production, and to the extent that the scale and scope of this production increase, this character becomes prevalent. Even if production retains the same scale, there will still be a far greater proportion of the product in the form of commodities, compared to other modes of production. And all commodities, and therefore all commodity-capital, which is but another expression for commodities in the form of capital-value, constitute an element of the commodity-supply, unless they pass immediately from the sphere of production into productive or individual consumption, instead of remaining on the market in the interval between production and consumption. If the scale of production remains the same, the commodity-supply, that is to say, the individualization, and fixation of the commodity-form of the product, grows therefore with the development of capitalist production. We have seen, furthermore, that this is merely a change of form on the part of the supply, that is to say the supply in the form of commodities increases on one side, while on the other the supply in the form of direct means of production for consumption decreases. It is merely a question of a changed form of the social supply. The fact that it is not only the relative size of the commodity-supply compared to the aggregate social product which increases, but also its absolute size, is due to the growth of the aggregate product with the advance of capitalist production.

With the development of capitalist production, the scale of production becomes less and less dependent on the immediate demand for the product

and falls more and more under the determining influence of the amount of capital available in the hands of the individual capitalist, of the instinct for the creation of more value inherent in capital, of the need for the continuity and expansion of its processes of production. This necessarily increases the mass of products required in each branch of production in the shape of commodities. The amount of capital fixed for a longer or shorter period in the form of commodity-capital grows proportionately. In short, the commodity-supply increases.

Finally, the majority of the members of human society are transformed into wage workers, into people who live from hand to mouth, who receive their wages weekly and spend them daily, who therefore must find a supply of the necessities of life ready at hand. Although the individual elements of this supply may be in continuous flow, a part of them must always suffer delay in order that the supply may be ever renewed.

All these characteristics are due to the form of capitalist production and to the metamorphoses incidental to it, which the product must undergo in the process of circulation.

Whatever may be the social form of the supply of products, its preservation requires an outlay for buildings, storage facilities, etc., which protect the product; furthermore for means of production and labor, more or less of which must be expended, according to the nature of the product, in order to preserve it against injurious influences. The more the supply is socially concentrated, the smaller are the relative expenses. These expenses always consume a part of the social labor, either in a materialized or in a subjective form; they require an outlay of capital which does not enter into the productive process itself and thus diminish the product. They constitute the cost of preserving the social wealth, and are, therefore, necessary expenses, without regard to the fact whether the existence of the social product in the form of a commodity-supply is due merely to the social form of production, to the commodity-form and its metamorphoses, or whether we regard the commodity-supply merely as a special form of the supply of products, a supply common to all societies, though not always in the form of commodity-supply, which is a form of the supply of products belonging to the process of circulation.

The question is now, to what extent these expenses enter into the value of commodities.

If the capitalist has converted the capital advanced by him for means of production and labor-power into a product, into a mass of commodities ready for sale, and these commodities remain in stock unsold, then it is not only the creation of values by means of his capital which is interrupted. The expenses required for the conservation and storage of this supply in buildings, etc., and for additional labor, signify a positive loss for him. The final buyer would laugh in his face, if he were to say to him: “My articles were unsalable for six months, and their preservation during that period did not only make so and so much of my capital unproductive, but also cost me so much extra-expenses.” “So much the worse for you,” would the buyer say. “Here is another seller, whose articles were completed the day before yesterday. Your articles are old and probably more or less injured by the ravages of time. Therefore you will have to sell cheaper than your rival.”

It does not alter the life-processes of a commodity, whether its producer is a direct producer or a capitalist producer, who is merely a representative of the actual producer. The product must be converted into money. The expenses caused by the fixation of the product in the form of commodities are a part of the individual adventures of the seller, and the buyer does not concern himself about them. The buyer does not pay for the time of circulation of the commodities. Even if the capitalist holds his goods back intentionally, in times of an actual or expected revolution of values, it depends on the materialization of this revolution of values, on the correctness or incorrectness of the seller’s speculation, whether he will recover his outlay or not. Inasmuch, therefore, as the formation of a supply involves a delay in the circulation, the expenses caused thereby do not add anything to the value of the commodities. On the other hand, there cannot be any supply without a sojourn of the commodities in circulation, without the stay of capital for a longer or shorter time in the form of commodity; hence there cannot be any supply without a delay of the circulation. It is the same with money, which cannot circulate without the formation of money-reserve. Hence there cannot be any circulation of commodities without a supply of commodities. If this necessity does not confront the capitalist in  $C' — M'$ , it will do so in  $M — C$ ; not so far as his own commodity-capital is concerned, but that of other capitalists, who produce means of production for him and necessities of life for his laborers.

It appears that the nature of the case is not altered, whether the formation of a supply is voluntary or involuntary, that is to say whether the producer

accumulates a supply intentionally or whether his product forms a supply in consequence of the resistance offered to its sale by the conditions of the process of circulation. But it is useful for the solution of this question to know what distinguishes the voluntary from the involuntary formation of a supply. The involuntary formation of a supply arises from, or is identical with, an interruption of the circulation, which is independent of the knowledge of the producer of commodities and thwarts his will. And what characterizes the voluntary formation of a supply? The seller seeks to get rid of his commodity as much as ever. He always offers his product as a commodity. If he were to withdraw it from sale, it would be only a latent, not an effective organ of the commodity-supply. The commodity as such is still as much as ever a bearer of exchange-value and can become effective only by discarding the commodity-form and assuming the money-form.

The commodity-supply must have a certain size, in order to satisfy the demand during a given period. The continual extension of the circle of buyers is one of the factors in the calculation. For instance, in order to last to a certain day, a part of the commodities on the market must retain the form of commodities while the remainder continue in flow and are converted into money. The part which is delayed while the rest keep moving decreases continually, to the extent that the size of the entire supply decreases, until it is all sold. The delay of the commodities is thus calculated on as a necessary requirement of their sale. The size of the supply must be larger than the average sale or the average extent of the demand. Otherwise the excess over this average could not be satisfied. At the same time, the supply must be continually renewed, because it is continually dissolved. This renewal cannot come from anywhere in the last instance than from production, from a new supply of commodities. Whether this comes from abroad or not, does not alter the case. The renewal depends on the periods required by the commodities for their reproduction. The commodity-supply must last during these periods. The fact that it does not remain in the hands of the original producer, but passes through various stores from the wholesaler to the retailer, changes merely the aspect, not the nature of the thing. From the point of view of society, a part of capital still retains the form of a commodity-supply, so long as the commodities have not been consumed productively or individually. The producer tries to keep a supply corresponding to his average demand, in order to be somewhat independent of the process of production and to insure for

himself a steady circle of customers. Corresponding to the periods of production, terms of sale are formed and the commodities form a supply for a longer or shorter time, until they can be replaced by new commodities of the same kind. The continuity and regularity of the process of circulation, and therefore of the process of reproduction, which includes the circulation, is safeguarded only by the formation of a supply.

It must be remembered that  $C' - M'$  may have been transacted for the producer of  $C$ , although  $C$  may still be on the market. If the producer were to keep his own commodities until they are sold to the last consumer, he would have to invest two capitals, one as a producer and one as a merchant. For the commodity itself, whether we look upon it as an individual commodity or as a part of social capital, it is immaterial whether the expenses of the formation of a supply fall on the shoulders of its producer or on those of a series of merchants from  $A$  to  $Z$ .

In so far as the commodity-supply is nothing but the commodity-form of the supply which would exist at a given scale of social production either as a productive supply or as a supply of means of consumption, if it did not have the form of a commodity-supply, the expenses required for its conservation and formation, that is to say the expenses for materialized and subjective labor, are merely converted expenses for maintaining either the social fund for production or the social fund for consumption. The increase of the value of commodities caused by them distributes these expenses simply pro rata to the different commodities, since the cost is different for different kinds of commodities. And the expenses for the formation of the supply are as much as ever deductions from the social wealth, although they are one of its requirements.

The circulation of commodities is normal only to the extent that the formation of a commodity-supply is its premise and necessarily arises by means of it, only in so far as this apparent stagnation is a part of the rotation itself, just as it is in the case of the formation of a money-reserve. But as soon as the commodities resting in the reservoirs of circulation refuse to give space to the succeeding wave of so that the reservoirs are overstocked, the commodity-supply expands just as the hoards do, if the circulation of money is clogged. It does not make any difference, whether this stop occurs in the magazines of the industrial capitalist or in the warehouses of the merchant. The supply is in that case not the premise of the uninterrupted sale, but the result of the impossibility of selling the goods. The expenses

remain the same, but since they now arise entirely out of the form, that is to say, out of the necessity of selling the commodities, and out of the obstacles to this metamorphosis into money, they do not enter into the values of the commodities, but cause deductions, losses, from the value to be realized. Since the normal and abnormal form of the supply cannot be distinguished externally, and both of them are clogging the circulation, these phenomena may be confounded and may deceive the agent in production so much easier as the process of circulation of the capital of the producer may continue smoothly, while that of the commodities he has sold to merchants may be arrested. If the size of production and consumption increase, other conditions remaining the same, then the size of the commodity-supply increases likewise. It is renewed and absorbed just as fast, but its size is greater. Hence the growing size of the commodity-supply caused by a delay in the circulation may be mistaken for a symptom of the expansion of the process of reproduction, especially when the development of the credit-system makes it possible to mystify the real nature of the movement.

The expense of the formation of the supply consist (1) of quantitative losses of the mass of the product (for instance, in the case of a supply of flour); (2) in a spoiling of the quality; (3) in the materialized and individual labor required for the conversion of the supply.

#### EXPENSES OF TRANSPORTATION.

It is not necessary to enter at this place into all the details of the expenses of circulation, such as packing, sorting, etc. The general law is that all expenses of circulation, which arise only from changes of form, do not add any value to the commodities. They are merely expenses required for the realization of value, or for its conversion from one form into another. The capital invested in those expenses (including the labor employed by it) belongs to the dead expenses of capitalist production. They must be made up out of the surplus-product and are, from the point of view of the entire capitalist class, a deduction from the surplus-value or surplus product, just as the labor required for the purchase of the necessities of life is lost time for the laborer. But the expenses of transportation play a too prominent role to pass them by without a few short remarks.

Within the rotation of capital and the metamorphoses of commodities which are a part of that rotation, the mutation-processes of social labor take place. These mutation-processes may require a change of location on the

part of the products, their transportation from one place to another. Still, a circulation of commodities may take place without their change from place to place, and a transportation of products without a circulation of commodities, or even without a direct exchange of products. A house which is sold by A to B does not wander from one place to another, although it circulates as a commodity. Movable commodity-values, such as cotton or iron ore, remain in the same warehouse at a time when they are passing through dozens of circulation processes, when they are bought and resold by speculators. That which really changes its place here is the title of ownership, not the thing itself. On the other hand, transportation played a prominent role in the land of the Incas, although the social product did not circulate either as a commodity or by means of exchange.

Even though the transportation industry under capitalist production appears as a cause of expenses of circulation, this special form does not alter the nature of the problem.

Quantities of products are not increased by transportation, neither is the eventual alteration of their natural qualities, with a few exceptions, the result of premeditated action, but an inevitable evil. But the use-value of things has no existence except in consumption, and this may necessitate a change of place on the part of the product, in other words, it may require the additional process of production of the transportation industry. The productive capital invested in this industry adds value to the transported products, partly by transferring value from the means of transportation, partly by adding value through the labor-power used in transportation. This last-named addition of value consists, as it does in all capitalist production, of a reproduction of wages and of surplus-value.

Within each process of production, the change of place of the object of labor and the required instruments of labor and labor-power — such as cotton which passes from the carding to the spinning room, or coal which is hoisted from the shaft to the surface — play a great role. The transition of the finished product, in the role of a finished commodity, from one independent place of production to another in a different location shows the same phenomenon on a larger scale. The transport of the products from one factory to another is finally succeeded by the passage of the finished products from the sphere of production to that of consumption. The product is not ready for consumption until it has completed these movements.

We have shown previously that a general law of the production of commodities decrees: The productivity of labor and its faculty of creating value stand in opposition to one another. This is true of the transportation industry as well as of any other. The smaller the amount of materialized and subjective labor required for the transportation of the commodities over a certain distance, the greater is the productivity of labor, and vice versa.

The absolute magnitude of the value which the transportation of the commodities adds to them is smaller in proportion as the productivity of the transportation industry increases, and vice versa, and directly proportional to the distance traveled, other conditions remaining the same.

The relative magnitude of the value added to the prices of commodities by the cost of transportation, other conditions remaining the same, is directly proportional to their volume and weight. But there are many modifying circumstances. Transportation requires, for instance, more or less provision for protection against accidents, and therefore more or less expenditure of labor and instruments of labor, according to the relative fragility, perishable nature, explosiveness of the articles. In this department, the railroad magnates show a greater talent for inventing fantastic species than botanists and zoologists. The classification of the articles on English railroads fills volumes and rests in general on the tendency of transforming the many-sided natural qualities of commodities into so many difficulties of transportation and inevitable excuses for exploitation. "Glass, which was formerly valued at the rate of 11 pounds sterling per crate, is now valued at only 2 pounds sterling in consequence of industrial improvements and the abolition of the glass-tax, but the railway rates are as high as ever and exceed the cost of transportation by water. Formerly glass and glass ware for lead work was carried for 10 shillings per ton within a radius of 50 miles of Birmingham. Now the rates have been raised to thrice that figure on the pretext of the risk involved by the fragility of the article. But if anything is broken, the railway management does not pay for it. The fact that the relative magnitude of the value added by the cost of transportation to the articles is inversely proportional to their values furnishes a special excuse for the railroads to tax the articles in direct proportion to their values. The complaints of the industrials and merchants on this score are found on every page of the testimony of witnesses given before the royal commission on railways.

The capitalist mode of production reduces the cost of transportation for the individual commodities by the development of the means of transportation and communication, by their concentration, the scale of their traffic, etc. It increases that part of the materialized and subjective social labor, which is expended in the transportation of commodities, first by converting the great majority of all products into commodities, secondly, by substituting distant for local markets.

The circulation, that is to say the actual perambulation of the commodities through space, is carried on in the form of transportation. The transportation industry forms on one hand an independent branch of production, and thus a special sphere of investment of productive capital. On the other hand, it is distinguished from other spheres of production by the fact that it represents a continuation of a process of production within the process of circulation and for its benefit.

## **PART II The Turn-Over of Capital.**

## CHAPTER VII. THE PERIOD AND NUMBER OF TURN-OVERS.

We have seen that the entire time of rotation of a given capital is equal to the sum of its time of circulation plus its time of production. It is the period of time from the moment of the advance of capital-value in a definite form to the return of the rotating capital-value in the same form.

The compelling motive of capitalist production is always the creation of value by means of the advanced value, no matter whether this value is advanced in its independent money-form, or in commodities, in which case its value is only ideally independent in the price of the advanced commodities. In both cases this capital-value passes through various forms of existence during its rotation. Its identity with itself is confirmed by the books of the capitalists, or in the ideal form of calculating money.

No matter whether we consider the formula  $M...M'$  or the formula  $P...P$ , both forms imply (1) that the advanced value performs the function of capital-value and has created more value; (2) that it has returned to the form in which it began its rotation, having completed its cycle. The creation of more value by means of the advanced value  $M$  and the return of capital to this money-form is plainly visible in  $M...M'$ . But the same takes place in the second formula. For the starting point of  $P$  is the existence of the elements of production, of commodities having a given value. The formula includes the creation of value by means of the advanced value ( $C'$  and  $M'$ ) and the return to the original form, for in the second  $P$  the advanced value has again the form of the elements of production in which it was originally advanced.

We have seen previously: "If production be capitalistic in form, so, too, will be reproduction. Just as in the former the labor-process figures but as a means towards the self-expansion of capital, so in the latter it figures but as a means of reproducing as capital, i.e., as self-expanding value, the value advanced." (Vol. I, chap. XXIII, .)

The three formulæ (1)  $M...M'$ , (II)  $P...P$ , and (III)  $C'...C'$ , present the following distinctions: In formula II,  $P...P$ , the renewal of the process by the process of reproduction is expressed as a reality, while it is only implied as a probability in formula I. But both of these formulæ differ from III by the fact that in them the advanced capital-value, either in the form of money or

of material elements of production, is the starting and returning point. In  $M...M'$ , the return to  $M'$  means  $M$  plus  $m$ . If the process is renewed on the same scale,  $M$  is again the starting point and  $m$  does not enter into it, but shows merely that  $M$  performed the function of capital and created surplus-value  $m$ , which it threw off. In the formula  $P...P$ , capital-value  $P$  advanced in the form of means of production is likewise the starting point. This form includes the creation of more value. If simple reproduction takes place, the same capitalist renews the same process in the same form  $P$ . If accumulation takes place, then  $P'$  (equal in magnitude of value to  $M'$  and  $C'$ ) reopens the cycle as an expanded capital-value. But it begins with the advanced capital-value in its original form, although it is of greater value than before. In form III, on the other hand, capital-value does not begin the process as an advance, but as an expanded value, as the aggregate wealth existing in the form of commodities, of which the advanced value is but a part. This last form is important for the third part of this volume, in which the movement of the individual capitals is discussed in connection with the movements of the aggregate social capital. But it is not available for the discussion of the turn-over of capital, which always begins with the advance of capital-value in the forms of money or commodities, and which always requires the return of the rotating capital-value to the form in which it had been advanced. Of these cycles I and II, the former is serviceable in the study of the influence of the turn-over on the formation of surplus-value, the latter in the study of its influence on the formation of the product.

Economists have not distinguished the different relations of the turn-over of capital to its cycles any more than they have distinguished between these cycles. They generally consider the formula  $M...M$ , because it dominates the individual capitalist and serves for a basis of his calculations, even if money is the starting point of this cycle only in the form of calculating money. Others start out from the outlay of capital in the form of elements of production and follow the cycle to the point of return, without alluding to the form of the returns, be they commodities or money. For instance, "the economic cycle,...the whole course of production, from the time that outlays are made till returns are received. In agriculture, seed time is its commencement, and harvesting its ending." S. P. Newman, *Elements of Political Economy*, Andover and New York, . Others begin with  $C'$ , the third form. Says Th. Chalmers, in his work on "Political Economy," 2nd Ed., London, 1832, and following, in substance: The world of the

productive traffic may be regarded as rotating in a cycle, which we will call the economic cycle. Each cycle is completed, whenever the business, after passing through its successive transactions, returns to its starting point. The beginning may be made at the point where the capitalist gets his receipts, which return his capital. From this point, the capitalist proceeds once more to hire his laborers and parcel out to them their subsistence, or rather the means to purchase it with wages. They manufacture for him the articles which are his specialty. And the capitalist then takes his articles to the market and brings the cycle of this one series of transactions to a close by selling and receiving in the price of his commodities a return for his entire investment of capital.

As soon as the entire capital-value invested by some individual capitalist in any one branch of production has completed the cycle of its movements, it finds itself once more in the form in which it started and is ready to repeat the same process. It must repeat this process, if value is to perpetuate itself as capital-value and create more value. The individual cycle is but a fragment in the life of capital, it is a period which is continually repeated. At the end of the period M...M' capital has once more the form of money-capital, which passes anew through that series of metamorphoses in which its process of reproduction, or self-expansion, is included. At the end of the period P...P, capital has resumed the form of elements of production, which are the requirement for a renewal of its cycle. The rotation of capital, considered as a periodical process, not as an individual event, constitutes its turn-over. The duration of this turn-over is determined by the sum of its time of production plus its time of circulation. This sum constitutes the time of turn-over. It measures the passing of time while the entire capital-value goes through the period of its cycle until it reaches the next one. It counts the periods in the life of capital, or, the time of the renewal, repetition, of the process of self-expansion, which is the process of production, of the same capital-value.

Apart from the individual adventures which may accelerate or retard the time of turn-over of individual capitals, this time is different according to the different spheres of investment of capitals.

Just as the working day is the natural unit for the function of labor-power, so the year is the natural unit for the periods of turn-over of rotating capital. The natural basis of this unit is found in the fact that the most

important crops of the temperate zone, which is the mother country of capitalist production, are annual products.

If we designate the year as the unit of the time of turn-over by  $T$ , the time of turn-over of a given capital by  $t$ , and the number of its turn-overs by  $n$ , then  $n = T/t$ . If, for instance, the time of turn-over  $t$  is 3 months, then  $n$  is equal to  $12/3$ , or 4: in other words, capital is turned over four times per year. If  $t$  is equal to 18 months, then  $n = 12/18 = 2/3$ , capital completes only two-thirds of its turn-over in one year. If its time of turn-over is several years, it is computed in multiples of one year.

From the point of view of the capitalist, the time of turn-over is the time for which he must advance his capital in order to create value with it and have it returned in its original form.

Before we can study the influence of the turn-over on the processes of production and self-expansion, we must take a look at two new forms which accrue to capital from the process of circulation and influence the form of its turn-over.

## CHAPTER VIII. FIXED CAPITAL AND CIRCULATING CAPITAL.

Distinctions of Form.

We have seen in vol. I, chap. VIII, that a portion of the constant capital retains that form of the use-value, in which it entered into the process of production and does not share in the transfer to the products toward the creation of which it contributes. In other words, it performs for a longer or shorter period, in the ever repeated labor process, the same function. This applies, for instance, to buildings, machinery, etc., in short to all things which we comprise under the name of instruments of labor. This part of constant capital yields value to the product in proportion as it loses its own exchange-value with the dwindling of its use-value. This transfer of value from an instrument of production to the product which it helps to create is determined by a calculation of averages. It is measured by the average, duration of its function, from the moment that the instrument that it is completely spent and must be reproduced, or replaced by a new specimen of the same kind.

This, then is the peculiarity of this part of constant capital of the instruments of labor:

A certain part of capital has been advanced in the form of constant capital, of instruments of labor, which now perform their function in the labor-process so long as their own use-value lasts, which they bring with them into this process. The finished product, with the elements it absorbed from the instruments of production, is pushed out of the process of production and transferred as a commodity to the sphere of circulation. But the instruments of labor never leave the sphere of production, once that they have entered it. Their function holds them there. A certain portion of the advanced capital-value is fixed in this form by the function of the instruments of labor in the process of production. In the performance of this function, and thus by the wear and tear incidental to it, a part of the value of the instruments of labor is transferred to the product, while another remains fixed in the instruments of labor and thus in the process of production. The value thus fixed decreases constantly, until the instrument of labor is worn out, its value having been distributed during a shorter or longer period, over

a mass of products which emanated from a series of currently repeated labor processes. But so long as an instrument of labor is still effective and has not been replaced by a new specimen of the same kind, a certain amount of constant capital-value remains fixed in it, while another part of the value originally fixed in it is transferred to the product and circulates as a component part of the commodity-supply. The longer an instrument lasts, the slower it wears out, the longer will its constant capital-value remain fixed in this form of use-value. But whatever may be its durability, the proportion in which it yields its value is always inverse to its entire time of service. If of two machines of equal value, one wears out in five years and the other in ten, then the first yields twice as much value in the same time as the second.

This value fixed in the instruments of labor circulates as well as any other. We have seen that all capital-value is constantly in circulation, and that in this sense all capital is circulating capital. But the circulation of the portion of capital which we are now studying is peculiar. In the first place, it does not circulate in its use-form, but it is merely its exchange-value which circulates, and this takes place gradually and piecemeal, in proportion as it is transferred to the product which circulates as a commodity. During the entire period of its service, a portion of its value always remains fixed in it, independent of the commodities which it helps to produce. It is this peculiarity which gives to this portion of capital the character of fixed capital. On the other hand, all other substantial parts of the capital advanced in the process of production form the circulating, or fluid, capital.

Some portions of the means of production do not yield their substance to the product. Such are auxiliary substances, which are consumed by the instruments of labor themselves in the performance of their function, such as coal consumed by a steam engine; or substances which merely assist in the operation, such as gas for lighting, etc. It is only their value which forms a part of the value of products. In circulating its own value, the product circulates theirs. To this extent they share the fate of the fixed capital. But they are entirely consumed in every labor-process which they enter, and must therefore be replaced by new specimens of their kind in every new labor-process. They do not preserve their own use-form while performing their function. Hence no portion of capital-value remains fixed in their natural use-value during their service. The fact that this portion of the auxiliary substances does not pass bodily into the product, but yields only

its value to swell thereby the value of the product, although the function of these substance is confined to sphere of production, has misled some economists, for instance Ramsay — who also confounded fixed capital with constant capital — to class them among the fixed capital.

That part of the means of production which yields its substance to the product, in other words, the raw materials, may eventually assume forms which enable it to pass into individual consumption. The instruments of labor, properly so called, that is to say, the material bearers of the fixed capital, can be consumed only productively and cannot pass into individual consumption, because their substance does not enter into the product, into the use-value, which they help to create, but they rather retain their independent form until they are completely worn out. The means of transportation are an exception to this rule. The useful effect which they produce by their productive function during their stay in the sphere of production, that is to say, the change of location, passes simultaneously into the individual consumption, for instance into that of a traveler. He pays for its use in the same way in which he pays for the use of other articles of consumption. We have seen that sometimes the raw material and auxiliary substances pervade one another, for instance in the manufacture of chemicals. In the same way, instruments of labor, raw material and auxiliary substances may pervade one another. In agriculture, for instance, the substances employed for the improvement of the soil pass into the plants and help to form the product. On the other hand, their influence is distributed over a lengthy period, say four or five years. A portion of them, therefore, pass into the product and enhance its value, while another portion remains fixed in its old use-form and retains its value. It persists as an instrument of production and retains the form of fixed capital. An ox is fixed capital, so long as it is a beast of toil. If it is eaten, it does not perform the functions of an instrument of production, and is, therefore, not fixed capital.

That which determines whether a certain portion of the capital-value invested in means of production is fixed capital or not is exclusively the peculiar manner in which this value circulates. This peculiar manner of circulation arises from the peculiar manner in which the means of production yield their value to the product, that is to say the manner in which the means of production participate in the creation of values in the

process of production. This, again, arises from the special nature of the function of these means of production in the labor-process.

We know that the same use-value, which comes as a product from one labor-process, passes as a means of production into another. It is only the function of a product as a means of production in the labor-process which stamps it as fixed capital. But to the extent that it arises itself out of such a process, it is not fixed capital. For instance, a machine, as a product, as a commodity of the machine manufacturer, belongs to his commodity-capital. It does not become fixed capital, until it is employed productively in the hands of its purchaser.

All other circumstances being equal, the degree of fixity increases with the durability of the means of production. This durability determines the magnitude of the difference between the capital-value fixed in the instruments of labor and between that part of its value which is yielded to the product in successive labor-processes. The slower this value is yielded — and some of it is given up in every repetition of the labor-process — the larger will be the fixed capital, and the greater will be the difference between the capital employed and the capital consumed in the process of production. As soon as this difference has disappeared, the instrument of labor has ceased to live and lost, with its use-value, also its exchange-value. It has ceased to be the bearer of value. Since an instrument of labor, the same as every other material bearer of constant capital, yields value only to the extent that its use-value is converted into exchange-value, it is evident that the period in which its constant capital-value remains fixed will be so much longer, the longer it lasts in the process of production, the more slowly its use-value is lost.

If any one means of production, which is not an instrument of labor, strictly speaking, such as auxiliary substances, raw material, partly finished articles, etc., yields and circulates its value in the same way as the instruments of production, then it is likewise the material bearer, the form of existence, of fixed capital. This is the case with the above-mentioned improvements of the soil, which add chemical substances to the soil, the influence of which is distributed over several periods of production, or years. In this case, a portion of the value continues to exist independently of the product, it persists in the form of fixed capital, while another portion has been transferred to the product and circulates with it. And in the latter case, it is not alone a portion of the value of the fixed capital which is transferred

to the product, but also a portion of the use-value, the substance in which this portion of value is embodied.

Apart from the fundamental mistake — the confounding of the categories “fixed capital and circulating capital” with the categories “constant capital and variable capital” — the confusion of the economists in the matter of definitions is based on the following points:

They make of certain qualities, embodied in the substances of the instruments of labor, direct qualities of fixed capital, for instance, the physical immobility of a house. It is always easy in that case to prove that other instruments of labor, which are likewise fixed capital, have an opposite quality, for instance, physical mobility, such as a vessel's.

Or, they confound the definite economic form, which arises from the circulation of value, with some quality of the object itself, as though things which are not at all capital in themselves, but rather become so under given social conditions, could be of themselves and intrinsically capital in some definite forms, such as fixed or circulating capital. We have seen in volume I that the means of production in every labor-process, regardless of the social conditions in which it takes place, are divided into instruments of labor and objects of labor. But both of them do not become capital until the capitalist mode of production is introduced, and then they become “productive capital,” as shown in the preceding part. Henceforth the distinction between instruments and objects of labor, based on the nature of the labor-process, is reflected in the new distinction between fixed and circulating capital. It is then only, that a thing which performs the function of an instrument of labor, becomes fixed capital. If it can serve also in other capacities, owing to its material composition, it may be fixed capital or not, according to the functions it performs. Cattle as beasts of toil are fixed capital; if they are fattened, they are raw material which finally enters into circulation as commodities, in other words, they are circulating, not fixed capital.

The mere fixation of some means of production for a certain length of time in repeated labor-processes, which are consecutively connected and form a period of production, that is to say, the entire period required to complete a certain product, demands advances from the capitalist for a longer or shorter term, just as fixed capital does, but this does not give to his capital the character of fixed capital. Seeds, for instance, are not fixed capital, but only raw material which is held for about a year in the process

of production. All capital is held in the process of production, so long as it performs the function of productive capital, and so are, therefore, all elements of productive capital, whatever may be their substantial composition, their function and the mode of circulation of their value. Whether the period of fixation lasts a long or a short time, according to the manner of the process of production or the effect aimed at, it does not determine the distinction between fixed and circulating capital.

A portion of the instruments of labor, which determine the general conditions of labor, may be located in a fixed place, as soon as it enters on its duties in the process of production or is prepared for them, for instance, machinery. Or it is produced from the outset in its locally fixed form, such as improvements of the soil, factory buildings, kilns, canals, railroads, etc. The constant fixation of the instrument of labor in the process of production is in that case also due to its mode of material existence. On the other hand, an instrument of labor may continually be shifted bodily from place to place, may move about, and nevertheless be continually in the process of production, for instance, a locomotive, a ship, beasts of burden, etc. Neither does immobility in the one case bestow the character of fixed capital on the instrument of labor, nor does mobility in the other case deprive it of this character. But the fact that some instruments of labor are attached to the soil and remain so fixed, assigns to this portion of fixed capital a peculiar role in the economy of nations. They cannot be sent abroad, cannot circulate as commodities on the market of the world. The titles to this fixed capital may be exchanged, it may be bought and sold, and to this extent it may circulate ideally. These titles of ownership may even circulate on foreign markets, for instance in the form of stocks. But the change of the persons of the owners of this class of fixed capital does not alter the relation of the immobile, substantially fixed part of national wealth to its circulating part.

The peculiar circulation of fixed capital results in a peculiar turn-over. That part of value which is lost by wear and tear circulates as a part of the value of the product. The product converts itself by means of its circulation from commodities into money; hence the value of the instrument of labor circulated by the product does the same, and this value is precipitated in the form of money by the process of circulation in the same proportion in which the instrument of labor loses its value in the process of production. This value has then a double existence. One part of it remains attached to the form of its use-value in the process of production, another is detached

from the instrument of labor and becomes money. In the performance of its function, that part of the value of an instrument of labor which exists in its natural form constantly decreases, while that which is transformed into money constantly increases, until at last the instrument is exhausted and its entire value, detached from its body, has assumed the form of money. Here the peculiarity in the turn-over of this element of productive capital becomes apparent. The transformation of its value into money keeps pace with the like transformation of the commodity which is its bearer. But its reconversion from the form of money into that of a use-value separates itself from the reconversion of the commodities into their other elements of production and is determined by its own period of reproduction, that is to say by the time during which the instrument of labor has worn out and must be replaced by another specimen of the same kind. If a machine lasts for, say, a period of ten years, then the period of turn-over of the value originally advanced for it amounts to ten years. It need not be replaced until this period has expired, and performs its function in this natural form until then. Its value circulates in the meantime piecemeal as a part of the value of the commodities which it turns out successively, and it is thus gradually transformed into money, until it has entirely assumed the form of money at the end of ten years and is reconverted from money into a machine, in other words, has completed its turn-over. Until this time arrives, its value is meanwhile accumulated in the form of a reserve fund of money.

The other elements of productive capital consist partly of those elements of constant capital which exist in auxiliary and raw materials, partly of variable capital which is invested in labor-power.

The analysis of the processes of labor and self-expansion (vol. I, chap. VII) showed that these different elements behave differently in their role of producers of commodities and values. The value of that part of constant capital which consists of auxiliary and raw materials — the same as of that part which consists of instruments of labor — reappears in the value of the product as transferred value, while labor-power actually adds the equivalent of its value to the product by means of the labor-process, in other words, actually reproduces its value. Furthermore, a part of the auxiliary material, fuel, gas, etc., is consumed in the process of labor without entering bodily into the product, while another part of them enters bodily into the product and forms a part of its substance. But all these differences are immaterial so far as the mode of circulation and turn-over is concerned. To the extent that

auxiliary and raw materials are entirely consumed in the creation of the product, they transfer their value entirely to the product. Hence this value is entirely circulated by the product, transformed into money and from money back into the elements of production of the commodity. Its turn-over is not interrupted, as that of fixed capital is, but it rather passes uninterrupted through the entire cycle of its transformations, so that these elements of production are continually reproduced in substance.

As for the variable part of productive capital, which is invested in labor-power, it buys labor-power for a definite period of time. As soon as the capitalist has bought labor-power and embodied it in his process of production, it forms a component part of his capital, definitely speaking, the variable part of his capital. Labor-power performs its function daily during a period of time, in which it not only reproduces its own daily value, but also adds a surplus-value in excess of it to the product. We do not consider this surplus-value for the moment. After labor-power has been bought, say, for a week, and performed its function, its purchase must be continually renewed within the accustomed space of time. The equivalent of its value, which labor-power embodies in its product during its function and which is transformed into money by means of the circulation of the product, must be continually reconverted from money into labor-power, must continually pass through the complete cycle of its transformations, in other words, must be turned over, lest the continuous rotation of its production be interrupted.

That part of the value of capital, then, which has been advanced for labor-power, is entirely transferred to the product — we still leave the question of surplus-value out of consideration — passes with it through the two metamorphoses belonging to the circulation, and always remains in the process of production by means of this continual reproduction. Whatever may be the differences by which labor-power is distinguished, so far as the formation of value is concerned, from those parts of constant capital which do not represent fixed capital, it nevertheless has this manner of turn-over in common with them, as compared to the fixed capital. It is these elements of productive capital — the values invested in labor-power and in means of production which are not fixed capital — that by their common characteristics of turn-over constitute the circulating capital as opposed to the fixed capital.

We have already stated that the money which the capitalist pays to the laborer for the use of his labor-power is but the form of the general

equivalent for the means of subsistence required by the laborer. To this extent, the variable capital consists in substance of means of existence. But in this case, where we are discussing the turn-over, it is a question of form. The capitalist does not buy the means of the existence of the laborer, but his labor-power. And that which forms the variable part of capital is not the subsistence of the laborer, but his active labor-power. The capitalist consumes productively in the labor-process the labor-power of the laborer, not his means of existence. It is the laborer himself who converts the money received for his labor-power into means of subsistence, in order to reproduce his labor-power, to keep alive, just as the capitalist converts a part of the surplus-value realized by the sale of commodities into means of existence for himself, and yet would not thereby justify the statement, that the purchaser of his commodities pays him with means of existence. Even if the laborer receives a part of his wages in the form of means of existence, this is still a second transaction in our days. He sells his labor-power at a certain price, with the understanding that he shall receive a part of this price in means of production. This changes merely the form of the payment, but not the fact that that which he actually sells is his labor-power. It is a second transaction, which does not take place between the parties in their capacity as laborer and capitalist, but on the part of the laborer as a buyer of commodities and on that of the capitalist as a seller of commodities; while in the first transaction, the laborer is a seller of a commodity (his labor-power) and the capitalist its buyer. It is the same with the capitalist who replaces his commodity by another, for instance when he takes iron for a machine which he sells to some iron-works. It is, therefore, not the means of subsistence of the laborer which determine the character of circulating capital as opposed to fixed capital. Nor is it his labor-power. It is rather that part of the value of productive capital which is invested in labor-power that receives this character in common with some other parts of constant capital by means of the manner of its turn-over.

The value of the circulating capital — invested in labor-power and means of production — is advanced only for the time during which the product is in process of formation, in harmony with the scale of production dependent on the volume of the fixed capital. This value enters entirely into the product, is therefore fully returned by the sale of the product in the circulation, and can be advanced anew. The labor-power and means of production carrying the circulating part of capital are withdrawn from the

circulation to the extent that is required for the formation and sale of the finished product, but they must be continually replaced and reproduced by purchasing them back and reconverting them from money into elements of production. They are withdrawn from the market in smaller quantities at a time than the elements of fixed capital, but they must be withdrawn so much more frequently and the advance of capital invested in them must be repeated in shorter periods. This continual reproduction is promoted by the continuous conversion of the product which circulates the entire value of these elements. And finally, they pass through the entire cycle of metamorphoses, not only so far as their value is concerned, but also their material substance. They are continually reconverted from commodities into the elements of production of the same commodities.

Together with its value, labor-power always adds surplus-value to the product, and this surplus-value represents unpaid labor. This is just as continuously circulated by the finished product and converted into money as its other elements of value. But in this substance, where we are first concerned about the turn-over of capital-value, and not of the surplus-value turned over at the same time, we dismiss the latter for the present.

From the foregoing, the following deductions are made:

The definite distinctions of the forms of fixed and circulating capital arise merely from the different turnovers of the capital-value employed in the process of production, the productive capital. This difference of turn-over arises in its turn from the different manner in which the various elements of productive capital transfer their value to the product; they are not due to the different participation of these elements in the production of value, nor to their characteristic role in the process of self-expansion. The difference in the transfer of value to the product — and therefore the different manner of circulating this value by means of the product and renewing it in its original material form by means of its metamorphoses — arises from the difference of the material forms in which the productive capital exists, one portion of it being entirely consumed during the creation of the individual product, and another being used up gradually. Hence it is only the productive capital, which can be divided into fixed and circulating capital. But this distinction does not apply to the other two modes of existence of industrial capital, that is to say commodity-capital and money-capital, nor does it express the difference of these two capitals as compared to productive capital. It applies only to productive capital and its internal

processes. No matter how much money-capital and commodity-capital may perform the functions of capital and circulate, they cannot become circulating capital as distinguished from fixed capital, until they have been transformed into circulating elements of productive capital. But because these two forms of capital dwell in the circulation, the economists since the time of Adam Smith, as we shall presently see, have been misled into confounding them with the circulating parts of productive capital under the head of circulating capital. Money-capital and commodity-capital are indeed circulation capital as distinguished from productive capital, but they are not circulating capital as opposed to fixed capital.

The turn-over of the fixed part of capital and therefore also its time of turn-over, comprises several turn-overs of the circulating parts of capital. In the same time, in which the fixed capital turns over once, the circulating capital turns over several times. One of the component parts of the value of productive capital acquires the definite form of fixed capital only in the case that the instrument of production in which it is embodied is not worn out in the time required for the finishing of the product and its removal from the process of production as a commodity. One part of its value must remain tied up in the form of the old use-value, while another part is circulated by the finished product, and this circulation simultaneously carries with it the entire value of the circulating parts of productive capital.

The value invested in the fixed part of productive capital is advanced in a lump-sum for the entire period of employment of that part of the instrument of labor which constitutes the fixed capital. Hence this value is thrown into the circulation by the capitalist all at one time. But it is withdrawn from the circulation only in portions corresponding to the degree in which those values are realized which the fixed capital yields successively to the commodities. On the other hand, the means of production themselves, in which a portion of the productive capital becomes fixed, are withdrawn from the circulation in one bulk and embodied in the process of circulation for the entire period which they last. But they do not require reproduction, they need not be replaced by new specimens of the same kind, until this time is gone by. They continue for a shorter or longer period to contribute to the creation of the commodities to be thrown into circulation, without withdrawing from circulation the elements of their own reproduction. Hence they do not require from the capitalist a renewal of his advances during this period. Finally, the capital-value invested in fixed capital passes

through the cycle of its transformations, not in its bodily substance, but only with its ideal value, and even this it does only in successive portions and gradually. In other words, a portion of its value is continually circulated and converted into money as a part of the value of the commodities, without reconverting itself from money into its original bodily form. This reconversion of money into the natural form of an instrument of labor does not take place until at the end of its period of usefulness, when the instrument has been completely worn out.

The elements of circulating capital are as continually engaged in the process of production — provided it is to be uninterrupted — as the elements of fixed capital. But the elements of circulating capital held in this condition are continually reproduced in their natural form (the instruments of production by other specimens of the same kind, and labor-power by renewed purchases) while in the case of the elements of fixed capital, neither the substance has to be renewed during their employment, nor the purchases. There are always raw and auxiliary materials in the process of production, but always new specimens of the same kind, whenever the old elements have been consumed in the creation of the finished product. Labor-power is likewise always in the process of production, but only by means of ever new purchases, and frequently with changed individuals. But the same identical buildings, machinery, etc., continue their function during repeated turn-overs of the circulating capital in the same repeated processes of production.

Composition, Reproduction, Repair, and Accumulation of Fixed Capital.

In the same investment of capital, the individual elements of fixed capital have a different life-time, and therefore different periods of turn-over. In a railroad, for instance, the rails, ties, earthworks, station-buildings, bridges, tunnels, locomotives, and carriages have different periods of wear and of reproduction, hence the capital advanced for them has different periods of turn-over. For a long term of years, the buildings, platforms, water tanks, viaducts, tunnels, excavations, dams, in short everything called “works of art” in English railroading, do not require any reproduction. The things which wear out most are the rails, ties, and rolling stock.

Originally, in the construction of modern railways, it was the current opinion, nursed by the most prominent practical engineers, that a railroad would last a century and that the wear and tear of the rails was so imperceptible, that it could be ignored for all financial and practical

purposes; from 100 to 150 years was supposed to be the life-time of good rails. But it was soon learned that the life-time of a rail, which naturally depends on the velocity of the locomotives, the weight and number of trains, the diameter of the rails themselves, and on a multitude of other minor circumstances, did not exceed an average of 20 years. In some railway-stations, which are centers of great traffic, the rails even wear out every year. About 1867, the introduction of steel rails began, which cost about twice as much as iron rails but which on the other hand last more than twice as long. The life-time of wooden ties was from 12 to 15 years. It was also found, that freight cars wear out faster than passenger cars. The life-time of a locomotive was calculated in 1867 at about 10 to 12 years.

The wear and tear is first of all a result of usage. As a rule, the rails wear out in proportion to the number of trains. (R.C. No. 17,645,) If the speed was increased, the wear and tear increased faster in proportion than the square of the velocity, that is to say, if the speed of the trains increased twofold, the wear and tear increased more than fourfold. (R. C. No. 17,046.)

Wear and tear are furthermore caused by the influence of natural forces. For instance, the ties do not only suffer from actual wear, but also from mold. The cost of maintenance does not depend so much on the wear and tear incidental to the railway traffic, as on the quality of the wood, the iron, the masonry, which are exposed to the weather. One single month of hand winter will injure the track more than a whole year of traffic. (R. P. Williams, *On the Maintenance of Permanent Way*. Lecture given at the Institute of Civil Engineers, Autumn, 1867.)

Finally, here as everywhere else in great industry, the virtual wear and tear plays a role. After the lapse of ten years, one can generally buy the same quantity of cars and locomotives for 30,000 pounds sterling, which would have cost 40,000 pounds sterling at the beginning of that time. Thus one must calculate on a depreciation of 25 per cent on the market price of this material, even though no depreciation of its use-values taken place. (Lardner, *Railway Economy*.)

Tubular bridges in their present form will not be renewed, writes W. P. Adams in his "Roads and Rails," London, 1862. Ordinary repairs of them, removal and replacing of single parts, are not practicable. (There are now better forms for such bridges.) The instruments of labor are largely modified by the constant progress of industry. Hence they are not replaced in their original, but in their modified form. On the one hand, the quantity

of the fixed capital invested in a certain natural form and endowed with a certain average vitality in that form constitutes one reason for the gradual pace of the introduction of new machinery, etc., and therefore an obstacle to the rapid general introduction of improved instruments of labor. On the other hand, competition enforces the introduction of new machinery before the old is worn out, especially in the case of important modifications. Such a premature reproduction of the instruments of labor on a large social scale is generally enforced by catastrophes or crises.

By wear and tear (excepting the so-called virtual wear) is meant that part of value which is yielded gradually by the fixed capital to the product in course of creation in proportion to the average degree in which it loses its use-value.

This wear and tear takes place partly in such a way that the fixed capital has a certain average life-time. It is advanced for this entire period in one sum. After the lapse of this period, it must be replaced. So far as living instruments of labor are concerned, for instance horses, their reproduction is timed by nature itself. Their average lifetime as means of production is determined by laws of nature. As soon as this term has expired, the worn-out specimens must be replaced by new ones. A horse cannot be replaced piecemeal, it must be replaced by another horse.

Other elements of fixed capital permit of a periodical or partial renewal. In this instance, the partial or periodical renewal must be distinguished from the gradual extension of the business.

The fixed capital consists in part of homogeneous elements, which do not, however, last the same length of time, but are renewed from time to time and piecemeal. This is true, for instance, of the rails in railway stations, which must be replaced more frequently than those of the remainder of the track. It also applies to the ties, which for instance on the Belgian railroads in the fifties had to be renewed at the rate of 8 per cent, according to Lardner, so that all the ties were renewed in the course of 12 years. Hence we have here the following proposition: A certain sum is advanced for a certain kind of fixed capital for, say, ten years. This expenditure is made at one time. But a certain part of this fixed capital, the value of which has been transferred to the value of the product and converted with it into money, is bodily renewed every year, while the remainder persists in its original natural form. It is this advance in one sum

and the reproduction in natural form by small degrees, which distinguishes this capital in the role of fixed from circulating capital.

Other parts of the fixed capital consist of heterogeneous elements, which wear out in unequal periods of time and must be so replaced. This applies particularly to machines. What we have just said concerning the different life-times of different parts of fixed capital applies in this case to the life-time of different parts of the same machine, which performs a part of the function of this fixed capital.

With regard to the gradual extension of the business in the course of the partial renewal, we make the following remarks: Although we have seen that the fixed capital continues to perform its functions in the process of production in its natural state, a certain part of its value, proportionate to the average wear and tear, has circulated with the product, has been converted into money, and forms an element in the money reserve fund intended for the renewal of the capital pending its reproduction in the natural form. This part of the value of fixed capital transformed into money may serve to extend the business or to make improvements in machinery with a view to increasing the efficiency of the latter. Thus reproduction takes place in larger or smaller periods of time, and this is, from the standpoint of society, reproduction on an enlarged scale. It is extensive expansion, if the field of production is extended; it is intensive expansion, if the efficiency of the instruments of production is increased. This reproduction on an enlarged scale does not result from accumulation — not from the transformation of surplus-value into capital — but from the reconversion of the value which has detached itself in the form of money from the body of the fixed capital and has resumed the form of additional, or at least of more efficient, fixed capital of the same kind. Of course, it depends partly on the specific nature of the business, to what extent and in what proportion it is capable of such expansion, and to what amount, therefore, a reserve-fund must be collected, in order to be invested for this purpose; also, what period of time is required, before this can be done. To what extent, furthermore, improvements in the details of existing machinery can be made, depends, of course, on the nature of these improvements and the construction of the machine itself. That this is well considered from the very outset in the construction of railroads, is apparent from a statement of Adams to the effect that the entire construction should follow the principle of a beehive, that is to say, it should have a faculty for unlimited expansion. All oversolid

and preconceived symmetrical structures are impracticable, because they must be torn down in the case of an extension. (Page 123 of the above-named work).

This depends largely on the available space. In the case of some buildings, additional stories may be built, in the case of others lateral extension and more land are required. Within capitalist production, there is on one side much waste of wealth, on the other much impractical lateral extension of this sort (frequently to the injury of labor-power) in the expansion of the business, because nothing is under-taken according to social plans, but everything depends on the infinitely different conditions, means, etc., with which the individual capitalist operates. This results in a great waste of the productive forces.

This piecemeal re-investment of the money-reserve fund, that is to say of that part of fixed capital which has been reconverted into money, is easiest in agriculture. A field of production of a given space is capable of the greatest possible absorption of capital. The same applies also to natural reproduction, for instance to stock raising.

The fixed capital requires special expenditures for its conservation. A part of this conservation is provided by the labor-process itself; the fixed capital spoils, if it is not employed in production. (See vol. I, chap. VIII; and chap. XV, on wear and tear of machinery when not in use.) The English law therefore explicitly regards it as a waste, if rented land is not used according to the custom of the country. (W. A. Holdsworth, barrister at law. "The Law of Landlord and Tenant." London, 1857, .) The conservation due to use in the labor-process is a natural and free gift of living labor. And the conserving power of labor is of a twofold character. On the one hand, it preserves the value of the materials of labor, by transferring it to the product, on the other hand it preserves the value of the instruments of labor, provided it does not transfer this value in part to the product, by preserving their use-value by means of their activity in the process of production.

The fixed capital requires also a positive expenditure of labor for its conservation. The machinery must be cleaned from time to time. This is additional labor, without which the machinery would become useless; it is labor required to ward off the injurious influences of the elements, which are inseparable from the process of production; it is expended for the purpose of keeping the machinery in perfect working order. The normal life-time of fixed capital is, of course, so calculated that all the conditions

are fulfilled under which it can perform its functions normally during that time, just as we assume in placing a man's average life at 30 years that he will wash himself. Nor is it here a question of reproducing the labor contained in the machine, but of labor which must be constantly added in order to keep it in working order. It is not a question of the labor performed by the machine itself, but of labor spent on it in its capacity of raw material, not of an instrument of production. The capital expended for this labor belongs to the circulating capital, although it does not enter into the actual labor-process to which the product owes its existence. This labor must be continually expended in production, hence its value must be continually replaced by that of the product. The capital invested in it belongs to that part of circulating capital, which has to cover the general expenses and is distributed over the produced values according to an annual average. We have seen that in industry, properly so-called, this labor of cleaning is performed gratis by the working men during pauses, and thus frequently during the process of production itself, and many accidents are due to this custom. This labor is not counted in the price of the product. The consumer receives it free of charge to this extent. On the other hand, the capitalist thus receives the conservation of his machinery for nothing. The laborer pays this expense in his own person, and this is one of the mysteries of the self preservation of capital, which constitute in point of fact a legal claim of the laborer on the machinery, on the strength of which he is a part-owner of the machine even from the legal standpoint of the bourgeoisie. However, in various branches of production, in which the machinery must be taken out of the process of production for the purpose of cleaning, and where this labor of cleaning cannot be performed between pauses, for instance in the case of locomotives, this labor of conservation counts with the running expenses and is therefore an element of circulating capital. A locomotive must be taken to the shop after a maximum of three days' work in order to be cleaned; the boiler must cool off before it can be washed out without injury. (R. C. No. 17,823.)

The actual repairs, the small jobs, require expenditures of capital and labor, which are not contained in the originally advanced capital and cannot therefore be reproduced and covered, in the majority of cases, by the gradual replacement of the value of fixed capital. For instance, if the value of the fixed capital is 10,000 pounds sterling, and its total life-time 10 years, then these 10,000 pounds, having been entirely converted into money after

the lapse of ten years, will replace only the value of the capital originally invested, but they do not replace the value of the capital, or labor, added in the meantime for repairs. This is an element of additional value which is not advanced all at one time, but rather whenever occasion arises for it, so that the terms of its various advances are accidental from the very nature of the conditions. All fixed capital demands such additional and occasional expenditures of capital for materials of labor and labor-power.

The injuries to which individual parts of the machinery are exposed are naturally accidental, and so are therefore the necessary repairs. Nevertheless two kinds of repairs are to be distinguished in the general mass, which have a more or less fixed character and fall within various periods of life of the fixed capital. These are the diseases of childhood and the far more numerous diseases in the period following the prime of life. A machine, for instance, may be placed in the process of production in ever so perfect a condition, still the actual work will always reveal shortcomings which must be remedied by additional labor. On the other hand, the more a machine passes beyond the prime of life, when, therefore, the normal wear and tear has accumulated and has rendered its material worn and weak, the more numerous and considerable will be the repairs required to keep it in order for the remainder of its average life-time; it is the same with an old man, who needs more medical care to keep from dying than a young and strong man. In spite of its accidental character, the labor of repairing is therefore unequally distributed over the various periods of life of fixed capital.

From the foregoing, and from the otherwise accidental character of the labor of repairing, we make the following deductions.

In one respect, the actual expenditure of labor-power and labor-material for repairs is an accidental as the conditions which cause these repairs; the amount of the necessary repairs is differently distributed over the various life-periods of fixed capital. In other respects, it is taken for granted in the calculation of the average life of fixed capital that it is constantly kept in good working order, partly by cleaning (including the cleaning of the rooms), partly by repairs such as the occasion may require. The transfer of value through wear and tear of fixed capital is calculated on its average life, but this average life itself is based on the assumption that the additional capital required for keeping machine in order is continually advanced.

On the other hand it is also evident that the value added by this extra expenditure of capital and labor cannot be transferred to the price of the

products simultaneously as it is made. For instance, a manufacturer of yarn cannot sell his yarn dearer this week than last, merely because one of his machines broke a wheel or tore a belt this week. The general expenses of the spinning industry have not been changed by this accident in some individual factory. Here as in all determinations of value, the average decides. Experience teaches the average extent of such accidents and of the necessary labors of conservation and repair during the average life-time of the fixed capital invested in a given branch of industry. This average expense is distributed over the average life-time. It is added to the price of the product in corresponding aliquot parts and hence also reproduced by means of its sale.

The extra capital which is thus reproduced belongs to the circulating capital, although the manner of its expenditure is irregular. As it is highly important to remedy every injury to a machine immediately, every large factory employs in addition to the regular factory hands a number of other employees, such as engineers, wood-workers, mechanics, smiths, etc. The wages of these special employees are a part of the variable capital, and the value of their labor is distributed over their product. On the other hand, the expenses for means of production are calculated on the basis of the above-mentioned average, according to which they form continually a part of the value of the product, although they are actually advanced in irregular periods and therefore transferred in irregular periods to the product or the fixed capital. This capital, invested in regular repairs, is in many respects a peculiar capital, which can be classed neither with the circulating nor the fixed capital, but still belongs with more justification to the former, since it is a part of the running expenses.

The manner of bookkeeping does not, of course, change in any way the actual condition of the things of which an account is kept. But it is important to note that it is the custom of many businesses to class the expenses of repairing with the actual wear and tear of the fixed capital, in the following manner: Take it that the advanced fixed capital is 10,000 pounds sterling, its life-time 15 years; the annual wear and tear  $666\frac{2}{3}$  pounds sterling. But the wear and tear is calculated at only ten years, in other words, 1,000 pounds sterling are added annually for wear and tear of the fixed capital to the prices of the produced commodities, instead of  $666\frac{2}{3}$  pounds sterling. Thus  $333\frac{1}{3}$  pounds sterling are reserved for repairs, etc. (The figures 10 and 15 are chosen at random.) This amount is

spent on an average for repairs, in order that the fixed capital may last 15 years. This calculation does not alter the fact that the fixed capital and the additional capital invested in repairs belong to different categories. On the strength of this mode of calculation it was, for instance, assumed that the lowest estimate for the conservation and reproduction of steamship was 15 per cent, the time of reproduction therefore equal to  $6 \frac{2}{3}$  years. In the sixties, the English government indemnified the Peninsular and Oriental Co. for it at the rate of 16 per cent, making the time of reproduction equal to  $6 \frac{1}{3}$  years. On railroads, the average life-time of a locomotive is 10 years, but the wear and tear including repairs is assumed to be  $12\frac{1}{2}$  per cent, reducing the life-time down to 8 years. In the case of passenger and freight cars, 9 per cent are estimated, or a life-time of  $11 \frac{1}{9}$  years.

Legislation has everywhere made a distinction, in the leases of houses and other things, which represent fixed capital for their owners, between the normal wear and tear which is the result of time, the influence of the elements, and normal use and between those occasional repairs which are required for keeping up the normal life-time of the house during its normal use. As a rule, the former expenses are borne by the owner, the latter by the tenant. The repairs are further distinguished as ordinary and substantial. The last-named are partly a renewal of the fixed capital in its natural form, and they fall likewise on the shoulders of the owner, unless the lease explicitly states the contrary. For instance, the English law, according to Holdsworth (Law of Landlord and Tenant, pages 90 and 91), prescribes that a tenant from year to year is merely obliged to keep the buildings water-and-wind proof, so long as this is possible without substantial repairs, and to attend only to such repairs as are known as ordinary. And even in this respect the age and the general condition of the building at the time when the tenant took possession must be considered, for he is not obliged to replace either old or worn-out material by new, or to make up for the inevitable depreciation incidental to the lapse of time and normal usage.

Entirely different from the reproduction of wear and tear and from the work of preserving and repairing is the insurance, which relates to destruction caused by extraordinary phenomena of nature, fire, flood, etc. This must be made good out of the surplus-value and is a deduction from it. Or, considered from the point of view of the entire society, there must be a continuous overproduction, that is to say, a production on a larger scale than is necessary for the simple replacement and reproduction of the existing

wealth, quite apart from an increase of the population, in order to be able to dispose of the means of production required for making good the extraordinary destruction caused by accidents and natural forces.

In point of fact, only the smallest part of the capital needed for making good such destruction consists of the money-reserve fund. The most important part consists in the extension of the scale of production itself, which is either actual expansion, or a part of the normal scope of the branches of production which manufacture the fixed capital. For instance, a machine factory is managed with a view to the fact that on the one side the factories of its customers are annually extended, and that on the other hand a number of them will always stand in need of total or partial reproduction.

In the determination of the wear and tear and of the cost of repairing, according to the social average, there are necessarily great discrepancies, even for investments of capital of equal size and in equal conditions, in the same branch of production. In practice, a machine lasts in the case of one capitalist longer than its average time, while in the case of another it does not last so long. The expenses of the one for repairs are above, of the other below the average, etc. But the addition to the price of the commodities resulting from wear and tear and from repairs is the same and is determined by the average. The one therefore gets more out of this additional price than he really spent, the other less. This as well as other circumstances which produce different gains for different capitalists in the same branch of industry with the same degree of the exploitation of labor-power renders an understanding of the true nature of surplus-value difficult.

The boundary between regular repairs and replacement, between expenses of repairing and expenses of renewal, is more or less shifting. Hence we see the continual dispute, for instance in railroading, whether certain expenses are for repairs or for reproduction, whether they must be paid from running expenses or from the capital itself. A transfer of expenses for repairs to capital-account instead of revenue-account is the familiar method by which railway managements artificially inflate their dividends. However, experience has already furnished the most important clues for this. According to Lardner, page 49 of the previously quoted work, the additional labor required during the first period of life of a railroad is not counted under the head of repairs, but must be regarded as an essential factor of railway construction, and is to be charged, therefore, to the account of capital, since it is not due to wear and tear or to the normal effect of the

traffic, but to the original and inevitable imperfection of railway construction. On the other hand, it is the only correct method, according to Captain Fitzmaurice (Committee of Inquiry of Caledonian Railway, published in Money Market Review, 1867), to charge the revenue of each year with the depreciation, which is the necessary concomitant of the transactions by which this revenue has been earned, regardless of whether this sum has been spent or not.

The separation of the reproduction and conservation of fixed capital becomes practically impossible and useless in agriculture, at least in so far as it does not operate with steam. According to Kirchhoff (*Handbuch der landwirthschaftlichen Betriebslehre*, Berlin, 1862, page 137), "it is the custom to estimate on a general average the annual wear and tear and conservation of the implements, according to the differences of existing conditions, at from 15 to 20 per cent of the purchasing capital, wherever there is a complete, though not excessive, supply of implements on the farm."

In the case of the rolling stock of a railroad, repairs and reproduction cannot be separated. According to T. Gooch, Chairman of the Great Western Railway Co. (R. C. No. 17, 327-29), his company maintained its rolling stock numerically. Whatever number of locomotives they might have would be maintained. If one of them became worn out in the course of time, so that it was more profitable to build a new one, it was built at the expense of the revenue, in which case the value of the material remaining from the old locomotive was credited to the revenue. There always was a good deal of material left. The wheels, the axles, the boilers, in short, a good part of the old locomotive remained.

"To repair means of renew; for me there is no such word as 'replacement';...once that a railway company has bought a car or a locomotive, they ought to keep them in such repair that they will run for all eternity (17,784). We calculate 8½ d. per English freight mile for locomotive expenses. Out of this 8½ d. we maintain the locomotives forever. We renew our machines. If you want to buy a machine new, you spend more money than is necessary.... You can always find a few wheels, an axle, or some other part of an old machine in condition to be used, and that helps to construct cheaply a machine which is just as good as an entirely new one (17,790). I now produce every week one new locomotive, that is to say, one that is as good as new, for its boiler, cylinder, and frame

are new.” (17,843.) Archibald Sturrock, locomotive superintendent of Great Northern Railway, in R. C., 1867.

Lardner says likewise about cars, on page 116 of his work, that in the course of time, the supply of locomotives and cars is continually renewed; at one time new wheels are put on, at another a new frame is constructed. Those parts on which the motion is conditioned and which are most exposed to wear and tear are gradually renewed; the machines and cars may then undergo so many repairs that not a trace of the old material remains in them.... Even if the old cars and locomotives get so that they cannot be repaired any more, pieces of them are still worked into others, so that they never disappear wholly from the track. The rolling stock is therefore in process of continuous reproduction; that which must be done at one time for the track, takes place for the rolling stock gradually, from year to year. Its existence is perennial, it is in process of continuous rejuvenation.

This process, which Lardner here describes relative to a railroad, is not typical for an individual factory, but may serve as an illustration of continuous and partial reproduction of fixed capital intermingled with repairs, within an entire branch of production, or even within the aggregate production considered on a social scale.

Here is a proof, to what extent clever managers may manipulate the terms repairs and replacement for the purpose of making dividends. According to the above quoted lecture of R. B. Williams, various English railway companies deducted the following sums from the revenue-account, as averages of a period of years, for repairs and maintenance of the track and buildings, per English mile of track per year:

London & North Western...	£370
Midland...	£225
London & South Western...	£257
Great Northern...	£360
Lancashire & Yorkshire...	£377
South Eastern...	£263
Brighton...	£266
Manchester & Sheffield...	£200

These differences arise only to a minor degree from differences in the actual expenses; they are due almost exclusively to different modes of calculation, according to whether expenses are charged to the account of capital or revenue. Williams says in so many words that the lesser charge is made, because this is necessary for a good dividend, and a high charge is made, because there is a greater revenue which can bear it.

In certain cases, the wear and tear, and therefore its replacement, is practically infinitesimal, so that nothing but expenses for repairs have to be charged. The statements of Lardner relative to works of art, which are given in substance below, also apply in general to all solid works, docks, canals, iron and stone bridges, etc. According to him, pages 38 and 39 of his work, the wear and tear which is the result of the influence of long periods of time on solid works, is almost imperceptible in short spaces of time; after the lapse of a long period, for instance of centuries, such influences will nevertheless require the partial or total renewal of even the most solid structures. This imperceptible wear and tear, compared to the more perceptible in other parts of the railroad, may be likened to the secular and periodical inequalities in the motions of world-bodies. The influence of time on the more massive structures of a railroad, such as bridges, tunnels, viaducts, etc., furnishes illustrations of that which might be called secular wear and tear. The more rapid and perceptible depreciation, which is compensated by repairs in shorter periods, is analogous to the periodical inequalities. The compensation of the accidental damages, such as the outer surface of even the most solid structures will suffer from time to time, is likewise included in the annual expenses for repairs; but apart from these repairs, age does not pass by such structures without leaving its marks, and the time must inevitably come, when their condition will require a new structure. From a financial and economic point of view, this time may indeed be too far off to be taken into practical consideration.

These statements of Lardner apply to all similar structures of a secular duration, in the case of which the capital advanced for them need not be reproduced according to their gradual wear and tear, but only the annual average expenses of conservation and repairs are to be transferred to the prices of the products.

Although, as we have seen, a greater part of the money returning for the compensation of the wear and tear of the fixed capital is annually, or even in shorter periods, reconverted into its natural form, nevertheless every

capitalist requires a sinking fund for that part of his fixed capital, which becomes mature for complete reproduction only after the lapse of years and must then be entirely replaced. A considerable part of the fixed capital precludes gradual production by its composition. Besides, in cases where the reproduction takes place piecemeal in such a way that every now and then new pieces are added in compensation for worn-out ones, a previous accumulation of money is necessary to a greater or smaller degree, according to the specific character of the branch of production, before replacement can proceed. It is not any arbitrary sum of money which suffices for this purpose; a sum of a definite size is required for it.

If we study this question merely on the assumption that we have to deal with the simple circulation of commodities, without regard to the credit system, which we shall treat later, then the mechanism of this movement has the following aspect: We showed in Volume I, chapter III, 3a, that the proportion in which the total mass of money is distributed over a hoard and means of production varies continually, if one part of the money available in society lies fallow as a hoard, while another performs the functions of a medium of circulation or of an immediate reserve-fund of the directly circulating money. Now, in the present case, the money accumulated in the hands of a great capitalist in the form of a large-sized hoard is set free all at once in circulation for the purchase of mixed capital. It is on its part again distributed over the society as medium of circulation and hoard. By means of the sinking fund, through which the value of the fixed capital flows back to its starting point in proportion to its wear and tear, a part of the circulating money forms again a hoard, for a longer or shorter period, in the hands of the same capitalist whose hoard had been transformed into a medium of circulation and passed away from him by the purchase of fixed capital. It is a continually changing distribution of the hoard existing in society, which performs alternately the function of a medium of exchange and is again separated as a hoard from the mass of the circulating money. With the development of the credit-system, which necessarily runs parallel with the development of great industries and capitalist production, this money no longer serves as a hoard, but as capital, not in the hands of its owner, but of other capitalists who have borrowed it.

## CHAPTER IX. THE TOTAL TURN-OVER OF ADVANCED CAPITAL. CYCLES OF TURN- OVER.

We have seen that the fixed and circulating parts of productive capital turn over in different ways and at different periods, also that the different constituents of the fixed capital of the same business have different periods of turn-over according to their different durations of life and, therefore, of their different periods of reproduction. (As concerns the actual or apparent difference in the turn-over of different constituents of circulating capital in the same business, see the close of this chapter, under No. 6.)

The total turn-over of advanced capital is the average turn-over of its constituent parts; the mode of its calculation is given later. Inasmuch as it is merely a question of different periods of time, nothing is easier than to compute their average. But

It is a question, not alone of a quantitative, but also of a qualitative difference.

The circulating capital entering into the process of production transfers its entire value to the product and must, therefore, be continually reproduced in its natural form by the sale of the product, if the process or production is to proceed without interruption. The fixed capital entering into the process of production transfers only a part of its value (the wear and tear) to the product and continues despite this wear and tear, to perform its function in the process of production. Therefore it need not be reproduced until after the lapse of intervals of various duration, at any rate not as frequently as the circulating capital. This necessity of reproduction, this term of reproduction, is not only quantitatively different for the various constituent parts of fixed capital, but, as we have seen, a part of the perennial fixed capital may be replaced annually or at shorter intervals and added in natural form to the old fixed capital. In the case of fixed capital of a different composition, the reproduction can take place only all at once at the end of its life-time.

It is, therefore, necessary to reduce the specific turn-overs of the various parts of fixed capital to a homogeneous form of turn-over, so that they

remain only quantitatively different so far as the duration of their turn-over is concerned.

This quantitative homogeneity does not materialize, if we take for our starting point P...P, the form of the continuous process of production. For definite elements of P must be continually reproduced in their natural form, while others need not to be. This homogeneity of turn-over is found, however, in the form  $M - M'$ . Take, for instance, a machine valued at 10,000 pounds sterling, which lasts ten years and one tenth, or 1,000 pounds of which are annually reconverted into money. These 10,000 pounds have been converted in the course of one year from money-capital into productive capital and commodity-capital, and then reconverted into money-capital. They have returned to their original money-form, just as did the circulating capital, if we study it from this point of view, and it is immaterial whether this money-capital of 1,000 pounds sterling is once more converted, at the end of the year, into the natural form of a machine or not. In calculating the total turn-over of the advanced productive capital, we, therefore, fix all its elements in the mold of money, so that the return to the money-form concludes the turn-over. We assume that value has always been advanced in money, even in the continuous process of production, where this money-form of value exists only as calculating money. Then we are enabled to compute the average.

It follows that the capital-value turned over during one year may be larger than the total value of the advanced capital, on account of the repeated turn-overs of the circulating capital within the same year, even if by far the greater part of the advanced productive capital consists of fixed capital, whose period of reproduction, and therefore of turn-over, comprises a cycle of several years.

Take it that the fixed capital is 80,000 pounds sterling, its period of reproduction 10 years, so that 8,000 pounds of this capital annually return to their money-form, or complete one-tenth of its turn-over. Let the circulating capital be 20,000 pounds sterling, and its period of turn-over be five times per year. The total capital would then be 100,000 pounds sterling. The turned over fixed capital is 8,000 pounds, the turned-over circulating capital five times 20,000, or 100,000 pounds sterling. Then the capital turned over during one year is 108,000 pounds sterling, or 8,000 pounds more than the advanced capital. 1+2.25 of the capital have turned over.

The turn-over of the values of the advanced capital therefore is to be distinguished from its actual time of reproduction, or from the actual time of turn-over of its component parts. Take, for instance, a capital of 4,000 pounds sterling and let it turn over five times per year. The turned over capital is then five times 4,000, or 20,000 pounds sterling. But that which returns at the end of its turn-over and is advanced anew is the original capital of 4,000 pounds sterling. Its magnitude is not changed by the number of its periods of turn-over, during which it performs anew its functions as capital. (We do not consider the question of surplus-value here.)

In the illustration under No. 3, then, the sums returned at the end of one year into the hands of the capitalist are (a) a sum of values in the form of 20,000 pounds sterling, which he invests again in the circulating parts of the capital, and (b) a sum of 8,000 pounds, which have been set free by wear and tear from the advanced fixed capital; at the same time, this same fixed capital remains in the process of production, but with the reduced value of 72,000 pounds, instead of 80,000 pounds sterling. The process of production, therefore, would have to be continued for nine years longer, before the advanced fixed capital would have outlived its term and ceased to perform any service as a creator of products and values, so that it would have to be replaced. The advanced capital-value, then, has to pass through a cycle of turn-overs, in the present case a cycle of ten years, and this cycle is determined by the life-time, in other words by the period of reproduction, or turn-over of the invested fixed capital.

To the same extent that the volume of the value and the duration of the fixed capital develop with the evolution of the capitalist mode of production, does the life of industry and of industrial capital develop in each particular investment into one of many years, say of ten years on an average. If the development of fixed capital extends the length of this life on one side, it is on the other side shortened by the continuous revolution of the instruments of production, which likewise increases incessantly with the development of capitalist production. This implies a change in the instruments of production and the necessity of continuous replacement on account of virtual wear and tear, long before they are worn out physically. One may assume that this life-cycle, in the essential branches of great industry, now averages ten years. However, it is not a question of any one definite number here. So much at least is evident that this cycle comprising

a number of years, through which capital is compelled to pass by its fixed part, furnishes a material basis for the periodical commercial crises in which business goes through successive periods of lassitude, average activity, overspeeding, and crisis. It is true that the periods in which capital is invested are different in time and place. But a crisis is always the starting point of a large amount of new investments. Therefore it also constitutes, from the point of view of society, more or less of a new material basis for the next cycle of turn-over.

On the mode of calculation of the turn-overs, Scrope, an American economist, says in substance the following in his work on political economy (published by Alonzo Potter, New York, 1841, pages 141 and 142): In some lines of business the entire capital advanced is turned over, or circulated, several times inside of a year. In some others, one portion is turned over more than once a year, another portion not so often. It is the average period required by the entire capital for the purpose of passing through the hands of the capitalist, or in order to turn over once, which must furnish the basis on which the capitalist figures his profits. Take it, that a certain individual engaged in a certain business has invested half of his capital for buildings and machinery, which are replaced once in every ten years; one-quarter for tools, etc., which are replaced in two years; and the last quarter, invested in wages and raw materials, which quarter is turned over twice per year. Let his entire capital be \$50,000. Then his annual expenditure will be:

50,000-2, or \$25,000 in 10 years, or \$2,500 in one year.

50,000-4, or \$12,500 in 2 years, or \$6,250 in one year.

50,000-4, or \$12,500 in ½ year, or \$25,000 in one year.

\$33,750 in one year.

The average time, then, in which his capital is turned over once, is 16 months. Take another case: One quarter of the entire capital of \$50,000 circulates in 10 years; another quarter in one year; the other half twice in one year. The annual expenditure will then be:

12,500-10...

1,250

12,500...	12,500
25,000×2...	50,000
Turned over in one year...	63,750

Real and apparent differences in the turn-over of the various component parts of capital. Scrope also says in the same place that the capital invested by a manufacturer, landlord, or merchant in wages circulates most rapidly, as it is probably turned over once a week, if he pays his laborers weekly, by the weekly receipts from his sales or from paid bills. The capital invested in raw materials and finished supplies does not circulate so fast; it may be turned over two or four times per year, according to the time passing between the purchase of the one and the sale of the other, provided that the capitalist buys and sells on equal terms of credit. The capital invested in tools and machinery circulates still more slowly, as it is turned over, that is to say consumed and circulated, probably on an average of once in five or ten years; many tools, however, are used up in one single series of manipulations. The capital invested in buildings, for instance, in factories, stores, storerooms, barns, streets, irrigation works, etc., circulates almost imperceptibly. But of course these structures are likewise worn out just the same as the others, so long as they serve in production, and must be replaced, in order that the producer may be able to continue his operations. They are merely consumed and reproduced more slowly than the others. The capital invested in them is probably turned over in twenty or fifty years. So far Scrope. —

Scrope here confounds the differences in the flow of certain parts of the circulating capital, caused by terms of payment and conditions of credit so far as the individual capitalist is concerned, with the turn-overs due to the nature of capital. He says that wages are paid weekly on account of the weekly receipts from paid sales or bills. We must note in the first place, that certain differences occur relative to wages, according to the length of the term of payment, that is to say the length of time for which the laborer must give credit to the capitalist, whether it be a week, a month, three months, six months, etc., In this case, the rule stated in volume I, chapter III, 3b, page 158, holds good, to the effect that “the quantity of the means of payment required for all periodical payments (in this case the quantity of the money-capital to be advanced at one time) is in inverse proportion to the length of their periods.”

In the second place, it is only the entire new value added to the product by means of one week's labor which enters completely into the weekly product, but also the value of the raw and auxiliary material consumed by the weekly product. These values circulate with the product containing them. They assume the form of money by the sale of the product and must be reconverted into the same elements of production. This applies as well to the labor-power as to the raw and auxiliary materials. But we have already seen (chapter IV, 2, A) that the continuity of the production requires a supply of means of production, different for various branches of industry, and different within one and the same branch for the various component parts of the circulating capital, for instance, for coal and cotton. Hence, although these materials must be continually replaced in their natural form, they need not be bought continually. How often new purchases of them must be made, depends on the magnitude of the available supply, on the times it takes to use it up. In the case of the labor-power, there is no such storing of a supply. The reversion into money of the capital invested in labor-power goes hand in hand with that of the capital invested in raw and auxiliary materials. But the reversion of the money, on one side into labor-power, on the other into raw materials, proceeds separately on account of the special terms of purchase and payment of these two constituents of productive capital, one of them being bought as a productive supply for long terms, the other, labor-power, for shorter terms, for instance, for terms of one week. On the other hand, the capitalist must keep a supply of finished commodities besides a supply of materials for production. Apart from the difficulties of selling, etc., a certain quantity must be produced, say for instance, on order. While the last portion of this quantity is being produced, the finished product is waiting in storage until the order can be completely filled. Other differences in the turn-over of circulation capital arise as soon as some of its individual elements must stay in some preliminary stage of the process of production, such as the drying of wood, etc., longer than others.

The credit-system, to which Scrope here refers, and commercial capital, modify the turn-over for the individual capitalist. They modify the turn-over on a social scale only in so far as they do not accelerate merely production, but also consumption.

## **CHAPTER X. THEORIES OF FIXED AND CIRCULATING CAPITAL, THE PHYSIOCRATS AND ADAM SMITH.**

In Quesnay's analysis, the distinction between fixed and circulating capital assumes the form of avances primitives and avances annuelles. He correctly represents this distinction as one to be made with regard to productive capital, to capital directly engaged in the process of production. But owing to the fact that he regards the capital invested in agriculture, the capital of the capitalist farmer, as the only really productive capital, he makes these distinctions only for the capital of this farmer. This also accounts for the annual period of turn-over of one part of the capital, and the more than annual (decennial) of the other part. Incidentally it may be noted, that in the course of their development the physiocrats applied these distinctions also to other kinds of capital, to industrial capital in general. The distinction between annual advances and others extending over a longer period retained such lasting value for social science that many economists, even after Adam Smith, returned to it.

The distinction between these two kinds of advances is not made, until money has been transformed into the elements of productive capital. It is a distinction which applies solely to the divisions of productive capital. Quesnay, therefore, never thinks of classing money either among the primitive or the annual advances. In their capacity as advances on production, these two categories confront on one side the money, on the other the commodities existing on the market. Furthermore, the distinction between these two elements of productive capital is correctly defined as resting on the different manner in which they enter into the value of the finished product, and this implies the different way in which their values are circulated together with those of the products. From this, again, follows the different method of their reproduction, the value of the one being entirely replaced annually, that of the other only partially and in longer intervals.

The only progress made by Adam Smith is the generalization of the categories. He no longer applies them to one special form of capital, the tenant's capital, but to every form of productive capital. Hence it follows as a matter of fact that the distinction between an annual period of turn-over

and one of longer duration, derived from agriculture, is replaced by the general distinction of the different periods of turn-over, so that one turn-over of the fixed capital always comprises more than one turn-over of the circulating capital, regardless of the periods of turn-over of the circulating capital, whether they be annual, more than annual, or less. Thus Adam Smith transforms the annual advances into circulating capital, and the primitive advances into fixed capital. But his progress is confined to this generalization of the categories. His analyses are far inferior to those of Quesnay.

His unclearness is manifested at the very outset by the crudely empirical manner in which he broaches the subject: "There are two different ways in which a capital may be employed so as to yield a revenue or profit to its employer." (Wealth of Nations. Book II, Chap. I, page 189, Aberdeen addition, 1848.)

As a matter of fact, the ways in which value may be employed so as to perform the functions of capital and yield surplus-value to its owner are as different and varies as the spheres of investment of capital. It is a question of the different spheres of production in which capital may be invested. If put in this way, the question implies still more. It includes the other question of the way in which value, even if it is not employed as productive capital, may perform the functions of capital for its owner, for instance, as interest-bearing capital, merchants' capital, etc. At this point we are already far away from the real object of the analysis, that is to say from the question: How does the division of productive capital into its various elements affect their periods of turn-over, leaving out of consideration their different spheres of investment?

Adam Smith continues immediately: "First, it may be employed in raising, manufacturing, or purchasing goods, and selling them again with a profit." He does not tell us anything else in this statement than that capital may be employed in agriculture, manufacture, and commerce. He speaks only of the different spheres of investment of capital, including commerce, in which capital is not directly embodied in the process of production and does not perform the functions of productive capital. In so doing he abandons the foundation on which the physiocrats base the distinctions of the elements of productive capital and their influence on its periods of turn-over. He goes still farther and uses merchants' capital as an illustration of a problem, which concerns exclusively differences of productive capital in

the process of production and the creation of value, which differences cause those of its turn-over and reproduction.

He continues: “The capital employed in this manner yields no revenue or profit to its employer, while it either remains in his possession or continues in the same shape.” The capital employed in this manner! Smith is referring to capital invested in agriculture, in industry, and he tells us later on that a capital so employed is divided into fixed and circulating capital! But the investment of capital “in this manner” cannot make fixed or circulating capital of it.

Or does he mean to say that capital employed in the production of commodities and their sale at a profit must again be sold after its transformation into commodities and must pass in the first place from the possession of the seller into that of the buyer, and in the second place from its commodity-form into the money-form, so that it is of no use to its owner so long as it retains the same form in his hands? In that case, the problem amounts to this: The same capital-value, which formerly performed the functions of productive capital in a form typical of the process of production, now performs those of commodity-capital and money-capital in forms typical of the process of circulation, where it is no longer either fixed or circulating capital. And this applies equally to those elements of value which are added by means of raw and auxiliary material, in other words to circulating capital, and to those which are added by the consumption of instruments of production, or to fixed capital. We do not get any nearer to the distinction between fixed and circulating capital in this way.

Adam Smith says furthermore: “The goods of the merchant yield him no revenue or profit till he sells them for money, and the money yields him as little till it is again exchanged for goods. His capital is continually going from him in one shape, and returning to him in another, and it is only by means of such circulation, or successive exchanges, that it can yield him any profit. Such capitals, therefore, may very properly be called circulating capital.”

That which Adam Smith here calls circulating capital, is a thing which I shall call capital of circulation, that is to say, capital in a form characteristic of the process of circulation, changes of form due to exchange (a change of substance and of hands), in other words, commodity-capital and money-capital, as distinguished from the form of productive capital, which is characteristic of the process of production. These are not special divisions

made by the industrial capitalist of his capital, but different forms assumed and discarded by the advanced capital-value during its course of life, in ever renewed cycles. The great backward step of Adam Smith as compared with the physiocrats is that he does not discriminate between these forms and those which arise in the circulation of capital-value through its successive metamorphoses while it exists in the form of productive capital, and which are due to different ways in which the various elements of productive capital take part in the formation of values and transfer their own value to the products. We shall see the consequences of confounding these fundamentals, productive capital and capital in the sphere of circulation (commodity-capital and money-capital) on one side, and fixed and circulating capital on the other. The capital-value advanced in fixed capital is as much circulated by the product as that which has been advanced in the circulating capital, and both are equally transformed into money-capital by the circulation of commodity-capital. The difference arises only from the fact that the value of fixed capital circulates piece-meal and is, therefore, reproduced in the same way in shorter or longer intervals in its natural form.

That Adam Smith means nothing else by this term of circulating capital in the above passage but capital of circulation, that is to say, capital in the form of commodity-capital and money-capital characteristic of the process of circulation, is shown by his singularly ill-chosen illustration. He selects for this purpose a kind of capital which does not belong to the process of production, but to the sphere of circulation. This is merchants' capital, which consists only of capital of circulation.

How absurd it is to start out with an illustration, in which capital does not perform the functions of productive capital, is immediately shown by himself,. "The capital of a merchant is altogether a circulating capital." But later on we learn that the difference between circulating and fixed capital arises out of the essential differences within the productive capital itself. On one side, Adam Smith has the distinction of the physiocrats in mind, on the other the different forms assumed by capital-value in its cycles. And these things are jumbled together by him without any discrimination.

But it is quite incomprehensible how profit should arise by the transformation of money and commodities, by the mere exchange of one of these forms for the other. And an explanation becomes impossible for Adam Smith, because he starts out with merchants' capital which moves only in

the sphere of circulation. We shall return to this later. Let us first hear what he has to say about fixed capital.

“Secondly, it (capital) may be employed in the improvement of land, in the purchase of useful machines and instruments of trade, or in such like things as yield a revenue or profit without changing masters, or circulating any further. Such capitals, therefore, may very properly be called fixed capitals. Different occupations require very different proportions between the fixed and circulating capitals employed in them.... Some part of the capital of every master artificer or manufacturer must be fixed in the instruments of his trade. This part, however, is very small in some, and very great in others.... The far greater part of the capital of all such master artificers (such as tailors, shoemakers, weavers) however, is circulated, either in the wages of their workmen, or in the price of their materials, and to be repaid with a profit by the price of the work.”

Apart from the naive determination of the source of profit, the weakness and confusion of these statements becomes at once apparent, when we consider, e.g., that, for a machine manufacturer, a machine is his product, which circulates as commodity-capital, or in Adam Smith’s words, “is parted with, changes masters, circulates farther.” According to his own definition, therefore, this machine would not be fixed, but circulating capital. This confusion is due to the fact that Smith confounds the distinction between fixed and circulating capital, which arises out of the different circulation of the various elements of productive capital, with differences of form successively assumed by the same capital when performing the functions of productive capital within the sphere of production, while in the circulation it becomes capital of circulation, that is to say commodity-capital and money-capital. According to the place which the same things occupy in the life-processes of capital, they may, in the opinion of Adam Smith, perform the functions of fixed capital (means of production, elements of productive capital), or of “circulating” commodity-capital (products transferred from the sphere of production to that of circulation).

But Adam Smith suddenly changes the entire basis of his division, and contradicts the statements with which he had opened his analysis a few lines previously. This is done especially by the statement that “there are two different ways in which a capital may be employed so as to yield a revenue or profit to its employer,” that is to say as circulating or as fixed capital.

These two categories would, therefore, be different methods of employment of different capitals independent of one another, some being employed in industries, others in agriculture. But immediately he says: "Different occupations require very different proportions between the fixed and circulating capitals employed in them." Here fixed and circulating capital are no longer different independent investments of different capitals, but different proportions of the same productive capital, which represent different portions of the total value of this capital in different spheres of investment. They are here differences arising from the appropriate division of the productive capital itself and valid only with respect to it. But this is contrary to the distinction of commercial capital, which according to him is circulating capital as compared to fixed capital, when he says: "The capital of a merchant is altogether a circulating capital." It is indeed a capital performing its functions entirely within the sphere of circulation, and is for this reason distinguished from productive capital embodied in the process of production. But for this every reason it cannot be regarded as a constituent part of the circulating portion of productive capital, as distinguished from its fixed portion.

In the illustrations given by Adam Smith, he defines the instruments of trade as fixed capital, and the portion of productive capital invested in wages and raw materials, including auxiliary materials, as circulating capital, "repaid with a profit by the price of the work."

He starts out, then, from the various constituents of the labor-process, from labor-power (labor) and raw materials on one side, and instruments of labor on the other. And these are constituents of capital, because a quantity of values is invested in them for the purpose of performing the functions of capital.

To this extent they are material elements, modes of existence of productive capital, that is to say, of capital serving in the process of production. But why is one of these constituents called fixed? Because "some parts of the capital must be fixed in the instruments of trade." But the other parts are also fixed in wages and raw materials. Machines, however, and "instruments of trade...such like things...yield a revenue or profit without changing masters or circulating any further. Such capitals, therefore, may very properly be called fixed capitals."

Take, for instance, the mining industry. No raw material at all is used there, because the object of labor, such as copper, is the product of nature,

which must be obtained first of all by labor. The copper to be obtained, the product of the process, which circulates later on as a commodity, or commodity-capital, does not form an element of productive capital. No part of its value is thus invested. On the other hand, the other elements of the productive process, such as labor-power, and auxiliary materials such as coal, water, etc., do not enter bodily into the product. The coal is entirely consumed and only its value enters into the product, just as a part of the value of the machine is transferred to it. The laborer, finally, remains just as independent so far as the product, the copper, is concerned, as the machine. Only the value which he produces by his labor becomes a part of the value of the copper. But in this illustration, not a single constituent part of productive capital changes masters, nor do any of them circulate further, because none of them enter bodily into the product. What becomes of the circulating capital in this case? According to Adam Smith's own definition, the entire capital employed in mining would consist only of fixed capital.

On the other hand, let us look at some other industry, which utilizes raw materials that form the substance of its product, and auxiliary materials that enter bodily into the product, instead of only so far as their value is concerned, as in the case of coal for fuel. Simultaneously with the product, for instance with the yarn, the raw material composing it, the cotton, likewise changes masters, and passes from the process of production to that of consumption. But so long as the cotton performs the function of an element of productive capital, its owner does not sell it, but manipulates it for the purpose of making it into yarn. He does not take his hand from it. Or, to use Smith's crudely erroneous and trivial terms, he does not make any profit by parting with it, by its changing masters, or by circulating it. He does not permit his materials to circulate any more than his machines. They are fixed in the process of production, the same as the spinning machines and the factory buildings. Indeed, a part of the productive capital in the form of coal, cotton, etc., must be just as continually fixed as that in the form of instruments of labor. The difference is only that the cotton, coal, etc., required for the process of production, say, for one week, is always entirely consumed in the manufacture of the weekly product, so that new specimens of cotton, coal, etc., must be supplied; in other words, these elements of productive capital consist continually of new specimens of the same species, identical only so far as the species is concerned, while the same individual spinning machine, the same individual factory-building,

continue their participation in a whole series of weekly productions without being replaced by new specimens of their kind. All the elements of productive capital constituting its parts must be continually fixed in the process of production, for it cannot proceed without them. And all the elements of productive capital, whether fixed or circulating, are equally distinguished as productive capital from capital of circulation, that is to say, commodity-capital and money-capital.

It is the same with labor-power. A part of the productive capital must be continually fixed in it, and the same identical labor-powers, just as in the case of the machines, are everywhere employed for a certain length of time by the same capitalist. The difference between labor-power and machines in this case is not that the machines are bought once for all (which is not even the case when they are paid for in instalments), while the laborer is not. The difference is rather that the labor expended by the laborer enters wholly into the value of the product, while the value of the machines enters piecemeal into it.

Smith confounds different definitions, when he says of circulating capital as compared to fixed: “The capital employed in this manner yields no revenue or profit to its employer, while it either remains in his possession or continues in the same shape.” He places the merely formal metamorphosis of the commodity, which the product in the form of commodity-capital, undergoes in the sphere of circulation and which brings about the change of masters of the commodities, on the same level with the bodily metamorphosis, which the different elements of productive capital undergo during the process of production. He unceremoniously jumbles together the transformation of commodities into money, of money into commodities, or purchase and sale, with the transformation of elements of production into products. His illustration for circulating capital is merchants’ capital which is transformed from commodities into money and from money into commodities — the metamorphosis  $C - M - C$  belonging to the circulation of commodities. But this metamorphosis within the circulation signifies for the industrial capital in action that the commodities into which the money is retransformed are elements of production (means of production and labor power), in other words, that it renders the function of industrial capital continuous, that it makes of the process of production a continuous one, a process of production. This entire metamorphosis takes place in circulation. It is the process of circulation

which brings about the bodily transition of the commodities from one master to another. On the other hand, the metamorphoses experienced by productive capital within the process of production take place in the labor-process and are necessary for the purpose of transforming the elements of production into the desired product. Adam Smith clings to the fact that a part of the means of production (the instrument of labor, strictly speaking) serve in the labor process (yield a profit to their master, as he erroneously expresses it) without changing their natural form and wear out only by decrees; while another part, the materials, change their form and fulfill their duty as means of production by virtue of this very fact. This difference in the behavior of the elements of productive capital in the labor-process, however, serves only as the point of departure for the difference between fixed capital and capital which is not fixed, but it is not this difference itself. This is evident from the mere fact that this different behavior is common to all modes of production, whether they are capitalist or not. But on the other hand, this different behavior of the substances is accompanied by a different yield of value to the product, and this in its turn corresponds to a different reproduction of value by the sale of the product. And this is what constitutes the difference in question. Hence capital is not fixed capital, because it is fixed in the means of production, but because a part of the value invested in means of production remains fixed in them, while another part circulates as a part of the value of the product.

“If it (the stock) is employed in procuring future profit, it must procure this profit by staying with him (the employer), or by going from him. In the one case it is a fixed, in the other it is a circulating capital.” (Page 189.)

In this statement, it is the crudely empirical conception of profit derived from the ideas of the ordinary capitalist, which is remarkable, being contrary to the better esoteric understanding of Adam Smith. Not only the price of the materials, but also that of the labor-power is reproduced by the price of the product, and so is that part of value which is transferred by wear and tear from the instruments of labor to the product. Under no circumstances does this reproduction yield any profits. Whether a value advanced for the production of a commodity is reproduced entirely or in part, at one time or gradually, by the sale of that commodity, cannot change anything except the manner and time of its reproduction. But it can in no way transform that which is common to both, the reproduction of value, into a production of surplus-value. We meet here once more the common

idea that surplus-value arises only through sale, in the circulation, because it is not realized until the product is sold, until it circulates. As a matter of fact, the different genesis of the profit is in this case but a mistaken phrase for the truth that the different elements of productive capital are differently employed, and have a different effect in the labor-process as different productive elements. In the final analysis, the difference is not attributed to the process of production or self-expansion, not to the function of productive capital itself, but it is supposed to apply only subjectively to the individual capitalist, whom one part of capital serves a useful purpose in one way, while another does in a different way.

Quesnay, on the other hand, had derived this difference from the process of reproduction and its requirements. In order that this process may be continuous, the value of the annual advances must be annually reproduced in full by the value of the annual product, while the value of the capital stock is reproduced only by degrees, for instance, in ten years, and is not fully worn out to the point of replacement by another specimen of the same kind until then. Adam Smith here falls far below Quesnay.

Nothing remains therefore to Adam Smith for the determination of the fixed capital but the fact that it is represented by instruments of production which do not change their form in the process of production and continue to serve in production until they are worn out, as distinguished from the product, in the formation of which they co-operate. He forgets that all elements of productive capital are continually confronted in their natural form (instruments of labor, materials, and labor-power) by the product and by the circulating commodity, and that the difference between the part consisting of materials and labor-power and that consisting of instruments of labor is this: Labor-power is always purchased afresh, not bought for good like the instruments of labor; the materials manipulated in the labor-process are not the same identical specimens throughout, but always new specimens of the same kind. At the same time the false impression is created that the value of the fixed capital does not participate in the circulation, although Adam Smith has previously analyzed the wear and tear of fixed capital as a part of the price of the product.

In mentioning the circulating capital as distinguished from the fixed, he does not emphasize the fact, that this distinction rests on the circumstance that circulating capital is that part of productive capital which must be fully reproduced by the value of the product and must therefore fully share in its

metamorphoses, while this is not so in the case of the fixed capital. On the contrary, he jumbles it together with those forms which capital assumes in its transition from the sphere of production to that of circulation, that is to say, commodity-capital and money-capital. But both forms, commodity-capital as well as money-capital, are bearers of the value of the fixed and the circulating parts of productive capital. Both of them are capitals of circulation, as distinguished from productive capital, but they do not represent circulating capital as distinguished from fixed capital.

Finally, owing to the entirely confused idea of the making of profit by the staying of the fixed capital in the process of production, and the passing from it and circulating of the circulating capital, the essential difference between the variable capital and the circulating parts of the constant capital in the process of self-expansion and the formation of surplus-value is hidden under the identity of form, so that the entire secret of capitalist production is obscured still more; by the application of the common term “circulating capital” this essential difference is abolished; political economy subsequently went still farther by neglecting the distinction between variable and constant capital and dwelling on the difference between fixed and circulating capital as the essential and typical distinction.

After Adam Smith has defined fixed and circulating capital as two different ways of investing capital, each of which yields a profit by itself, he says: “No fixed capital can yield any revenue but by means of a circulating capital. The most useful machines and instruments of trade will produce nothing without the circulating capital which affords the materials they are employed upon, and the maintenance of the workmen who employ them.” (Page 188.)

Here it becomes apparent what the previously used phrases “yield a revenue, make a profit, etc.,” signify, viz., that both parts of capital serve in the formation of the product.

Adam Smith then gives the following illustration: “That part of the capital of the farmer which is employed in the implements of agriculture is a fixed, that which is employed in the wages and maintenance of his laboring servants is a circulating capital.” (Here the difference of fixed and circulating capital is correctly applied as referring to the different circulation, the turn-over of different constituent parts of productive capital.) “He makes a profit of the one by keeping it in his own possession, and of the other by parting with it. The price or value of his laboring cattle

is a fixed capital” (here he is again correct in that it is the value, not the material substance, which determines the difference), “in the same manner as that of the instruments of husbandry; their maintenance” (meaning that of the laboring cattle) “is a circulating capital, in the same way as that of the laboring servants. The farmer makes his profit by keeping the laboring cattle and parting with their maintenance.” (The farmer keeps the fodder of the cattle, he does not sell it. He uses it to feed the cattle, while he exploits the cattle themselves as instruments of labor. The difference is only this: The feed used for the maintenance of the cattle is wholly consumed and must be continually reproduced by new feed, either by means of the products of agriculture or by their sale; while the cattle themselves are reproduced only to the extent that each specimen becomes worn out.) “Both the price and the maintenance of the cattle which are bought in and fattened, not for labor, but for sale, are a circulating capital. The farmer makes his profit by parting with them.” (Every producer of commodities, hence the capitalist producer likewise, sells his product, the result of his process of production, but this is not a means of constituting this product a part of either the fixed or the circulating part of his productive capital. The product has now rather that form, in which it is released from the process of production and compelled to perform the function of commodity-capital. The fattened stock serve in the process of production as raw material, not as instruments of labor like the laboring cattle. Hence the fattened cattle enter bodily into the product, and their whole value enters into it, just as that of the auxiliary material, the feed, does. The fattened cattle are, therefore, a circulating part of the productive capital, but they are not so, because the sold product, these same cattle, have the same natural form as the raw material, that is to say these cattle when not yet fattened. This is a mere coincidence. At the same time Adam Smith might have seen by this illustration that it is not the material form of the elements of production, but their function within the process of production, which determines the value contained in them as a fixed or circulating one.) “The whole value of the seed, too, is a fixed capital.... Though it goes backwards and forwards between the ground and the granery, it never changes masters, and therefore it does not properly circulate. The farmer makes his profit not by its sale, but by its increase.”

At this point, the utter thoughtlessness of smith’s distinction reveals itself. According to him, the seeds would be fixed capital, if there would be

no change of masters, that is to say, if the seeds were directly reproduced out of the annual product by subtracting them from it. On the other hand, they would be circulating capital, if the entire product were sold and a part of its value employed for the purchase of another's seed. In the one case, there would be a change of masters, in the other there would not. Smith once more confounds circulating and commodity-capital at this point. The product is the material bearer of the commodity-capital, but of course only that part of it which actually enters into the circulation and does not re-enter directly into the process of production, from which it came as a product.

Whether the seed is directly subtracted as a part of the product, or whether the entire product is sold and a part of its value converted in the purchase of another man's seed, in either case it is mere reproduction which takes place, and no profit is produced by it. In the one case, the seed enters into circulation with the remainder of the product as a commodity, in the other it figures only in bookkeeping as a part of the value of the advanced capital. But in both cases, it remains a circulating part of the productive capital. It is entirely consumed in getting the product ready, and it must be entirely reproduced by means of it, in order to make self-expansion possible.

According to Adam Smith, raw and auxiliary materials lose their independent form, which they carried as use-values into the labor-process. Not so the instruments of labor proper. An instrument, a machine, a factory-building, a vessel, etc., serve in the labor-process only so long as they preserve their original form and enter the labor-process to-morrow in the same form in which they did yesterday. Just as they preserve their independent form as compared to the product during life, in the labor-process, so they do after death. The corpses of machines, shops, factory-buildings, still exist independently of the products, which they helped to form. (Book I, chapter VIII, page 227.)

These different ways in which means of production are used in the formation of the product, some of them preserving their independent form as compared to the product, others changing or losing it entirely, — this difference pertaining to the labor-process itself, regardless of whether it is carried on for home use, without exchange, without any production of commodities, as it was, for instance, in the patriarchal family, is falsified by Adam Smith, (1) by vitiating it with the irrelevant definition of profit, saying that some of the elements of production yield a profit to their owner

by preserving their form, while others do so by losing it; (2) by jumbling together the changes of a part of the elements of production in the labor-process with that metamorphosis in the circulation of commodities which consists of the exchange, the sale and purchase, of products and involves a change of masters of the circulating commodities.

The turn-over presumes the reproduction by the intervention of the circulation, by the sale of the product, by its conversion into money and its reconversion from money into elements of production. But to the extent that a part of the product of the capitalist producer serves him directly as his own means of production, he figures as its seller to himself, and this transaction is so entered in his books. This part of the reproduction is not accomplished by the intervention of the circulation, but proceeds directly. But a part of the product thus re-employed as means of production replaces circulating, not fixed, capital, to the extent, (1) that its value passes wholly into the product, and (2) that it is itself wholly reproduced in its natural form by means of the new product.

Adam Smith, however, tells us what circulating and fixed capital consist of. He enumerates the things, the material elements, which form fixed, and those which form circulating capital, just as though this character were due to the natural substance of those things, instead of to their definite function within the capitalist process of production. And yet in book II, chapter I, he makes the remark that although a certain thing, for instance, a residence, which is reserved for direct consumption, “may yield a revenue to its proprietor, and thereby serve in the function of a capital to him, it cannot yield any to the public, nor serve in the function of a capital to it, and the revenue of the whole body of the people can never be in the smallest degree increased by it.” (Page 186.) Here, then, Adam Smith clearly states that the character of capital is not inherent in the things themselves, but is a function with which they may or may not be invested, according to circumstances. But what is true of capital in general, is also true of its subdivisions.

The same things form constituent parts of the circulating or fixed capital, according to whether they perform this or that function in the labor-process. A domestic animal, for instance, as a laboring animal (instrument of labor), represents the material mode of existence of fixed capital, while as stock for fattening (raw material) it is a constituent part of the circulating capital of the farmer. On the other hand, the same things serve either as constituent parts of productive capital, or belong to the fund for direct consumption. A

house, for instance, when performing the function of a workshop, is a fixed part of productive capital; when serving as a residence, it is not at all a form of productive capital. The same instruments of labor may in many cases serve now as means of reproduction, now as means of consumption.

It was one of the errors following from the conception of Smith that the capacity of fixed and circulating capital was regarded as vested in the things themselves. The mere analysis of the labor-process on his part, in book I, chapter V, shows that the capacity of instruments of labor, materials of labor and products changes according to the different role played by one and the same thing in the process. The determination of what is fixed or circulating capital, in its turn, is based on the definite roles played by these elements in the labor-process, and therefore also in the process of the formation of value.

In the second place, in enumerating the things of which fixed and circulating capital may consist, Smith plainly discloses the fact that he jumbles together the distinction between fixed and circulating capital, applicable and justified only with reference to productive capital (capital in its productive form), with the distinction between productive capital and those of its forms which belong to the process of circulation, viz., commodity-capital and money-capital. He says in the same place (pages 187,188): “The circulating capital consists...of the provisions, materials, and finished work of all kinds that are in the hands of their respective dealers, and of the money that is necessary for circulating and distributing them, etc.” Indeed, if we look closer, we observe that he has here, contrary to previous statements, used circulating capital as being equivalent to commodity-capital and money-capital, that is to say to two forms of capital which do not belong to the process of production at all, which are not circulating capital as opposed to fixed, but capital of circulation as opposed to productive capital. It is only in co-ordination with these that those constituents of productive capital, which are advanced in materials (raw materials or partly finished products) are actually embodied in the process of production, play a role. He says:

“...The third and last of the three portions into which the general stock of society naturally divides itself, is the circulating capital, of which the characteristic is, that it affords a revenue only by circulating or changing masters. This is composed likewise of four parts: first, of the money...” (but money is never a form of productive capital, of capital performing its

function in the productive process; it is always merely one of the forms assumed by capital within its process of circulation.)...”secondly, of the stock of provisions which are in the possession of the butcher, the grazier, the farmer...and from the sale of which they expect to derive a profit... Fourthly and lastly, of the work which is made up and completed, but which is still in the hands of the merchant and manufacturer. And, thirdly, of the materials, whether altogether rude or more or less manufactured, of clothes, furniture, and buildings, which are not yet made up into any of those three shapes but which remain in the hands of the growers, the manufacturers, the mercers and drapers, the timber-merchants, the carpenters and joiners, the brick-makers, etc.”

His second and fourth count contain nothing but products, which have been released by the process of production and must be sold; in short, they are products which now perform the function of commodities, or commodity-capital, and which, therefore, have a form and occupy a place in the process, in which they are not elements of productive capital, no matter what may be their destination, whether they answer their final purpose as use-values in individual or productive consumption. The products mentioned under secondly are foodstuffs, those under fourthly all other finished products, which in their turn consist only of finished instruments of labor or finished articles of consumption not included in the foodstuffs under count two.

The fact that Smith at the same time speaks of the merchant, shows his confusion. To the extent that the producer transfers his product to the merchant, it does no longer form any part of his capital. From the social point of view, it is indeed still a commodity-capital, although in other hands than those of its producer; but for the very reason that it is a commodity-capital, it is neither a circulating nor a fixed capital.

Under every mode of production not carried on for direct home-consumption the product must circulate as a commodity, that is to say, it must be sold, not in order to make a profit out of it, but that the producer may be able to live at all. Under the capitalist mode of production we have the further fact that the surplus-value embodied in a certain commodity is realized by its sale. In its capacity as a commodity, the product leaves the process of production and is, therefore, neither a fixed nor a circulating element of this process.

By the way, Smith here testifies against himself. The finished products, whatever may be their material form, their use-value, their utility, are all commodity-capital, that is to say capital in a form typical of the process of circulation. Being in this form, they are not constituent parts of any productive capital which their owner may have. Of course, this does not argue against the fact that, after their sale, they may become constituent parts of productive capital in the hands of their purchaser, and then represent either fixed or circulating capital. This shows that the same things, which at a certain time appear on the market as commodity-capital distinct from productive capital, may or may not perform the function of productive capital after they have been removed from the market.

The product of the cotton spinner, yarn, is the commodity-form of his capital, is a commodity-capital from his point of view. It cannot again perform the function of some constituent part of his productive capital, neither as raw material nor as an instrument of labor. But in the hands of the weaver who buys it, it is embodied in his productive capital as one of its circulating parts. For the spinner, on the other hand, the yarn is the bearer of the value of his fixed and circulating capital (not considering the surplus-value). So is a machine, the product of a machine maker, the commodity-form of his capital, commodity-capital from his point of view. And so long as it persists in this form, it is neither fixed nor circulating capital. But if it is sold to a manufacturer for use in his production, it becomes a fixed part of his productive capital. Even if a certain product re-enters as a use-value for the purpose of production into the same process from which it emanated, for instance coal in the production of coal, even then that part of the output of coal which is intended for sale represents neither fixed nor circulating capital, but commodity-capital.

On the other hand, the utility-form of a certain product may be such that it is incapacitated for service as an element of productive capital, either as raw material or an instrument of labor. This is the case, for instance, with articles of food. Nevertheless it is a commodity-capital for its producer, in which the value of his fixed as well as his circulating capital is incorporated; and it is the representative of the value of either the one or the other of these two forms according to whether the capital employed in its production has to be reproduced in full or partially, in other words, according to whether this capital transfers its full or its partial value to the product.

With Smith, in his count No. 3, the raw material (raw material, partly finished product, auxiliary material), does not figure as a part embodied in the productive capital, but merely as a special kind of use-values of which the social product generally consists, a mass of commodities existing apart from the other material elements, foodstuffs, etc., enumerated under Nos. 2 and 4. On the other hand, these materials are indeed incorporated in the productive capital and therefore also classed as its elements in the hands of the producer. The confusion arises from the fact that they are partly regarded as performing a function in the hands of the producer (in the hands of the growers, the manufacturers, etc.), and partly in the hands of merchants (mercens, drapers, timber-merchants), where they are merely commodity-capital, not elements of productive capital.

Indeed, Adam Smith forgets here, in the enumeration of the elements of circulating capital, all about the fact that the distinction of fixed and circulating capital applies only to the productive capital. He rather places commodity-capital and money-capital, the two forms of capital typical of the process of circulation, opposite of the productive capital, but quite unconsciously.

Finally, it is worthy of note that Adam Smith forgets to mention labor-power as one of the elements of productive capital. And there are two reasons for this.

We have just seen that, apart from money-capital, circulating capital is only another name for commodity-capital. But to the extent that labor-power circulates on the market, it is not capital, not a form of commodity-capital. It is not capital at all; the laborer is not a capitalist, although he brings his commodity to market, namely his own skin. Not until labor-power has been sold and incorporated in the process of production, in other words, until it has ceased to circulate as a commodity, does it become an element of productive capital, variable capital and the source of surplus-value, a circulating part of productive capital so far as the turn-over of the capital-value invested in it is concerned. Since Smith here confounds the circulating capital with commodity-capital, he cannot place labor-power under his category of circulating capital. Hence the commodity-capital here appears in the form of commodities which the laborer buys with his wages, that is to say, means of subsistence. In this form, the capital-value invested in wages is supposed to belong to the circulating capital. That which is incorporated in the process of production is labor-power, the laborer

himself, not the means of subsistence by which the laborer maintains himself. True, we have seen in volume I, chapter XXIII, that, from the point of view of society, the reproduction of the laborer himself by means of his individual consumption belongs to the process of reproduction of social capital. But this does not apply to the individual and isolated process of production which we are studying here. The “acquired and useful abilities” which Smith mentions under the head of fixed capital, are on the contrary elements of circulating capital, when they are abilities of the wage-worker and have been sold by him with his labor.

It is a great mistake on the part of Smith to divide the entire social wealth into (1) a fund for immediate consumption, (2) fixed capital, and (3) circulating capital. According to this, wealth would have to be classified as (1) a fund for consumption, which would not represent a part of social capital engaged in the performance of its functions, although some parts of it may continually assist in this performance; and (2) as capital. In other words, a part of the wealth would be performing the functions of capital, another those of non-capital or a fund for consumption. And it seems that it is here an indispensable requirement for all capital to be either fixed or circulating, about in the same way that it is a natural necessity for a mammal to be either male or female. But we have seen that the distinction of being fixed or circulating applies solely to the elements of productive capital, that, therefore, there is also a considerable quantity of capital — commodity-capital and money-capital — existing in a form which does not permit of its being either fixed or circulating.

Seeing that the entire mass of social products, under capitalist production, circulates on the market as commodity-capital, with the exception of that part of the product which is directly consumed by the individual capitalist producers in its natural form as means of production without being sold or bought, it is evident that not only the fixed and circulating elements of productive capital, but also all the elements of the fund for consumption are derived from the commodity-capital. This is equivalent to saying that, on the basis of capitalist production, both means of production and of consumption first appear as commodity-capital, even though they are intended for later use as means of production or consumption. Labor-power itself is likewise found on the market as a commodity, if not as commodity-capital.

This accounts for the following confusion in Adam Smith: “Of these four parts” (meaning circulating capital, that is to say capital in its forms of commodity-capital and money-capital typical of the process of circulation, which Adam Smith transforms into four parts by making distinctions between the substantial parts of commodity-capital) “three — provisions, materials, and finished work, are either annually or in a longer or shorter period, regularly withdrawn from it, and placed either in the fixed capital, or in the stock reserved for immediate consumption. Every fixed capital is both originally derived from, and requires to be continually supported by, a circulating capital. All useful machines and instruments of trade are originally derived from a circulating capital, which furnishes the materials of which they are made and the maintenance of the workmen who make them. They require, too, a capital of the same kind to keep them in constant repair.” (Page 188.)

With the exception of that part of the product which is immediately consumed as means of production, the following general rule applies to capitalist production: All products are taken to market as commodities and, therefore, circulate as capital in the form of commodities, as the commodity-capital of the capitalist, regardless of whether these products must or may serve in their natural form, as use-values, in the performance of their function as elements of productive capital in the process of production, in other words, as means of production and, therefore, as fixed or circulating parts of productive capital, or whether they can serve only as means of individual, not of productive, consumption. All products are thrown upon the market as commodities; all means of production or consumption, all elements of productive and individual consumption, must therefore be released from the market by purchasing them as commodities.

Of course, this truism is correct. It applies for this reason to the fixed as well as the circulating elements of productive capital, for instruments of labor as well as raw material in all its forms. (This, moreover, is leaving aside the fact that there are certain elements of productive capital which are furnished ready by nature and are not products.) A machine is bought on the market as well as cotton. But this implies by no means that every fixed capital comes originally from some circulating capital; it is only through the confusion, on the part of Smith, of capital of circulation with circulating capital, with capital that is not fixed, that this erroneous conclusion is reached. And to cap the climax, Smith refutes himself. According to him,

machines, as commodities, form a part of No. 4, the circulating capital. To say that they come from the circulating capital means that they were performing the function of commodity-capital before they performed the function of machines, but that substantially they are derived from themselves; so is cotton, as the circulating element of some spinner's capital, derived from the cotton on the market. But as for deriving fixed capital from circulating capital for the reason that labor and raw material are required for the making of machines, as Adam Smith is doing in his further arguments, we say that in the first place, fixed capital is also required for the making of machines, and in the second place, fixed capital, such as machinery, is likewise required for the making of raw materials, since the productive capital always includes instruments of labor, but not always raw materials. He says himself immediately afterwards: "Lands, mines, and fisheries, require all both a fixed and circulating capital to cultivate them;" — thus he admits that not only circulating, but also fixed capital is required for the production of raw materials— "and" — renewed confusion at this point— "their produce replaces with a profit, not only those capitals, but all the others in society." (Page 188.) This is entirely wrong. Their produce furnishes the raw materials, auxiliary substances, etc., for all other branches of industry. But their value does not reproduce the value of all other social capitals; it reproduces merely the value of their own capital (plus the surplus-value). Adam Smith is here stampeded by his recollection of the physiocrats.

Socially speaking, it is true that that part of the commodity capital which consists of products available for immediate or later service as instruments of labor — unless they are produced uselessly and cannot be sold — must in fact perform this service whenever they cease to be commodities and become actual elements of the productive capital, in stead of being merely its prospective ones.

But there is a distinction arising from the natural form of the product.

A spinning machine, for instance, has no use-value, unless it is consumed in spinning, so that it performs its function as an element of production and, from the point of view of the capitalist, constitutes a fixed part of his capital. But a spinning machine is movable. It may be exported from the country in which it was produced and sold in a foreign country directly or indirectly, for raw materials, etc., or even for champagne. In that

case it has served only as commodity-capital in the country in which it was produced, but never as fixed capital, not even after its sale.

But products which are localized by being imbedded in the soil, and therefore can be consumed only locally, such as factory buildings, railroads, bridges, tunnels, wharves, etc., improvements of the soil, etc., cannot be bodily exported. They are not movable. They are either useless, or they must serve as fixed capital, in the country that produced them, as soon as they have been sold. From the point of view of their capitalist producer, who builds factories or improves land for speculation and sale, these things are forms of his commodity-capital, or, according to Adam Smith, a form of circulating capital. But from the point of view of society, these things must finally serve in the same country as fixed capital in some process of production fixed by their own locality, unless they are to be useless. This does not imply by any means that immovable things are fixed capital of themselves. They may belong to the fund for consumption, for instance residence houses, and in that case they do not belong to the social capital at all, although they are an element of the social wealth, of which capital is only a part. The producer of these things, to use the language of Smith, makes a profit by their sale. In other words, circulating capital! Their user, their final purchaser, can use them only by utilizing them in the process of production. Therefore, fixed capital!

Titles to property, for instance railroad shares, may change hands every day, and their owner may even make a profit by their sale to foreign countries, so that the title may be exported, if not the railroad. But nevertheless these things themselves must either lie fallow in the country that produced them, or serve as a fixed part of some productive capital. In the same way the manufacturer A may make a profit by the sale of his factory to the manufacturer B, but this does not prevent the factory from serving as fixed capital, the same as before.

However, it does not follow that fixed capital necessarily consists of immovable things, because the locally fixed instruments of labor, which cannot be detached from the soil, must to all intents and purposes serve at some time as fixed capital in the same country, even though they may serve as commodity-capital for their producer and do not constitute any elements of his fixed capital, which is made up of the instruments of labor required by him for the building of factories, railroads, etc. A ship and a locomotive produce their effects only by motion; yet they serve as fixed capital for the

owner who uses them, although not for him who produced them. On the other hand, some things which are very decidedly fixed in the process of production, which live and die in it and never leave it any more after they have entered it, are circulating parts of the productive capital. Such are, for instance, the coal consumed by the machine in the process of production, the gas used for lighting the factory, etc. They are circulating capital not because they bodily leave the process of production together with the product and circulate as commodities, but because their entire value is transferred to that of the product in whose production they assisted, so that their value must be entirely reproduced by the sale of the product.

In the last quotation from Adam Smith, notice must furthermore be taken of the following phrase: “A circulating capital which furnishes...the maintenance of the workmen who make them” (meaning machines, etc.).

In the works of the physiocrats, that part of capital which is advanced for wages figures correctly under the *Avances annuelles* as distinguished from the *Avances primitives*. On the other hand it is not the labor-power used as a part of the productive capital of the farmer which figures in their accounts, but the foodstuffs given to the farm laborers (the maintenance of workmen, as Smith calls it). This corresponds exactly to their specific doctrine. For according to them the value added to the product by labor (like the value added to the product by raw material, instruments of labor, etc., in short by all the substantial parts of constant capital) is equal only to the value of the articles of consumption paid to the laborers and necessary for the maintenance of their labor functions. Their doctrine stands in the way of their discovering the distinction between constant and variable capital. If it is labor that produces surplus-value in addition to the reproduction of its own price, then it does so in industry as well as in agriculture. But since, according to their system, surplus-value arises only in one branch of production, namely, agriculture, it does not come out of labor, but out of the special activity (assistance) of nature in this branch. And only for this reason agricultural labor is for them productive labor, as distinguished from other kinds of labor.

Adam Smith classes the maintenance of laborers among the circulating capital as distinguished from fixed.

Because he confounds circulating capital as distinguished from fixed with forms of capital belonging to the sphere of circulation, with capital of circulation; this mistake persisted after him without being criticized. He

therefore confounds the commodity-capital with the circulating part of the productive capital, and in that case it is a matter of course that, whenever the social product assumes the form of commodities, the maintenance of the laborers as well as that of the non-laborers, the materials as well as the instruments of labor, must be taken out of the commodity-capital.

But the physiocratic conception likewise intermingles with the analysis of Smith, although it contradicts the esoteric — really scientific — part of his own deductions.

The advanced capital is universally converted into productive capital, that is to say it assumes the form of elements of production which are themselves the products of past labor. Labor-power is included in them. Capital can serve in the process of production only in this form. Now, if instead of labor-power itself we take the laborer's necessities of life into which the variable part of capital has been converted, it is evident that these necessities of life are not essentially different, so far as the formation of values is concerned, from the other elements of productive capital, from the raw materials and the food of the laboring cattle, with whom Smith, after the manner of the physiocrats, places the laborers on the same level, in one of the passages quoted above. The necessities of life cannot expand their own value or add any surplus-value to it. Their value, like that of the other elements, can re-appear only in that of the product. They cannot add any more to their value than they have themselves. They, like raw materials, partly finished articles, etc., differ from fixed capital composed of instruments of labor only in that they are entirely consumed in the product of the capitalist who pays for them and uses them in the manufacture of this product, so that their value must be entirely reproduced by this product, while in the case of the fixed capital this takes place gradually and piecemeal. The part of productive capital advanced for labor-power (or for the laborer's articles of consumption) differs here only in the matter of material from the other material elements of productive capital, not in the matter of the process of production or self-expansion. It differs only in so far as it falls into the same category, namely, that of circulating capital, with one part of the objective elements active in the formation of the product (materials, Adam Smith calls them), while another part of these belongs in the category of fixed capital.

The fact that the capital invested in wages belongs to the circulating part of productive capital and shares this circulating quality, as distinguished

from the fixed character of productive capital, with a part of the material objects, the raw materials, etc., instrumental in creating the product, has nothing whatever to do with the role played by this variable part of capital in the process of self-expansion, as distinguished from the constant part of capital. It refers merely to the manner in which this part of the invested capital-value is reproduced out of the value of the product by way of the circulation. The purchase and repeated purchase of labor-power belongs in the process of circulation. But it is only within the process of production that the value invested in labor-power (not for the benefit of the laborer, but that of the capitalist) is converted from a definite constant into a variable magnitude, and only thus the advanced value is converted into capital-value, into self-expanding value. But by classing the value advanced for articles of consumption among the circulating elements of productive capital, as Smith does, instead of the value invested in labor-power, the understanding of the difference between variable and constant capital, and thus the understanding of the capitalist process of production in general, is rendered impossible. The mission of this part of capital of being variable as distinguished from the constant capital invested in material objects instrumental in production, is hidden under the mission of the capital invested in labor-power of serving in the turn-over as a circulating part of productive capital. And the obscurity is made complete by enumerating the laborer's maintenance among the elements of productive capital, instead of his labor-power. It is immaterial, whether the value of labor-power is advanced in money or immediately in articles of consumption. However, under capitalist production, the last-named eventuality can be but an exception.

By thus emphasizing the role of the circulating capital as the determining element of the capital-value invested in labor-power, by using this physiocratic conception without the fundamental premise of the physiocrats, Adam Smith haply rendered the understanding of the role of variable capital as a determinant of capital invested in labor-power impossible for his followers. The more profound and correct analyses given by him in other places did not survive, but this mistake of his did. Other writers after him went even farther. They were not content to make it the essential characteristic of capital invested in labor-power to be circulating as distinguished from fixed capital; they rather made it an essential mark of circulating capital to be invested in articles of consumption for laborers.

This resulted naturally in the doctrine of a labor fund of definite magnitude consisting of requirements of life, which on one side established a physical limit for the share of the laborers in the social product, and on the other had to be fully expended in the purchase of labor-power.

## CHAPTER XI. THEORIES OF FIXED AND CIRCULATING CAPITAL. RICARDO.

Ricardo mentions the distinction between fixed and circulating capital merely for the purpose of illustrating the exceptions to the law of value, namely, in cases where the rate of wages affects the prices. The discussion of this point is reserved for volume III.

But the original confusion is apparent at the outset in the following indifferent parallel: "This difference in the degree of durability of fixed capital, and this variety in the proportions in which the two sorts of capital may be combined." (Principles, page 25.)

And if we ask him which two sorts of capital he is referring to, we are told: "The proportions too, in which the capital that is to support labor, and the capital that is invested in tools, machinery, and buildings, may be variously combined." (l. c.) In other words, fixed capital consists of instruments of labor, and circulating capital is such as is invested in labor. "Capital that is to support labor" is a senseless term culled from Adam Smith. On one hand, the circulating capital is here confounded with the variable capital, that is to say, with that part of productive capital which is invested in labor. On the other hand, twice confounded conceptions arise for the reason that the distinction is not between variable and constant capital and derived from the process of self-expansion, but from the process of circulation repeating the old confusion of Smith.

The difference in the degree of durability of fixed capital and the difference in the proportion in which constant and variable capital may be combined, are conceived as being of equal significance. But the last-named difference determines the difference in the production of surplus-value; the first-named, on the other hand, refers merely to the manner in which a given value is transferred from a means of production to the product, in so far as the process of self-expansion is concerned; and as for the process of circulation, this difference refers only to the period of the reproduction of the advanced capital, or, from another point of view, the time for which it has been advanced. Of course, if one looks upon the capitalist process of production in the light of a completed phenomenon, instead of seeing through its internal machinery, then these differences coincide. In the

distribution of the social surplus-value among the various capitals invested in different lines of production, the proportions of the different periods of time for which capital has been advanced (for instance, the different durability of fixed capital) and the different organic composition of capital (and therefore also the different circulation of constant and variable capital) contribute equally toward an equalization of the general rate of profit and the conversion of values into prices of production.

From the point of view of the process of circulation, we have on one side the instruments of labor — fixed capital, on the other the materials of labor and wages — circulating capital. But from the point of view of the process of production and self-expansion, we have on one side means of production (instruments of labor and raw material) — constant capital; on the other, labor-power — variable capital. It is immaterial for the organic composition of capital (Book I, Chap. XXV, 2, page 683) whether the same quantity of constant capital consists of many instruments of labor and little raw material, or of much raw material and few instruments of labor, but everything depends on the proportion of the capital invested in means of production to that invested in labor-power. Vice versa, from the point of view of the process of circulation, of the difference between fixed and circulating capital, it is just as immaterial in what proportions a given amount of circulating capital is divided between raw material and wages. From one of these points of view the raw material is classed in the same category with the instruments of labor, as compared to the capital-value invested in labor-power; from the other the capital-value invested labor-power ranks with that invested in raw material, as compared to that invested in instruments of labor.

For this reason, the capital-value invested in materials of labor (raw and auxiliary materials) does not appear on either side. It disappears entirely. For it does not agree with the side of fixed capital, because its mode of circulation coincides entirely with that of the capital-value invested in labor-power. And on the other hand, it must not be placed on the side of circulating capital, because in that case the identification of the distinction between fixed and circulating capital with that of constant and variable capital, which had been carried over from Adam Smith and tacitly perpetuated, would abolish itself. Ricardo has too much logical instinct not to feel this, and for this reason that part of capital disappears entirely for him.

It is to be noted at this point that the capitalist, to use the language of political economy, advances the capital invested in wages for different periods, according to whether he pays these wages weekly, monthly, or quarterly. But in reality, the reverse takes place. The laborer advances his labor to the capitalist for one week, one month, or three months, according to whether he is paid by the week, by the month, or every three months. If the capitalist really were to buy labor-power, instead of only paying for it, in other words, if he were to pay the laborer in advance for a day, a week, a month, or three months, then he would be justified in claiming that he advanced wages for those periods. But since he does not pay until labor has lasted for days weeks, or months, instead of buying it and paying for the time which it is intended to last, we have here a confusion of terms on the part of the capitalist, who performs the trick of converting an advance of labor made to the capitalist by the laborer into an advance of money made to the laborer by the capitalist. It does not alter the case that the capitalist may not get any returns from his product by way of the circulation in the shape of a reproduction of his product or of its value (increased by the surplus value embodied in it) until after a certain length of time, according to the different periods required for its manufacture, or for its circulation. It does not concern the seller of a commodity what its buyer is going to do with it. The capitalist does not get a machine cheaper, because he must advance its entire value at one time, while this value returns to him only gradually and piecemeal by way of the circulation; nor does he pay more for cotton, because its value is assimilated fully by the product into which it is made over, and is therefore fully recovered at one time by the sale of the product.

Let us return to Ricardo.

The characteristic mark of variable capital is that a certain given, and to that extent constant, part of capital representing a given sum of values (supposed to be equal to the value of labor-power, although it is immaterial for this discussion whether wages are equal to the value of labor-power or higher or lower than it) is exchanged for a self-expanding power which creates value, namely, labor-power, which not only reproduces the value paid for it by the capitalist, but produces a surplus-value, a value not previously existing and not paid for by any equivalent. This characteristic mark of the capital-value advanced for wages, which distinguishes it as a variable capital from constant capital, disappears whenever the capital-

value advanced for wages is considered solely from the point of view of the circulation, for then it appears as a circulating capital as distinguished from the fixed capital invested in instruments of labor. This is apparent from the simple fact that it is then classed under one head, namely, under that of circulating capital, together with a part of the constant capital, namely, that which is invested in raw materials, and thus distinguished from another part of constant capital, namely, that invested in instruments of labor. The surplus-value, the very fact which converts the advanced sum of values into capital, is entirely ignored under these circumstances. Furthermore, the fact is ignored that the value added to the product by the capital invested in wages is newly produced (and therefore actually reproduced), while the value transferred from the raw material to the product is not newly produced, not actually reproduced, but only preserved in the value of the product and merely reappears as a part of the value of the product. The distinction, as seen from the point of view of the contrast between fixed and circulating capital, consists now simply in this: The value of the instruments of labor used for the production of a certain commodity is transferred only partially to the value of the commodity and is therefore only partially recovered by its sale, is only partially and gradually returned. On the other hand, the value of the labor-power and materials of labor (raw materials, etc.) used in the production of a certain commodity is entirely assimilated by it, and is therefore entirely recovered by its sale. From this stand-point, and with reference to the process of circulation, one part of capital appears as fixed, the other as circulating. In both cases it is a matter of a transfer of definite advanced values to the product and of their recovery by the sale of the product. The only difference which is essential at this point is whether the transfer of values, and consequently their recovery, proceeds gradually or in one bulk. By this means the really decisive difference between the variable and constant capital is blotted out, the whole secret of the production of surplus-value and of capitalist production, namely, the circumstances which transform certain values and the things in which they are contained into capital, are obliterated. All constituent parts of capital are then distinguished merely by their mode of circulation (and, of course, circulation concerns itself solely with already existing values of definite size). And the capital invested in wages then shares a peculiar mode of circulation with a part of capital invested in raw materials, partly finished

articles, auxiliary substances, as distinguished from another part of capital invested in instruments of labor.

It is, therefore, easy to understand why the bourgeois political economy instinctively clung to Adam Smith's confusion of the categories of "constant and variable capital" with the categories "fixed and circulating capital," and repeated it parrotlike from generation to generation for a century. The capital invested in wages is not in the least distinguished by bourgeois political economy from capital invested in raw materials, and differs only formally from constant capital to the extent that it is partially or in bulk circulated by the product. In this way the first requirement for an understanding of the actual movement of capitalist production, and thus of capitalist exploitation, is buried at one stroke. It is henceforth but a question of the reappearance of advanced values.

In Ricardo the uncritical adoption of the Smithian confusion is annoying, and not only more so than in the later apologetic writers, in whom the confusion of terms is rather otherwise than annoying, but also more than in Adam Smith himself, because Ricardo is comparatively more consistent and clear in his analysis of value and surplus-value, and indeed rescues the esoteric Adam Smith from the exoteric Adam Smith.

Among the physiocrats this confusion is not found. The distinction between avances annuelles and avances primitives refers only to the different periods of reproduction of the various parts of capital, especially of agricultural capital; while their ideas concerning the production of surplus-value form a part of their theory, apart from these distinctions, being upheld by them as the salient point of this theory. The formation of surplus-value is not explained out of capital as such, but only attributed to one special sphere of production of capital, namely, agriculture.

The essential point in the determination of variable capital — and therefore for the conversion of any sum of values into capital — is that the capitalist exchanges a definite given, and to that extent constant, magnitude of values for a power which creates values, a magnitude of values for a production, a self-expansion, of values. It does not alter this essential fact that the capitalist may pay the laborer either in money or in means of subsistence. This alters merely the mode of existence of the value advanced by the capitalist, seeing that in one case it has the form of money for which the laborer himself buys his means of subsistence on the market, in the other case that of means of subsistence which he consumes directly. A

developed capitalist production rests indeed on the assumption that the laborer is paid in money and more generally on the assumption that the process of production is promoted by the process of circulation, in other words, by the monetary system. But the production of surplus-value — and consequently the capitalization of the advanced sum of values — has its source neither in the money-form, nor in the natural form, of wages, or of the capital invested in the purchase of labor power. It arises out of the exchange of value for a power creating value, the conversion of a constant into a variable magnitude.

The greater or smaller fixity of the instruments of labor depends on the degree of their durability, on their physical properties. According to the degree of their durability, other circumstances being equal, they will wear out fast or slowly, will serve a long or a short time as fixed capital. The raw material in metal factories is just as durable as the machines used in manufacturing, and more durable than many parts of these machines, such as leather, wood, etc. Nevertheless the metal serving as raw material forms a part of the circulating capital, while the instrument of labor, although probably built of the same metal, is a part of the fixed capital, when in use. Hence it is not the substantial physical nature, not its great or small durability, to which the same metal owes its place, now in the category of the fixed, now of the circulating capital. This distinction is rather due to the role played by it in the process of production, being an object of labor in one case, and an instrument of labor in another.

The function of an instrument of labor in the process of production requires generally, that it should serve for a longer or shorter period in ever renewed labor processes. Its function, therefore, determines the greater or lesser durability of its substance. But it is not the durability of the material of which it is made that gives to it the character of fixed capital. The same material, if in the shape of raw material, becomes a circulating capital, and among those economists who confound the distinction between commodity-capital and productive-capital with that between circulating and fixed capital the same material, the same machine, are circulating capital as products and fixed capital as instruments of labor.

Although it is not the durability of the material of which it is made that gives to an instrument of labor the character of fixed capital, nevertheless its role as such an instrument requires that it should be composed of relatively durable material. The durability of its material is, therefore, a

condition of its function as an instrument of labor, and consequently the material basis of the mode of circulation which renders it a fixed capital. Other circumstances being equal, the greater or lesser durability of its material endows it in a higher or lower degree with the quality of fixedness, in other words, its durability is closely interwoven with its quality of being a fixed capital.

If the capital-value advanced for labor-power is considered exclusively from the point of view of circulating capital, in distinction from fixed capital, and if consequently the distinction between constant and variable capital is confounded with that between fixed and circulating capital, then it is natural to attribute the character of circulating capital, in distinction from fixed capital, to the substantial reality of the capital invested in labor-power, just as the substantial reality of the instrument of labor constitutes an essential element of its character of fixed capital, and to determine the circulating capital by the substantial reality of the variable capital.

The real substance of the capital invested in wages is labor itself, active, value creating, living labor, which the capitalist trades for dead, materialized labor and embodies in his capital, by which means alone the value in his hands is transformed into a self-expanding value. But this self-expanding power is not sold by the capitalist. It is always solely a constituent part of his productive capital, the same as his instruments of labor; it is never a part of his commodity-capital, as, for instance, the finished product which he sells. Within the process of production, as parts of his productive capital, the instruments of labor are not distinguished from labor-power as fixed capital any more than the raw materials and auxiliary substances are identified with it as circulating capital. Labor confronts both of them as a personal factor, while they are objective things — speaking from the point of view of the process of production. Both of them stand opposed to labor-power, to variable capital, as constant capital — speaking from the point of view of the process of self-expansion. Or, if mention is to be made here of a difference in substance, so far as it affects the process of circulation, it is only this: It follows from the nature of value which is nothing but materialized labor, and from the nature of active labor-power which is nothing but labor in process of materialization, that labor-power continually creates value and surplus-value during the process of its function; that the thing which on the part of labor-power appears as motion and a creation of value, appears on the part of its product as rest and as a

created value. If the labor-power has performed its function, then capital no longer consists of labor-power on one side, and means of production on the other. The capital value invested in labor is then value added with a surplus-value to the product. In order to respect the process, the product must be sold, and new labor-power must be bought with the money so obtained, in order to be once more embodied in the productive capital. It is this which then gives to the capital invested in labor-power, and to that invested in raw materials, etc., the character of circulating capital as distinguished from the capital remaining fixed in instruments of labor.

But if the secondary quality of the circulating capital, which it shares with a part of the constant capital (raw and auxiliary materials), is made the essential mark of capital invested in labor-power, to wit, the transfer of the full value invested in it to the product in whose manufacture it is consumed, instead of a gradual and successive transfer such as takes place in the case of the fixed capital, and the consequent total reproduction of this value by the sale of the product, then the value invested in wages must likewise consist, not of active labor-power, but of the material elements which the laborer buys with his wages, in other words, it must consist of that part of the social commodity-capital which passes into the individual consumption of the laborer, of means of subsistence. In that case, the fixed capital would consist of the more durable instruments of labor which are reproduced more slowly, and the capital invested in labor-power would consist of the means of subsistence, which must be more rapidly reproduced.

However, the boundaries of greater or smaller durability pass imperceptibly into one another.

“The food and clothing consumed by the laborer, the buildings in which he works, the implements with which his labor is assisted, are all of a perishable nature. There is, however, a vast difference in the time for which these different capitals will endure: a steam-engine will last longer than a ship, a ship than the clothing of the laborer, and the clothing of the laborer longer than the food which he consumes.” (Ricardo, etc., page 27.)

Ricardo does not mention the house, in which the laborer lives, his tools of consumption, such as knives, forks, dishes, etc., all of which have the same quality of durability as the instruments of labor. The same things, the same classes of things, appear in one place as means of consumption, in another as instruments of labor.

The difference, as stated by Ricardo, is this: "According as capital is rapidly perishable and requires to be frequently reproduced or is of slow consumption, it is classed under the heads of circulating or fixed capital."

He remarks in addition thereto: "A division not essential, and in which the line of demarcation cannot be accurately drawn."

Thus we have once more arrived among the physiocrats, where the distinction between avances annuelles and avances primitives was one referring to the period of consumption, and consequently also to the different time of reproduction of the invested capital. Only, that which in their case constitutes a phenomenon important for society and for this reason is assigned in the Tableau Economique a place of interrelation with the process of circulation, becomes here, in Ricardo's own words, a subjective and unessential division.

As soon as the capital-value invested in labor-power differs from that invested in instruments of labor only by its period of reproduction and term of circulation, as soon as one part of capital consists of means of subsistence, another of instruments of labor, so that these differ from those only by the degree of their durability, which durability is further different for the various kinds of each class, it follows as a matter of course that all specific difference between the capital invested in labor-power and that invested in means of production is obliterated.

This runs very much counter to Ricardo's theory of value, likewise to his theory of profit, which is actually a theory of surplus-value. He does not consider the difference between fixed and circulating capital any further than is required by the way in which different proportions of both of them, in equal capitals invested in different branches of production, influence the law of value, particularly the extent to which an increase or decrease of wages in consequence of these conditions affects prices. But even within this restricted analysis, he commits the gravest errors on account of the confusion in the definitions of fixed and circulating, constant and variable capital. Indeed, he starts his analysis on an entirely wrong basis. In the first place, in so far as the capital-value invested in labor-power has to be considered under the head of circulating capital, he gives a wrong definition of circulating capital and misunderstands particularly the circumstances which place the capital-value invested in labor-power under this heading. In the second place, he confounds the definition, according to which the

capital-value invested in labor-power is a variable capital, with that according to which it is circulating as distinguished from fixed capital.

It is evident from the beginning that the definition of capital-value invested in labor-power as circulating capital is a secondary one, obliterating its specific difference in the process of production. For on one hand, the values invested in labor-power are identified in this definition with those invested in raw materials. A classification which identifies a part of the constant capital with the circulating capital does not appreciate the specific difference of variable from constant capital. On the other hand, while the values invested in labor-power are indeed distinguished from those invested in instruments of labor, the distinction is based only on the fact that the values incorporated in them are transferred to the product in different periods of time, not on the fact that this transfer is significant for the radically different manner in which either of them passes into the production of values.

In all of these cases, it is a question of the manner in which a given value, invested in the process of production of commodities, whether the investment be made in wages, in the price of raw materials, or in that of instruments of labor, is transferred to the product, then circulated by it, and returned to its starting point by the sale of the product, or reproduced. The only difference lies here in the “how,” in the particular manner of the transfer, and therefore also in the circulation of this value.

Whether the price of labor-power previously agreed upon by contract in each case is paid in money or in means of subsistence, does not alter in any way the fact that it is a fixed price. However, it is evident in the case of wages paid in money, that it is not the money which passes into the process of production in the way that the value as well as the material of the means of production do. But if the means of subsistence which the laborer buys with his wages are directly classed in the same category with raw materials, as the material form of circulating capital distinguished from instruments of labor, then the matter assumes a different aspect. While the value of these things, the instruments of labor, is transferred to the product in the process of production, the value of those things, the means of subsistence, reappears in the labor-power that consumes them and is likewise transferred to the product by the exertion of this power. In every one of these cases it is a question of the mere reappearance of the values invested in production by means of transfer to the product. The physiocrats for this reason took this

aspect of the matter seriously and denied that industrial labor could create any values. This is shown by a previously quoted passage of Wayland, in which he says that it is immaterial in which form the capital reappears, and that the different kinds of food, clothing, and shelter which are required for the existence and well-being of man are likewise changed, being consumed in the course of time while their value reappears. (Elements of Political Economy, pages 31 and 32.) The capital-values invested in production in the form of means of production and means of subsistence both reappear in the value and means of subsistence both reappear in the value of the product. By this means the transformation of the capitalist process of production into a complete mystery is happily accomplished and the origin of the surplus-value incorporated in the product is entirely concealed.

At the same time, this perfects the fetishism typical of bourgeois political economy, which pretends that the social and economic character of things, arising from the process of social production, is a natural character due to the material substance of those things. For instance, instruments of labor are designated as fixed capital, a scholastic mode of definition which leads to contradictions and confusion. Just as we demonstrated in the case of the process of production (Vol. I, chapter VII), that it depends on the role, the function, performed by the various material substances in a certain process of production, whether they served as instruments of labor, raw materials, or products, just so we now claim that instruments of labor are fixed capital only in cases where the process of production is a capitalist process of production and the means of production are, therefore, capital and possess the economic form and social character of capital. And in the second place, they are fixed-capital only when they transfer their value to the product in a certain peculiar way. Unless they do so, they remain instruments of labor without being fixed-capital. In the same way, auxiliary materials, such as manure, if they transfer their value in the same peculiar manner as the greater part of the instruments of labor, become fixed capital, although they are not instruments of labor. It is not the definitions, which are essential in determining the character of these things. It is their definite functions which express themselves in definite categories.

If it is considered as one of the qualities exhibited by means of subsistence under all circumstances to be capital invested in wages, then it will also be a quality of this “circulating” capital “to support labor.” (Ricardo, page 25.) If the means of subsistence were not “capital,” then they

would not support labor, according to this; while it is precisely their character of capital which endows them with the faculty of supporting capital by means of the labor of others.

If means of subsistence are of themselves capital circulating after being converted into wages, it follows furthermore that the magnitude of wages depends on the proportion of the number of laborers to the existing quantity of circulating capital — a favorite economic law — while as a matter of fact the quantity of means of subsistence withdrawn from the market by the laborer, and the quantity of means of subsistence available for the consumption of the capitalist, depend on the proportion of the surplus-value to the price of labor.

Ricardo as well as Barton everywhere confound the relation between variable and constant capital with that between circulating and fixed capital. We shall see later, to what extent this vitiates Ricardo's analyses concerning the rate of profit.

Ricardo furthermore identifies the distinctions which arise in the turn-over from other causes than the difference between fixed and circulating capital, with these same differences: "It is also to be observed that the circulating capital may circulate, or be returned to its employer, in very unequal times. The wheat bought by a farmer to sow is comparatively a fixed capital to the wheat purchased by a baker to make into loaves. The one leaves it in the ground, and can obtain no return for a year: the other can get it ground into flour, sell it as bread to his customers, and have his capital free, to renew the same, or commence any other employment in a week." (Pages 26 and 27.)

In this passage, it is characteristic that wheat, although not serving as a means of subsistence, but as raw material when used for sowing, is supposed in the first place to be circulating capital, because it is in itself a food, and in the second place a circulating capital, because its reproduction extends over one year. However, it is not so much the slow or rapid reproduction which makes a fixed capital of a means of production, but rather the manner in which it transfers its value to the product.

The confusion caused by Adam Smith has brought about the following results:

The distinction between fixed and circulating capital is confounded with that between productive capital and commodity-capital. For instance, a machine is said to be circulating capital when on the market as a

commodity, and fixed capital when incorporated in the process of production. Under these circumstances, it is impossible to ascertain why one kind of capital should be more fixed or circulating than another.

All circulating capital is identified with capital invested, or about to be invested, in wages. This is the case with John Stewart Mill, and others.

The difference between variable and constant capital, which had been previously mistaken by Barton, Ricardo, and others, for that between circulating and fixed capital, is finally identified with this last-named difference, for instance by Ramsay, who calls all means of production, raw materials, etc., including instruments of labor, fixed capital, and only that which is invested in wages circulating capital. But on account of the reduction of the problem to this form, the real difference between variable and constant capital is not understood.

The latest English, and especially Scotch, economists, who look upon all things from the inexpressibly petty point of view of a bank clerk, such as MacLeod, Patterson, and others, transform the difference between fixed and circulating capital into one of money at call and money not at call.

## CHAPTER XII. THE WORKING PERIOD.

Take two branches of production, with equal working days, for instance of ten hours each, one of them a cotton spinnery, the other a locomotive factory. In one of these branches, a definite quantity of finished product, cotton yarn, is completed daily, or weekly; in the other, the productive process may have to be repeated for three months in order that the finished product, a locomotive, may be ready. In one case, the product is made up of separate lots, and the same labor is repeated daily or weekly. In the other case, the labor process is continuous and extends over a prolonged number of daily labor-processes which, in their continuity, result in the finished product. Although the duration of the working day is the same in both cases, there is a marked difference in the duration of the productive act, that is to say, in the duration of the repeated labor-processes, which are required in order to complete the finished product, to get it ready for its role as a commodity on the market, in other words, to convert it from a productive into a commodity-capital. The difference between fixed and circulating capital has nothing to do with this. The difference just indicated would exist, even if the very same proportions of fixed and circulating capital were employed in both branches of production.

These differences in the duration of the productive acts are found not alone in two different spheres of production, but also within one and the same sphere of production, according to the volume of the intended product. An ordinary residence house is built in less time than a large factory and therefore requires a smaller number of consecutive labor-processes. While the building of a locomotive requires three months, that of an ironclad requires one year or more. The production of grain extends over nearly a year, that of horned cattle over several years, and the production of timber may require from twelve to one hundred years. A country road may be completed in a few months, while a railroad requires years. An ordinary carpet is made in about a week, while Gobelins requires years, etc. The differences in the duration of the productive act are, therefore, infinitely manifold.

It is evident that a difference in the duration of the productive act must beget a difference in the velocity of the turn-over, even if the invested capitals are equal, in other words, must make a difference in the time for

which a certain capital is advanced. Take it that a cotton spinnery and a locomotive factory employ the same amount of capital, that the proportion between their constant and variable capital is the same, likewise that between fixed and circulating capital, and that finally their working day is of equal length and its division between necessary and surplus-labor the same. In order to eliminate, furthermore, all the external circumstances arising out of the process of circulation, we shall assume that both the yarn and the locomotive are made to order and will be paid on delivery of the finished product. At the end of the week, the cotton spinner recovers his outlay for circulating capital (making exception of surplus-value), likewise the wear and tear of fixed capital incorporated in the value of the yarn. He can, therefore, repeat the same cycle with the same capital. It has completed its turn-over. The locomotive manufacturer, on the other hand, must advance even new capital for wages and raw material every week for three months in succession, and it is only after three months, after the delivery of the locomotive, that the circulating capital gradually invested in one and the same productive act for the manufacture of one and the same commodity once more returns to a form in which it can renew its cycle. The wear and tear of his machinery is likewise covered only at the end of three months. The investment of the one is made for one week, that of the other is the investment of one week multiplied by twelve. All other circumstances being assumed as equal, the one must have twelve times more circulating capital at his disposal than the other.

It is, however, an immaterial condition that the capitals advanced weekly should be equal. Whatever may be the quantity of the invested capital, it is advanced for one week in one case, and for twelve weeks in the other, before the same operation can be repeated with it, or another inaugurated.

The difference in the velocity of the turn-over, or in the length of time for which the capital is advanced before the same capital-value can be employed in a new process of production or self-expansion, arises here from the following circumstances:

Take it that the manufacture of a locomotive, or of any other machine, requires 100 working days. So far as the laborers employed in the manufacture of yarn or of the locomotive are concerned, 100 working days constitute in either case a discontinuous magnitude, representing, according to our assumption, 100 consecutive, but separate labor-processes of ten hours each. But with reference to the product — the machine — these 100

working days are a continuous magnitude, a working day of 1,000 working hours, one single connected act of production. I call such a working day, which is formed by the succession of more or less numerous connected working days, a working period. If we speak of a working day, we mean the length of working time during which the laborer must daily spend his labor-power, must work day by day. But if we speak of a working period, then we mean a number of consecutive working days required in a certain branch of production for the completion of the finished product. In this case, the product of every working day is but a partial one, being elaborated from day to day and receiving its complete form only at the end of a longer or shorter period of labor, when it is at last a finished use-value.

Interruptions, disturbances of the process of social production, for instance, by crises, therefore have very different effects on labor products of a discontinuous nature and those that require for their completion a prolonged and connected working period. In one case, today's production of a certain mass of yarn, coal etc., is not followed by tomorrow's production of yarn, coal, etc. Not so in the case of ships, buildings, railroads, etc. It is not only the work which is interrupted, but also a connected working period. If the work is not continued, the means of production and labor so far expended in its manufacture are wasted. Even if work is resumed, a deterioration has taken place in the meantime.

For the entire duration of the working period, the value daily transferred to the product by the fixed capital accumulates successively until the product is finished. In this way, the difference between the fixed and circulating capital is revealed in its practical significance. The fixed capital is invested in the process of production for a long period, it need not be reproduced until after the expiration of, perhaps, a period of several years. Whether a steam-engine transfers its value daily to some yarn, which is the product of a discontinuous labor-process, or for three months to a locomotive, which is the product of a continuous process, is immaterial for the investment of the capital required for the purchase of the steam-engine. In the one case, its value is recovered in small doses, for instance, weekly, in the other case in larger quantities, for instance, quarterly. But in either case, the reproduction of the steam-engine may not take place until after twenty years. So long as every individual period which returns a part of the value of the steam engine by the sale of the product, is shorter than the

lifetime of this engine, the same engine continues its service in successive working periods of the process of production.

It is different with the circulating portions of the invested capital. The labor-power bought for this week is consumed in the course of the same week and transferred to the product. It must be paid for at the end of this week. And this investment of capital in labor-power is repeated every week for three months without enabling the capitalist to use the investment of this part of capital in this week's labor-power for the purchase of next week's. Every week, additional capital must be invested for the payment of labor-power, and, leaving aside the question of credit, the capitalist must be able to advance wages for three months, even if he pays them only in weekly installments. It is the same with the other portion of circulating capital, the raw and auxiliary materials. One shift of labor after another is transferred to the product. It is not alone the value of the expended labor-power which is continually transferred to the product during the labor-process, but also surplus-value. This product, however, is unfinished, it has not yet the form of a finished commodity, it cannot yet circulate. This applies likewise to the capital-value transferred to the product by the raw and auxiliary materials.

According as the working period required by the specific nature of the product, or by the useful effect aimed at, is short or long, a continuous investment of additional circulating capital (wages, raw, and auxiliary materials) is required, none of its parts being in a form adapted for circulation and for the promotion of the repetition of the same operation. Every one of these parts is on the contrary held by the growing product as one of its parts in the sphere of production, in the form of productive capital. Now, the time of turn-over is equal to the sum of the time of production and the time of circulation. Hence a prolongation of the time of production reduces the velocity of the turn-over quite as much as the prolongation of the time of circulation. In the present case, the following must be furthermore noted:

The prolonged stay in the sphere of production. The capital invested, for instance, in the labor-power, raw, and auxiliary materials of the first week, the same as the portions of value transferred to the product by the fixed capital, are held in the sphere of production for the entire term of three months, and being incorporated in a growing and as yet unfinished product, cannot pass into the circulation of commodities.

Since the working period required for the completion of the productive act lasts three months, and forms one connected labor-process, a new quantity of circulating capital must be continually added week after week to the preceding quantity. The amount of the successively invested additional capital grows, therefore, with the length of the working period.

We have assumed that equal capitals are invested in the spinnery and the machine factory, that these capitals contain equal proportions of constant and variable, fixed and circulating capital, that the working days are equal, in short, that all circumstances are equal with the exception of the duration of the working period. In the first week, the outlay for both is the same, but the product of the spinner can be sold and the returns from the sale employed in the purchase of new labor-power and raw materials, in short, production can be resumed on the same scale. The machine manufacturer, on the other hand, cannot reconvert the circulating capital expended in the first week into money until at the end of three months, when his product is finished and he can begin operation afresh. There is, in other words, first a difference in the return of the same quantity of capital invested. But, in the second place, the same amount of productive capital is employed during the three months in the spinnery and in the machine factory, but the magnitude of the outlay of capital in the case of the yarn manufacturer is different from that of the machine manufacturer. For in the one case, the same capital is rapidly renewed and the same operation can be repeated, while in the other case, the capital is renewed by relatively slow degrees, so that ever new quantities of capital must be added to the old up to the time of the completion of the term of its reproduction. It is, therefore, not only the time of reproduction of definite portions of capital, or the time of investment, which is different, but also the quantity of the capital to be advanced according to the duration of the productive process, although the capital employed daily or weekly is the same. This circumstance is worthy of note for the reason that the time of investment may be prolonged, as we shall see in the cases treated in the next chapter, without thereby increasing the amount of the capital to be invested in proportion to this increase in time. The capital must be advanced for a longer time, and a larger amount of capital is held in the form of productive capital.

In undeveloped stages of capitalist production, enterprises requiring a long working period, and hence a large investment of capital for a long time, such as the building of streets, canals, etc., especially when they can

be carried out only on a large scale, are either not managed on a capitalist basis at all, but rather at the expense of the municipality or state (in older times generally by means of forced labor, so far as labor-power was concerned); or, such products as require a long working period are manufactured only for the smaller part by the help of the private resources of the capitalist himself. For instance, in the building of a house, the private person for whose account the house is built advances money in instalments to the contractor. The owner thus pays for his house in instalments to the extent that his productive process proceeds. But in the developed capitalist era, when on the one hand masses of capital are concentrated in the hands of single individuals, while on the other hand associations of capitalists (stock companies) appear by the side of individual capitalists and the credit system is simultaneously developed, a capitalist contractor builds only in exceptional cases for the order of private individuals. He makes it his business to build rows of houses and sections of cities for the market, just as individual capitalists make it their business to build railroads as contractors.

To what extent capitalist production has revolutionized the building of houses in London, is shown by the testimony of a contractor before the banking committee of 1857. When he was young, he said, houses were generally built to order and the payments made in instalments to the contractor when certain stages of the building were completed. Very little was built on speculation. Contractors used to consent to this mainly to give their hands regular employment and thus keep them together. In the last forty years, all this has changed. Very little is now built for order. If a man wants a house, he selects one from among those built on speculation or still in process of building. The contractor no longer works for his customers, but for the market. Like every other industrial capitalist, he is compelled to have finished articles on the market. While formerly a contractor had perhaps three or four houses at a time building for speculation, he must now buy a large piece of real estate (which, in continental language means rent it for ninety-nine years, as a rule), build from 100 to 200 houses on it, and thus engage in an enterprise which exceeds from twenty to fifty times his resources. The funds are secured by taking up mortgages, and money is placed at the disposal of the contractor to the extent that the building of the individual houses is progressing. Then, if a crisis comes along and interrupts the payment of the advance instalments, the entire enterprise generally collapses. In the best case, the houses remain unfinished until the

coming of better times, in the worst case they are sold at auction at half-price. Without building on speculation, and that on a large scale, no contractor can get along nowadays. The profit from building itself is extremely small. The main profit of the contractor comes from raising the ground rent, by a careful selection and utilization of the building lots. By this method of speculation anticipating the demand for houses nearly the whole of Belgravia and Tyburnia, and the countless thousands of villas in the vicinity of London have been built. (Abbreviated from the Report of the Select Committee on Bank Acts. Part I, 1857, Evidence, Question 5413-18; 5535-36.)

The execution of enterprises with considerably long working periods and on a large scale does not fall fully within the province of capitalist production, until the concentration of capitals is very pronounced, and the development of the credit system offers, on the other hand, the comfortable expedient of advancing another's money instead of one's own capital and thus risking its loss. It goes without saying that the fact whether or not the capital advanced in production belongs to the one who uses it or to some one else has no influence on the velocity and time of turn-over.

The circumstances which augment the product of the individual working day, such as co-operation, division of labor, employment of machinery, shorten at the same time the working period of connected acts of production. Thus machinery shortens the building time of houses, bridges, etc., a mowing and threshing machine, etc., shorten the working period required to transform the ripe grain into a finished product. Improved shipbuilding reduces by increased speed the time of turn-over of capital invested in navigation. Such improvements as shorten the working period and thereby the time for which circulating capital must be advanced are, however, generally accompanied by an increased outlay for fixed capital. On the other hand, the working period in certain branches of production may be shortened by the mere extension of co-operation. The completion of a railroad is hastened by the employment of huge armies of laborers and the carrying on of the work in many places at once. The time of turn-over is in that case hastened by an increase of the advanced capital. More means of production and more labor-power must be combined under the command of the capitalist.

While the shortening of the working period is thus mostly accompanied by an increase of the capital advanced for this shortened time, so that the

amount of capital advanced increases to the extent that the time for which the advance is made decreases, it must be noted that the essential point, apart from the existing amount of social capital, is the degree in which the means of production or subsistence, or their control, is scattered or concentrated in the hands of individual capitalists, in other words, the degree of concentration of capitals. Inasmuch as credit promotes the concentration of capital in one hand, it hastens and intensifies by its contribution the shortening of the working period and thereby of the time of turn-over.

In branches of production in which the working period is continually, or occasionally, determined by definite natural conditions, no shortening of the working period can take place by the above mentioned means. Says Walter Good, in his "Political, Agricultural, and Commercial Fallacies," (London, 1866, page 325): "The expression, 'more rapid turn-over' cannot be applied to grain crops, as only one turn-over per year is possible. As for cattle, we will simply ask: How is the turn-over of bi- or tri-ennial sheep, and of quardrennial and quinquennial oxen to be hastened?"

The necessity of securing ready money (for instance, for the payment of fixed tithes, such as taxes, groundrent, etc.,) solves this question by selling or killing cattle before they have reached the normal economic age, to the great detriment of agriculture. This also causes finally a rise in the price of meat. We read on pages 12 and 13 of the above named work that the people who formerly were mainly engaged in the raising of cattle for the purpose of supplying the pastures of the midland counties in summer, and the stables of the eastern counties in winter, have been so reduced by the fluctuations and sinking of the corn prices that they are glad to avail themselves of the high prices of butter and cheese; they carry the former every week to the market, in order to cover their running expenses, while they take advance payments on the cheese from some middleman who calls for its as soon as it can be transported and who, of course, makes his own prices. As a result of this, agriculture being ruled by the laws of political economy, the calves, which were formerly taken south from the dairy districts to be raised, are now sacrificed in masses, frequently when they are only eight or ten days old, in the stock yards of Birmingham, Manchester, Liverpool, and other neighboring cities. But if the malt were untaxed, the farmers would not only have made more profits and been able to keep their young cattle until they would have been older and heavier, but the malt would also have served

instead of milk for the raising of calves by those who keep no cows: and the present appalling want of young cattle would have been avoided to a large extent. If the raising of calves is now recommended to those small farmers, they replay: "We know very well that it would pay to raise them on milk, but in the first place we should have to lay out money, and we cannot do that, and in the second place we should have to wait long for the return of our money, while in dairying we get returns immediately."

If the prolongation of the turn-over has such consequences for the smaller English farmers, it is easy to see what disadvantages it must produce for the small farmers of the continent.

To the extent that the working period lasts, and thus the period required for the completion of the commodity ready for circulation, the value successively yielded by the fixed capital accumulates and the reproduction of this value is retarded. But this retardation does not cause a renewed outlay of fixed capital. The machine continues its function in the process of production, no matter whether the reproduction of its wear and tear in the form of money takes place slowly or rapidly. It is different with the circulating capital. Not only must capital be tied up for a longer time in proportion as the working period extends, but new capital must also be continually advanced in the form of wages, raw and auxiliary materials. A retardation of the reproduction has therefore a different effect on either capital. No matter whether reproduction proceeds rapidly or slowly, the fixed capital continues its functions. But the circulating capital becomes unable to perform its functions, if the reproduction is retarded, if it is tied up in the form of unsold, or unfinished and as yet unsalable, products, and if no additional capital is at hand for its reproduction in natural form.

"While the farmer is starving, his cattle thrive. There had been considerable rain and the grass pasture was luxuriant. The Indian farmer will starve alongside of a fat ox. The precepts of superstition seem cruel for the individual, but they are preserving society; the preservation of the cattle secures the continuation of agriculture and thereby the sources of future subsistence and wealth. It may sound hard and sad, but it is so: In India a man is easier replaced than an ox." (Return, East Indian. Madras and Orissa Famine. No. 4, page 4.) Compare with the preceding the statement of Manara-Dharma-Sestra, chapter X, page 862; "The sacrifice of life without any reward, for the purpose of preserving a priest or a cow...can secure the salvation of these low-born tribes."

Of course, it is impossible to deliver a quinquennial animal before the lapse of five years. But a thing that is possible is the getting ready of the animals for their destination by changed modes of treatment. This was accomplished particularly by Bakewell. Formerly, English sheep, like the French as late as 1855, were not ready for slaughtering until after four or five years. By the Bakewell system, even a one year old sheep may be fattened, and in every case it is completely grown before the end of the second year. By means of careful sexual selection, Bakewell, a farmer of Dishley Grange, reduced the skeleton of sheep to the minimum required for their existence. His sheep are called the New Leicesters. "The breeder can now supply three sheep for the market in the same time that he formerly required for one, and at that with a broader, rounder, and larger development of the parts giving the most meat. Nearly their entire weight is pure meat." (Lavergne, *The Rural Economy of England*, etc., 1855, page 22.)

The methods which shorten the working periods are applicable to different branches of industry only to a very different degrees and do not compensate for the differences in the length of time of the various working periods. To stick to our illustration, the working period required for the building of a locomotive may be absolutely shortened by the employment of new implement machines. But if at the same time the finished product turned out daily or weekly by a cotton spinnery is still more rapidly increased, then the length of the working period in machine building, compared with that in spinning, has nevertheless been relatively lengthened.

## CHAPTER XIII. THE TIME OF PRODUCTION.

The working time is always the time of production, that is to say, the time during which capital is held in the sphere of production. But vice versa, not all time during which capital is engaged in the process of production is necessarily a working time.

It is not in this case a question of interruptions of the labor-process conditioned on natural limitations of labor-power itself, although we have seen to what extent the mere circumstance that fixed capital, factory buildings, machinery, etc., are unemployed during pauses of the labor-process, became one of the motives for an unnatural prolongation of the labor-process and for day and night work. It is rather a question of an interruption independent of the length of the labor-process and conditioned on the nature and the production of the goods themselves, during which the object of labor is for a longer or shorter time subjected to lasting natural processes, causing physical, chemical, or physiological changes and suspending the labor-process entirely or partially.

For instance, grape juice, after being pressed, must ferment for a while and then rest for some time, in order to reach a certain degree of perfection. In many branches of industry the product must pass through a drying process, for instance in pottery, or be exposed to certain conditions which change its chemical nature, for instance in bleaching. Winter grain needs about nine months to mature. Between the time of sowing and harvesting the labor-process is almost entirely suspended. In timber raising, after the sowing and the incidental preliminary work are completed, the seed may require 100 years in order to be transformed into a finished product, and during all this time it requires very insignificant contributions of labor.

In all these cases, additional labor is contributed only occasionally during a large portion of the time of production. The condition described in the previous chapter, where additional capital and labor must be contributed to the capital already tied up in the process of production, is found here only in longer or shorter intervals.

In all these cases, therefore, the time of production of the advanced capital consists of two periods: One period, during which the capital is engaged in the labor-process; a second period, during which its form of existence — being that of an unfinished product — is surrendered to the

influence of natural process, without being in the labor-process. It does not alter the case, that these two periods of time may cross and pervade one another here and there. The working period and the period of production do not coincide. The time of production is greater than the working period. But the product is not finished until the time of production is completed, only then it is mature and can be transformed from a productive into a commodity-capital. According to the length of the period of production not consisting of working time, the period of turn-over is likewise prolonged. In so far as the time of production in excess of the working time is not once and for all determined by definite natural laws, such as regulate the maturing of grain, the growth of an oak, etc., the period of turn-over may be more or less shortened by an artificial reduction of the time of production. Such instances are the introduction of chemical bleaching instead of lawn bleaching, the improvement of drying apparatus in drying processes. Or, in tanning, where the penetration of the tannic acid into the skins, by the old method, required from six to eighteen months, while the new method, by means of the air-pump, does it in one and a half to two months. (J. G. Courcelle-Seneuil, *Traite theorique et pratique des Entreprises industrielles*, etc., Paris, 1857, second edition.) The most magnificent illustration of an artificial abbreviation of the time of production which is taken up with natural processes is furnished by the history of the production of iron, more especially the conversion of raw iron into steel during the last 100 years, from the puddling process discovered about 1780 to the modern Bessemer process and the latest methods introduced since then. The time of production has been enormously abbreviated, but the investment of fixed capital has increased accordingly.

A peculiar illustration of the divergence of the time of production from the working time is furnished by the American manufacture of shoe-lasts. In this case, a considerable part of the expense is due to the fact that the wood must be stored for drying for as much as 18 months, in order that the finished last may not change its form by warping. During this time, the wood does not pass through any other labor-process. The period of turn-over of the invested capital is, therefore, not determined solely by the time required for the manufacture of the lasts, but also by the time during which the wood lies unproductive in the drying process. It is for 18 months in the process of production before it can enter into the labor-process proper. This illustration shows at the same time, how it is that the periods of turn-over of

different parts of the total circulating capital may differ in consequence of conditions, which do not owe their existence to the sphere of circulation, but to that of production.

The difference between the time of production and the working time becomes especially apparent in agriculture. In our moderate climates, the land bears grain once a year. The abbreviation or prolongation of the period of production (for winter grain an average of nine months) is itself dependent on the change of good or bad seasons, and for this reason it cannot be as accurately determined before-hand and controlled as in industry properly so called. Only such by-products as milk, cheese, etc., are successively producible and saleable in short periods. On the other hand, the working time meets with the following conditions: "The number of working days in the various regions of Germany, with regard to the climatic and other determining conditions, will permit the assumption of the three following main working periods: For the spring period, from the middle of March or beginning of April to the middle of May, about 50 to 60 working days; for the summer period, from the beginning of June to the end of August, 65 to 80; and for the fall period, from the beginning of September to the end of October, or the middle or end of November, 55 to 75 working days. For the winter, only the chores customary for that time, such as the hauling of manure, wood, market goods, and building materials, are to be noted." (F. Kirchhoff, *Handbuch der landwirthschaftlichen Betriebslehre*. Dresden, 1852, page 160.)

To the extent that the climate is unfavorable, the working period of agriculture, and thus the outlay for capital and labor, is crammed into a short space of time. Take, for instance, Russia. In some of the northern regions of that country agricultural labor is possible only during 130 to 150 days per year. It may be imagined what would be the losses of Russia, if 50 out of its 65 million of European inhabitants would remain unemployed during six or eight months of the winter, when all field work must stop. Apart from the 200,000 farmers, who work in the 10,500 factories of Russia, local house industries have everywhere developed in the villages. There are some villages in which all farmers have been for generations weavers, tanners, shoemakers, locksmiths, knifemakers, etc. This is particularly the case in the provinces of Moscow, Vladimir, Kaluga, Kostroma, and Petersburg. By the way, this house-industry is being more and more pressed into the service of capitalist production. The weavers, for

instance, are supplied with woof and web directly by merchants or middlemen. (Abbreviated from the Reports by H. M. Secretaries of Embassy and Legation, on the Manufactures, Commerce, etc., No 8, 1865, pages 86 and 87.) We see here that the divergence of the period of production from the working period, the latter being but a part of the former, forms the natural basis for the combination of agriculture with an agricultural side-industry, and that this side-industry, on the other hand, offers points of vantage to the capitalist, who intrudes first in the person of the merchant. When capitalist production later accomplishes the separation of manufacture and agriculture, the rural laborer becomes ever more dependent on accidental side-employment and his condition is correspondingly lowered. For the capital, all the differences are compensated in the turn-over. Not so for the laborer.

While in most branches of industry proper, of mining, transportation, etc., the work proceeds uniformly, the working time being the same from year to year, and the outlay for the capital passing daily into circulation being uniformly distributed, making exception of such abnormal interruptions as fluctuations of prices, business depressions, etc.; while furthermore also the recovery of the circulating capital, or its reproduction, is uniformly distributed throughout the year, provided the conditions of the market remain the same — there is, on the other hand, the greatest inequality in the outlay of circulating capital in such investments of capital, in which the working time constitutes only a part of the time of production, while the recovery of the capital takes place in bulk at a time determined by natural conditions. If such a business is managed on the same scale as one with a continuous working period, that is to say, if the amount of the circulating capital to be advanced is the same, it must be advanced in larger doses at a time and for longer periods. The durability of the fixed capital differs here considerably from the time in which it actually performs a productive function. Together with the difference between working time and time of production, the time of investment of the employed fixed capital is, of course, likewise continually interrupted for a longer or shorter time, for instance, in agriculture in the case of laboring cattle, implements and machines. In so far as this fixed capital consists of laboring cattle, it requires continually the same, or nearly the same, amount of expenditure for feed, etc., as it does during its working time. In the case of inanimate instruments of labor, disuse also implies a certain amount of depreciation.

Hence there is an appreciation of the product in general, seeing that the transfer of value is not calculated by the time in which the fixed capital performs its function, but by the time in which it depreciates in value. In such branches of production as these, the disuse of the fixed capital, whether combined with current expenses or not, forms as much a condition of its normal employment as, for instance, the waste of a certain quantity of cotton in spinning; and in the same way the labor-power unproductively consumed in any labor-process under normal conditions, and inevitably so, counts as much as its productive consumption. Every improvement which reduces the unproductive expenditure of instruments of labor, raw material, and labor-power, also reduces the value of the product.

In agriculture, both the longer duration of the working period and the great difference between working period and productive period are combined. Hodgskin truly says with regard to this circumstance that the difference in the time (although he does not here distinguish between working time and productive time) required to get the products of agriculture ready and that required for the products of other branches of production is the main cause for the great dependence of farmers. They cannot market their goods in less time than one year. During this entire period they must borrow from the shoemaker, the tailor, the smith, the wagonmaker, and various other producers, whose articles they need, and which articles are finished in a few days or weeks. In consequence of this natural circumstance, and as a result of the more rapid increase of wealth in other branches of production, the real estate owners who have monopolized the land of the entire country, although they have also appropriated the monopoly of legislation, are nevertheless unable to save themselves and their servants, the tenants, from the fate of becoming the most dependent people in the land. (Thomas Hodgskin, *Popular Political Economy*, London, 1827, page 147, note.)

All methods by which partly the expenditures for wages and instruments of labor in agriculture are distributed more equally over the entire year, partly the turn-over is shortened by the raising of various products making different harvests possible during the course of the year, require an increase of the circulating capital invested in wages, fertilizers, seeds, etc., and advanced for purposes of production. This is the case, for instance, in the transition from the three plat system with fallow land to the system of crop rotation without fallow. It applies furthermore to the cultures *dérobées* of

Flanders. “The root crops are planted in culture dérobée; the same field yields in succession first grain, flax, rape, for the wants of man, and after their harvest root crops are sown for the subsistence of cattle. This system, which permits the keeping of horned cattle in the stables without interruption, yields a considerable amount of manure and thus becomes the fulcrum of crop rotation. More than a third of the cultivated area in sandy districts is taken up with cultures dérobées; it is as though the cultivated area had been increased by one third.” Apart from root crops, clover and other leguminous crops are likewise used for this purpose. “Agriculture, being thus carried to a point where it merges into horticulture, naturally requires a relatively considerable investment of capital. In England, a first investment of 250 francs per hectare is assumed. In Flanders, our farmers will probably consider a first investment of 500 francs far too low.”(Emile de Laveleye, *Essais sur L’Économie Rurale de la Belgique*, Paris, 1863, pages 59, 60, 63.)

Take finally timber growing. “The production of timber differs from most of the other branches of production essentially by the fact that in it the force of nature is acting independently and does not require the power of man and capital in its natural propagation. Even in places where forests are artificially propagated the expenditure of human and capital power is inconsiderable compared to the action of natural forces. Besides, a forest will still thrive in soils and locations where grain does no longer give any yield or where its production does not pay. Forestry furthermore requires for its regular economy a larger area than grain culture, because small plats do not permit a system of felling trees in plats, prevents the utilization of by-products, complicates the production of the trees, etc. Finally, the productive process extends over such long periods that it exceeds the aims of private management and even surpasses the age limit of human life in certain cases. The capital invested in the purchase of the real estate” (in the case of communal production there is no capital needed for this, the question being simply how much land the community can spare from its cultivated and pasturing area for forestry) “will not yield returns until after a long period and is turned over gradually, but completely, with forests of certain kinds of wood, only after as much as 150 years. Besides, a consistent production of timber demands itself a supply of living wood which exceeds the annual requirements from ten to forty times. Unless a

man has, therefore, still other sources of income and owns vast tracts of forest, he cannot engage in regular forestry.” (Kirchhof, page 58.)

The long time of production (which comprises a relatively small amount of working time), and thus the length of the periods of turn-over, makes forestry little adapted for private, and therefore, capitalist enterprise, which is essentially private even if associated capitalists take the place of the individual capitalist. The development of civilization and of industry in general has ever shown itself so active in the destruction of forests, that everything done by it for their preservation and production, compared to its destructive effect, appears infinitesimal.

The following statement in the above quotation from Kirchhof is particularly worthy of note:”Besides, a consistent production of timber demands itself a supply of living wood which exceeds the annual requirements from ten to forty times.” In other works, a turn-over occurs one in ten, forty, or more years.

The same applies to stock raising. A part of the herd (supply of cattle) remains in the process of production, while another part of the same is sold annually as a product. In this case, only a part of the capital is turned over every year, just as it is in the case of fixed capital, machinery, laboring cattle, etc. Although this capital is a fixed capital in the process of production for a long time, and thus prolongs the turn-over of the total capital, it is not a fixed capital in the strict definition of the term.

That which is here called a supply — a certain amount of living timber or cattle — serves in a relative sense in the process of production (being simultaneously instruments of labor and raw materials); on account of the natural conditions of its reproduction under normal circumstances of economy, a considerable part of this supply must always be available in this form.

A similar influence on the turn-over is exerted by another kind of supply, which productive capital only potentially, but which owing to the nature of its economy, must be accumulated in a more or less considerable quantity and advanced for purposes of production for a long term, although it is consumed in the actual process of production only gradually. To this class belongs, for instance, manure before it is hauled to the field, furthermore grain, hay, etc., and such supplies of means of subsistence as are employed in the production of cattle. “A considerable part of the productive capital is contained in the supplies of certain industries. But these may lose more or

less of their value, if the precautions necessary for their preservation in good condition are not properly observed. Lack of supervision may even result in the total loss of a part of the supplies in the economy. For this reason, a careful inspection of the barns, feed and grain lofts, and cellars, becomes indispensable, the store rooms must always be well closed, kept clear, ventilated, etc. The grain, and other crops held in storage, must be thoroughly turned over from time to time, potatoes and beets must be protected against frost, rain, and fire.” (Kirchhof, page 292.) “In calculating one’s own requirements, especially for the keeping of cattle, and trying to regulate the distribution according to the nature of the product and its intended use, one must not only take into consideration the covering of one’s demand, but also see to it that there is a proportionate reserve for extraordinary cases. If it is then found that the demand cannot be fully covered by one’s own production, it becomes necessary to reflect first whether the missing amount cannot be covered by other products (substitutes), or by the cheaper purchase of such in place of the missing ones. For instance, if there should happen to be a lack of hay, this might be covered by root crops and straw. As a general rule, the natural value and market-price of the various crops must be kept in mind in such cases, and dispositions for the consumption must be made accordingly. If, for instance, oats are high, while pease and rye are relatively low, it will pay to substitute pease or rye for a part of the oats fed to horses and to sell the oats thus saved.” (Ibidem, page 300.)

It has been previously stated, when discussing the question of the formation of a supply, that a definite, more or less considerable, quantity of potential productive capital is required, that is to say, of means of production intended for use in production, which must be available in proportionate quantities for the purpose of being gradually consumed in the productive process. It has been incidentally remarked, that, given a certain business or capitalist enterprise of definite proportions, the magnitude of this productive supply depends on the greater or lesser difficulties of its reproduction, the relative distance of the supplying markets, the development of means of transportation and communication, etc. All these circumstances influence the minimum of capital, which must be available in the form of a productive supply, hence they influence also the length of time for which the investment of capital must be made and the amount of capital to be advanced at one time. This amount, which affects also the turn-over, is

determined by the longer or shorter time, during which a circulating capital is tied up in the form of a productive supply, of mere potential capital. On the other hand, in so far as this stagnation depends on the greater or smaller possibility of rapid reproduction, on market conditions, etc., it arises itself out of the time of circulation, out of circumstances connected with the circulation. “Furthermore, all such parts of the equipment or auxiliary pieces, as hand tools, sieves, baskets, ropes, wagon grease, nails, etc., must be so much the more available for immediate use, the less the opportunity for their rapid purchase is at hand. Finally, the entire supply of implements must be carefully overhauled in winter, and new purchases or repairs found to be necessary must be made at once. Whether or not a man is to keep a great or small supply of articles of equipment is mainly determined by local conditions. Wherever there are no artisans and stores in the vicinity, it is necessary to keep larger supplies than in places where these are in the locality or near it. But if the necessary supplies are purchased in large quantities at a time, then, other circumstances being equal, one profits as a rule by cheap purchases, provided the right time has been chosen for them. True, the rotating productive capital is thus curtailed by a so much larger sum, which cannot always be well spared in the business.” (Kirchhof, page 301.)

The difference between the time of production and working time admits of many variations, as we have seen. The circulating capital may be in the period of production, before it enters into the working period proper (production of lasts); or, it is still in the period of production, after it has passed through the working period (wine, seed grain); or, the period of production is occasionally interrupted by the working period (agriculture, timber raising). A large portion of the product, fit for circulation, remains incorporated in the active process of production, while a much smaller part enters into the annual circulation (timber and cattle raising); the longer or shorter time for which a circulating capital must be invested in the form of potential productive capital, hence also the larger or smaller amount of this capital to be advanced at one time, depends partly on the nature of the productive process (agriculture), and partly on the proximity of markets, etc., in short on circumstances connected with the sphere of circulation.

We shall see later (Volume III), what senseless theories were advanced by MacCulloch, James Mill, etc., in the attempt of identifying the diverging

time of production with the working time, an attempt which is due to a misinterpretation of the theory of value.

The cycle of turn-over, which we considered in the foregoing, is determined by the durability of the fixed capital advanced in the process of production. Since this process extends over a series of years, we have a series of annual, or less than annual, successive turn-overs of fixed capital.

In agriculture, such a cycle of turn-over arises out of the system of crop rotation. "The duration of the lease must certainly not be figured less than the time of rotation of the adopted system of crop succession. For this reason, one always calculates with 3, 6, 9, in the three plat system. In the three plat system with complete fallow, a field is cultivated only four times in six years, being planted with both winter and summer grain in the years of cultivation, and, if the condition of the soil permits it, wheat and rye, barley and oats, are likewise introduced into the rotation. Every species of grain, however, differs in its yields from others on the same soil, every one of them has a different value and is sold at a different price. For this reason, the yield of the same field is different in every year in which it is cultivated, and different in the first half of the rotation (the first three years) from that of the second. Even the average yield of one period of rotation is not equal to that of another, for its fertility does not depend merely on the good condition of the soil, but also on the weather of the various seasons, just as prices depend on a multitude of circumstances. Now, if one calculates the income from one field on the average of the crops for the entire rotation of six years and the average prices of those years, one finds the total income of one year in either period of rotation. But this is not so, if the income is calculated only for half of the period of rotation that is to say, for three years, for then the total yields would be unequal. It follows from the foregoing that the duration of a lease in a system of three fields must be chosen for at least six years. It would be still more desirable for tenants and owners that the duration of the lease should be a multiple of the duration of the lease (!), in other words, that it should be 12, 18, or more years instead of 6 years, in a system of three fields, and 14, 28 years instead of 7 in a system of seven fields." (Kirchhof, pages 117, 118.)

(The manuscript at this place contains the note: "The English system of crop rotation. Make a note here.")

## CHAPTER XIV. THE TIME OF CIRCULATION.

All circumstances considered so far, which distinguish the periods of rotation of different capitals invested in different branches of industry and the periods for which capital must be advanced, have their source in the process of production itself, such as the difference between fixed and circulating capital, the difference in the working periods, etc. But the period of turn-over of capital is equal to the sum of its time of production plus its time of circulation. It is, therefore, a matter of course that a difference in the time of circulation changes the time of turn-over and to that extent the length of the period of turn-over. This becomes most plainly apparent, either in comparing the different investments of capital in which all circumstances modifying the turn-over are equal, except the time of circulation, or in selecting a given capital with a given composition of fixed and circulating parts, a given working time, etc., permitting only the time of circulation to vary hypothetically.

One of the sections of the time of circulation — relatively the most decisive — consists of the time of selling, the period during which capital has the form of commodity-capital. According to the relative length of this time, the time of circulation, and to that extent the period of turn-over, are lengthened or shortened. An additional outlay of capital may become necessary as a result of expenses of storage. It is evident from the outset that the time required for the sale of finished products may differ considerably for the individual capitalists in one and the same branch of industry; and this does not refer merely to the grand totals of capital invested in the various departments of industry, but also to the different individual capitals, which are in fact individual parts of the aggregate capital invested in the same department of production. Other circumstances remaining equal, the period of selling for the same individual capital will vary with the general fluctuations of the market conditions, or with their fluctuations in that particular business department. We do not tarry over this point any longer. We merely state the simple fact that all circumstances which produce differences in the periods of turn-over of the capitals invested in different business departments, also carry in their train differences in the turn-over of the various individual capitals existing in the same departments, provided these circumstances have any individual effects

(for instance, if one capitalist has an opportunity to sell more rapidly than his competitor, if one employs more methods shortening the working periods than the other, etc.).

One cause which acts continuously in differentiating the time of selling, and thus the periods of turn-over in general, is the distance of the market, in which a commodity is finally sold from its regular place of sale. During the entire time of its trip to the market, capital finds itself fettered in the form of commodity-capital. If goods are made to order, this condition lasts up to the time of delivery; if they are not made to order, the time of the trip to the market is further increased by the time during which the goods are on the market waiting to be sold. The improvement of the means of communication and transportation abbreviates the wandering period of the commodities absolutely, but does not abolish the relative difference in the time of circulation of different commodity-capitals arising from their wanderings nor that of different portions of the same commodity-capital which wander to different markets. The improved sailing vessels and steamships, for instance, which shorten the wanderings of commodities, do so equally for near and for distant ports. But the relative differences may be altered by the development of the means of transportation and communication in a way that does not correspond to the natural distances. For instance, a railroad, which leads from a place of production to an inland center of population, may relatively or absolutely prolong the distance to a nearer point inland not connected with a railroad, compared to the one which is naturally more distant. In the same way, the same circumstances may alter the relative distance of places of production from the larger markets, which explains the running down of old and the rise of new places of production through changes in the means of communication and transportation. (In addition to these circumstances, there is the greater relative cheapness of transportation for long than for short distances.) Moreover, it is not alone the velocity of the movement through space, and the consequent reduction of distance in space, but also in time, which is brought about by the development of the means of transportation. It is not only the quantity of means of communication which is developed, so that, for instance, many vessels sail simultaneously for the same port, or several trains travel simultaneously on different railways between the same two points, but freight vessels may, for instance, clear on different successive days of the week from Liverpool for New York, or freight trains may start at

different times of the day from Manchester to London. It is true, that the absolute velocity, or this part of the time of circulation, is not modified by this latter circumstance, a certain definite capacity of the means of transportation, being given. But successive quantities of commodities can start on their passage in shorter succession of time and thus reach the market one after another without accumulating as potential commodity-capital in large quantities before shipping. Hence the return movement likewise is distributed over shorter successions of time, so that a part is continually transformed into money-capital, while another circulates as commodity-capital. By means of this distribution of the return movement over several successive periods the total time of circulation is abbreviated and thereby also the turn-over. On one hand, the greater or lesser frequency of the function of means of transportation, for instance the number of railroad trains, develops first to the extent that a place of production produces more and becomes a greater center of production, and this development tends in the direction of the existing market, that is to say, toward the great centers of production and population, export places, etc. But on the other hand this special facilitation of traffic and the consequent acceleration of the turn-over of capital (to the extent that it is conditioned on the time of circulation) give rise to a hastened concentration of the center of production and of its market. Along with this hastened concentration of masses of men and capital, the concentration of these masses of capital in a few hands likewise progresses. Simultaneously there is a movement, which shifts and displaces the center of commercial gravity as a result of changes in the relative location of centers of production and markets caused by transformations in the means of communication. A place of production which once had a special advantage by its favored location on some highway or canal then finds itself set aside on a single side-track, which runs trains only at relatively long intervals, while another place, which formerly lay removed from the main roads of traffic, then finds itself located at the crossing point of several railroads. This second point is built up, the former goes down. A transformation in the means of transportation thus causes a local difference in the time of circulation of commodities, the opportunity to buy, to sell, etc., or an already existing local differentiation is distributed differently. The significance of this circumstance for the turn-over of capital is shown in the disputes of the commercial and industrial

representatives of the various places with the railroad managers. (See, for instance, the above quoted bluebook of the Railway Committee.)

All branches of production which are dependent on local consumption by the nature of their product, such as breweries, are therefore developed to greatest dimensions in the main centers of population. The more rapid turn-over of capital compensates in this case for the eventual increase in the price of some elements of production, such as building lots, etc.

While on one hand, the development of the means of transportation and communication by the progress of capitalist production reduces the time of circulation for a given quantity of commodities, the same progress, on the other hand, coupled to the growing possibility of reaching more distant markets to the extent that the means of transportation and communication are improved, leads to the necessity of producing for ever more remote markets, in one word, for the world market. The mass of commodities in transit for distant places grows enormously, and with it also grows absolutely and relatively that part of social capital which remains constantly for longer periods in the stage of commodity-capital, within the time of circulation. Simultaneously that portion of social wealth increases, which, instead of serving as direct means of production, is invested in the fixed and circulating capital required for operating the means of transportation and communication.

The mere relative length of the transit of the commodities from their place of production to their market causes a difference, not only in the first part of the time of circulation, the selling time, but also in its second part, the reconversion of money into the elements of productive capital, the buying time. For instance, some commodities are shipped to India. This requires, say, four months. Let us assume that the selling time is equal to zero, that is to say, the commodities are made to order and are paid for on delivery to the agent of the producer. The return of the money (no matter what may be its form) requires again four months. Thus it takes eight months, before the same capital can again serve as productive capital and renew the same operations. The differences in the turn-over thus caused are one of the material bases of the various terms of credit. Trans-oceanic commerce in general, for instance in Venice and Genoa, is one of the sources of the credit system — strictly so called. The London Economist of July 16, 1866, wrote that the crisis of 1847 enabled the banking and trading business of that time to reduce the Indian and Chinese usage (for the

running time of checks between those countries and Europe) from ten months after sight to six months, and the lapse of twenty years with its acceleration of the trip and the institution of telegraphs renders necessary a further reduction from six months after sight to four months after date as a preliminary step toward four months after sight. The trip of a sailing vessel from Calcutta around the cape of London lasts on an average less than 90 days. A usage of four months after sight would be equivalent to a running time of 150 days, approximately. The present usage of six months after sight is equivalent to a running time of 210 days. On the other hand, we read in the issue of June 30, 1866, of the same paper, that the Brazilian usage is still fixed at two and three months after sight, checks of Antwerp on London are drawn for three months after date, and even Manchester and Bradford draw on London for three months and longer dates. By a tacit understanding, the merchant is thus given sufficient opportunity to realize on his goods by the time the checks are due, if not before. For this reason, the usage of Indian checks is not excessive. Indian products, which are sold in London generally on three months' time, cannot be realized upon in much less than five months, if some time for the sale is allowed, while another five months pass on an average between the purchase in India and the delivery to an English warehouse. Here we have a period of ten months, while the checks drawn against the goods do not run above seven months. And again, on July 7, 1866, we read that, on July 2, 1866, five great London banks, dealing especially with India and China, and the Paris Comptoir d'Escompte, gave notice that, beginning with January 1, 1867, their branch banks and agencies in the Orient would buy and sell only such checks as were not drawn for more than four months after sight. However, this reduction miscarried and had to be revoked. (Since then the Suez canal has revolutionized all this.)

It is a matter of course that with the longer time of circulation the risk of a change of prices in the selling market increases, since it increases the period in which changes of price may take place.

A difference in the time of circulation, partly individually between the various individual capitals of the same branch of business, partly between different branches of business according to different usages, when payment is not made in spot cash, arises from the different dates of payment in buying and selling. We do not linger for the present over this point, which is important for the credit business.

Other differences in the period of turn-over arise from the size of contracts for the delivery of goods, and their size grows with the extent and scale of capitalist production. Such a contract, being a transaction between buyer and seller, is an operation belonging to the market, the sphere of circulation. The differences in the time of turn-over arising from it have their source for this reason in the sphere of circulation, but react immediately on the sphere of production, apart from all dates of payment and conditions of credit including cash payment. For instance, coal, cotton, yarn, etc., are discontinuous products. Every day supplies its quantity of finished product. But if the spinner or the mine owner accepts contracts for the delivery of large quantities, which require, say, a period of four or six weeks of successive working days, then this is the same, so far as the time of investment of advanced capital is concerned, as though a continuous working period of four or six weeks had been introduced in this labor-process. It is of course assumed in this case that the entire quantity ordered is to be delivered in one bulk, or at least is only paid after all of it has been delivered. Individually considered, every day had furnished its definite quantity of finished product. But this finished product is only a part of the quantity contracted for. Although the portion finished so far is no longer in the process of production, it is still in the warehouse as a potential capital.

Now let us take up the second epoch of the time of circulation, the buying time, or that epoch in which capital is converted from money back into the elements of productive capital. During this epoch, it must remain for a shorter or longer time in its condition of money-capital, so that a certain portion of the total capital advanced is all the time in the form of money-capital, although this portion consists of continually changing elements. For instance, of the total capital advanced in a certain business,  $n$  times 100 pounds sterling must be available in the form of money-capital, so that, while all the constituent parts of these  $n$  times 100 pounds sterling are continually converted into productive capital, this sum is nevertheless just as continually supplemented by new additions from the circulation, out of the realized commodity-capital. A definite part of the value of the advanced capital is, therefore, continually in the condition of money-capital, a form not belonging to its sphere of production, but to its sphere of circulation.

We have already seen that the prolongation of time caused by the distance of the market, by which capital is fettered in the form of

commodity-capital, directly retards the return movement of the money and, consequently, the transformation of capital from its money into its productive form.

We have furthermore seen (chapter VI) with reference to the purchase of commodities, that the time of buying, the greater or smaller distance from the main sources of the raw material, makes it necessary to purchase raw material for a longer period and keep it on hand in the form of a productive supply, of latent or potential productive capital; in other words, that it increases the quantity of capital to be advanced at one time, and the time for which it must be advanced, the scale of production remaining otherwise the same.

A similar effect is produced in various businesses by the longer or shorter periods, in which large quantities of raw material are thrown on the market. In London, for instance, great auction sales of wool take place every three months, and the wool market is controlled by them. The cotton market, on the other hand, is on the whole restocked continuously, if not uniformly, from harvest to harvest. Such periods determine the principal dates of buying for these raw materials and affect especially the speculative purchases requiring longer or shorter advances of these elements of production, just as the nature of the produced commodities exerts an influence on the premeditated speculative retention of the product for a longer or shorter term in the form of potential commodity-capital. "The farmer must also be to a certain extent a speculator, and, therefore, hold back the sale of his products according to prevailing conditions..." Here follow a few general rules. "...However, in the sale of the products, success depends mainly on the personality, the product itself, and the locality. A man with sufficient business capital, won by ability and good luck (!), will not be blamed, if he keeps his grain crop stored for a year when prices happen to be unusually low. On the other hand, a man who lacks business capital, or enterprise in general (!), will try to get the average prices and be compelled to sell as soon and as often as opportunity presents itself. It will almost always bring losses to keep wool stored longer than a year, while grain and rape seed may be stored for several years without injury to their condition and quality. Such products as are generally subject to a large rise and fall in short intervals, for instance, rape seed, hops, teasel, etc., may be to good advantage stored during the years in which the market price is far below the price of production. It is least permissible to postpone the sale of

such articles as require daily expenses for their preservation, such as fatted cattle, or which spoil easily, such as fruit, potatoes, etc. In some localities, a certain product has its lowest average price at a certain season, its highest at another. For instance, the average price of grain in some localities is lower about August than in the time between Christmas and Easter. Furthermore, some products sell well in certain localities only at certain periods, as is the case, for instance, with wool in the wool markets of those localities, where the wool trade is dull at other times, etc.” (Kirchhof, page 302.)

In the study of the second half of the time of circulation, in which money is reconverted into the elements of productive capital, it is not only this conversion itself which is important in itself, not only the time in which the money flows back according to the distance of the market on which the product is sold. It is also above all the volume of that part of the advanced capital to be held always available in the form of money, in the condition of money-capital, which must be considered.

Making exception of all speculation, the volume of the purchases of those commodities which must always be available as a productive supply depends on the time of the renewal of this supply, in other words, on circumstances which in their turn depend on market conditions and which are, therefore, different for different raw materials. In these cases, money must be advanced from time to time in larger quantities in one sum. It flows back more or less rapidly, but always in instalments, according to the turnover of capital. One portion, namely that invested in wages, is continually re-expended in short intervals. But another part, namely that which is to be reconverted into raw material, etc., must be accumulated for long periods, as a reserve fund to be used either for buying or paying. Therefore it exists in the form of money-capital, although the volume which it has as such changes.

We shall see in the next chapter that other circumstances, whether they arise from the process of production or circulation, necessitate this existence of a certain portion of the advanced capital in the form of money. In general it must be noted that economists are very prone to forge that a part of the capital required for business not only passes alternately through the three stages of money-capital, productive capital, and commodity-capital, but that different portions of it have continuously and simultaneously these forms, although the relative size of these portions varies all the time. It is especially the portion always available as money-

capital which is forgotten by economists, although this circumstance is very important for the understanding of capitalist economy and makes its importance felt in practice.

## CHAPTER XV. INFLUENCE OF THE TIME OF CIRCULATION ON THE MAGNITUDE OF AN ADVANCE OF CAPITAL.

In this chapter and in the next we shall treat of the influence of the time of circulation on the utilization of capital.

Take the commodity-capital which is the product of a certain working period, for instance, of nine weeks. Let us leave aside the question of that portion of value which is transferred to the product by the average wear and tear of the fixed capital, also that of the surplus-value added to it during the process of production. The value of this product is then equal to that of the circulating capital advanced for its production, that is to say, of the wages, raw and auxiliary materials consumed in its production. Let this value be 900 pounds sterling, so that the weekly outlay is 100 pounds sterling. The periodic time of production, which here coincides with the working time, is nine weeks. It is immaterial whether it is assumed that this working period produces a continuous product, or whether it is a continuous working period for a discontinuous product, so long as the quantity of discontinuous product, which is brought to market at one time, costs nine weeks of labor. Let the time of circulation be three weeks. Then the entire time of turn-over is twelve weeks. At the end of nine weeks, the advanced productive capital is converted into a commodity-capital, but now it exists for three weeks in the period of circulation. The new time of production, therefore, cannot commence until the beginning of the thirteenth week, and production would be at a standstill for three weeks, or for a quarter of the entire period of turn-over. It is again immaterial whether it is assumed that it takes so long on an average to sell the product, or that this term is conditioned on the distance of the market or on the terms of payment for the sold goods. Production would be at a standstill for three weeks every three months, or four times three, or twelve weeks, in a year, which means three months or one quarter of the annual period of turn-over. Hence, if production is to be continuous and to be carried along on the same scale week after week, there are only two possibilities.

Either the scale of production must be reduced, so that those 900 pounds sterling will suffice to keep the work going during the working period as

well as during the time of circulation of the first turn-over. A second working period is then commenced with the tenth week, hence also a new period of turn-over, before the first period of turn-over is completed, for the period of turn-over is twelve weeks, the working period nine weeks. A sum of 900 pounds sterling distributed over twelve weeks makes 75 pounds per week. It is evident in the first place that such a reduced scale of business presupposes changed dimensions of the fixed capital, and therefore a general reduction of the entire business. In the second place, it is questionable whether such a reduction can take place at all, for the development of production in the various businesses establishes a normal minimum for the investment of capital, below which an individual business is unable to sustain competition. This normal minimum grows continually with the advance of capitalist production, hence it is not a fixed magnitude. There are numerous gradations between the existing normal minimum and the ever increasing normal maximum, and this intermediate gradation permits of many different degrees of capital investment. Within the limits of this intermediate scale, a reduction may take place, its lowest limit being the normal minimum.

In case of an obstruction of production, an overstocking of the markets, an increase in the price of raw materials, etc., there is a reduction of the normal outlay of circulating capital, compared to a given scale of fixed capital, by the reduction of the working time, work being carried on, say, for only half a day. On the other hand, in times of prosperity, the fixed capital, remaining the same, there is an abnormal expansion of the circulating capital, partly by the prolongation of the working time, partly by its intensification. In businesses which are adjusted from the outset to such fluctuations, recourse is either taken to the above-named measures, or a greater number of laborers are simultaneously employed, combined with an investment of reserve capital, such as reserve locomotives of railroads, etc. However, such abnormal fluctuations are not considered here, where we assume normal conditions.

In order to make production continuous, it is necessary, in the present case, to distribute the expenditure of the same circulating capital over a longer period, over twelve weeks instead of nine. In any section of time, a reduced productive capital is therefore employed. The circulating portion of the productive capital is reduced from 100 to 75, or one quarter. The total amount by which the productive capital serving for a working period of

nine weeks is reduced is 9 times 25, or 225 pounds sterling, or one quarter of 900 pounds. But the proportion of the time of circulation to that of turn-over is likewise three twelfth, or one quarter. It follows, therefore: If production is not to be interrupted during the time of circulation of the productive capital transformed into commodity-capital, if it is rather to be continued parallel with circulation and continuously week after week, and if no special circulating capital is available, it can be done only by curtailing the productive operations, reducing the circulating portions of the productive capital in service. The portion of circulating capital thus set free for production during the time of circulation is proportioned to the total circulating capital invested as the time of circulation is to the time of turn-over. We repeat, that this applies only to branches of production in which the labor-process is continued on the same scale week after week, in other words, where no different amounts of capital are invested at different working periods as is done, for instance in agriculture.

If, on the other hand, we assume that the nature of the business excludes the idea of a reduction of the scale of production and thus of the circulating capital to be invested weekly, then the continuity of production can be secured only by additional circulating capital, in the above-named case of 300 pounds sterling. During the period of turn-over of twelve weeks, 1,200 pounds sterling are successively invested in twelve weeks, and 300 is one quarter of this sum as three weeks is of twelve. At the end of the working time of nine weeks, the capital-value of 900 pounds sterling has been converted from the form of productive into that of commodity-capital. Its working period is concluded, but it cannot be re-opened with the same capital. During the three weeks in which it exists in the sphere of circulation, performing the functions of commodity-capital, it is in a condition, so far as the process of production is concerned, as though it did not exist at all. We make exception, at present, of all conditions of credit, and assume that the capitalist operates only with his own money. But while the capital advanced for the first working period, having completed its process of production, remains for three weeks in the process of circulation, an additional capital of 300 pounds sterling enters into service, so that the continuity of the production is not interrupted.

Now, the following must be noted in this connection:

First: The working period of the capital first invested, of 900 pounds sterling, is completed at the close of nine weeks, and it does not flow back

until after three weeks, that is to say, in the beginning of the thirteenth week. But a new working period is immediately begun with the additional capital of 300 pounds. By this means the continuity of production is secured.

Secondly: The functions of the original capital of 900 pounds sterling, and those of the additional capital of 300 pounds sterling added at the close of the first working period of nine weeks, inaugurating the second working period after the conclusion of the first, without any interruption, are clearly distinguished in the first period of turn-over, or at least they may be, while they cross one another in the course of the second period of turn-over.

Let us give this matter a tangible form.

First period of turn-over of 12 weeks: First working period of 9 weeks; the turn-over of the capital advanced for this is completed at the beginning of the 13th week. During the last 3 weeks, the additional capital of 300 pounds sterling performs its service, opening up the second working period of 9 weeks.

Second period of turn-over. At the beginning of the 13th week, 900 pounds sterling have flown back and are able to begin a new turn-over. But the second working period has already been opened by the additional 300 pounds in the 10th week. At the commencement of the 13th week, this capital has already completed one third of its working period and 300 pounds sterling have been converted from a productive capital into a product. Seeing that only 6 weeks are required for the completion of the second working period, only two-thirds of the returned capital of 900 pounds sterling, or 600 pounds, can take part in the productive process of the second working period. Thus 300 pounds of the original 900 are set free and may play the same role, which the additional capital of 300 pounds played in the first working period. At the close of the 6th week of the second period of turn-over, the second working period is completed. The capital of 900 pounds sterling advanced in it flows back after 3 weeks, or at the end of 9th week of the second period of turn-over which comprises 12 weeks. During the 3 weeks of its period of circulation, the free capital of 300 pounds sterling comes into action. This begins the third working period of a capital of 900 pounds sterling in the 7th week of the second period of turn-over, which is the 19th running week.

Third period of turn-over. At the close of the 9th week of the second period of turn-over, there is a new reflux of 900 pounds sterling. But the

third working period has already commenced in the 7th week of the second period of turnover, and at the beginning of the third period of turn-over, 6 weeks of the third working period have already elapsed. The third working period, then, lasts only 3 weeks longer. Hence only 300 pounds of the returned 900 take part in the productive process of the second period of turn-over, while the next 300 close the last three weeks of the third working period and thus open the first three weeks of the third period of turn-over. The fourth working period fills out the remaining 9 weeks of this period of turn-over, and thus the 37th running week begins simultaneously the fourth period of turn-over and fifth working period.

In order to simplify this case for the calculation, we shall assume a working period of 5 weeks and a period of circulation of 5 weeks, making a period of turn-over of 10 weeks. Let the year be one of fifty working weeks, and the capital invested per week 100 pounds sterling. A working period then requires a circulating capital of 500 pounds sterling, and the period of turn-over an additional capital of 500 pounds sterling. The working periods and periods of turn-over then are as follows:

- wrkg. prd. 1 — 5. week (500 p. stlg. of goods) returned end of 10.
- wrkg. prd. 6 — 10. week (500 p. stlg. of goods) returned end of 15.
- wrkg. prd. 11 — 15. week (500 p. stlg. of goods) returned end of 20.
- wrkg. prd. 16 — 20. week (500 p. stlg. of goods) returned end of 25.
- wrkg. prd. 21 — 25. week (500 p. stlg. of goods) returned end of 30. etc.

If the time of circulation is zero, so that the period of turn-over is equal to the working time, then the number of turn-overs is equal to the working periods of the year. In the case of a working period of 5 weeks, this would make 10 periods of turn-over per year, and the value of the capital turned over would be 500 times 10, or 5,000. In our table, in which we have assumed a time of circulation of 5 weeks, the total value of the commodities produced per year would also be 5,000 pounds sterling, but one tenth of this, or 500 pounds, would always be in the form of commodity-capital, which would not flow back until after 5 weeks. At the end of the year, the product of the tenth working period (the 46th to the 50th working week) would have completed its period of turn-over only by half, because its time of circulation would fall within the first five weeks of the year.

Now let us take a third illustration: Working period 6 weeks, time of circulation 3 weeks, weekly advance of capital 100 pounds sterling.

1. Working period: 1 — 6th week. At the end of the 6th week, a commodity-capital of 600 pounds sterling, returned at the end of the 9th week.

Working period: 7 — 12th week. During the 7 — 9th week 300 pounds sterling of additional capital is advanced. At the end of the 9th week, return of 600 pounds sterling. Of this, 300 pounds sterling are advanced during the 10 — 12th week. At the end of the 12th week, therefore, 300 pounds sterling are available, and 600 pounds sterling are in the form of commodity-capital, returnable at the end of the 15th week.

Working period: 13 — 18th week. During the 13 — 15th week, advance of above 300 pounds sterling, then reflux of 600 pounds, 300 of which are advanced for the 16 — 18th week. At the end of the 18th week, 300 pounds sterling available in cash, 600 on hand as commodity-capital, which flows back at the end of the 21st week. (See the detailed illustration of this case under II, farther along.)

In other words, during 9 working periods (54 weeks) a total of 600 times 9, or 5,400 pounds sterling is produced. At the end of the ninth working period, the capitalist has 300 pounds in cash and 600 pounds worth of commodities, which have not yet completed their time of circulation.

A comparison of these three illustrations shows first, that a successive release of capital I of 500 pounds sterling and of additional capital II of likewise 500 pounds sterling takes place only in the second illustration, so that these two portions of capital move independently of one another. But this is so only because we have made the exceptional assumption that the working time and the time of circulation are two equal halves of the period of turn-over. In all other cases, whatever may be the difference of the two terms of the period of turn-over, the movements of the two capitals cross one another, as they do in the first and third illustration, beginning with the second period of turn-over. The additional capital II, with a portion of capital I, then forms the capital serving in the second period of turn-over, while the remainder of capital I is set free for the original function of capital II. The capital serving during the time of circulation of the commodity-capital is not identical, in this case, with the capital II originally advanced for this purpose, but it is of the same value and forms the same aliquot portion of the advanced total capital.

Secondly: The capital which served during the working period, lies fallow during the time of circulation. In the second illustration, the capital

performs its function during 5 weeks of the working period, and lies fallow during a circulation period of 5 weeks. The entire time during which capital I here lies fallow amounts to one-half of the year. During this time, the additional capital II takes the place of capital I, which in its turn lies fallow during the other half of the year. But the additional capital required for insuring the continuity of the production during the time of circulation is not determined by the aggregate volume, or the sum, of the times of circulation during the year, but only by the proportion of the time of circulation to the time of turn-over. (We assume, of course, that all the turn-overs take place under the same conditions.) For this reason, 500 pounds sterling are required in the second illustration, not 2,500 pounds. This is simply due to the fact that the additional capital enters just as well into the turnover as the capital originally advanced, and that it, therefore, reproduces its volume the same as the other by the number of its turn-overs.

Thirdly: It does not alter the circumstances here described, whether or not the time of production is longer than the working time. True, the aggregate of the periods of turn-over is prolonged thereby, but this prolongation does not imply any additional capital for the labor-process. The additional capital serves merely the purpose of filling up the fallow places left by the time of circulation. Its mission is simply to protect production against interruption by the time of circulation. Interruptions arising from the conditions of production itself are compensated for in another way, which we do not discuss at this point. There are, however, some businesses, in which work is carried on only in intervals and to order, so that there may be interruptions in the working periods. In such cases, the necessity of additional capital is eliminated to that extent. On the other hand, in most cases of season work, there is a limit for the time of reflux. The same work cannot be renewed next year with the same capital, if the time of circulation of this capital is not completed. Still, the time of circulation may be shorter than the intervals between two periods of production. In such an eventuality, capital lies fallow, unless it is employed otherwise in the meantime.

Fourthly: The capital advanced for a certain working period, for instance, the 600 pounds sterling in the third illustration, is invested partly in raw and auxiliary materials, in a productive supply for the working period, in constant circulating capital, partly in variable circulating capital, in the payment of labor itself. The portion invested in constant circulating

capital may not exist for the same length of time in the form of a productive supply, the raw material, for instance, may not be on hand for the entire working period, coal may be purchased only every two weeks. However, credit being out of the question, according to our assumption, this portion of capital, to the extent that it is not available in the form of a productive supply, must be kept on hand in the form of money in order to be converted into a productive supply when needed. This does not alter the magnitude of the constant circulating capital-value advanced for 6 weeks. The wages, on the other hand, are generally paid weekly, making exception of the money supply for unforeseen expenses, the strict reserve fund for the compensation of disturbances. Unless the capitalist, therefore, compels the laborer to advance his labor for a longer time, the money required for the payment of wages must be on hand. During the reflux of the capital, a portion must, therefore, be reserved in the form of money for the payment of labor, while the remaining portion may be converted into a productive supply.

The additional capital is subdivided exactly like the original. But it is distinguished from capital I by the fact that (apart from conditions of credit), in order to be available for its own period of labor, it must be advanced during the entire duration of the first working period of capital I, in which it does not take part. During this time, it may be converted into constant circulating capital, at least in part, being advanced for the entire period of turn-over. To what extent it will assume this form, or persist in the form of additional money-capital, up to the time where this conversion becomes necessary will depend partly on the special conditions of production of definite lines of business, partly on the fluctuations in the prices of raw material, etc. Looking at it from the point of view of the aggregate social capital, there will always be a more or less considerable part of this additional capital for a rather long time in the form of money-capital. But as for that portion of capital II which is to be advanced for wages, it is always gradually converted into labor-power to the extent that small working periods are closed and paid for. This portion of capital II, then, is available in the form of money-capital for the entire working period, until it is converted into labor-power and thus takes part in the function of productive capital.

The advent of the additional capital required for the transformation of the time of circulation of capital I into a time of production increases not only the magnitude of the advanced capital and length of time for which the

aggregate capital must be necessarily advanced, but it also increases specifically that portion of the advanced capital which exists in the form of a money-supply, which persists in the condition of money-capital, and has the form of potential capital.

The same takes also place, as concerns both the advance in the form of a productive supply and in that of a money supply, when the separation of capital into two parts required by the time of circulation, namely, capital for the first working period and reserve capital for the time of circulation, is not caused by the increase of the invested capital, but by a decrease of the scale of production. In proportion to the scale of production, the increase of the capital tied up in the form of money is apt to grow still more in this case.

It is the continuous succession of the working periods, the continuous function of an equal portion of the advanced capital as productive capital, which is insured by this separation of capital into an original productive and a reserve capital.

Let us look at the second illustration. The capital continuously employed in the process of production amounts to 500 pounds sterling. The working period being 5 weeks, it works ten times during a working year of 50 weeks. Hence its product, apart from surplus-value, is 10 times 500 or 5,000 pounds sterling. From the point of view of a directly and uninterruptedly working capital in the process of production, a capital-value of 500 pounds sterling, the time of circulation seems entirely eliminated. The period of turn-over coincides with the working period, the time of circulation being assumed as equal to zero.

But if the capital of 500 pounds sterling were interrupted in its productive activity by regular times of circulation covering 5 weeks, so that it could not become productively active until after the close of the entire period of turn-over of 10 weeks, we should have 5 turn-overs of ten weeks each in 50 running weeks. These would comprise 5 periods of production of 5 weeks each, or 25 productive weeks with a total product of 5 times 500, or 2,500 pounds sterling; and 5 times of circulation of 5 weeks each, or a total period of circulation of 25 weeks. If we say in this case that the capital of 500 pounds sterling has been turned over 5 times in the year, it is evident and obvious that this capital of 500 pounds sterling did not serve at all as a productive capital during one-half of each period of turn-over, and that, taking all in all, it performed its function only during one half of the year, while it did not serve at all during the other half.

In our illustration, the reserve capital of 500 pounds sterling comes to the rescue during those five periods of circulation, and the turn-over is thus expanded from 2,500 to 5,000 pounds. But now the advanced capital is 1,000 instead of 500 pounds sterling. Hence there are only five turn-overs instead of ten. This is indeed the way in which people count. But when it is said that the capital of 1,000 pounds has been turned over five times in the year, the recollection of the time of circulation disappears in the hollow skulls of the capitalists, and a confused idea is formed that this capital has served continuously in the process of production during the successive five turn-overs. As a matter of fact, if we say that the capital of 1,000 pounds has been turned over five times in a year, we include both the time of circulation and the time of production. For, indeed, if 1,000 pounds sterling had actually been continuously active in the process of production, the product would have to be 10,000 pounds sterling instead of 5,000, according to our assumptions. But in order to have 1,000 pounds sterling continuously in the process of production, 2,000 pounds would have to be advanced. The economists, who as a general rule have nothing clear to say in reference to the mechanism of the turn-over, always overlook this main point, to-wit, that only a part of the industrial capital can actually be engaged in the process of production, if production is to proceed uninterruptedly. While one part is busy in the process of production, another must always be engaged in the process of circulation. Or in other words, one part can perform the functions of productive capital only on condition that another part is withdrawn from production in the form of commodity or money-capital. In overlooking this, the significance and role of money-capital is entirely ignored.

We have now to ascertain to what extent differences in the turn-over are caused according to whether the two sections of the period of turn-over, the working period and the circulating period, are equal to one another, or the working period greater or smaller than the circulating period, and furthermore, what effect this has on the retention of capital in the form of money-capital.

We assume, that the capital advanced weekly is in all cases 100 pounds sterling, and the period of turn-over 9 weeks, so that the capital invested in each period of turnover is 900 pounds sterling.

The Working Period Equal to the Period of Circulation.

Although this case occurs in reality only accidentally, as an exception, it must serve as our point of departure in this analysis, because conditions here shape themselves in the simplest and most intelligible way.

The two capitals (capital I advanced for the first working period, and reserve capital II advanced during the time of circulation of capital I) relieve one another in their movements without crossing. With the exception of the first period, either of the two capitals is therefore advanced only for its own period of turn-over. Let the period of turnover be 9 weeks, as indicated in the two following illustrations, so that the working period and the time of circulation are each of them  $4\frac{1}{2}$  weeks. Then we have the following annual diagram:

Table I.

CAPITAL I.

	Periods of Turn- Over.	Working Periods.	Advance. of	Periods of Circulation.
I.	1-9. week	1-4. 5. week	450 p. st.	4. 5-9. week
II.	10-18. “	“ 10-13. 5.	450 p. st.	13. 5- 18. “
III.	19-27. “	“ 19-22. 5.	450 p. st.	22. 5- 27. “
IV.	28-36. “	“ 28-31. 5.	450 p. st.	31. 5- 36. “
V.	37-45. “	“ 37-40. 5.	450 p. st.	40. 5- 45. “
VI.	46-(54) “	“ 46-49. 5.	450 p. st.	49. 5- (54) “

The weeks falling within the second year of turn-over are placed in parentheses.

## CAPITAL II.

	Periods of Turn- Over.	Working Period.	Advance. of	Periods of Circulation.
I.	4. 5-13. 5. week	4. 5-9. week	450 p. st.	10-13. 5. week
II.	13. 5-22. 5. “	13. 5-18. “	450 p. st.	19-22. 5. “
III.	22. 5-31. 5. “	22. 5-27. “	450 p. st.	28-31. 5. “
IV.	31. 5-40. 5. “	31. 5-36. “	450 p. st.	37-40. 5. “
V.	40. 5-49. 5. “	40. 5-45. “	450 p. st.	46-49. 5. “
VI.	49. 5-(58. 5.) “	49. 5- (54.) “	450 p. st.	(54-58. 5.) “

Within the 50 weeks which we here assume to stand for one year, capital I has absolved six full working periods, making 6 times 450, or 2,700 pounds sterling, and capital II making in five full working periods 5 times 450, or 2,250 pounds sterling's worth of commodities. In addition there-to, capital II has produced, within the last one and a half weeks of the year (middle of the 50th to the end of the 51st week) an extra 150 pounds sterling's worth, making the aggregate product 5,100 pounds sterling. So far as the direct production of surplus-value is concerned, which is produced only during the working period, the aggregate capital of 900 pounds sterling would have been turned over 5 2-3 times (5 2-3 times 900 equal to 5,100 pounds sterling). But if we consider the actual turn-over, then capital I has been turned over 5 2-3 times, since at the close of the 51st week it still has to absolve 3 weeks of its sixth period of turn-over; 5 2-3 times 450 make 2,550 pounds sterling; and capital II turned over 5 1-6 times, since it has completed only 1 1-2 week of its sixth period of turn-over, so that 7 1-2

weeks of it fall within the next year; 5 1-6 times 450 make 2,325 pounds sterling; actual aggregate turn-over 4,875 pounds sterling.

Let us regard capital I and capital II as two capitals independent of one another. They are independent in their movements; these movements supplement one another merely because their working and circulating periods directly relieve one another. They may be regarded as two entirely independent capitals belonging to different capitalists.

Capital I has completed five full turn-overs and two-thirds of its sixth period of turn-over. At the end of the year it has the form of commodity-capital, which lacks three weeks of its normal realization. During this time, it cannot take part in the process of production. It performs the function of commodity-capital, it circulates. It has completed only two-thirds of its last period of turn-over. This is expressed in the words: It has been turned over only two-thirds, only two-thirds of its total value have completed their turn-over. We say that 450 pounds sterling complete their turn-over in 9 weeks, hence 300 do in 6 weeks. But in this expression, the organic conditions of the two specifically different portions of the period of turn-over are neglected. The exact meaning of the expression, that the advanced capital of 450 pounds sterling has made 5 2-3 turn-overs, is merely that it has completed five turn-overs fully and of the sixth only two-thirds. On the other hand, the expression that the turned-over capital is equal to 5 2-3 of the advanced capital, or, in the above case, 5 2-3 times 450 pounds sterling, making 2,550, is correct only in so far as it means that unless this capital of 450 pounds sterling were supplemented by another capital of 450 pounds sterling, one portion of it would have to be in the process of circulation while another is in the process of production. If the period of turn-over is to be expressed in the quantity of the turned-over capital, it can be expressed only in a quantity of existing values (embodied in the finished product). The fact that the advanced capital is not in a condition in which it may reopen the process of production is due to the circumstance that only a part of it is in a condition suitable for production, or that, in order to be in a condition suitable for continuous production, it would have to be divided into a portion which would be continually in the period of production and into another which would be continually in the period of circulation, according to the mutual relation of these periods. It is the same law which determines the quantity of the continually serving productive capital by the proportion of the time of circulation to the period of turn-over.

As for capital II, 150 pounds sterling of it are advanced in the production of unfinished goods at the close of the 51st running week, which we regard here as the last of the year. Another part exists in the form of circulation constant capital — raw materials, etc., — that is to say, in a form, in which it can serve as productive capital in the process of production. But a third part of it exists in the form of money, namely at least the amount of the wages for the remainder of the working period (3 weeks), which is not paid, however, until the end of each week. Now, although this portion of capital, in the beginning of a new year, and of a new cycle of turn-over, is not in the condition of productive capital, but in that of money-capital, in which it cannot take part in the process of production, there is, nevertheless, circulating variable capital, namely labor-power, active in the process of production at the opening of the new cycle of turn-over. This is due to the fact that labor-power is not paid until at the end of the week, although it was bought at the beginning of the working period, say, per week, and so consumed. Money serves here as a means of payment. For this reason, it is still in the hands of the capitalist, while on the other hand labor-power is already busy in the process of production. so that the same capital-value here appears twice.

If we look merely at the working periods, then there has been produced:

By capital I, 5 2-3 times 450, or 2,550 pounds sterling,  
By capital II, 5 1-3 times 450, or 2,400 pounds sterling,  
Total, 5 2-3 times 900, or 5,100 pounds sterling.

Hence the advanced capital of 900 pounds sterling has performed the function of productive capital 5 2-3 times per year. It is immaterial for the production of surplus-value, whether there are always 450 pounds sterling in the process of production and always 450 pounds sterling in the process of circulation, or whether 900 pounds sterling serve 4 1-2 weeks in the process of production and 4 1-2 weeks in the process of circulation.

On the other hand, if we consider the periods of turn-over, there has been produced:

By capital I, 5 2-3 times 450, or 2,550 pounds sterling,  
By capital II, 5 1-6 times 450, or 2,325 pounds sterling,

Or, by the aggregate capital, 5 5-12 times 900, or 4,875 pounds sterling, in the total turn-over. For the turn-over of the total capital is equal to the sum of the quantities turned over by capital I and II, divided by the sum of I and II.

It is to be noted, that capital I and II, if they were independent of one another, would nevertheless be merely different independent portions of the social capital advanced for the same sphere of production. Hence, if the social capital within this sphere of production were solely composed of I and II, the same calculation would apply to the turn-over of the social capital, which here applies to the two constituent parts I and II, of the same private capital. In a wider generalization, every portion of the entire social capital invested in any special sphere of production may be so calculated. But in the last analysis, the amount of the turn-over of the entire social capital is equal to the sum of the capitals turned over in the various spheres of production, divided by the sum of the capitals advanced in those spheres.

It must be further noted that just as the capitals I and II in the same private business have, strictly speaking, different years of turn-over (the cycle of turn-over of capital II beginning 4 1-2 weeks later than that of capital I, so that the year of capital I closes 4 1-2 weeks earlier than that of capital II), just so the various private capitals in the same sphere of production begin their activities at totally different sections of time and, therefore, conclude their years of turn-over at different times of the year. The same calculation of averages, which we employed above for capitals I and II, suffices also for the reduction of the years of turn-over of the various independent portions of the social capital to one uniform year of turn-over.

The Working Period Greater Than the Period of Circulation.

The working and circulating periods of capitals I and II cross one another instead of relieving one another. Simultaneously some capital is set free. This was not so in the previously considered case.

But this does not alter the fact that, as before, (1) the number of working periods of the advanced total capital is equal to the sum of the values of the annual products of both advanced portions of capital divided by the advanced total capital, and (2) the amount turned over by the total capital is equal to the sum of the two amounts turned over, divided by the sum of the two advanced capitals. Here, again, we must regard both portions of capital as though they performed movements of turn-over entirely independent of one another.

We assume once more, then, that 100 pounds sterling are advanced weekly in the working process. Let the working period last 6 weeks, requiring every time an advance of 600 pounds sterling (capital I). Let the time of circulation be 3 weeks, so that the period of turn-over is 9 weeks, as before. Let a capital of 300 pounds sterling step in as a substitute during the three weeks of the time of circulation of capital I. Considering both capitals as independent of one another, we find the diagram of the annual turn-over to be as follows:

Table II.

CAPITAL I, 600 POUNDS STERLING.

	Periods of Turn- Over.	Working Periods.	Advance. of	Periods of Circulation.
I.	1-9. week	1-6. week	600 p. st.	7.-9. week
II.	10-18. “	10-15. “	600 p. st.	16.-18. “
III.	19-27. “	19-24. “	600 p. st.	25.-27. “
IV.	28-36. “	28-33. “	600 p. st.	34.-36. “
V.	37-45. “	37-42. “	600 p. st.	43.-45. “
VI.	46-(54) “	46-51. “	600 p. st. “	(52.-54).

ADDITIONAL CAPITAL II, 300 POUNDS STERLING.

	Periods of Turn- over.	Working Periods.	Advance. of	Periods of Circulation.
I.	7-15. week	7-9. week.	300 p. st.	10-15. week.
II.	16-24. “	16-18. “	300 p. st.	19-24. “

III.	25-33. “	25-27. “	300 p. st.	28-33. “
IV.	34-42. “	34-36. “	300 p. st.	37-42. “
V.	43-51. “	42-45. “	300 p. st.	46-51. “

The process of production continues uninterruptedly all year on the same scale. The two capitals I and II remain entirely separate. But in order to represent them thus as separate, we had to tear apart their actual interrelations and intersections, and thus also to change the amount of turnover. For according to the above diagram, the amounts turned over would be:

Capital I, 2 2-3 times 600...	or 3,400 p. st.
Capital II, 5 times 300...	or 1,500 p. st.
Total capital...5 4-9 times 900,	or 4,900 p. st.

But this is not correct, for we shall see that the actual periods of production and circulation do not absolutely coincide with the above diagrams, in which it was mainly a question of presenting capitals I and II as independent of one another.

Now, in reality, capital II has no working and circulating periods separate and distinct from capital I. The working period is 6 weeks, the circulation period 3 weeks. Since capital II amounts to only 300 pounds sterling, it can fill out only a part of the working period. This is indeed the case. At the close of the 6th week, a product valued at 600 pounds sterling passes into circulation and flows back in money at the close of the 9th week. Then capital II begins its activity at the opening of the 7th week and responds to the requirements of the next working period for the 7th to 9th week. But according to our assumption, the working period is only half completed at the end of the 9th week. Hence, in the beginning of the 10th week, capital I of 600 pounds sterling, having just returned, comes once more into activity and advances 300 pounds sterling for the requirements of the 10th to 12th week. This completes the second working period. Products valued at 600

pounds sterling are once again in circulation and will return in money at the close of the 15th week. Furthermore, 300 pounds sterling are set free, equal to the original amount of capital II, and are enabled to serve in the first half of the following working period, that is to say, in the 13th to 15th week. After the lapse of these, the 600 pounds sterling flow back; 300 of them suffice for the remainder of the working period, 300 are set free for the following working period.

The course of events is, therefore, as follows:

Period of turn-over 1-9. week.

Working period: 1-6. week. Capital I, of 600 p. st., performs its function.

Period of circulation: 7-9. week. After the lapse of the 9th week, 600 p. st. flow back in money.

Period of turn-over: 7-15 week.

Working period: 7-12. week.

First half: 7-9. week. Capital II, of 300 p. st., performs its function. After the lapse of the 9th week, 600 p. st. (capital I) flow back in money.

Second half: 10-12. week. 300 p. st. of capital I perform their function. The other 300 p. st. of capital I remain free.

Period of circulation: 13-15. week.

After the close of the 15. week, 600 p. st. (one half belonging to capital I, the other to capital II) flow back in money.

Period of turn-over: 13-21. week.

Working period: 13-18. week.

First half: 13-15. week. The free 300 p. st. perform their function. After the close of the 15th week, 600 p. st. flow back in money.

Second half: 16-18. week, 300 of the returned 600 perform their function, the other 300 again remain free.

Period of circulation: 19-21. week. After the close of the 21st week, 600 p. st. flow back in money. In this amount of 600 p. st., capital I and II are amalgamated and indistinguishable.

In this way, there are eight full periods of turn-over of a capital of 600 p. st. (I: 1-9. week; II: 7-15. week; III: 13-21; IV: 19-27.; V: 25-33.; VI: 31-39.; VII: 37 -45.; VIII: 43-51) to the end of the 51st week. But as the 49-51st weeks fall within the eighth period of circulation, the 300 p. st., of free capital must step in and keep production moving. Thus the turn-over at the end of the year is as follows: 600 p. st. have completed their cycle eight

times, making 4,800 p. st. In addition thereto we have the product of the last 3 weeks (49-51.), which, however, has completed but one third of its cycle of 9 weeks, so that it counts in the amount turned over only with one third of its value, 100 p. st. If, then, the annual product of 51 weeks is 5,100 p. st., the capital actually turned over is only 4,800 plus 100, or 4,900 p. st. The advanced total capital of 900 p. st. has, therefore, been turned over 5 4-9 times, somewhat more than in the first case.

In the present example, we had assumed a case, in which the working time was 2-3, the circulation time 1-3, of the period of turn-over, so that the working time was a simple multiple of the circulation time. The question is now, whether capital is likewise set free, in the same way as shown before, when this assumption is not made.

Let us assume a working time of 5 weeks, a circulation time of 4 weeks, and a capital advance of 100 p. st. per week.

Period of turn-over: 1-9. week.

Working period: 1-5. week. Capital I, of 500 p. st., performs its function.

Circulation period: 6-9. week. After the close of the 9th week, 500 p. st. flow back in money.

Period of turn-over: 6-14. week.

Working period: 6-10. week.

First section: 6-9. week. Capital II, of 400 p. st., performs its function. After the close of the 9th week, capital I, of 500 p. st., flows back in money.

Second section: 10. week. 100 of the returned 500 p. st. performs their function. The remaining 400 p. st. are set free for the following working period.

Circulation period: 11-14. week.

After the close of the 14. week, 500 p. st. flow back in money.

Up to the end of the 14th week (11-14.), the free 400 p. st. perform their function; 400 of the 500 p. st. then returned fill the requirements of the third working period (11-15. week), so that 400 p. st. are once more set free for the fourth working period. The same phenomenon is repeated in every working period; in its beginning, 400 p. st. are ready at hand, sufficing for the requirements of the first 4 weeks. After the close of the 4th week, 500 p. st. flow back in money, only 100 of which are needed for the last week, while the remaining 400 are set free for the next working period.

Let us furthermore assume a working period of 7 weeks, with a capital I of 700 p. st.; a circulation period of 2 weeks, with a capital II of 200 p. st.

In that case, the first period of turn-over lasts from the 1st to the 9th week; its first working period from the 1st to the 7th week, with an advance of 700 p. st., its first circulation period from the 8th to the 9th week. After the close of the 9th week, 700 p. st. flow back in money.

The second period of turn-over, from the 8th to the 16th week, contains the second working period of the 8th to 14th week. The requirements of the 8th and 9th week of this period are covered by capital II. After the close of the 9th week, the above 700 p. st. flow back. Up to the close of this working period (10-14.), 500 p. st. of this sum are used and 200 p. st. remain free for the next working period. The second circulation period lasts from the 15th to the 16th week. After the close of the 16th week, 700 p. st. flow back once more. From now on, the same phenomenon is repeated in every working period. The demand in capital of the first two weeks is covered by the 200 p. st. set free at the close of the preceding working period; after the close of the second week, 700 p. st. flow back in money; but the working period lasts only 5 weeks longer, so that only 500 p. st. can be consumed; therefore, 200 p. st. always remain free for the next working period.

We find, then, that in this case, where the working period has been assumed greater than the circulation period, there is under all circumstances a money-capital set free at the close of each working period, and this money-capital is of the same magnitude as capital II, which is advanced for the circulation time. In our three illustrations, capital II was 300 p. st., in the first, 400 p. st., in the second, 200 p. st. in the third example. Corresponding thereto, the capital set free at the close of each working period was 300, 400, and 200 p. st.

#### The Working Period Smaller Than The Circulation Period.

We begin by assuming once more a period of turn-over of 9 weeks. Let the working period be 3 weeks, with an available capital I of 300 p. st. Let the circulation period be 6 weeks. For these 6 weeks, an additional capital of 600 p. st. is required. We may divide this in turn into two portions of 300 p. st. each, so that each portion meets the requirements of one working period. We have, then, three capitals of 300 p. st. each, 300 of which are always busy in production, while 600 are circulating.

#### Table III.

### CAPITAL I.

	Periods of Turn-Over.	Working Periods.	Periods of Circulation.
I.	1-9. week.	1-3. week.	4-9. week.
II.	10-18. “ .	10-12. “ .	13-18. “ .
III.	19-27. “ .	19-21. “ .	22-27. “ .
IV.	28-36. “ .	28-30. “ .	31-36. “ .
V.	37-45. “ .	37-39. “ .	40-45. “ .
VI.	46-(54.) “ .	46-48. “ .	49-(54.) “ .

### CAPITAL II.

	Periods of Turn-Over.	Working Periods.	Periods of Circulation.
I.	4-12. week.	4-6. week.	7-12. week.
II.	13-21. “ .	13-15. “ .	12-21. “ .
III.	22-30. “ .	22-24. “ .	16-30. “ .
IV.	31-39. “ .	31-33. “ .	25-39. “ .
V.	40-48. “ .	40-42. “ .	24-48. “ .
VI.	49-(57.) “ .	49-51. “ .	(52-57.) “ .

### CAPITAL III.

I.	7-15. week.	7-9. week.	10-15. week.
II.	16-24. “ .	16-18. “ .	19-24. “ .
III.	25-33. “ .	25-27. “ .	28-33. “ .
IV.	34-42. “ .	34-36. “ .	37-42. “ .

V. 43-51. “ . 43-45. “ . 46-51. “ .

We have, here, the exact opposite of case I, only with the difference that now three capitals relieve one another instead of two. There is no intersection or intermingling of capitals. Each one of them can be traced separately to the end of the year. Capital is no more set free in this instance than in case one, at the close of a working period. Capital I is entirely consumed at the end of the 3rd week, flows back entirely at the end of 9th, and resumes its functions in the beginning of the 10th week. Similarly in the case of capitals II and III. The regular and complete relief excludes any release of capital.

The total turn-over is calculated as follows:

Capital I, 300 times 5 2-3, or 1,700 p. st.

Capital II, 300 times 5 1-2, or 1,600 p. st.

Capital III, 300 times 5 , or 1,500 p. st.

Total capital 900 times 5 1-3, or 4,800 p. st.

Let us now choose also an illustration, in which the circulation period is not an exact multiple of the working period. For instance, let the working period be 4 weeks, the circulation period 5 weeks. The corresponding amounts of capital would then be: Capital I, 400 p. st.; capital II, 400 p. st.; capital III, 100 p. st. We present only the first three turn-overs.

#### Table IV.

##### CAPITAL I.

Periods of Turn-Over.	Working Periods.	Periods of Circulation.
I. 1-9. week.	1-4. week.	5-9. week.
II. 9-17. “ .	9. 10-12. “ .	13-17. “ .
III. 17-25. “ . “ .	17. 18-20.	21-25. “ .

## CAPITAL II.

I.	5-13. week.	5-8. week.	9-13. week.
II.	13-21. “ . “ .	13. 14-16.	17-21. “ .
III.	21-29. “ . “ .	21. 22-29.	25-29. “ .

## CAPITAL III.

I.	9-17. week.	9. week.	10-17. week.
II.	17-25. “ .	17. “ .	17-21. “ .
III.	25-33. “ .	25. “ .	26-33. “ .

There is in this case an intermingling of capitals to the extent that the working period of capital III, which has no independent working period, because it lasts only for one week, coincides with the first working period of capital I. On the other hand, an amount of 100 p. st., equal to capital III, is set free by capital I and II at the close of the working period. For when capital III fills out the first week of the second, and of all following working periods of capital I, and the entire capital I of 400 p. st. flows back at the close of this first week, then only 3 weeks and a corresponding capital of 300 p. st. remain for the rest of the working period of capital I. The 100 p. st. thus set free suffice for the first week of the immediately following working period of capital II; at the close of this week, the entire capital of 400 p. st. then flows back (capital II). But since the new working period can absorb only 300 p. st. more, there are once more 100 p. st. disengaged at its close. And so forth. There is, then, a setting free of capital at the close of a working period, as soon as the circulation period is not a simple multiple of the working period. And this released capital is equal to that portion of capital which has to fill out the excess of the circulating period over the working period, or over a multiple of working periods.

In all cases investigated by us it was assumed that both the working period and the circulation period remain the same throughout the year in

any of the businesses selected. This assumption was necessary, if we wished to ascertain the influence of the time of circulation on the turn-over and advance of capital. It does not alter the matter, that this assumption is not borne out unconditionally in reality, and that it frequently does not apply at all.

In this entire section, we have discussed only the turn-overs of the circulating capital, not those of the fixed. The reason is that this question has nothing to do with the fixed capital. The means of production employed in the process of production form fixed capital only to the extent that their time of employment exceeds the period of turn-over of circulating capital, so long as the time during which these instruments of labor continue to serve in continually repeated labor processes, is greater than the period of turn-over of circulating capital, in other words, comprises  $n$  periods of turn-over of circulating capital. Whether the total time represented by these  $n$  periods of turn-over of circulating capital, is long or short, that portion of productive capital which was advanced for this time in fixed capital is not advanced anew during its course. It continues its functions in its old use-form. The difference is merely this: According to the different lengths of the individual working periods of each period of turn-over of circulating capital, the fixed capital yields a greater or smaller portion of its original value to the product of this working period, and according to the duration of the time of circulation of each period of turn-over, this value yielded by the fixed capital to the product flows back in money rapidly or slowly. The nature of the topic which we discuss in this section — the turn-over of the circulating portion of productive capital — is determined by the nature of this portion itself. The circulating capital employed in a working period cannot be invested in a new working period, until it has completed its turn-over, until it has been converted into commodity-capital, then into money-capital, and then back into productive capital. In order that the first working period may be immediately followed by a second, additional capital must be advanced and converted into the circulating elements of productive capital, and its quantity must be sufficient to fill out the void left by the circulation of the capital advanced for the first working period. This is the source of the influence exerted by the duration of the working period of the circulating capital over the scale of the process of production and the division of the advanced capital, or eventually the advance of new portions of capital. It is precisely this which we had to examine in this section.

## Conclusions

From the preceding analyses, it follows that,

The different portions, into which capital must be divided in order that one part of it may be continually in the working period while others are in the period of circulation, relieve one another like different independent private capitals, in two cases: First, when the working period is equal to the period of circulation, so that the period of turn-over is divided into two equal sections; secondly, when the period of circulation is longer than the working period, but at the same time represents a simple multiple of the working period, so that one period of circulation is equal to  $n$  working periods, in which case  $n$  must be a whole number. In these cases, no portion of the successively advanced capital is set free.

On the other hand, in all cases in which, (1) the period of circulation is longer than the working period without being a simple multiple of it, and (2) in which the working period is longer than the circulation period, a portion of the circulating total capital is continually set free periodically at the close of each working period, beginning with the second turn-over. This free capital is equal to that portion of the total capital which has been advanced to fill out the time of circulation, provided the working period is longer than the period of circulation, and equal to that portion of capital which has to fill out the excess of the time of circulation over one working period, or over a multiple of one working period, provided the time of circulation is longer than the working time.

It follows that for the aggregate social capital, so far as its circulating capital is concerned, the setting free of capital must be the rule, while the mere relieving of portions of capital following successively in the process of production must be the exception. For the equality of the period of work and circulation, or the equality of the period of circulation with a simple multiple of the working period, in other words, a similar proportion of the two portions of the period of turn-over has nothing to do with the nature of the case, and for this reason it cannot be found in general, but only in rare instances.

A very considerable portion of the social circulating capital, which is turned over several times per year, will therefore exist periodically in the form of released capital during the annual cycle of turn-over.

It is furthermore evident that, all other circumstances being equal, the magnitude of the released capital grows with the volume of the labor-

process, or with the scale of production, or with the development of capitalist production in general. In the case cited under B (2), this will be so, because the advanced total capital increases, in B (1), because the length of the period of circulation grows with the development of capitalist production, hence the period of turn-over is lengthened in cases where the working period is extended, without a regular proportion between the two periods.

In the first case, for instance, we had to invest 100 p. st. per week. This required 600 p. st. for a working period of 6 weeks, 300 p. st. for a circulation period of 3 weeks, together 900 p. st. In that case, 300 p. st. are released continually. On the other hand, if 300 p. st. are invested weekly, we have 1,800 p. st. for the working period and 900 p. st. for the circulation period. Hence 900 instead of 300 p. st. are periodically released.

The total capital, for instance 900 p. st., must be divided into two portions, for instance, 600 p. st. for the working period and 300 p. st. for the period of circulation. That portion, which is really invested in the labor-process, is thus reduced by one third, or from 900 to 600 p. st. The scale of production is thus reduced by one third. On the other hand, the 300 p. st. perform their function only to make the working period continuous, in order that 100 p. st. may be invested every week of the year in the labor-process.

Abstractly speaking, it is the same, whether 600 p. st. work during 6 times 8, or 48 weeks (product 4,800 p. st.), or whether the total capital of 900 p. st. is expended during 6 weeks in the labor-process and then kept fallow during the period of circulation of 3 weeks. In the latter case, it would be working, in the course of the 48 weeks, 5 1-3 times 6, or 32 weeks (product 5 1-3 times 900, or 4,800 p. st.), and be fallow for 16 weeks. But, apart from the greater decay of the fixed capital during the fallow of 16 weeks, and apart from the appreciation of labor, which must be rapid during the entire year, although it is employed only during a part of it, such a regular interruption of the process of production is irreconcilable with the operations of modern great industry. This continuity is itself a productive power of labor.

Now, if we take a closer look at the released, or rather suspended, capital, we find that a considerable part of it must always be in the form of money-capital. Let us adhere to our illustration: Working period 6 weeks, period of circulation 3 weeks, expenditure per week 100 p. st. In the middle

of the second working period, after the close of the 9th week, 600 p. st. flow back, and 300 of them must be invested for the remainder of the working period. After the close of the second working period, 300 p. st. are then released. In what condition are these 300 p. st.? We will assume that 1-3 is invested for wages, 2-3 for raw materials and auxiliary substances. Then 200 of the returned 600 p. st. exist in the form of money for wages, and 400 p. st. in the form of a productive supply, in the form of elements of the constant circulating productive capital. But since only one half of this productive supply is required for the second half of the second working period, the other half is for 3 weeks in the form of a surplus, that is to say, of a productive supply exceeding the requirements of one working period. The capitalist, on the other hand, knows that he needs only one-half (200 p. st.) of this portion (400 p. st.) of the returned capital for the current working period. It will, therefore, depend on market conditions, whether he will immediately reconvert these 200 p. st. entirely or partially into a surplus productive supply, or reserve them entirely or partially in the form of money in the expectation that the conditions of the market will improve. It goes without saying, that the portion of capital to be used for the payment of wages (200 p. st.) is reserved in the form of money. The capitalist cannot store labor-power in warehouses after he has bought it, as he may do with the raw material. He must incorporate it in the process of production and he pays for it at the end of the week. At least these 100 p. st. of the released capital of 300 p. st. will, therefore, have the form of money not required for the working period. The capital released in the form of money-capital must therefore be at least equal to the variable portion of capital invested in wages. At a maximum, it may comprise the entire released capital. In reality it fluctuates continually between this minimum and maximum.

The money-capital released by the mere mechanism of the movement of turn-over (together with the successive reflux of fixed capital and the money-capital required in every labor-process for variable capital) must play an important role, as soon as the credit system develops, and must at the same time be one of its foundations.

Let us assume that the time of circulation in our illustration is contracted from 3 weeks to 2. This is not to be a normal change, but due, say, to prosperous times, shortened terms of payment, etc. The capital of 600 p. st., which is expended during the working period, flows back one week earlier than needed, it is therefore released for this week. Furthermore, in the

middle of the working period, as before, 300 p. st. are released (a portion of those 600 p. st.), but in this case for 4 weeks instead of 3. There are then on the money market 600 p. st. for one week, and 300 p. st. for 4 weeks instead of 3. As this concerns not one capitalist alone, but many, and occurs at various periods in different businesses, it brings more available money-capital on the market. If this condition last for a long time, production will be expanded, wherever feasible. Capitalists working with borrowed money will bring less demand to bear on the money-market, whereby it is relieved as much as it is by an increased supply. Or, finally, the sums made superfluous by the mechanism are thrown definitely on the money-market.

In consequence of the contraction of the period of turnover from 3 weeks to 2, and thus of the period of turn-over from 9 weeks to 8, one ninth of the advanced total capital becomes superfluous. The working period of 6 weeks can now be kept going as continuously with 800 p. st. as formerly with 900. One portion of the value of the commodity-capital, equal to 100 p. st., therefore persists in the form of money-capital without performing any more functions as a part of the capital advanced for the process of production. While production is continued on the same scale and with other conditions, such as prices, etc., remaining equal, the value of the advanced capital is reduced from 900 to 800 p. st. The remainder of the originally advanced value, to the amount of 100 p. st., is released in the form of money-capital. As such it passes over into the money-market and forms an additional portion of the capitals serving in that capacity.

This shows the way in which a plethora of money may arise — quite apart from the reason that the supply of money may be greater than the demand for it; this eventuality causes always but a relative plethora, which occurs, for instance, in the “melancholy period” opening a new cycle after a commercial crisis. In our case we speak of a plethora in the sense that a definite portion of the capital advanced for the promotion of the entire process of social reproduction, including the process of circulation, becomes superfluous and is, therefore, released in the form of money-capital. This plethora comes about by the mere contraction of the period of turn-over, while the scale of production and prices remain the same. The amount of money in the circulation, whether great or small, did not exert the least influence on this.

Let us assume, on the other hand, that the period of circulation is prolonged from 3 weeks to 5. In that case, the reflux of the advanced capital

takes place 2 weeks too late at the very next turn-over. The last part of the process of production of this working period cannot be carried on, the mechanism of the turn-over of the advanced capital itself interfering. In case of a longer duration of this condition, a contraction of the process of production, a reduction of its volume, might take place, just as an extension did in the previous case. But in order to continue the process on the same scale, the advanced capital would have to be increased by 2-9, or 200 p. st., for the entire duration of the prolongation of the circulation period. This additional capital can be obtained only from the money-market. If, then, the prolongation of the period of circulation applies to one or more great lines of business, it may cause a pressure on the money-market, unless this effect is compensated by some counter-effect from some other direction. In this case likewise it is evident and obvious that such a pressure is not in the least due to a change in the prices of the commodities nor to the quantity of the existing means of circulation.

(The preparation of this chapter for publication has given me no small amount of difficulties. Expert as Marx was in algebra, the handling of figures in arithmetic nevertheless gave him a great deal of trouble and he lacked especially the practice of commercial calculation, although he left behind a ponderous volume of computations in which he had practiced by many examples the entire variety of commercial reckoning. But a knowledge of the various modes of calculation and a practice in the daily practical calculations of the merchant are by no means the same. Consequently Marx entangled himself to such an extent in his computation of turn-overs, that the result, so far as he completed his work, contained various errors and contradictions. In the diagrams given above, I have preserved only the simplest and arithmetically correct data, and my reason for so doing was mainly the following:

The indefinite results of this tedious calculation have led Marx to attribute an undeserved importance to a circumstance, which, in my opinion, has actually little significance. I refer to that which he calls the “release” of money-capital. The actual state of affairs, based on the above premises, is this:

No matter what may be the proportion in the magnitude of the working and circulation periods, or of capital I and II, there is returned to the capitalist, in the form of money, at the end of the first turn-over, in regular

intervals of the duration of one working period, the capital required for each working period, a sum equal to capital I.

If the working period is 5 weeks, the circulation period 4 weeks, and capital I 500 p. st., then a sum of money equal to 500 p. st. flows back periodically at the end of the 9th, 14th, 19th, 24th, 29th, etc., week.

If the working period is 6 weeks, the circulation period 3 weeks, and capital I 600 p. st., then 600 p. st. flow back periodically at the end of the 9th, 15th, 21st, 27th, 33rd, etc., week.

Finally, if the working period is 4 weeks, the circulation period 5 weeks, and capital I 400 p. st., then 400 p. st. are periodically returned at the end of the 9th, 13th, 17th, 21st, 25th, etc., week.

Whether any of this returned money is superfluous, and thus released, for the current working period, and how much of it, makes no difference. It is assumed that production continues uninterruptedly on the same scale, and in order that this may be possible, money must be available and must, therefore, flow back, whether “released” or not. If production is interrupted, release stops likewise.

In other words: There is indeed a release of money, a formation of latent, or merely potential, capital in the form of money. But it takes place under all circumstances, and not only under the conditions enumerated especially in the above analysis; and it takes place on a larger scale than that assumed there. So far as circulating capital I is concerned, the industrial capitalist, at the end of each turn-over, is in the same situation as at the establishment of his business: he has all of it in his hands in one bulk, while he can convert it only gradually back into productive capital.

The essential point in the above analysis is the demonstration that, on one hand, a considerable portion of the industrial capital must always be available in the form of money, and, on the other hand, a still more considerable portion must temporarily assume the form of money. This proof is, if anything, still more emphasized by these additional remarks of mine. — F. E.)

#### The Effect of a Change of Prices

We had assumed that prices remained the same and the scale of production remained unaltered, while, on the other hand, the time of circulation was either contracted or expanded. Now let us assume, on the contrary, that the period of turn-over remains the same, likewise the scale of production, while prices change, that is to say, either the prices of the raw

materials, auxiliaries, and labor-power rise or fall, or those of the two first-named elements alone. Take it, that the price of raw materials, auxiliaries, and labor-power falls by one half. In that case, the capital to be advanced in our above examples would be 50 instead of 100 p. st. per week, and that for the period of turn-over of 9 weeks, 450 p. st., instead of 900. A sum of 450 p. st. of the advanced capital is released in the form of money-capital, but the process of production continues on the same scale and with the same period of turn-over, and with the same sub-division as before. The quantity of the annual product likewise remains the same, but its value has fallen by one half. This change, which is at the same time accompanied by a change in the demand and supply of money-capital, is due neither to an acceleration of the turn-over, nor to a change in the quantity of money in circulation. On the contrary. A fall in the value, or price, of the elements of productive capital by one half would first have the effect of reducing by one half the capital-value to be advanced for the continuation of the business of X in the same scale, so that only one half of the money would have to be thrown on the market by the business of X, since the business of X advances this capital-value first in the form of money, of money-capital. The amount of money thrown into circulation would have decreased, because the prices of the elements of production had fallen. This would be the first effect.

In the second place, one half of the originally advanced capital of 900 p. st. or 450 p. st., which (a) passed alternately through the forms of money-capital, productive capital, and commodity-capital, and (b) existed simultaneously and continuously side by side partly in the form of money-capital, partly in the form of productive capital, partly in the form of commodity-capital, would be eliminated from the rotation of the business of X, and thus come into the money market as an additional capital, affecting it as such. These released 450 p. st. serve as money-capital, not because they have become superfluous for the operation of the business of X, but because they were a constituent portion of the original capital-value, so that they are intended for further service as capital, not as mere means of circulation. The next form in which they may serve as capital is that of money on the money-market. Or, the scale of production (apart from fixed capital) might be doubled. In that case a productive process of double the previous volume would be carried on with a capital of 900 p. st.

If, on the other hand, the prices of the circulating elements of productive capital were to increase by one half, it would require 150 p. st. per week

instead of 100 p. st., or 1,350 instead of 900 p. st. An additional capital of 450 p. st. would be needed to carry on production on the same scale, and this would exert a pressure to that extent, according to the condition of the money-market, on the quotations of money. If all the capital available on this market were then engaged, there would be an increased competition for available capital. If a portion of it were unemployed, it would to that extent be called into action.

But, in the third place, given a certain scale of production, the velocity of the turn-over and the prices for the circulating elements of productive capital remaining the same, the price of the product of the business of X may rise or fall. If the price of the commodities supplied by the business of X falls, the price of his commodity-capital of 600 p. st., which it threw continually into circulation, sinks, for instance, to 500 p. st. In that case, one sixth of the value of the advanced capital does not flow back from the process of circulation, (the surplus-value contained in the commodity-capital is not considered here), and it is lost in circulation. But since the value, or price, of the elements of production remains the same, this reflux of 500 p. st. suffices only to replace 5-6 of the capital of 600 p. st. engaged in the process of production. It requires therefore an addition of 100 p. st. of money-capital to continue production on the same scale.

Vice versa, if the price of the product of the business of X were to rise, then the price of the commodity-capital of 600 p. st. would be increased, say to 700 p. st. One seventh of this price, or 100 p. st., does not come from the process of production, has not been advanced in it, but flows from the process of circulation. But only 600 p. st. are needed to replace the elements of production. Therefore 100 p. st. are set free.

It does not fall within the scope of the present analysis to ascertain why, in the first case, the period of turn-over is abbreviated or prolonged, why, in the second case, the prices of raw materials and auxiliaries, in the third case, those of the products supplied by the business, rise or fall.

But the following points fall under this analysis:

**CASE. — A CHANGE IN THE PERIOD OF CIRCULATION, AND THUS OF TURN-OVER, WHILE THE SCALE OF PRODUCTION, AND THE PRICES OF THE ELEMENTS OF PRODUCTION AND OF PRODUCTS REMAIN THE SAME.**

According to the assumptions of our example, one ninth less of the advanced total capital is needed after the contraction of the period of

circulation, so that the total capital is reduced from 900 to 800 p. st. and 100 p. st. of money-capital are released.

The business of X supplies the same as ever a six weeks' product of the same value of 600 p. st., and as work continues without interruption during the entire year, the same quantity of products, valued at 5,100 p. st., is supplied in 51 weeks. There is, then, no change so far as the quantity and price of the product thrown into circulation by this business are concerned, nor in the terms of time in which it throws its product on the market. But 100 p. st. are released, because the requirements of the productive process are satisfied with 800 instead of 900 p. st., after the contraction of the period of circulation. The released 100 p. st. of capital exist in the form of money-capital. But they do not by any means represent that portion of the advanced capital, which would have to serve continually in the form of money-capital. Let us assume that 4-5, or 480 p. st. of the advanced circulating capital are continually invested in material elements of production, and 1-5, or 120 p. st., in labor-power. Then the weekly investment in materials of production would be 80 p. st., and in labor-power 20 p. st. Of course, capital II, of 300 p. st., must also be divided into 4-5, or 240 p. st., for materials of production, and 1-5, or 60 p. st., for wages. The capital invested in wages must always be advanced in the form of money. As soon as the commodity-product to the amount of 600 p. st. has been reconverted into money, 480 p. st. of it may be transformed into materials of production (productive supply), but 120 p. st. retain their money-form, in order to serve in the payment of wages for six weeks. These 120 p. st. are the minimum of the returning capital of 600 p. st., which must always be renewed in the form of money-capital and so replaced, and therefore this minimum must always be kept on hand as that portion of the advanced capital which serves in its money-form.

Now, if 100 p. st. of the capital of 300 p. st. periodically released for three weeks, and likewise divided into 240 p. st. of a productive supply and 60 p. st. of wages, are entirely eliminated in the form of money-capital by the contraction of the circulation time, if they are completely removed from the mechanism of the turn-over, where does the money for these 100 p. st. of money-capital come from? This amount consists only one fifth of money-capital periodically released within the turn-overs. But four fifths, or 80 p. st., are already replaced by an additional productive supply of the

same value. In what manner is this additional productive supply converted into money, and whence comes the money for this conversion?

If the contraction of the period of circulation has become a fact, then only 400 p. st. of the above 600, instead of 480, are reconverted into a productive supply. The other 80 p. st. are retained in their money-form and constitute, together with the above 20 p. st. for wages, the 100 p. st. eliminated from the process. Although these 100 p. st. come from the circulation by means of the purchase of the 600 p. st. of commodity-capital and are now withdrawn from it, because they are not re-invested in wages and materials of production, yet it must not be forgotten that, in their money-form, they are once more in that form in which they were originally thrown into circulation. In the beginning 900 p. st. were invested in a productive supply and wages. Now only 800 p. st. are required in order to carry along the same productive process. The 100 p. st. thus withdrawn in money now form a new money-capital seeking investment, a new constituent part of the money-market. True, they were previously periodically in the form of released money-capital and of additional productive capital, but these latent forms were the conditions for the promotion and continuity of the process of production. Now they are no longer needed for this purpose, and for this reason they form a new money-capital and a constituent part of the money-market, although they are neither an additional element of the existing social money-supply (for they existed at the beginning of the business and were thrown by it into the circulation), nor a newly accumulated hoard.

These 100 p. st. are now indeed withdrawn from circulation inasmuch as they are a portion of the advanced money-capital and are no longer employed in the same business. But this withdrawal is possible only because the conversion of the commodity-capital into money, and of this money into productive capital, in the metamorphosis  $C' - M - C$ , is accelerated by one week, so that the circulation of the money engaged in this process is likewise hastened. This sum is withdrawn from circulation, because it is no longer needed for the turn-over of the capital of X.

It has been assumed here, that the capital belongs to him who invests it. But if he had borrowed it, nothing would be altered in these conditions. With the contraction of the period of circulation, he would need only 800 p. st. of borrowed money instead of 900. This sum of 100 p. st., if returned to the lender, forms nevertheless 100 p. st. of new money-capital, only in the

hands of Y instead of X. If the capitalist X receives his materials of production to the amount of 480 p. st. on credit, so that he has only to advance 120 p. st. for wages out of his own pocket, then he would now have to purchase 80 p. st.'s worth of goods less on credit, so that this sum would constitute an excess of commodity-capital for the capitalist giving it on credit, while the capitalist X would have released 20 p. st. of his money.

The additional supply for production is now reduced by one-third. It consisted of 240 p. st.'s worth of goods, constituting four-fifths of additional capital II of 300 p. st., but now it consists only of 160 p. st.'s worth of goods. It is an additional productive supply for 2 instead of 3 weeks. It is now renewed every 2 weeks, instead of every 3, but only for the next 2 instead of the next 3 weeks. The purchases, for instance, on the cotton market, are repeated more frequently and in smaller portions. The same portion of cotton is withdrawn from the market, for the quantity of the product remains the same. But the withdrawal is distributed differently in time, extending over a longer period. Take it that it is a question of 3 months or 2. If the annual consumption of cotton amounts to 1,200 bales, the sales in the first case will be:

January 1, 300 bales, remaining in storage 900 bales.  
April 1, 300 bales, remaining in storage 600 bales.  
July 1, 300 bales, remaining in storage 300 bales.  
October 1, 300 bales, remaining in storage 0 bales.

But in the second case, the situation would be:

January 1, sold 200, remaining in storage 1,000 bales.  
March 1, sold 200, remaining in storage 800 bales.  
May 1, sold 200, remaining in storage 600 bales.  
July 1, sold 200, remaining in storage 400 bales.  
September 1, sold 200, remaining in storage 200 bales.  
November 1, sold 200, remaining in storage 0 bales.

In other words, the money invested in cotton flows back completely one month later, in November instead of October. If, therefore, one-ninth of the advanced capital, or 100 p. st., is eliminated in the form of money by the contraction of the period of circulation, and if these 100 p. st. are composed of 20 p. st. of periodically released money-capital for the payment of wages,

and of 80 p. st. existing periodically as a released productive supply for one week, then the reduction of the productive supply in the hands of the manufacturer, so far as these 80 p. st. are concerned, corresponds to an increase of the cotton supply in the hands of the cotton dealer. The same cotton retains as much longer in his warehouse the form of a commodity as it stays a shorter time in the hands of the manufacturer under the form of a productive supply.

Hitherto we assumed that the contraction of the time of circulation was due to the fact that X sold his articles more rapidly, received his money for them in a shorter time, or, in the case of credit, that his time of payment was reduced. In that case, the contraction was attributed to the sale of the commodities, to the conversion of commodity-capital into money-capital,  $C' — M$ , the first phase of the process of circulation. But it might also be due to the second phase,  $M — C$ , and hence to a simultaneous change, either in the working period, or in the time of circulation of the capitals Y, Z, etc., which supply the capitalist X with the elements of production of his circulating capital.

For instance, if cotton, coal, etc., with the old methods of transportation, are three weeks in transit from their place of production or storage to the location of the factory of the capitalist X, then the minimum supply of X up to the arrival of new transports must last for three weeks. So long as cotton and coal are in transit, they cannot serve as means of production. They are then rather an object of labor in the transportation industry and of the capital invested in it, they represent for the producer of coal or the dealer in cotton a commodity-capital in process of circulation. Now let improvements in transportation reduce the transit to two weeks. Then the productive supply can be transformed from a three-weekly into a fortnightly supply. This releases the additional capital of 80 p. st. set aside for the purchase of the weekly supply, and likewise the 20 p. st. for wages, because the turned-over capital of 600 p. st. returns one week earlier.

On the other hand, if the working period of the capital invested in raw materials is contracted (examples of this case were given in the preceding chapter), so that the possibility of renewing the productive supply in a shorter time is given, then the productive supply may be reduced, the interval between the periods of renewal being shortened.

If, vice versa, the time of circulation and thus the period of turn-over are prolonged, then advance of additional capital is necessary. This must come

out of the pockets of the capitalist himself, provided he has any additional capital. If he has, it will be invested in some way, in some portion of the money-market. In order to make it available, it must be detached from its old form, for instance, stocks must be sold, deposits withdrawn, so that there is indirectly an effect on the money-market, also in this case. Or, he must borrow it. As for that portion of the additional capital which is to be invested in wages, it must under normal conditions always be advanced in the form of money, and the capitalist X exerts to that extent his share of a direct pressure on the money-market. But so far as that portion is concerned which must be invested in materials of production, money is indispensable only if he must pay for them in cash. If he can get them on credit, this does not exert any direct influence on the money-market, because the additional capital then is directly advanced in the form of a productive supply, not in the first instance in money. But if the lender throws the note received from X directly on the market and discounts it, this would to that extent influence the money-market indirectly.

CASE. — A CHANGE IN THE PRICE OF MATERIALS OF PRODUCTION, ALL OTHER CIRCUMSTANCES REMAINING THE SAME.

We just assumed that the total capital of 900 p. st. was four-fifths invested in materials of production (720 p. st.) and one-fifth in wages (180 p. st.).

If the price of the materials of production drops by one-half, then a working period of 6 weeks requires only 240 p. st. instead of 480 for their purchase, and an additional capital of only 120 p. st. instead of 240 p. st. Capital I is then reduced from 600 p. st. to 240 plus 120, or 360 p. st., and capital II from 300 to 120 plus 60, or 180 p. st. The total capital of 900 is therefore reduced to 360 plus 180, or 540 p. st. A sum of 360 p. st. is eliminated.

This eliminated and now unemployed capital, which seeks investment in the money-market, is nothing but a portion of the originally advanced capital of 900 p. st. This portion has become superfluous by the fall in the price of the materials of production, so long as the business is carried along on the same scale and not expanded. If this fall in prices is not due to accidental circumstances, such as a rich harvest, over-supply, etc., but to an increase of productive power in the line which supplies the raw materials,

then this money-capital is an absolute addition to the money-market, or in general to the capital available in the form of money-capital, because it no longer constitutes an integral portion of the capital already invested.

CASE. — A CHANGE IN THE MARKET PRICE OF THE PRODUCTS THEMSELVES.

In this case, a fall in prices means a loss of a portion of capital, which must be made good by a new advance of additional money-capital. This loss of the seller may be recovered by the buyer. It is recovered by the buyer directly, if the market price of the product has fallen merely through an accidental fluctuation of the market and rises once more to its normal level. It is recovered indirectly, if the change of prices is caused by a change of value reacting on the product, and if this product passes as an element of production into another sphere of production and there releases capital to that extent. In either case, the capital lost by X, for the replacement of which he touches the money-market, may be introduced by his business friends as a new additional capital. Then there is a simple transfer of capital.

If, on the other hand, the price of the product rises, then a portion of the capital which was not advanced is taken away from the circulation. This is not an organic portion of the capital advanced in this process of production and constitutes, therefore, eliminated money-capital, unless production is expanded. As we assumed that the prices of the elements of production were fixed before the product came upon the market, an actual change of value might have caused the rise of prices to the extent that it is retroactive, causing a subsequent rise in the price of raw material. In such an eventuality, the capitalist X would realize a gain on his product circulating as a commodity-capital and on his available productive supply. This gain would give him an additional capital, which would be needed for the continuation of his business with the new and higher prices of the elements of production.

Or, the rise of prices is but temporary. To the extent that additional capital is then needed on the side of the capitalist X, the same amount is released on another side, inasmuch as his product is an element of production for other lines of business. What the one has lost, the other wins.

## CHAPTER XVI. THE TURN-OVER OF THE VARIABLE CAPITAL.

### THE ANNUAL RATE OF SURPLUS-VALUE.

We start out with a circulating capital of 2500 p. st., four-fifths of which, or 2000 p. st., are constant capital (materials of production), and one-fifth of which, or 500 p. st., is variable capital invested in wages.

Let the period of turn-over be 5 weeks; the working period 4 weeks, the period of circulation 1 week. Then capital I is 2000 p. st., consisting of 1600 p. st. of constant capital and 400 p. st. of variable capital; capital II is 500 p. st., 400 of which are constant and 100 variable. In every working week, a capital of 500 p. st. is invested. In a year of 50 weeks an annual product of 50 times 500, or 25,000 p. st., is manufactured. The capital I, continuously invested in one working period and amounting to 2000 p. st., is turned over  $12\frac{1}{2}$  times.  $12\frac{1}{2}$  times 2000 make 25,000 p. st. Of this sum of 25,000 p. st., four-fifths, or 20,000 p. st., are constant capital invested in materials of production, and one-fifth, or 5000 p. st., is variable capital invested in wages. The total capital of 2500 p. st. is turned over 10 times, which is 25,000 divided by 2500.

The variable circulating capital expended in production can serve afresh in the process of circulation only to the extent that the product in which its value is reproduced is sold, converted from a commodity-capital into a money-capital, in order to be once more expended in the payment of labor-power. But the same is true of the constant circulating capital invested in production for materials, the value of which reappears as a portion of the value of the product. That which is common to these two portions of the circulating capital, the variable and constant capital, and which distinguishes them from the fixed capital, is not that the value transferred from them to the product is circulated by the commodity-capital, circulated as a commodity through the circulation of the product. For one portion of the value of the product, and thus of the product circulating as a commodity, the commodity-capital, always consists of the wear of the fixed capital, that is to say, of that portion of the value of the fixed capital which is transferred to the product during the process of production. The difference is rather this: The fixed capital continues to serve in the process of production in its

old natural form for a longer or shorter cycle of periods of turn-over of the circulating capital (which consists of constant circulating plus variable circulating capital), while every single turn-over is conditioned on the reproduction of the entire circulating capital passing from the sphere of production in the form of commodity-capital into the sphere of circulation. The constant and variable circulating capital both have in common the first phase of the circulation,  $C' — M'$ . But in the second phase they separate. The money, into which the commodity is reconverted, is in part transformed into a productive supply (constant circulating capital). According to the different terms of purchase of this material, a portion may be sooner, another later, converted from money into materials of production, but finally it is wholly consumed that way. Another portion of the money realized by the sale of the commodity is held in the form of a money-supply, in order to be gradually expanded in the payment of labor-power incorporated in the process of production. This portion constitutes the variable circulating capital. Nevertheless the entire reproduction of either portion is due to the turn-over of the capital, to their conversion into a product, from a product into a commodity, from a commodity into money. This is the reason why, in the preceding chapter, the turn-over of the circulating constant and variable capital was discussed separately and simultaneously without any regard to the fixed capital.

For the purposes of the question which we have to discuss now, we must go a step farther and proceed with the variable portion of the circulating capital as though it constituted the circulating capital by itself. In other words, we leave out of consideration the constant circulating capital which is turned over together with it.

A sum of 2500 p. st. has been advanced, and the value of the annual product is 25,000 p. st. But the variable portion of the circulating capital is 500 p. st. The variable capital contained in 25,000 p. st. therefore amounts to 25,000 divided by 5, or 5000 p. st. If we divide these 5000 p. st. by 500, we find that 10 is the number of turn-overs, just as it is in the case of the total capital of 2500 p. st.

Here, where it is only a question of the production of surplus-value, it is quite correct to make this average calculation, according to which the value of the annual product is divided by the value of the advanced capital, not by the value of that portion of this capital which is employed continually in one working period (in the present case not by 400, but by 500, not by

capital I, but by capital I plus II). We shall see later, that, from another point of view, this is not quite exact. In other words, this calculation serves well enough for the practical purposes of the capitalist, but it does not express exactly or appropriately all the real circumstances of the turn-over.

We have hitherto ignored one portion of the commodity-capital, namely the surplus-value contained in it, which was produced during the process of production and incorporated in the product. We have now to direct our attention to this.

Take it, that the variable capital of 100 p. st. expended weekly produces a surplus-value of 100%, or 100 p. st., then the variable capital of 500 p. st., advanced for a period of turn-over of 5 weeks, produces 500 p. st. of surplus-value, in other words, one-half of the working day consists of surplus-labor.

If 500 p. st. of variable capital produce a surplus-value of 500 p. st., then 5000 p. st. produce ten times 500, or 5000 p. st. of surplus-value. The proportion of the total quantity of surplus-value produced during one year to the value of the advanced variable capital is what we call the annual rate of surplus-value. In the present case, this is as 5000 to 500, or 1000%. If we analyze this rate more closely, we find that it is equal to the rate of surplus-value produced by the advanced variable capital during one period of turn-over, multiplied by the number of turn-overs of the variable capital (which coincides with the number of turn-overs of the entire circulating capital).

The variable capital advanced in the present case for one period of turn-over is 500 p. st. The surplus-value produced during this period is likewise 500 p. st. The rate of surplus-value for one period of turn-over is, therefore, as 500 s to 500 v, or 100%. This 100%, multiplied by 10, the number of turn-overs in one year, makes 1000%, a rate of 5000 to 500.

This applies to the annual rate of surplus-value. As for the quantity of surplus-value obtained during a certain period of turn-over, it is equal to the value of the variable capital advanced for this period, in the present case 500 p. st., multiplied by the rate of surplus-value, in the present case, therefore, 500 times 100-100, or 500 times 1, or 500 p. st. If the advanced variable capital were 1500 p. st., with the same rate of surplus-value, then the quantity of surplus-value would be 1500 times 100-100, or 1500 p. st.

The variable capital of 500 p. st., which is turned over ten times per year, producing a surplus-value of 5000 p. st., and thus having a rate of surplus-value amounting to 1000%, shall be called capital A.

Now let us assume that another variable capital, B, of 5000 p. st., is advanced for one whole year (that is to say for 50 working weeks), so that it is turned over only once a year. We assume furthermore that, at the end of the year, the product is paid for on the same day that it is finished, so that the money-capital, into which it is converted, flows back on the same day. The circulation time is then zero, the period of turn-over equal to the working period, that is to say, one year. As in the preceding case, so there is now in the labor-process of each week a variable capital of 100 p. st., or of 5000 p. st., in 50 weeks. Let the rate of surplus-value be likewise the same, or 100%, that is to say, one-half of the working day of the same length as before consists of surplus-labor. If we study a period of 5 weeks, then the advanced variable capital is 500 p. st., the rate of surplus-value 100%, the quantity of surplus-value produced in 5 weeks likewise 500 p. st. The quantity of labor-power, which is here exploited, and the intensity of its exploitation, are assumed to be the same as those of capital A.

In each week, the invested variable capital of 100 p. st. produces a surplus-value of 100 p. st., hence in 50 weeks the total invested capital produces a surplus-value of 50 times 100, or 5000 p. st. The quantity of the surplus-value produced per year is the same as in the previous case, 5000 p. st., but the annual rate of surplus-value is entirely different. It is equal to the surplus-value produced in one year, divided by the advanced variable capital, that is to say it is as 5000 s to 5000 v, or 100%, while in the case of capital A it was 1000%.

In the case of both capitals A and B, we have invested a variable capital of 100 p. st. per week. The rate of surplus-value per week, or the intensity of self-expansion, is likewise the same, 100%, so is the magnitude of the variable capital the same, 100 p. st. The same quantity of labor-power is exploited, the volume and intensity of exploitation are equal in both cases, the working days are the same and subdivided in the same way in necessary labor and surplus-labor. The quantity of variable capital employed in the course of the year is 5000 p. st. in either case, sets the same amount of labor in motion, and extracts the same amount of surplus-value from the labor power set in motion by these two equal capitals, namely 5000 p. st. Nevertheless, there is a difference of 900% in the annual rate of surplus-value of the two capitals A and B.

This phenomenon makes indeed the impression as though the rate of surplus-value were not only dependent on the quantity and intensity of

exploitation of the labor-power set in motion by the variable capital, but also on inexplicable influences arising from the process of circulation. It has actually been so interpreted, and has completely routed the Ricardian school since the beginning of the twenties of the 19th century, at least in its more complicated and disguised form, that of the annual rate of profit, if not in the simple and natural form indicated above.

The strangeness of this phenomenon disappears at once, when we place capital A and B in exactly the same conditions, not seemingly, but actually. These equal circumstances are present only when the variable capital B is expended in the payment of labor-power in its entire volume and in the same period of time as capital A.

In that case, the 5000 p. st. of capital B are invested for 5 weeks. 1000 p. st. per week makes an investment of 50,000 p. st. per year. The surplus-value is then likewise 50,000 p. st., according to our assumption. The turned-over capital of 50,000 p. st., divided by the advanced capital of 5000 p. st., makes the number of turn-overs 10. The rate of surplus-value, 5000 to 5000, or 100%, multiplied by the number of turn-overs, 10, makes the annual rate of surplus-value as 50,000 to 5000, or 10 to 1, or 1000%. Now the annual rates of surplus-value for A and B are alike, namely 1000%, but the quantities of surplus-value are 50,000 p. st. in the case of B, and 5000 p. st. in the case of A. The quantities of the produced surplus-values now are proportioned to one another as the advanced capital-values of B and A, to-wit: as 50,000 to 5000, or 10 to 1. But at the same time, capital B has set in motion ten times as much labor-power as capital A has in the same time.

It is only the capital actually invested in the working process which produces any surplus-value and for which all laws relating to surplus-value are in force including for instance the law according to which the quantity of surplus-value is determined by the relative magnitude of the variable capital if the rate of surplus-value is given.

The labor-process itself is determined by the time. If the length of the working period is given (as it is here, where we assume all circumstances relating to A and B to be equal, in order to elucidate the difference in the annual rate of surplus-value), the working week consists of a certain number of working days. Or, we may consider any working period, for instance this working period of 5 weeks, as one single working day of 300 hours, if the working day has 10 hours and the working week 6 days. We must further multiply this number with the number of laborers who are

employed every day simultaneously in the same labor-process. If there were 10 laborers, there would be 60 times 10, or 600 working hours in one week, and a working period of 5 weeks would have 600 times 5, or 3000 working hours. Variable capitals of equal magnitude are, therefore, employed, the rate of surplus-value and the working days being the same if equal quantities of labor-power are set in motion in the same time (a labor-power of the same price multiplied with the same number).

Let us now return to our original illustrations. In both cases, A and B, equal variable capitals, of 100 p. st. per week, are invested every week during the year. The invested variable capitals actually serving in the labor-process are, therefore, equal, but the advanced variable capitals are very unequal. For A, 500 p. st. are advanced for every 5 weeks, and 100 p. st. of this are consumed every week. In the case of B, 5000 p. st. must be advanced for first period of 5 weeks, but only 100 p. st. per week, or 500 in 5 weeks, or one-tenth of the advanced capital is employed. In the second period of 5 weeks, 4500 p. st. must be advanced, but only 500 of this is employed, etc. The variable capital advanced for a certain period of time is converted into employed, actually serving and active, variable capital only to the extent that it actually steps into the period of time taken up by the labor-process, to the extent that it actually takes part in it. In the intermediate time in which a certain portion of this capital is advanced, with a view to being employed at a later time, this portion is practically non-existing for the labor-process and has, therefore, no influence on the formation of either value or surplus-value. Take, for instance, capital A, of 500 p. st. It is advanced for 5 weeks, but only 100 p. st. enter successively week after week into the labor process. In the first week, one-fifth of this capital is employed; four-fifths are advanced without being employed, although they must be available, and therefore advanced, for the labor-processes of the following 4 weeks.

The circumstances which differentiate the relations of the advanced to the employed capital, influence the production of surplus-value — the rate of surplus-value being given — only to the extent that they differentiate the quantity of variable capital which can be actually employed in a certain period of time, for instance in one week, 5 weeks, etc. The advanced variable capital serves as variable capital only for the time that it is actually employed, not for the time in which it is held available without being employed. But all the circumstances which differentiate the relations

between the advanced and the employed variable capital, are comprised in the difference of the periods of turn-over (determined by the difference in the working period, the circulation period or both). The law of the production of surplus-value decrees that equal quantities of employed variable capital produce equal quantities of surplus-value, if the rate of surplus-value is the same. If, then, equal quantities of variable capitals are employed by the capitals A and B in equal periods of time with an equal rate of surplus-value, they must produce equal quantities of surplus-value in equal periods of time, no matter what may be the proportion of this variable capital, employed during definite periods of time to the variable capital advanced for the same time and no matter, therefore, what may be the proportion of the quantities of surplus-value produced, not to the employed, but to the total advanced variable capital in general. The difference of this proportion, so far from contradicting the laws of the production of surplus-value demonstrated by us, rather corroborates them and is one of their inevitable consequences.

Let us consider the first productive section of 5 weeks of capital B. At the end of the fifth week, 500 p. st. have been employed and consumed. The value of the product is 100 p. st., hence the rate as 500 s to 500 v or 1100%, the same as in the case of capital A. The fact that, in the case of capital A, the surplus-value is realized together with the advanced capital, while in the case of B it is not, does not concern us here, where it is merely a question of the production of surplus-value and of its proportion to the variable capital advanced during its production. But if we calculate the proportion of surplus-value in B, not as compared to that portion of the advanced capital of 5000 p. st. which has been employed and consumed in its production, but to this total advanced capital itself, we find that it is as 500 s to 5000 v, or as 1 to 10, or 10%. In other words, it is 10% for capital B and 100% for capital A, ten times more. If any one were to say that this difference in the rate of surplus-value for equal capitals, setting in motion equal quantities of labor which is equally divided into paid and unpaid labor, is contrary to the laws of the production of surplus-value, then the answer would be simple and prompted by the mere inspection of the actual conditions: In the case of A, the actual rate of surplus-value is expressed, that is to say, the proportion of a surplus-value of 500 p. st., to a variable capital of 500 p. st., which produced it in 5 weeks. In the case of B, on the other hand, we are dealing with a calculation which has nothing to do either with the production of

surplus-value, or with the determination of its corresponding rate of surplus-value. For the 500 p. st., of surplus-value produced by a variable capital of 500 p. st. are not calculated with reference to the 500 p. st. of variable capital advanced in their production, but with reference to a capital of 5000 p. st., nine-tenths of which, or 4500 p. st., have nothing whatever to do with the production of this surplus-value of 500 p. st., but are rather intended for gradual service in the following 45 weeks, so that they do not exist at all so far as the production of the first 5 weeks is concerned, which is alone significant in this instance. Under these circumstances, the difference in the rate of surplus-value of A and B is no problem at all.

Let us now compare the annual rates of surplus-value for capitals A and B. For B it is as 5000 s to 5000 v, or 100%; for A it is as 5000 s to 500 v, or 1000%. But the proportion of the rates of surplus-value toward one another is the same as before. There we had

$$\text{(Rate of Surplus-Value of Capital B)}/\text{(Rate of Surplus-Value of Capital A)} = 10\%/100\%.$$

Now we have

$$\text{(Annual Rate of Surplus-Value of Capital B)}/\text{(Annual Rate of Surplus-Value of Capital A)} = 100\%/1000\%$$

But 10% is to 100% as 100% is to 1000%, so that the ratio is the same.

But now the problem is reversed. The annual rate of capital B is as 5000 s to 5000 v, or 100%, offering not the slightest deviation, nor even the semblance of a deviation, from the laws of production known to us and the rate of surplus-value corresponding to this production. 5000 v have been advanced and consumed productively during the year, and they have produced 5000 s. The rate of surplus-value is, therefore the same as shown in the above proportion, 5000 s to 5000 v, or 100%. The annual rate agrees with the actual rate of surplus-value. In this case, it is not capital B, but capital A, which presents an anomaly that is to be explained.

In the case of A, we have the rate of surplus-value as 5000 s to 500 v, or 1000%. But while in the case of B, a surplus-value of 500 p. st., the product of 5 weeks, was calculated with reference to an advanced capital of 5000 p. st., nine-tenths of which were not employed in its production, we have now a surplus-value of 5000 s calculated on a variable capital of 500 v, that is to say, on only one-tenth of the variable capital of 5000 p. st. actually employed in the production of 5000 s. For the 5000 s are the product of a

variable capital of 5000 v, productively consumed during 50 weeks, not that of a capital of 500 p. st. productively consumed in one working period of 5 weeks. In the former case, the surplus-value produced in 5 weeks had been calculated for a capital advanced for 50 weeks, a capital ten times larger than the one consumed during the 5 weeks. In the present case, the surplus-value produced in 50 weeks is calculated for a capital advanced for only 5 weeks, a capital ten times smaller than the one consumed in 50 weeks.

Capital A, of 500 p. st., is never advanced for more than 5 weeks. At the end of this time it has flown back and may repeat the same process in the course of the year ten times, by ten turn-overs. Two conclusions follow from this:

First. The Capital advanced in the case of A is only five times larger than that portion of capital which is continually employed in the productive process of one week. Capital B, on the other hand, which is turned over only once in 50 weeks, is fifty times larger than that one of its portions which can be used only in continuous successions of one week. The turn-over, therefore, modifies the relations of the capital advanced during the year for the process of production to the capital employed continuously for a certain period of production, say, for one week. And this is illustrated by the first case, in which the surplus-value of 5 weeks is not calculated for the capital employed during these 5 weeks, but for a capital ten times larger and employed for 50 weeks.

Second. The period of turn-over of 5 weeks of capital A comprises only one-tenth of the year, so that one year contains ten such periods of turn-over, in which capital A of 500 p. st. is successively reinvested. The employed capital is here equal to the capital advanced for 5 weeks, multiplied by the number of periods of turn-over per year. The capital employed during the year is 500 times 10, or 5000 p. st. The capital advanced during the year is 5000 divided by 10, or 500 p. st. Indeed, although the 500 p. st. are always re-employed, the sum advanced for 5 weeks never exceeds these same 500 p. st. On the other hand, in the case of capital B, it is true that only 500 p. st. are employed for 5 weeks and advanced for these 5 weeks. But as the period of turn-over is in this case 50 weeks, the capital employed in one year is equal to the capital advanced for 50 weeks, not to that advanced for every 5 weeks. But the annual quantity of surplus-value depends, given the rate of surplus-value, on the capital employed during the year, not on the capital advanced for the year. Hence it

is not larger for this capital of 5000 p. st., which is turned over once a year, than it is for the capital of 500 p. st., which is turned over ten times per year. And it has this size only because the capital turned over once a year is ten times larger than the capital turned over ten times per year.

The variable capital turned over during one year — and hence that portion of the annual product, or of the annual expenditure, which is equal to that portion — is the variable capital employed and productively consumed during the year. It follows that, assuming the variable capital A turned over annually and the variable capital B turned over annually to be equal, and to be employed under equal conditions of investment, so that the rate of surplus-value is the same for both of them, the quantity of surplus-value produced annually must likewise be the same for both of them. Hence the annual rate of surplus-value must also be the same for them so far as it is expressed by the formula

(Quantity of Surplus-Value Produced Annually)/(Variable Capital Turned-Over Annually.)

Or, generally speaking: Whatever may be the relative magnitude of the turned over variable capitals, the rate of the surplus-value produced by them in the course of the year is determined by the rate of surplus-value at which the respective capitals have been employed in average periods (for instance the average of a week or a day).

This is the only result following from the laws of the production of surplus-value and the determination of the rate of surplus-value.

Let us now consider what is expressed by the ratio of the  
(Capital Turned-Over Annually)/(Capital Advanced)  
taking into account, as we have said before, only the variable capital. The division shows the number of turn-overs made by the capital advanced in one year.

In the case of capital A, we have:

(5000 p. st. of Capital Turned-Over Annually)/(500 p. st. of Capital Advanced)

In the case of capital B, we have:

(5000 p. st. of Capital Turned Over Annually)/(5000 p. st. of Capital Advanced)

In both ratios, the numerator expresses the capital advanced multiplied by the number of turn-overs, in the case of A, 500 times 10, in the case of B

5000 times 1. Or, it may be multiplied by the inverted time of turn-over calculated for one year. The time of turn-over for A is 1-10 year; the inverted time of turn-over is 10-1 year, hence we have 500 times 10-1, or 5000. In the case of B, 5000 times 1-1. The denominator expresses the turned over capital multiplied by the inverted number of turn-overs; in the case of A, 5000 times 1-10, in the case of B, 5000 times 1-1.

The respective quantities of labor (the sum of the paid and unpaid labor), which is set in motion by the two variable capitals turned over annually, are equal in this case, because the turned-over capitals themselves are equal and their rate of self-expansion is likewise equal.

The ratio of the variable capital turned over annually to the variable capital advanced indicates (1) the ratio of the capital intended for investment to the variable capital employed during a definite working period. If the number of turn-overs is 10, as in the case of A, and the year is assumed to have 50 working weeks, then the period of turn-over is 5 weeks. For these 5 weeks, variable capital must be advanced, and the capital advanced for 5 weeks must be 5 times as large as the variable capital employed during one week. That is to say, only one-fifth of the advanced capital (in this case of 500 p. st.) can be employed in the course of one week. On the other hand, in the case of capital B, where the number of turn-overs is 1-1, the time of turn-over is 1 year of 50 weeks. The ratio of the advanced capital to the capital employed weekly is, therefore, as 50 to 1. If matters were the same for B as they are for A, then B would have to invest 1000 p. st. per week instead of 100. (2). It follows, that B has employed ten times as much capital (5000 p. st.) as A, in order to set in motion the same quantity of variable capital and, the rate of surplus-value being the same, of labor (paid and unpaid), and thus to produce the same quantity of surplus-value during one year. The current rate of surplus-value expresses nothing but the ratio of the variable capital employed during a certain period to the surplus-value produced in the same time; or, the quantity of unpaid labor set in motion by the variable capital employed during this time. It has absolutely nothing to do with that portion of the variable capital which is advanced for a time in which it is not employed. Hence it has nothing to do, in the case of different capitals, with the ratio, determined and differentiated by the period of turn-over, of that portion of capital which is advanced for a definite time and that portion which is employed in the same time.

The essential result of the preceding analysis is that the annual rate of surplus-value coincides only in one single case with the current rate of surplus-value which expresses the intensity of exploitation, namely in the case that the advanced capital is turned over only once a year, so that the capital advanced is equal to the capital turned over in the course of the year, so that the ratio of the quantity of surplus-value produced during the year to the capital employed during the year in this production coincides with and is identical with the ratio of the quantity of surplus-value produced during the year to the capital advanced during the year.

The annual rate of surplus-value is equal to  
 (the Quantity of Surplus-Value Produced during the Year)/(Variable Capital Advanced)

But the quantity of the surplus-value produced during the year is equal to the current rate of surplus-value multiplied by the variable capital employed in its production. The capital employed in the production of the annual quantity of surplus-value is equal to the advanced capital multiplied by the number of its turn-overs, which we shall call  $n$  in the present case. Substituting these terms in formula (A) we obtain:

The annual rate of surplus-value is equal to the  
 (Cur. Rate of Surpl. Val. mltpl. b. the Var. Cap. Adv. mltpl. b  $n$ )/(Var. Cap. Adv.)

For instance, in the case of capital B, we should have  
 (100 times 5000 times 1)/5000, or 100%.

Only when  $n$  is equal to 1, that is to say when the variable capital advanced is turned over once a year, so that it is equal to the capital employed or turned over, the annual rate of surplus-value is equal to the current rate of surplus-value.

Let us call the annual rate of surplus-value  $S'$ , the current rate of surplus-value  $s'$ , the advanced variable capital  $v$ , the number of turn-overs  $n$ . Then  $S'$  is equal to  $s'vn/v$ , or  $s'n$ .

In other words,  $S'$  is equal to  $s'n$ , and it is equal to  $s'$  only when  $n$  is 1, so that then  $S'$  is  $s'$  times 1, or  $s'$ .

It follows furthermore that the annual rate of surplus-value is always equal to  $s'n$ , that is to say, always equal to the current rate of surplus-value produced in one period of turn-over by the variable capital consumed during that period multiplied by the number of turn-overs of this variable capital during one year, or, what amounts to the same, multiplied with its inverted time of turn-over calculated for one year. (If the variable capital is turned over ten times per year, then its time of turn-over is 1-10 year, its inverted time of turn-over therefore 10-1 year, or 10 years.)

We have seen that  $S'$  is equal to  $s'$ , when  $n$  is 1.  $S'$  is greater than  $s'$ , when  $n$  is greater than 1, that is to say, when the advanced capital is turned over more than once a year, or the turned-over capital is greater than the capital advanced.

Finally,  $S'$  is smaller than  $s'$ , when  $n$  is smaller than 1, that is to say, when the capital turned over during one year is only a part of the advanced capital, so that the period of turn-over is longer than one year.

Let us linger a moment over this last case.

We retain all the premises of our former illustration, only the period of turn-over is to be 55 weeks instead of 50 weeks. The labor-process requires a variable capital of 100 p. st. per week, so that 5500 p. st. are needed for the period of turn-over, and every week 100 s is produced,  $s'$  is, therefore, smaller than 100%. Indeed, if the annual rate turn-overs,  $n$ , is then 50/55 or 10/11, because the time of turn-over is 1 plus 1-10 year (of 50 weeks), or 11-10 year.

$S'$  is equal to

$$(100\% \text{ times } 5500 \text{ times } 10-11)/5500$$

equal to 100 times 10-11, or 1000-11, or 90 10-11%. It is, therefore, smaller than 100%. Indeed, if the annual rate of surplus-value were 100%, then 5500 v would have to produce 5500 s, while 11-10 years are required for that. The 5500 v produce only 5000 s during one year, therefore the annual rate of surplus-value is  $(5000 s)/(5500 v)$ , or 10-11, or 90 10-11%.

The annual rate of surplus-value, or the comparison between the surplus-value produced during one year and the variable capital advanced (as distinguished from the variable capital turned over during one year), is therefore not merely a subjective matter, but the actual movement of capital causes this juxtaposition. So far as the owner of capital A is concerned, his advanced variable capital of 500 has returned to him at the end of the year, and it has produced 5000 p. st. of surplus-value in addition. It is not the

quantity of capital employed by him during the year, but the quantity returning to him periodically, that expresses the magnitude of his advanced capital. It is immaterial for the present question, whether the capital exists at the end of the year partly in the form of a productive supply, or partly in that of money or commodity-capital, and what may be the proportions of these different parts. On the other hand, so far as the owner of capital B is concerned, his advanced capital of 5000 p. st. has returned to him, with an additional surplus-value of 5000 p. st. And as for the owner of capital C (the last mentioned 5500 p. st.), surplus-value to the amount of 5000 p. st. has been produced for him (advanced 5000 p. st., rate of surplus-value 100%), but his advanced capital has not yet returned to him nor has he pocketed his surplus-value.

The formula  $S' = s \cdot n$  indicates that the rate of surplus-value in force for the employed variable capital, to wit,

(Quantity of S.-V. produced in one Period of T.-O.)/(Var. Cap employed in one Period of T.-O.)

must be multiplied with the number of periods of turn-over, or of the periods of reproduction of the advanced variable capital, that number of periods in which it renews its cycle.

We have seen already in volume I, chapter IV (The Transformation of Money into Capital), and furthermore in volume I, chapter XXIII (Simple Reproduction), that the capital value is not all spent, but advanced, as this value, having passed through the various phases of its cycle, returns to its point of departure, enriched by surplus-value. This fact shows that it has been merely advanced. The time consumed from the moment of its departure to the moment of its return is the one for which it was advanced. The entire rotation of capital-value, measured by the time from its advance to its return, constitutes its turn-over, and the duration of this turn-over is a period of turn-over. When this period has elapsed and the cycle is completed, the same capital-value can renew the same rotation, can expand itself some more, create some more surplus-value. If the variable capital is turned over ten times in one year, as in the case of capital A, then the same advance of capital creates in the course of one year, ten times the quantity of surplus-value created in one period of turn-over.

One must come to a clear conception of the nature of this advance from the standpoint of capitalist society.

Capital A, which is turned over ten times in one year, is advanced ten times during one year. It is advanced anew for every new period of turn-over. But at the same time, A never advances more than this same capital-value of 500 p. st., and disposes never of more than these 500 p. st. for the productive process considered by us. As soon as these 500 p. st. have completed one cycle, A starts them once more on the same cycle. In short, capital by its very nature preserves its character as capital only by means of continued service in successive processes of production. In the present case, it was never advanced for more than 5 weeks. If the turn-over lasts longer, this capital is inadequate. If the turn-over is contracted, a portion of this capital is released. Not ten capitals of 500 p. st. are advanced, but one capital of 500 p. st. is advanced ten times in successive intervals. The annual rate of surplus-value is, therefore, not calculated on ten advances of a capital of 500 p. st., not on 5000 p. st., but on one advance of a capital of 500 p. st. It is the same in the case of one dollar which circulates ten times and yet represents never more than one single dollar in circulation, although it performs the function of 10 dollars. But in the hand, which holds it after each change of hands, it remains the same value of one dollar as before.

Just so the capital A indicates at each successive return, and likewise at its return at the end of the year that its owner has operated always with the same capital-value of 500 p. st. Hence only 500 p. st. flow back into his hand at each turn-over. His advanced capital is never more than 500 p. st. Hence the advanced capital represents the denominator of the fraction which expresses the annual rate of surplus-value. We had for it the formula

$S'$  equal to  $s'vn/v$ , or  $s'n$ .

As the current rate of surplus-value,  $s'$ , is equal to  $s/v$ , equal to the quantity of surplus-value divided by the variable capital which produced it, we may substitute the value of  $s'$  in  $s'n$ , that is to say  $s/v$ , in our formula, thus making it

$S'$  equal to  $sn/v$ .

But by its tenfold turn-over, and thus the tenfold renewal of its advance, the capital of 500 p. st. performs the function of a ten times larger capital, of a capital of 5000 p. st., just as 500 dollar coins, which circulate ten times per year, perform the same function as 1000 dollar coins which circulate once a year.

THE TURN-OVER OF THE INDIVIDUAL VARIABLE CAPITAL.

“Whatever the form of the process of production in a society, it must be a continuous process, must continue to go periodically through the same phases...When viewed, therefore, as a connected whole, and as flowing on with incessant renewal, every social process of production is, at the same time, a process of reproduction...As a periodic increment of the capital advanced, or periodic fruit of capital in process, surplus-value acquires the form of a revenue flowing out of capital.” (Volume I, chapter XXIII, pages 619, 620.)

In the case of capital A, we have 10 periods of turn-over of 5 weeks each. In the first period of turn-over, 500 p. st. of variable capital are advanced, that is to say, 100 p. st. are converted into labor-power every week, so that 500 p. st., have been converted into labor power at the end of the first period of turn-over. These 500 p. st., originally a part of the total capital advanced, have then ceased to be capital. They are paid out in wages. The laborers in their turn pay them out in the purchase of means of subsistence, consuming subsistence to the amount of 500 p. st. A quantity of commodities of that value is therefore annihilated (what the laborer may save up in money, etc., is not capital). This quantity of commodities has been consumed unproductively from the standpoint of the laborer, except in so far as it preserves his labor-power, an indispensable instrument of the capitalist. In the second place, these 500 p. st. have been converted, from the standpoint of the capitalist, into labor-power of the same value (or price). Labor-power is consumed by him productively in the labor-process. At the end of 5 weeks, a product valued at 1,000 p. st. has been created. Half of this, or 500 p. st., is the reproduced value of the variable capital paid out for wages. The other half, or 500 p. st., is newly produced surplus-value. But 5 weeks of labor-power, by the consumption of which a portion of a capital was transformed into variable capital, is likewise expended, consumed, although productively. The labor which was active yesterday is not the one which is active today. Its value, together with that of the surplus-value created by it, exists now as the value of a thing separate from labor-power, to wit, a product. But by converting the product into money, that portion of it, which is equal to the value of the variable capital advanced, may once more be transformed into labor-power and thus perform again the functions of variable capital. It is immaterial that the same laborers, that is to say, the same bearers of the labor-power may be employed not only with the reproduced, but also with the reconverted

capital-value in the form of money. It might be possible that the capitalist might hire different laborers for the second period of turn-over.

It is, therefore, a fact that a capital of 5,000, and not of 500 p. st., is paid out for labor-power in the ten periods of turn-over of 5 weeks each. The capital of 5,000 p. st. so advanced is consumed. It does not exist any more. On the other hand, labor-power to the value of 5,000, not of 500, p. st. is incorporated successively in the productive process and reproduces not only its own value of 5,000 p. st., but also a surplus value of 5,000 p. st. over and above its value. The variable capital of 500 p. st., which is advanced for the second period of turn-over, is not the identical capital of 500 p. st., which had been advanced for the first period of turn-over. This has been consumed, expended in labor-power. But it is replaced by new variable capital of 500 p. st., which was produced in the first period of turn-over in the form of commodities and reconverted into money. This new money-capital is, therefore, the money-form of the quantity of commodities newly produced in the first period of turn-over. The fact that an identical sum of 500 p. st. is again in the hands of the capitalist, apart from the surplus-value, a sum equal to the one which he had originally advanced, disguises the circumstance that he now operates with a newly produced capital. (As for the other constituents of value of the commodity-capital, which replace the constant parts of capital, their value is not newly produced, but only the form is changed in which this value exists.) Let us take the third period of turn-over. Here it is evident that the capital of 500 p. st., advanced for a third time, is not an old, but a newly produced capital, for it is the money-form of the quantity of commodities produced in the second, not in the first, period of turn-over that is to say, of that portion of this quantity of commodities, whose value is equal to that of the advanced variable capital. The quantity of commodities produced in the first period of turn-over is sold. Its value, to the extent that it was equal to the variable portion of the value of the advanced capital, was transformed into the new labor-power of the second period of turn-over and produced a new quantity of commodities, which were sold in their turn and a portion of whose value constitutes the capital of 500 p. st. advanced for the third period of turn-over.

And so forth during the ten periods of turn-over. In the course of these, newly produced quantities of commodities are thrown upon the market every 5 weeks, in order to incorporate ever new labor-power in the progress

of production. (The value of these commodities, to the extent that it replaces variable capital, is likewise newly produced, and does not merely appear so, as in the case of the constant circulating capital.)

That which is accomplished by the tenfold turn-over of the advanced variable capital of 500 p. st., is not that this capital can be productively consumed ten times, nor that a capital lasting for 5 weeks can be employed for 50 weeks. Ten times 500 p. st. of variable capital are rather employed in those 50 weeks, and the capital of 500 p. st. lasts only for 5 weeks at a time and must be replaced at the end of the 5 weeks by a newly produced capital of 500 p. st. This applies equally to capital A and B. But at this point, the difference begins.

At the end of the first period of 5 weeks, a variable capital of 500 p. st. has been advanced and expended by both capitalists A and B. Both B and A have transformed its value into labor-power and replaced it by that portion of the value of the new product created by this labor-power which is equal to the value of the advanced variable capital of 500 p. st. And for both B and A, the labor-power has not only reproduced the value of the expended variable capital of 500 p. st. by a new value of the same amount, but also added a surplus-value, which, according to our assumption, is of the same magnitude.

But in the case of B, the product which replaces the advanced variable capital and adds a surplus-value to it, is not in the form in which it can serve once more as a productive, or a variable, capital. On the other hand, it is in such a form in the case of A. B, however, does not possess the variable capital consumed in the first 5 and every subsequent 5 weeks up to the end of the year, although it has been reproduced by newly created value with a superadded surplus-value, in the form in which it may once more perform the function of productive, or variable, capital. Its value is indeed replaced, or reproduced, by new value, but the form of its value (in this case the absolute form of value, its money-form) is not reproduced.

For the second period of 5 weeks (and so forth for every succeeding 5 weeks of the year), 500 p. st. must again be available, the same as for the first period. Making exception of the conditions of credit, 5,000 p. st. must, therefore, be available at the beginning of the year as a latent advanced capital, although they are expended only gradually for labor-power in the course of the year.

But in the case of A, the cycle, the turn-over of the advanced capital, being completed, the reproduced value is after the lapse of 5 weeks in the precise form in which it may set new labor-power in motion for another term of 5 weeks, in its original money-form.

Both A and B consume new labor-power in the second period of 5 weeks and expend a new capital of 500 p. st. for the payment of this labor-power. The means of subsistence of the laborer paid with the first 500 p. st. are gone, their value has in every case disappeared from the hands of the capitalist. With the second 500 p. st., new labor-power is bought, new means of subsistence withdrawn from the market. In short, it is a new capital of 500 p. st. which is expended, not the old. But in the case of A, this new capital of 500 p. st. is the money-form of the newly produced substitute for the value of the formerly expended 500 p. st.; while in the case of B, this substitute is in a form, in which it cannot serve as variable capital. It is there but not in the form of variable capital. For the continuation of the process of production for the next 5 weeks, an additional capital of 500 p. st. must, therefore, be available in the form of money, which is indispensable in this case, and must be advanced. Thus both A and B expend an equal amount of variable capital, pay for and consume an equal quantity of labor-power, during 50 weeks. Only, B must pay for it with an advanced capital equal to its total value of 5,000 p. st., while A pays for it successively by the ever renewed money-form of the substitute produced in every 5 weeks for the capital of 500 p. st. advanced for every 5 weeks. In no case more capital is advanced by A than is required for 5 weeks, that is to say, 500 p. st. These 500 p. st. last for the entire year. It is, therefore, evident that, the intensity of exploitation and the current rate of surplus-value being the same for the two capitals, the annual rates of A and B must hold an inverse ratio to one another than the magnitudes of the variable money-capitals, which had to be advanced in order to set in motion the same quantity of labor-power during the year. The rate of A is as 5,000 s to 500 v, or 1,000%; that of B is as 5,000 s to 5,000 v, or 100%. But 500 v is to 5,000 v as 1 to 10, or as 100% to 1,000%.

The difference is due to the difference of the periods of turnover, that is to say, to the period in which the substitute for the value of a certain variable capital employed for a certain time can renew its function of capital, can serve as a new capital. In the case of both B and A, the same reproduction of value of the variable capital employed during the same

periods take place. There is also the same increment of surplus-value during the same periods. But in the case of B, while there is every 5 weeks a reproduction of the value of 500 p. st. and a surplus-value of 500 p. st., these values do not yet make a new capital, because they are not in the form of money. In the case of A, on the other hand, the value of the old capital is not only reproduced by a new value, but it is rehabilitated in its money-form, so that it may at once assume the functions of a new capital.

So far as the mere production of surplus-value is concerned, the rapid or slow transformation of the substitute for the value advanced into money, and thus into the form in which the variable capital is advanced, is an insignificant circumstance. This production depends on the magnitude of the employed variable capital and the intensity of exploitation. But the more or less rapid transformation referred to does modify the magnitude of the money-capital which must be advanced in order to set a definite quantity of labor-power in motion during the year, and therefore it determines the annual rate of surplus-value.

#### THE TURN-OVER OF THE VARIABLE CAPITAL, CONSIDERED FROM THE POINT OF VIEW OF SOCIETY.

Let us look for a moment at this matter from the point of view of society. Let the wages of one laborer be 1 p. st. per week, the working day 10 hours. Both A and B employ 100 laborers per week (100 p. st. for 100 laborers per week, or 500 p. st. for 5 weeks, or 5,000 p. st. for 50 weeks), and each one of them works 60 hours per week of 6 days. Then 100 laborers work 6,000 hours per week, and 300,000 hours in 50 weeks. This labor-power is engaged by A and B, and cannot be expended by society for anything else. To this extent, the matter is the same socially that it is in the case of A and B. Furthermore: Both A and B pay their respective 100 laborers 5,000 p. st. in wages per year (or together for 200 laborers 10,000 p. st.) and withdraw from society means of subsistence to that amount. So far, the matter is socially likewise the same as in the case of A and B. Since the laborers in either case are paid by the week, they weekly withdraw their means of subsistence from society and throw in either case a weekly equivalent in money into the circulation. But here the difference begins.

First. The money, which the laborer of A throws into the circulation, is not only, as it is for the laborer of B, the money-form for the value of the labor-power (an actual payment for labor already performed); it is also, beginning with the second period of turn-over since the opening of the

business, the money form of the value of his own product (price of labor-power plus surplus-value) created during the first period of turn-over, by which his labor during the second period of turn-over is paid. This is not the case with the laborer of B. The money is here indeed a medium of payment for labor already performed by the laborer, but this labor is not paid for with its own product turned into money (the money-form of the value produced by itself). This cannot be done until the beginning of the second year, when the laborer of B is paid with the money-form of the value of his product of the preceding year.

The shorter the period of turn-over of capital — the shorter, therefore, the intervals in which the periods of reproduction are renewed — the quicker is the variable portion of the capital, advanced by the capitalist in the form of money, transformed into the money-form of the product (including surplus-value) created by the laborer in place of the variable capital; the shorter is the time for which the capitalist must advance money out of his own funds, the smaller is the capital advanced by him compared to the given scale of production; and the greater is the proportionate quantity of surplus-value which he realizes with a given rate of surplus-value during the year, because he can buy the laborer so much more frequently with the money-form of the product created by the labor of that laborer and set his labor into motion.

Given the scale of production, the absolute magnitude of the advanced variable capital (and of the circulating capital in general) decreases in proportion as the period of turn-over is shortened, and so does the annual rate of surplus-value increase. Given the magnitude of the advanced capital, and the rate of surplus-value, the scale of production and the absolute quantity of surplus-value created in one period of turnover increases simultaneously with the rise in the annual rate of surplus-value due to the contraction of the periods of reproduction. It follows in general from the preceding analysis that, according to the different length of the periods of turn-over, money-capital of considerably different quantity must be advanced, in order to set in motion the same quantity of productive circulating capital and the same quantity of labor-power with the same intensity of exploitation.

Second. It is due to the first difference, that the laborers of B and A pay for the means of subsistence which they buy with the variable capital that has been transformed into a medium of circulation in their hands. For

instance, they do not only withdraw wheat from the market, but also leave in its place an equivalent in money. But since the money, with which the laborer of B pays for his means of subsistence and draws them from the market is not the money-form of the value of a product which he has thrown on the market during the year, as it is in the case of the laborer of A, he supplies the seller of his means of subsistence only with money, but not with products — be they materials of production or means of subsistence — which this seller might buy with the money received from the laborer, as he may in the case of the laborer of A. The market is therefore stripped of labor-power, means of subsistence for this labor-power, fixed capital, in the form of instruments of production used by B, and materials of production, and an equivalent in money is thrown on the market in their place, but no product is thrown on the market during the year by which the material elements of productive capital withdrawn from it might be replaced. If we assumed that society were not capitalistic, but communistic, then the money-capital would be entirely eliminated, and with it the disguises which it carries into the transactions. The question is then simply reduced to the problem that society must calculate beforehand how much labor, means of production, and means of subsistence it can utilize without injury for such lines of activity as, for instance, the building of railroads, which do not furnish any means of production or subsistence, or any useful thing, for a long time, a year or more, while they require labor, and means of production and subsistence out of the annual social production. But in capitalist society, where social intelligence does not act until after the fact, great disturbances will and must occur under these circumstances. On one hand there is a pressure on the money-market, while on the other an easy money-market creates just such enterprises in mass, that bring about the very circumstances by which a pressure is later on exerted on the market. A pressure is exerted on the money-market, since an advance of money-capital for long terms is always required on a large scale. And this is so quite apart from the fact that industrials and merchants invest the money-capital needed for the carrying on of their business in railroad speculation, etc., and reimburse themselves by borrowing in the money-market. On the other hand, there is a pressure on the available productive capital of society. Since elements of productive capital are continually withdrawn from the market and only an equivalent in money is thrown on the market in their place, the demand of cash payers for products increases without supplying

any elements for purchase. Hence a rise in prices, of means of production and of subsistence. To make matters worse, swindling operations are always carried on at this time, involving a transfer of great capitals. A band of speculators, contractors, engineers, lawyers, etc., enrich themselves. They create a strong demand for consumption on the market, wages rising at the same time. So far as means of subsistence are concerned, it is true that agriculture is thus stimulated. But as these means of subsistence cannot be suddenly increased within the year, their importation increases, as does the importation of exotic food stuffs, such as coffee, sugar, wine, and articles of luxury. Hence we then have a surplus importation and speculation in this line of imports. Furthermore, in those lines of business in which production may be rapidly increased, such as manufacture proper, mining, etc., the rise in prices causes a sudden expansion, which is soon followed by a collapse. The same effect is produced on the labor-market, where large numbers of the latent relative over-population, and even of the employed laborers, are attracted toward the new lines of business. In general, such enterprises on a large scale as railroad building withdraw a certain quantity of labor-powers from the labor-market, which can come only from such lines of business as agriculture, etc., where strong men are needed. This still continues even after the new enterprises have become established lines of business and the wandering class of laborers needed for them has already been formed. A case in point is the temporary increase in the scale of business of railroads beyond the normal. A portion of the reserve army of laborers who kept wages down is absorbed. Wages rise everywhere, even in the hitherto engaged parts of the labor-market. This lasts until the inevitable crash throws the reserve army of labor out of work, and wages are once more depressed to their minimum or below it.

To the extent that the greater or smaller length of the period of turn-over depends on the working period, strictly so called, that is to say on the period which is required to get the product ready for the market, it rests on the existing material conditions of production of the various investments of capital. In agriculture, they partake more of the character of natural conditions of production, in manufacture and the greater part of the extractive industry they vary with the social development of the process of production itself.

Furthermore, to the extent that the length of the working period is conditioned on the size of the orders (the quantitative volume in which the

product is generally thrown upon the market), this point depends on conventions. But convention itself depends for its material basis on the scale of production, and it is accidental only when considered individually.

Finally, so far as the length of the period of turn-over depends on that of the period of circulation, the latter is, indeed, conditioned on the incessant change of market combinations, the greater or smaller ease of selling, and the resulting necessity to throw a part of the product to more or less remote markets. Apart from the volume of the general demand, the movement of prices plays here one of the main roles, since sales are intentionally restricted when prices are falling, while production proceeds; vice versa, production and sale keep step, when prices are rising, and sales may even be made in advance. But we must consider the actual distance of the place of production from the market as the real material basis.

For instance, English cotton goods or yarn are sold to India. The export merchant may pay the English cotton manufacturer. (The export merchant does so willingly only when the money-market stands well. If the manufacturer replaces his money-capital by operating credit on his own part, matters are already in a bad state). The exporter sells his cotton goods later in the Indian market, whence his advanced capital is returned to him. Until the time of this return the case is identical with the one in which the length of the working period necessitates the advance of new money-capital, in order to maintain the process of production on a certain scale. The money-capital with which the manufacturer pays his laborers and renews the other elements of his circulating capital, is not the money-form of the yarn produced by him. This cannot be the case until the value of this yarn has returned to England in the form of money or products. It is additional capital as before. The difference is only that it is advanced by the merchant instead of the manufacturer, and that it reaches the merchant by means of manipulations of credit. Furthermore, before this money is thrown on the market, or simultaneously with it, no additional product has been thrown on the English market, to be bought with this money and to be consumed productively or individually. If this condition occurs for a long period on a large scale, it must cause the same effects as a prolongation of the working period, previously mentioned.

Now it may be that the yarn is sold even in India on credit. With this credit, products are bought in India and sent back to England, or drafts are remitted to this amount. If this condition is prolonged, there is a pressure on

the Indian money-market, and its reaction may cause a crisis in England. This crisis, even if combined with an export of precious metals to India, causes a new crisis in that country on account of the bankruptcy of English business houses and their Indian branch houses, who had received credit from the Indian banks. Thus a crisis occurs simultaneously on the market which is credited with the balance of trade and on the one which is charged with it. This phenomenon may be still more complicated. Take it, for instance that England has sent silver ingots to India, but the English creditors of India now collect their debts in that country, and India will soon after have reshipped its silver ingots to England.

It is possible that the export trade to India and the import trade from India might approximately balance one another, although the imports (with the exception of peculiar circumstances, such as arise in the price of cotton), will be determined as to their volume and stimulated by the export trade. The balance of trade between England and India may seem to be squared, or may show but slight fluctuations on either side. But as soon as the crisis appears in England it is seen that unsold cotton goods are stored in India (and have not been transformed from commodity capital into money-capital — an overproduction to this extent), and that, on the other hand, there are in England not only unsold supplies of Indian goods, but that a considerable portion of the sold and consumed goods is not yet paid for. Hence, that which appears as a crisis on the money-market, is in reality an expression of abnormal conditions in the process of production and reproduction.

Third. So far as the employed circulating capital (constant and variable) is concerned, the length of the period of turn-over, to the extent that it is due to the working period, makes this difference: In the case of several turn-overs during one year, an element of the variable or constant circulating capital may be supplied by its own product, for instance in the production of coal, the tailoring business, etc. Otherwise, this cannot take place, at least not within the same year.

## CHAPTER XVII. THE CIRCULATION OF SURPLUS-VALUE.

We have just seen that a difference in the period of turn-over causes a difference in the annual rate of surplus-value, even if the quantity of the annually produced surplus-value is the same.

But there is furthermore necessarily a difference in the capitalization of surplus-value, the accumulation, and to that extent also in the quantity of surplus-value produced during the year, while the rate of surplus-value remains the same.

To begin with, we remark that capital A (in the illustration of the preceding chapter) has a current periodical revenue, so that with the exception of the period of turn-over beginning the business, it pays for its own consumption within the year out of its production of surplus-value, and need not cover it by advances out of its own funds. But B has to do this. While he produces as much surplus-value in the same time as A, he does not realize on it and cannot consume it either productively or individually. So far as individual consumption is concerned, the surplus-value is discounted in advance. Funds for that purpose must be advanced.

One portion of the productive capital, which is difficult to classify, namely the additional capital required for the repair and maintenance of the fixed capital, is now likewise seen in a new light.

In the case of A, this portion of capital — in full or for the greater part — is not advanced at the beginning of production. It need not be available, or even in existence. It comes out of the business itself by a direct transformation of surplus-value into capital by its direct employment as capital. One portion of the surplus-value which is not only periodically produced but also realized may cover the expenditures required for repairs, etc. A portion of the capital needed for carrying on the business on its original scale is thus produced in the course of business by the business itself by means of capitalization of a portion of surplus-value. This is impossible for the capitalist B. This portion of capital must in his case form a part of the capital originally advanced. In both cases this portion will figure in the books of the capitalists as an advanced capital, which it really is, since according to our assumption it is a part of the productive capital

required for maintaining the business on a certain scale. But it makes a great difference out of which funds it is advanced. In the case of B, it is actually a part of the capital to be originally advanced or held available. On the other hand, in the case of A, it is a part of the surplus-value, if used as capital. This last case shows that not only the accumulated capital, but also a portion of the originally advanced capital, may be capitalized surplus-value.

As soon as the development of credit interferes, the relation between originally advanced capital and capitalized surplus-value is still more complicated. For instance, A borrows a portion of the productive capital, with which he starts his business and continues it during the year, from banker C, not having sufficient capital of his own for this purpose. Banker C lends him the required sum, which consists only of surplus-value deposited with the banker by capitalists D; E, F, etc. From the standpoint of A, there is as yet no question of any accumulated surplus-value. But from the point of view of D, E, F, etc., A is merely their agent capitalizing surplus-value appropriated by them.

We have seen in volume I, chapter XXIV, that accumulation, the conversion of surplus-value into capital, is substantially a process of reproduction on an enlarged scale, no matter whether this expansion is expressed extensively in the form of an addition of new factories to the old ones, or intensively by the expansion of the existing scale of production.

The expansion of the scale of production may proceed in small portions, a part of the surplus-value being used for improvements which either increase simply the productive power of the labor employed, or permit at the same time of its more intensive exploitation. Or, in places where the working day is not legally restricted, an additional expenditure of circulating capital (in materials of production and wages) suffices to expand production without an extension of the fixed capital, whose daily time of employment is thus merely lengthened, while its period of turn-over is correspondingly abbreviated. Or, capitalized surplus-value may, under favorable market combinations, permit of speculation in raw materials, an operation for which the capital originally advanced would not have been sufficient, etc.

However, it is evident that in cases, where the greater number of the periods of turn-over carries with it a more frequent realization of surplus-value within the year, there will be periods, in which there can be neither a prolongation of the working day, nor an introduction of improvements in

details, while, on the other hand, there is only a limited scope in which it is possible to expand the entire business on a proportional scale, partly, by a reorganization of the entire plan of business, buildings, etc., partly by an expansion of the funds for labor, as in agriculture, and a volume of additional capital is required, such as can be supplied only by several years of accumulation of surplus-value.

Along with the actual accumulation, or conversion of surplus-value into productive capital, (and a corresponding reproduction on an enlarged scale), there is, then, an accumulation of money, a hoarding of a portion of the surplus-value in the form of latent money-capital, which is not intended for service as additional productive capital until later.

This is the aspect of the matter from the point of view of the individual capitalist. But simultaneously with the development of capitalist production, the credit system also develops. The money-capital, which the capitalist cannot as yet employ in his own business, is employed by others, who pay him an interest for its use. It serves for him as money-capital in its specific meaning, that is to say as a kind of capital distinguished from productive. But it serves as capital in another's hands. It is plain, that, with the more frequent realization of surplus-value and the rising scale on which it is produced, there must also be an increase in the proportion of new money-capital, or money in the form of capital, thrown upon the money-market and withdrawn from it for the purpose of expanding production.

The simplest form, in which the additional latent money-capital may be represented, is that of a hoard. It may be that this hoard is additional money or silver, secured directly or indirectly in exchange with countries producing precious metals. And only in this manner does the hoarded money in a country grow absolutely. On the other hand, it may be — and is so in the majority of cases — that this hoard is nothing but money withdrawn from inland circulation and has assumed the form of a hoard in the hands of individual capitalists. It is furthermore possible that this latent money-capital consists only of tokens of value — we ignore credit money at this point — or of mere claims (titles) on third persons conferred by legal documents. In all such cases, whatever may be the form of this additional money-capital, it represents, so far as it is prospective capital, nothing but additional and reserved legal titles of capitalists on future additional products of society.

“The mass of the actually accumulated wealth, considered as to magnitude,...is absolutely insignificant compared to the productive forces of society to which it belongs, whatever may be its stage of civilization; or even compared to the actual consumption of this same society in the course of but a few years; so insignificant, that the attention of the legislators and political economists should be mainly directed to the forces of production and their free development in the future, not, as heretofore, to the mere accumulated wealth which strikes the eye. By far the greater part of the so-called accumulated wealth is only nominal and does not consist of actual objects, such as ships, houses, cotton goods, real estate improvements, but of mere legal titles, claims on the future annual productive forces of society titles generated and perpetuated by the devices or institutions of insecurity...The use of such articles (accumulations of physical things, or actual wealth) as a mere means of appropriating for their owners a wealth which the future productive forces of society are as yet to create, this use would be gradually withdrawn from them without any force by the natural laws of distribution; with the assistance of co-operative labor, it would be withdrawn from them within a few years.” (William Thompson, *Inquiry into the Principles of the Distribution of Wealth*, London, 1850, page 453. This book appeared for the first time in 1827.)

“It is little understood, nor even suspected by most people, what an utterly insignificant portion, whether it be in quantity or effectiveness, the actual accumulations of society constitute of the human productive forces, yea, even of the ordinary consumption of a single generation of men during a few years. The reason for this is obvious, but the effect is very injurious. The wealth which is consumed annually, disappears as it is being used; it stands before the eye only for a moment, and makes an impression only while it is enjoyed or consumed. But the slowly consumable portion of wealth, furniture, machines, buildings, from our childhood to our age they are standing before our eyes, lasting monuments of human exertion. By virtue of the ownership of this fixed, lasting, slowly consumed portion of public wealth — of the soil and the raw materials on which, the instruments with which, work is done, the houses which give shelter while the work is being done — by virtue of this ownership the owners of these objects control for their own advantage the annual productive forces of all really productive laborers of society, insignificant as those objects may be in proportion to the ever recurring products of this labor. The population of

Great Britain and Ireland is 20 millions; the average consumption of every man, woman, and child is about 20 p. st., making a total wealth of 400 million p. st., the product of labor annually consumed. The total amount of the accumulated capital of those countries does not exceed, according to estimates, 1,200 million p. st., or thrice the annual product of labor; if equally divided, 60 p. st. of capital per capita. We have here to deal more with the proportion than with the more or less inaccurate absolute amounts of these estimated sums. The interest on this total capital would suffice to maintain the total population in its present style of living for about two months of one year, and the entire accumulated capital (if buyers could be found for it) would maintain them without labor for a whole three years! At the end of which time, without houses, clothing, and food, they would have to starve, or become the slaves of those who have maintained them during these three years. As three years are to the life time of one healthy generation, say to 40 years, so the magnitude and importance of the actual wealth, the accumulated capital of even the richest country, is to its productive forces, to the productive forces of a single human generation; not to what they might really produce under intelligent institutions of equal security, and especially with co-operative labor, but to what they are actually producing under the imperfect and discouraging makeshifts of insecurity.... And in order to maintain this apparently tremendous mass of existing capital, or rather the control and monopoly of the annual product of labor in its present condition of compulsory division this entire machinery the vices, the crimes, the sufferings of insecurity, are to be perpetuated. Nothing can be accumulated, unless the necessary wants are first satisfied, and the great current of human desires flows after enjoyment; hence the comparatively insignificant amount of actual wealth of society at any given moment. It is an eternal circulation of production and consumption. In this immense mass of annual production and consumption, the handful of actual accumulation would hardly be missed, and yet attention has been mainly directed, not to that mass of productive forces, but to this handful of accumulation. But this handful has been appropriated by a few, and transformed into an instrument for the appropriation of the ever recurring annual products of the labor of the great masses. Hence the vital importance of such an instrument for these few.... About one-third of the annual national product is now taken from the producers under the name of public taxes, and unproductively consumed by people that do not give any

equivalent for it, that is to say, none that is accepted as such by the producer... The eye of the crowd looks with astonishment upon the accumulated masses, especially when they are concentrated in the hands of a few. But the annually produced masses, like the eternal and innumerable waves of a mighty stream, roll by and are lost in the forgotten ocean of consumption. And yet this eternal consumption determines not alone all enjoyments, but the very existence of the human race. The quantity and distribution of this annual product should above all be made the object of study. The actual accumulation is of secondary importance, and receives even this importance almost exclusively by its influence on the distribution of the annual product...The actual accumulation and distribution is here (in Thompson's work) always considered in reference and subordination to the productive forces. In almost all other systems, the productive forces have been considered with reference and in subordination to accumulation and to the perpetuation of existing mode of distribution. Compared with the conservation of this existing mode of distribution, the ever recurring suffering or welfare of the entire human race is not considered worthy of a glance. To perpetuate the results of force, of fraud, and of accident, this has been called security, and for conservation of this lying security, all the forces of production of the human race have been mercilessly sacrificed." (Ibidem, pages, 440-443.)

For the reproduction, only two normal cases are possible, apart from disturbances, which interfere with reproduction even on a given scale.

There is either reproduction on a simple scale.

Or, there is a capitalization of a surplus-value, accumulation.

**SIMPLE REPRODUCTION.**

In the case of simple reproduction, the surplus-value produced or realized annually, or by several turn-overs during the year, is consumed individually, that is to say unproductively, by its owner, the capitalist.

The fact that the value of the product consists in part of surplus-value, in part of that portion of value which is formed by the variable capital reproduced through it plus the constant capital consumed by it, does not alter anything, either in the quantity, or in the value of the total product, which continually passes into circulation and is just as continually withdrawn from it, in order to pass into productive or individual consumption, that is to say, to serve as means of production or consumption. Making exception of the constant capital, only the

distribution of the annual product between the laborers and the capitalists is thereby affected.

Even if simple reproduction is assumed, a portion of the surplus-value must, therefore, always exist in the form of money, not of products, because it could otherwise not be converted for purposes of consumption from money into products. This conversion of the surplus-value from its original commodity-form into money must be further analyzed at this place. In order to simplify the matter, we assume the most elementary form of the problem, namely the exclusive circulation of metal coin, of money which is a real equivalent.

According to the laws of the simple circulation of commodities (developed in volume I, chapter III), the mass of the metal coin existing in a country must not only be sufficient for the circulation of the commodities, but must also suffice for the fluctuations of the circulation of money, which arise partly from fluctuations in the velocity of the circulation, partly from a change in the prices of commodities, partly from the various and varying proportions in which the money serves as a medium of payment or as the typical medium of circulation. The proportion in which the existing quantity of money is divided into a hoard and money in circulation, varies continually, but the quantity of money is always equal to the sum of the money hoarded and the money circulating. This quantity of money (quantity of precious metal) is a gradually accumulated hoard of society. To the extent that a portion of this hoard is consumed by wear, it must be replaced annually, the same as any other product. This takes place in reality by a direct or indirect exchange of a part of the annual product of a country for the product of countries producing gold and silver. However, this international character of the transaction disguises its simple course. In order to reduce the problem to its simplest and most transparent expression, it must be assumed that the production of gold and silver takes place in the same country in which the other products are created, so that the production of gold and silver constitutes a part of the total social production within every country.

Apart from the gold and silver produced for articles of luxury, the medium of their annual production must be equal to the wear of metal coin annually occasioned by the circulation of money. Furthermore, if the value of the annually produced and circulating quantity of commodities increases, the annual production of gold and silver must likewise increase, unless the

growth of the value of the circulating commodities and the quantity of money required for their circulation (and the corresponding formation of a hoard) is accompanied by a greater velocity in the circulation of money and a more extensive function of money as a medium of payment, that is to say, by a greater mutual balancing of purchases and sales without the intervention of actual money.

A portion of the social labor power and a portion of the social means of production must, therefore, be expended annually in the production of gold and silver.

The capitalists, who are engaged in the production of gold and silver, and who, according to our assumption of simple reproduction, carry on their production only within the limits of the annual average wear and the resulting average consumption of gold and silver, throw their surplus-value, which they consume annually, according to our assumption, without capitalizing any of it, directly into circulation in the form of money, which is the natural form for them, not, as in the case of the other capitalists, the converted form of their product.

Furthermore, as concerns wages, the money form in which the variable capital is advanced, it is not replaced in this case by the sale of the product, by a conversion into money, but by a product whose natural form is from the outset that of money.

Finally, the same applies also to that portion of the product in precious metals which is equal to the value of the periodically consumed constant capital, both the constant circulating and the constant fixed capital consumed during the year.

Let us study the rotation, or the turn-over, of the capital invested in the production of precious metals first in the form of  $M — C — P — M'$ . So far as the  $C$  in  $M — C$  does not only consist of labor-power and materials of production, but also of fixed capital, only a part of whose value is consumed by  $P$ , it is evident that the product,  $M'$ , is a sum of money equal to the variable capital invested in wages plus the circulating constant capital invested in materials of production plus a portion of the value of the fixed constant capital plus a surplus-value. If the sum were smaller, the general value of gold remaining the same, then the mine would be unproductive, or, if this is generally the case, the value of gold, compared with the value of commodities that remains unchanged, would rise; that is to say, the prices of

commodities would fall, so that henceforth the amount of money invested in  $M — C$  would be smaller.

If we consider at first only the circulating portion of capital advanced in  $M$ , the starting point of  $M — C...P...M'$ , we find that it is a certain sum of money advanced and thrown into circulation for the payment of labor-power and the purchase of materials of production. But this sum is not withdrawn from circulation, by the rotation of this capital, in order to be thrown into it anew. The product is money even in its natural form, there is no need of transforming it into money by means of exchange, by a process of circulation. It passes from the process of production into the process of circulation, not in the form of commodity-capital which has to be converted into money-capital, but as a money-capital which is to be reconverted into productive capital, which is to be fresh labor-power and materials of production. The money-form of the circulating capital consumed in labor-power and materials of production is replaced, not by the sale of the product, but by the natural form of the product itself; not by once more withdrawing its value from circulation in the form of money, but by additional, newly produced money.

Let us assume that this circulating capital is 500 p. st., the period of turn-over is 5 weeks, the working period 4 weeks, the period of circulation only 1 week. From the outset, money must be partly advanced for a productive supply, partly available, for 5 weeks, in order to be paid out gradually for wages. At the beginning of the 6th week, 400 p. st. have flown back and 100 p. st. have been released. This is continually repeated. Here, as in previous cases, 100 p. st. will always find themselves released during a certain time of the turn-over. But they consist of additional, newly produced, money, the same as the other 400 p. st. We have in this case 10 turn-overs per year and the annual product is 5,000 p. st. in gold. (The period of circulation does not arise, in this case, from the time required for the conversion of commodities into money, but for the conversion of money into the elements of production.)

In the case of every other capital of 500 p. st., turned over under the same conditions, it is the ever renewed money-form which is exchanged for the produced commodity capital and thrown into the circulation every 4 weeks and which resumes this form in every new interval by sale, that is to say, by a periodical withdrawal of the quantity of money which entered originally into the process. But here a new additional quantity of money to

the amount of 500 p. st. is thrown into circulation by the process of production itself, in order to withdraw from it continually materials of production and labor-power. This money thrown into circulation is not withdrawn from it by the rotation of this capital, but rather continually increased by newly produced quantities of gold.

Let us look at the variable portion of this circulating capital, and assume that it is, as before, 100 p. st. Then these 100 p. st. would be sufficient in the ordinary production of commodities, with 10 turn-overs, to pay continually for the required labor-power. Here, in the production of money, the same amount is likewise sufficient. But the 100 p. st. of the reflux, with which the labor-power is paid every 5 weeks are not a converted form of its product, but a portion of this ever renewed product itself. The producer of gold pays his laborers directly with a portion of the gold produced by them. Thus the 1,000 p. st. invested annually in labor-power and thrown by the laborers into the circulation do not return by the way of this circulation to their starting point.

Furthermore, so far as the fixed capital is concerned, it requires the investment of a large money-capital at the opening of the business, and this capital is thus thrown into the circulation. Like all fixed capital it flows back only piece by piece in the course of years. But it flows back as an immediate portion of the product, of the gold, not by the sale of the product and its consequent monetization. In other words, it receives gradually its money-form, not by a withdrawal of money from circulation, but by an accumulation of a corresponding portion of the product. The money-capital so replaced is not a quantity of money gradually withdrawn from circulation for a compensation of the sum originally thrown into it for fixed capital. It is an additional sum of new money.

Finally, as concerns the surplus-value, it is likewise equal to a certain portion of the new product of gold, which is thrown into circulation in every period of turn-over in order to be unproductively consumed according to our assumption, in means of subsistence and articles of luxury.

But according to our assumption, the entire annual production of gold — which continually withdraws labor-power and materials of production, but no money, from the market, while adding fresh quantities of money to it — replaces only the money worn out during the year, keeps only the quantity of social money complete which exists continually, although it consists in

varying portions of the two forms, hoarded money and money in circulation.

According to the law of the circulation of commodities, the quantity of money must be equal to the amount of money required for circulation plus a certain amount held in the form of a hoard, which increases or decreases according to the contraction or expansion of circulation and serves especially for the formation of the reserve funds required as means of payment. That which must be paid in gold — to the extent that there is no balancing of accounts — is the value of the commodities. The fact that a portion of these commodities represents a surplus value, that is to say, did not cost the seller anything, does not alter the matter in any way. Take it that the producers are all independent owners of their means of production, so that circulation takes place between the immediate producers themselves. Apart from the constant portion of their capital, their annual surplus-product might then be divided into two parts, analogous with capitalist conditions: Part a, replacing the necessary means of subsistence, and part b, consumed partly for articles of luxury, partly for an expansion of production. Part a then plays the role of the variable capital, part b that of the surplus-value. But this division would remain without influence on the magnitude of the sum of money required for the circulation of the total product. Other circumstances remaining equal, the value of the circulating mass of commodities would be the same, and thus also the amount of money required for its circulation. The capitalists would also have to keep on hand the same money reserve, the division of the periods of turn-over remaining the same that is to say, the same portion of their capital would have to be held in the form of money, because their production, according to our assumption, would be a production of commodities, the same as before. Hence the fact that a portion of the value of the commodities consists of surplus-value, would change absolutely nothing in the quantity of the money required for the running of the business.

An opponent of Tooke, who clings to the formula  $M — C — M'$ , asks him how the capitalist manages to always withdraw more money from circulation than he threw into it. Mark well! It is not here a question of the formation of surplus-value. This, the only secret, is a matter of course from the capitalist standpoint. The quantity of value employed would not be capital, if it did not secure an increment of surplus-value. But as it is capital,

according to our assumption, there must be surplus-value as a matter of course.

The question, then, is not — where does the surplus-value come from? It is rather: Whence comes the money for which it is exchanged?

But in bourgeois political economy, the existence of surplus-value is self-understood. It is not only assumed, but also connected with the assumption that a portion of the commodities thrown into circulation is a surplus product, which was not thrown into circulation together with the capital of the capitalist. In other words, it is assumed by bourgeois political economists, that the capitalist throws a surplus over and above his capital into the circulation with his product, and that he recovers this surplus from it.

The commodity-capital, which the capitalist throws into the circulation, has a greater value than the productive capital which he withdrew from the circulation in the form of labor-power and means of production (it is neither explained nor understood by the bourgeois economists where this greater value comes from, but it is considered by them as an accomplished fact). On the basis of this assumption it is evident by what means not only the capitalist A, but also B, C, D, etc., manage to always withdraw more value from the circulation by means of the exchange of their commodities than the value of the capital originally and repeatedly advanced by them. A, B, C, D, continually throw a greater value into the circulation in the form of commodity-capital, than they withdraw from it in the form of productive capital — this operation is as many-sided as the various independent capitals in action. Hence they have continually to divide among themselves a sum of values (that is to say, every one withdraws from circulation a productive capital) equal to the sum of values of their respective productive capitals; and they furthermore divide among themselves just as continually a sum of values which they all throw into circulation in the form of commodities, representing the excess of the commodity-capital over its elements of production.

But the commodity-capital must be monetized before its conversion into productive capital, or before the surplus-value contained in it can be spent. Where does the money for this purpose come from? This question seems difficult at the first glance, and neither Tooke nor any one else has answered it so far.

The circulating capital of 500 p. st. advanced in the form of money-capital, whatever may be its period of turn-over, may now stand for the total capital of society, that is to say, of the capitalist class. Let the surplus-value be 100 p. st. How can the entire capitalist class manage to draw continually 600 p. st. out of the circulation, when they continually throw only 500 p. st. into it?

After the money-capital of 500 p. st. has been converted into productive capital, it transforms itself, within the process of production, into commodities worth 600 p. st. and throws into circulation, not only commodities valued at 500 p. st., equal to the money-capital originally advanced, but also a newly produced surplus-value of 100 p. st.

This additional surplus-value of 100 p. st. is thrown into circulation in the form of commodities. There is no doubt about that. But this same operation does not by any means supply the additional money for the circulation of this new additional value.

It should not be attempted to evade this difficulty by plausible subterfuges.

For instance: So far as the constant circulating capital is concerned, it is obvious that not all invest it simultaneously. While the capitalist A sells his commodities, so that his advanced capital assumes the form of money, there is on the other hand, the available money-capital of the buyer B which assumes the form of his means of production which A is just producing. The same transaction, which restores that of B to its productive form, transforms it from money into materials of production and labor-power; the same amount of money serves in the twosided process as in every simple purchase C — M. On the other hand, when A reconverts his money into means of production, he buys from C, and this man pays B with it, etc., and thus the transaction would be explained.

But none of the laws referring to the quantity of the circulating money, which have been analyzed in the circulation of commodities (volume I, chapter III), are in any way changed by the capitalist character of the process of production.

Hence, when we have said that the circulating capital of society, to be advanced in the form of money, amounts to 500 p. st., we have already accounted for the fact that this is on the one hand the sum simultaneously advanced, and that, on the other hand, it sets in motion more productive capital than 500 p. st., because it serves alternately as the money fund of

different productive capitals. This mode of explanation, then, assumes that money as existing whose existence it is called upon to explain.

It might be furthermore said: Capitalist A produces articles which capitalist B consumes unproductively, individually. The money of B therefore monetizes the commodity-capital of A, and thus the same amount serves for the monetization of the surplus-value of B and the circulating constant capital of A. But in that case, the solution of the question to be solved is still more directly assumed, the question: Whence does B get the money for the payment of his revenue? How did he himself monetize this surplus portion of his product?

It might also be answered that that portion of the circulating variable capital, which A continually advances to his laborers, flows back to him continually from the circulation, and only an alternating part stays continually tied up for the payment of wages. But a certain time elapses between the expenditure and the reflux, and mean-while the money paid out for wages might, among other uses, serve for the monetization of surplus-value. But we know, in the first place, that, the greater the time, the greater must be the supply of money which the capitalist A must keep continually in reserve. In the second place, the laborer spends the money, buys commodities for it, and thus monetizes to that extent the surplus-value contained in them. Without penetrating any further into the question at this point, it is sufficient to say that the consumption of the entire capitalist class, and of the unproductive persons dependent upon it, keeps step with that of the laboring class; so that, simultaneously with the money thrown into circulation by the laboring class, the capitalists must throw money into it, in order to spend their surplus-value as revenue. Hence money must be withdrawn from circulation for it. This explanation would merely reduce the quantity of money required, but not do away with it.

Finally, it might be said: A large amount of money is continually thrown into circulation when fixed capital is first invested, and it is not recovered from the circulation until after the lapse of years, by him who threw it into circulation. May not this sum suffice to monetize the surplus-value? The answer to this is that the employment as fixed capital, if not by him who threw it into circulation, then by some one else, is probably implied in the sum of 500 p. st. (which includes the formation of a hoard for needed reserve funds). Besides, it is already assumed in the amount expended for the purchase of products serving as fixed capital, that the surplus-value

contained in them is also paid, and the question is precisely, where the money for this purpose came from.

The general reply has already been given: When a mass of commodities valued at  $x$  times 1,000 p. st. has to circulate, it changes absolutely nothing in the quantity of the money required for this circulation, whether this mass of commodities contains any surplus-value or not, and whether this mass of commodities has been produced capitalistically or not. In other words, the problem itself does not exist. All other conditions being given, such as velocity of circulation of money, etc., a definite sum of money is required in order to circulate the value of commodities worth  $x$  times 1,000 p. st., quite independently of the fact how much or how little of this value falls to the share of the direct producers of these commodities. So far as any problem exists here, it coincides with the general problem: Where does all the money required for the circulation of the commodities of a certain country come from?

However, from the point of view of capitalist production, the semblance of a special problem does indeed exist. It is in the present case the capitalist who appears as the point of departure, who throws money into circulation. The money, which the laborer expends for the payment of his means of subsistence, exists previously as the money form of the variable capital and is, therefore, thrown originally into circulation by the capitalist as a medium of buying labor-power and paying for it. The capitalist furthermore throws into circulation the money which constitutes originally the money-form of his constant, fixed and circulating, capital; he expends it as a medium of purchase, or payment, for materials of production and instruments of labor. But beyond this, the capitalist no longer appears as the starting point of the quantity of money in circulation. Now, there are only two points of departure: The capitalist and the laborer. All third classes of persons must either receive money for their services from these two classes, or, to the extent that they receive it without any equivalent services, they are joint owners of the surplus-value in the form of rent, interest, etc. The fact that the surplus-value does not all stay in the pocket of the industrial capitalist, but must be shared by him with other persons, has nothing to do with the present question. The question is: How does he monetize his surplus-value, not, how does he divide the money later after he has secured it? For the present case, the capitalist may as well be regarded as the sole owner of his surplus-value. As for the laborer, it has already been said that he is but the

secondary point of departure, while the capitalist is the primary starting point of the money thrown by the laborer into circulation. The money first advanced as variable capital is going through its second circulation, when the laborer spends it for the payment of means of subsistence.

The capitalist class, then, remains the sole point of departure of the circulation of money. If they need 400 p. st. for the payment of means of production, and 100 p. st. for the payment of labor-power, they throw 500 p. st. into circulation. But the surplus-value incorporated in the product, with a rate of surplus-value of 100%, is equal to the value of 100 p. st. How can they continually draw 600 p. st. out of circulation, when they continually throw only 500 p. st. into it? From nothing comes nothing. The capitalist class as a whole cannot draw out of circulation what was not previously in it.

Exception is here made of the fact that the sum of 400 p. st. may, perhaps, suffice, when turned over ten times, to circulate means of production valued at 4,000 p. st. and labor-power valued at 1,000 p. st., and that the other 100 p. st. may likewise suffice for the circulation of 1,000 p. st. of surplus-value. The proportion of the sum of money to the value of the commodities circulated by it does not matter here. The problem remains the same. Unless the same pieces of money circulate several times, a capital of 5,000 p. st. must be thrown into circulation, and 1,000 p. st. would be required to monetize the surplus-value. The question is, where this money comes from, whether it be 1,000 or 100 p. st. There is no doubt that it is in excess of the money, capital thrown into the circulation.

Indeed, paradoxical as it may appear at first sight, it is the capitalist class itself that throws the money into circulation which serves for the realization of the surplus-value incorporated in the commodities. But, mark well, it is not thrown into circulation as advanced money, not as capital. The capitalist class spends it for their individual consumption. The money is not advanced by them, although they are the point of departure of its circulation.

Take some individual capitalist, who opens his business, for instance, a capitalist farmer. During the first year, he advances a money-capital of, say, 5,000 p. st., paying 4,000 p. st. for means of production, and 1,000 p. st. for labor-power. Let the rate of surplus-value be 100%, the amount of surplus-value appropriated by him 1,000 p. st. The above 5,000 p. st. comprise all the money advanced by him. But the man must also live, and he does not get any receipts until the end of the year. Take it that his consumption

amounts to 1,000 p. st. These he must have in his possession. He may say to himself that he has to advance these 1,000 p. st. during the first year. But this advance has only a subjective meaning, for it signifies that he must pay for his individual consumption during the first year out of his own pocket, instead of getting the money for it out of the unpaid labor of his employes. He does not advance this money as capital. He spends it, pays it out as an equivalent for means of subsistence which he consumes. This value is spent by him as money, thrown as such into circulation and withdrawn from it as commodities. He has consumed commodities of that amount. He has thus ceased to be in any way related to their value. The money with which he paid for this value is now an element of the circulating money. But he has withdrawn the value of this money from circulation in the form of products, and this value is destroyed with the commodities in which it was incorporated. It has disappeared. But at the end of the year he throws commodities worth 6,000 p. st. into circulation and sells them. By this means he recovers: (1) His advanced money-capital of 5,000 p. st.; (2) the monetized surplus-value of 1,000 p. st. He had thrown 5,000 p. st. into circulation when he advanced capital, and he withdraws from it 6,000 p. st., 5,000 p. st. of which cover his capital, and 1,000 p. st., his surplus-value. The last 1,000 p. st. are monetized with the money which he had himself thrown into circulation, not as a capitalist, but as a consumer, not advanced, but spent. They now flow back to him as the money-form of the surplus-value produced by him. And henceforth this operation is repeated every year. But beginning with the second year, the 1,000 p. st. which he spends are continually the converted form, the money-form of surplus-value produced by him. He spends it annually and it flows back annually.

If his capital were turned over more frequently in one year, it would not alter this condition of things, except so far as the time is concerned, and thus the size of the amount which he would have to throw into circulation, over and above his advanced money-capital, for his individual consumption.

This money is not thrown into circulation by the capitalist as money. It is rather inherent in the character of a capitalist to be able to live on means in his possession until some surplus-value flows back to him.

In the present case we had assumed, that the sum of money, which the capitalist throws into circulation until the first surplus-value flows back to him, is exactly equal to the surplus-value which he is going to produce and

monetize. This is obviously an arbitrary assumption, so far as the individual capitalist is concerned. But it must be correct when applied to the entire capitalist class, when simple reproduction is assumed. It expresses the same thing that this assumption does, namely, that the entire surplus-value is consumed unproductively, but it only, not any portion of the original capital stock.

It had been previously assumed, that the entire production of precious metals (500 p. st.) sufficed only for the wear and tear of the money.

The capitalists producing gold possess their entire product in gold, that portion which replaces constant capital as well as that which replaces variable capital and that consisting of surplus-value. A portion of the social surplus-value, therefore, consists of gold, not of a product which is monetized by means of circulation. It consists from the outset of gold and is thrown into circulation in order to draw products out of it. The same applies in this case to wages, to variable capital, and to the part replacing the advanced constant capital. Hence, while a part of the capitalist class throws into circulation commodities greater in value, (by the amount of the surplus-value) than the money-capital advanced by them, another part of the capitalist class throws into circulation money of greater value (by the amount of the surplus-value) than the commodities which they continually withdraw from circulation for the production of gold. While one part of the capitalist class pumps continually more gold out of the circulation than they throw into it, another part of them who produce gold pump continually more gold into it than they take out in means of production.

Although a part of this product of 500 p. st. in gold is surplus-value of the gold-producers, still the entire sum is intended only to replace the money worn out in the circulation of commodities. It is immaterial for this purpose, how much of this gold monetizes the surplus-value incorporated in the commodities, and how much of their other constituents.

By transferring the production of gold from one country to another, nothing is changed in the fundamental condition of the matter. One part of the social labor-power and the social means of production of the country A is converted into a product, for instance, linen, valued at 500 p. st., which is exported to the country B in order to be there traded for gold. The productive capital employed for this purpose by the country A throws no more commodities, as distinguished from money, upon the market of this country than it would if it were directly engaged in the production of gold.

This product of A is represented by 500 p. st. in gold, and enters into the circulation of this country only in money. That portion of the social surplus-value which is contained in this product exists directly in the form of money, and never in any other form for the country A. Although, from the point of view of the capitalist, only a part of the product represents surplus-value, and another part replaces capital, still the question as to how much of this gold replaces constant, and how much variable capital, and how much of it represents surplus-value, depends exclusively on the respective proportions which wages and surplus-value constitute of the value of the circulating commodities. That portion which represents surplus-value is distributed among the various members of the capitalist class. Although this surplus-value is continually spent by them for individual consumption and recovered by the sale of new products — it is precisely this purchase and sale which circulates the money required for the monetization of the surplus-value among them — there is nevertheless a portion of the social surplus-value, in the form of money, in varying proportions, in the pockets of the capitalists, just as a portion of the wages stays during a certain part of the week in the pockets of the laborers in the form of money. And this portion is not limited by that portion of the money-product which forms originally the surplus-value of the capitalists producing gold, but, as we have said, by the proportion in which the above product of 500 p. st. is generally distributed between capitalists and laborers, and in which the commodity-supply to be circulated consists of surplus-value and other constituents of value.

However, that portion of surplus-value, which does not exist in other commodities, but outside of them in the form of money, consists of a portion of the annually produced gold only to the extent that a portion of the annual production of gold circulates for the realization of surplus-value. The other portion of money, which is continually in the hands of the capitalists, in varying portions, being the money-form of their surplus-value, is not an element of the annually produced gold, but of the masses of money previously accumulated in the country.

According to our assumption, the annual production of gold just covers the annual wear of money, to the amount of 500 p. st. If we keep in mind these 500 p. st., and make abstraction of that portion of the annually produced mass of commodities which is circulated by means of previously accumulated money, then the surplus-value incorporated in the commodities

will find money for its monetization in circulation for the simple reason that surplus-value is annually produced in the form of gold on the other side. The same applies to the other parts of the gold product which replace the advanced money-capital.

Now, two things are to be noted here.

In the first place, it follows that the surplus-value spent by the capitalists as money, as well as the variable and other productive capital advanced by them in money is actually a product of the laborers, namely of those engaged in the production of gold. They produce anew not only that portion of gold which is “advanced” to them as wages, but also that portion of gold in which the surplus-value of the capitalist gold producers is directly embodied. As for that portion of the gold product, which replaces only the constant capital-value advanced for its production, it re-appears in the form of money (or a product in general) only through the annual labor of the working men. In the beginning of the business, it was originally expended in money by the capitalists, and this money was not newly produced, but formed a part of the circulating mass of social money. But to the extent that it is replaced by a new product, by additional money, it is the annual product of the laborer. The advance on the part of the capitalist appears here likewise merely as a form, which owes its existence to the fact that the laborer is neither the owner of his own means of production, nor able to command, during his production, the means of subsistence produced by other laborers.

In the second place, as concerns that mass of money which exists independently of this annual reproduction of 500 p. st., either in the form of a hoard, or of circulating money, things must be, or rather must have been originally just as they still are with reference to these 500 p. st. annually. We shall return to this point at the close of this section. For the present, we wish to make a few other remarks.

We have seen during our study of the turn-over, that, other circumstances remaining equal, a change in the length of the periods of turn-over requires different amounts of money-capital, in order to carry on production on the same scale. The elasticity of the money-circulation must, therefore be sufficient to adapt itself to this fluctuation of expansion and contraction.

If we furthermore assume other circumstances as equal — the length, intensity, and productivity of the working day also remaining unchanged — but a different division of the value of the product, between wages and

surplus-value, so that either the former rise and the latter fall, or vice versa, the mass of the circulating money is not touched thereby. This change can take place without any expansion or contraction of the mass of money in circulation. Let us consider particularly the case in which there would be a general rise in wages, so that, under the given assumptions, there would be a general fall in the rate of surplus-value, while there would not be any change, also according to our assumption, in the mass of circulating commodities. In this case, there should be indeed an increase of the money-capital which must be advanced as variable capital in the quantity of money which serves for this purpose. But to the exact extent that the amount of money required for the function of variable capital grows, does the surplus-value decrease, and thus the amount of money required for its realization. The amount of money required for the realization of the values of the commodities is not affected thereby, any more than this value itself. The cost price of the commodity rises for the individual capitalist, but its social price of production remains unchanged. That which is changed is the proportion, in which, apart from the constant portion of its value, the price of production stands to wages and profits.

But, it is argued, a greater outlay of variable capital (the value of the money is, of course, considered the same) means a larger amount of money in the hands of the laborer. This causes a greater demand for commodities on the part of the laborer. This, in turn, leads to a rise in the price of commodities. Or, it is said: If wages rise, the capitalists raise the prices of their commodities. In either case, the general rise in wages causes a rise in the prices of commodities. Hence a greater amount of money is needed for the circulation of commodities, no matter whether the rise in prices is explained in this or that way.

Reply to the first argument: In consequence of a rise in wages, especially the demand of the laborers for the necessities of life will rise. In a lesser degree their demand for articles of luxury will increase, or the demand will be developed for things which did not generally belong to the scope of their consumption. The sudden and increased demand for the necessities of life will doubtless raise their prices momentarily. As a result, a greater portion of the social capital will be invested in the production of the necessities of life, and a smaller portion in the production of articles of luxury, since these fall in price on account of the decrease in surplus-value and the consequent decrease in the demand of the capitalists for these articles. And to the extent

that the laborers themselves buy articles of luxury, the rise in their wages — to this degree — does not promote an increase in the prices of necessities of life, but simply fills the place of the buyers of luxuries. More luxuries than before are consumed by laborers, and relatively fewer by capitalists. That is all. After some fluctuations, the value of the circulating commodities is the same as before. As for the momentary fluctuations, they will not have any other effect than to throw unemployed money-capital into the inland circulation, capital which so far had sought employment in speculative enterprises at the stock exchange or in foreign countries.

Reply to the second argument: If it were in the power of the capitalist producers to raise the prices of their commodities at will, they could and would do so without waiting for a rise in wages. Wages would never rise while the prices of commodities were going down. The capitalist class would never resist the trades unions, since the capitalists could always and under all circumstances do what they are now doing exceptionally under definite peculiar, one might say local, circumstances, to wit, to avail themselves of every rise in wages to raise prices much higher and thus pocket greater profits.

The claim that the capitalists can raise the prices of articles of luxury, because the demand for them decreases (in consequence of the reduced demand of the capitalists whose spending money has decreased) would be a very unique application of the law of supply and demand. The prices of articles of luxury fall in consequence of reduced demand to the extent that capitalist buyers are not replaced by laboring buyers, and so far as this replacement takes effect, the demand of the laborers does not result in a rise of the prices of necessities, for the laborers cannot spend that portion of their increased wages for necessities which they spend for luxuries. Consequently capital is withdrawn from the production of luxuries, until their supply in the market is reduced to the measure which corresponds to their altered role in the process of social production. With their production thus reduced, they rise in price, provided their value is otherwise unchanged, to their normal level. So long as this contraction, or this process of compensation, takes place, there is just as constantly, with rising prices of necessities, a migration of capital into the production of these to the degree that it is withdrawn from the other line of business, until the demand is satisfied. Then the balance is restored, and the end of the whole process is that the social capital, including the money-capital, is divided in a different

proportion between the production of necessary means of subsistence and that of luxuries.

The entire objection is a scarecrow set up by the capitalists and their apologists in economics.

The facts, which furnish the material for this scarecrow, are of three kinds:

(1). It is the general law of the circulation of money that the quantity of circulating money increases if the total price of the circulating commodities increases, other circumstances remaining the same, regardless of whether this increase of the totality of prices applies to the same quantity of commodities, or to a greater quantity. The effect is then taken for the cause. Wages rise (although rarely and only exceptionally in proportion) with the increasing price of the necessities of life. This rise in wages is a result, not a cause, of the rise in the prices of commodities.

(2). In the case of a partial, or local, rise of wages — that is to say, a rise only in some lines of production — a local rise in the prices of the products of this line may follow. But even this depends on many circumstances, for instance, that wages had not been abnormally depressed previously, so that the rate of profits was abnormally high, that the market is not narrowed by a rise in prices (so that a contraction of its supply previous to the raising of its prices will not be necessary), etc.

(3). In the case of a general rise of wages, the price of the produced commodities rises in lines of business where the variable capital preponderates, but falls, on the other hand, in lines where the constant, or eventually the fixed, capital preponderates.

We found in our study of the simple circulation of commodities (volume I, chapter III, 2), that, even though the money-form of any definite quantity of commodities is infinitesimal within its circulation, still the money in the hand of one man disappears during the transformation of a certain commodity and takes its place in the hands of another, so that commodities are not only exchanged, or replaced by one another, but this mutual exchange of places is also promoted and accompanied by a universal precipitation of money. “When one commodity replaces another, the money commodity sticks to the hands of some third person. Circulation sweats money from every pore.” (Vol. I, page 127.) The same fact is expressed, on the basis of capitalist production, of commodities, by the continual existence of a portion of capital in the form of money-capital, and by the

retention of a portion of surplus-value in the hands of its owners, likewise in the form of money.

Aside from this, the rotation of money — that is to say, the return of money to its point of departure — so far as it is an element in the turn-over of capital, is a phenomenon entirely different from, or even the reverse of, the circulation of money, which expresses its removal from the point of departure through a number of hands. (Vol. I. page 129.) Nevertheless an accelerated turn-over implies naturally an acceleration of the circulation.

As for the variable capital, if a certain money-capital, say 500 p. st., is turned over ten times in a year, in the form of a variable capital, it is evident that this aliquot part of the quantity of money in circulation circulates ten times its value, or 5,000 p. st. It circulates ten times per year between the capitalist and the laborer. The laborer is paid, and pays, ten times per year with the same aliquot amount of money. If the same variable capital were turned over only once a year, the scale of production remaining the same, there would be only one turn-over of capital per year.

Furthermore: The constant portion of the circulating capital may be, say, 1,000 p. st. If the capital is turned over ten times, the capitalist sells his commodity, and therefore also the constant circulating portion of its value, ten times per year. The same aliquot part of the circulating quantity of money (1,000 p. st.) passes ten times from the hands of its owners into those of the capitalist. This means ten changes of place on the part of this money from one hand into another. In the second place, the capitalist buys means of production ten times per year. This again implies ten turn-overs of the money from one hand into another. With regard to the amount of 1,000 p. st., commodities valued at 10,000 p. st. have been sold by the industrial capitalist, and then commodities valued at 10,000 p. st. purchased. By means of 20 circulations of 1,000 p. st. in money a commodity supply of 20,000 p. st. has been circulated.

Finally, with an acceleration of the turn-over, also that portion of money circulates faster, which realizes the surplus-value.

But, on the other hand, an acceleration in the circulation of money does not necessarily imply a more rapid turnover of capital, and thus of money, that is to say, it does not necessarily imply a contraction and more rapid renewal of the process of reproduction.

A more rapid circulation of money takes place whenever a larger number of transactions are carried on with the same amount of money. This may

take place also with the same periods of reproduction of capital, as a result of changes in the technical appliances of the circulation of money. Furthermore, there may be an increase in the number of transactions in which money circulates without expressing actual exchanges, of commodities (marginal business at the stock-exchange, etc.). On the other hand, some circulations of money may be entirely dispensed with. For instance, where the farmer is himself a real estate owner, there is no circulation of money between the capitalist farmer and the real estate owner; where the industrial capitalist is himself the owner of the capital, there is no circulation of money between him and the creditor.

As for the primitive formation of a hoard of money in a certain country, and its appropriation by a few, it is unnecessary to discuss it at this point.

The capitalist mode of production — its basis being wage-labor as well as the payment of the laborer in money and in general the transformation of services for natural products into services for money — cannot develop a larger extension and a greater systematization, unless there is available in this country a quantity of money sufficient for the circulation and the corresponding formation of a hoard (reserve fund, etc.). This is the historical premise. However, this must not be interpreted in the sense that a sufficient hoard must first be formed, before capitalist production can begin. It rather develops simultaneously with the evolution of its foundations and one of these foundations is a sufficient supply of precious metals. Hence the increased supply of precious metals since the 16th century is an essential factor in the history of the development of capitalist production. But so far as the necessary further supply of money material on the basis of capitalist production is concerned, surplus-value incorporated in products is on the one hand thrown into circulation without the money required for its monetization, and on the other hand surplus-value in the form of gold without the previous transformation of products into gold.

The additional commodities which are to be converted into money find the necessary amount of money at hand, because on the other side additional gold (and silver) intended for conversion into commodities is thrown into circulation, not by means of exchange, but by production itself.

ACCUMULATION AND REPRODUCTION ON AN ENLARGED SCALE.

To the extent that accumulation takes place in the form of reproduction on an enlarged scale, it is evident that it does not offer any new problem in matters of the circulation of money.

In the first place, the additional money-capital required for the function of the increasing productive capital is supplied by that portion of the realized surplus-value, which is thrown into circulation by the capitalists as money-capital, not as the money-form of their revenue. The money is already present in the hands of the capitalists. Only its employment is different.

Now, by means of the additional productive capital, its product, an additional quantity of commodities, is thrown into circulation. Together with this additional quantity of commodities, a portion of the additional money required for its circulation is thrown into circulation, so far as the value of this mass of commodities is equal to that of the productive capital consumed in their production. This additional quantity of money has precisely been advanced as an additional money-capital, and therefore it flows back to the capitalist through the turn-over of his capital. Here the same question reappears, which we met previously. Where does the additional money come from, by which the additional surplus-value now contained in the form of commodities is to be realized?

The general reply is again the same. The sum total of the prices of the commodities has been increased, not because the prices of a given quantity of commodities have risen, but because the mass of the commodities now circulating is greater than that of the previously circulating commodities, and because this increase has not been offset by a fall in prices. The additional money required for the circulation of this greater quantity of commodities of greater value must be secured, either by greater economy in the circulating quantity of money — whether by means of balancing payments, etc., or by some measure which accelerates the circulation of the same coins — or, by the transformation of money from the form of a hoard into that of a circulating medium. This does not merely imply that barren money-capital becomes active as a means of purchase or payment, or that money-capital which is already actually circulating for the benefit of the society while representing a reserve fund for its owner is thus performing a double service (such as deposits in banks which are continually balanced). It also implies that the stagnating reserve funds of money are economized.

“In order that money should flow continuously as coin, coin must constantly coagulate as money. The continuous flow of coin depends on its constant accumulation in the form of reserve funds of coin which spring up throughout the sphere of circulation and form sources of supply; the formation, distribution, disappearance, and reformation of these reserve funds is constantly changing, their existence constantly disappears, their disappearance constantly exists. Adam Smith expressed this never-ceasing transformation of coin into money and of money into coin by saying that every owner of commodities must always keep in supply, aside from the particular commodity which he sells, a certain quantity of the universal commodity with which he buys. We saw, that in the process  $C — M — C$  the second member  $M — C$  splits up into a series of purchases which do not take place at once, but at intervals of time, so that one part of  $M$  circulates as coin while the other rests as money. Money is in that case only suspended coin and the separate parts of the circulating mass of coins appear now in one form, now in another, constantly changing. This first transformation of the medium of circulation into money represents, therefore, but a technical aspect of money-circulation.” (Karl Marx, “A Contribution to the Critique of Political Economy,” 1859, page 167-168.) — (“Coin” as distinguished from money is here employed to indicate the function of money as a mere medium of circulation as compared to its other functions.)

When all these measures do not suffice, an additional production of gold must take place, or, what amounts to the same, one portion of the additional product is directly or indirectly exchanged for gold — the product of countries in which precious metals are mined.

The entire amount of labor-power and social means of production expended in the annual production of gold and silver, so far as they serve as instruments of circulation, constitutes a bulky item of the dead expense of the capitalist mode of production, or of the production of commodities in general. It deprives social economy of a corresponding amount of potential additional means of production and consumption, that is to say, of actual wealth. To the extent that the cost of this expensive machinery of circulation is decreased at a given scale of circulation or a given scale of its extension, the productive power of society is increased. Hence, so far as the auxiliary means developed with the credit system have any influence in that direction, they increase the social wealth directly, either by running a large

portion of the social labor-process without intervention of actual money, or by raising the capacities of the money already in circulation.

This disposes also of the absurd question, whether capitalist production in its present volume would be possible without the credit system (even if analyzed only from this point of view), that is to say, if it were possible with the circulation of metallic coin alone. Evidently this is not the case. It would have found the barriers of the limited production of precious metals in its way. On the other hand, one must not entertain any myths as to the productive power of the credit system, so far as it supplies or releases money-capital. The further analysis of this question is out of place here.

We have now to study the case, in which no actual accumulation, that is to say, no immediate expansion of the scale of production, takes place, but a portion of the realized surplus-value is accumulated for a longer or shorter time as a money reserve, in order to be employed later on as productive capital.

To the extent that money so accumulating is additional money, the matter needs no explanation. It can only be a portion of the surplus-gold imported from gold producing countries. In this connection it must be remembered that the national product, in exchange for which this gold is imported, is no longer in this country. It has been exported to foreign countries in exchange for gold.

But if we assume that the same amount of money is still in the country the same as before, then the accumulated and accumulating money has accrued from the circulation. Only its function is changed. It is converted from circulating money into a gradually accruing latent money capital.

The money which is accumulated in this case is the money-form of sold commodities, and represents that portion of its value which constitutes surplus-value for its owner. (The credit system is not supposed to exist in this case.) The capitalist who accumulates this money has sold to that extent without buying.

If we look upon this transaction merely as a limited phenomenon, there is nothing to explain. A part of the capitalists keep the money realized by the sale of their products without drawing products out of the market in return for it. Another part of them, on the other hand, transform all their money into products, with the exception of the constantly recurring money-capital required for the promotion of production. One portion of the products thrown upon the market as bearers of surplus-value consists of

means of production, or of the actual elements of variable capital, the necessary means of subsistence. It can serve immediately for the expansion of production. For it has not been assumed that one part of the capitalists accumulates capital, while the other consumes its surplus-value entirely, but only that one part is engaged in the accumulation of money, in the formation of latent money-capital, while the other part accumulates actually, that is to say, expands the scale of production, really adds to its productive capital. The available quantity of money remains sufficient for the requirements of circulation, even if one part of the capitalists accumulates money, while another expands production, and vice versa. Moreover, the accumulation of money on one side may proceed without cash money by the mere accumulation of outstanding claims.

But the difficulty arises when we assume, not a partial, but a general accumulation of money-capital on the part of the capitalist class. Apart from this class, there is, according to our assumption — the general and exclusive domination of capitalist production — no other class but the working class. All that the working class buys is equal to the sum total of its wages, equal to the sum total of the variable capital advanced by the entire capitalist class. This money flows back to the capitalist class by the sale of their product to the working class. The variable capital thus resumes its money-form. Let the sum total of the variable capital be  $x$  times 100 p. st., that is to say, the sum total of the variable capital actually employed, not merely advanced for the current year. It does not alter the question fundamentally, whether we know how much or how little money is actually advanced in this variable capital-value during the year, according to the velocity of the turn-over. The capitalist buys with these  $x$  times 100 p. st. a certain amount of labor power, or pays wages to a certain number of laborers — first transaction. The laborers buy with this same amount a certain quantity of commodities from the capitalists, where-by the same  $x$  times 100 p. st. flow back into the hands of the capitalist class — second transaction. And this is continually repeated. This amount of  $x$  times 100 p. st., then, can never enable the working class to buy that portion of its product in which the constant capital is embodied, much less that in which the surplus-value of the capitalist class is incorporated. The laborers can never buy more with these  $x$  times 100 p. st. than a portion of the social product, and the value of this portion is equal to that value of the social product in which the advanced variable capital is embodied.

Apart from the case, in which this universal accumulation of money expresses nothing but the distribution of the additional incoming precious metal, in whatever proportion, among the various individual capitalists, how can the entire capitalist class accumulate money under such circumstances?

They would all have to sell a portion of their product without buying anything in return. It is not at all mysterious that they should all have a certain fund of money which they throw into circulation for their consumption, and a certain portion of which flows back to each one of them. But this fund of money, as a fund for circulation, arises precisely through the monetization of surplus-value and is not by any means latent money-capital.

If we view the matter as it takes place in reality, we find that the latent money-capital, which is accumulated for future use, consists:

(1). Of deposits in banks; and it is a comparatively insignificant sum which is really at the disposal of the bank. Money-capital is but nominally accumulated there. What is actually accumulated are outstanding claims on money which can be monetized (so far as they are really monetized) only because there is a certain balance between the money drawn and the money deposited. It is a relatively small sum that is in the hands of the banker as money.

(2). Of public bonds. These are not capital at all, but mere claims on the annual product of the nation.

(3). Of stocks. So far as they are not bogus, they are titles of ownership of some actual capital belonging to some corporation and drafts on the surplus-value flowing from it.

There is no accumulation of money in any of these cases. What appears on the one side as an accumulation of money-capital, appears on the other as a continual and actual expenditure of money. It does not alter the case, whether the money is expended by its owner, or by others who are his debtors.

On the basis of capitalist production, the formation of a hoard is never an end in itself, but the result, either of a clogging of the circulation — larger amounts of money than is generally the case assuming the form of a hoard — or of accumulations conditioned on the turn-over; or, finally, the hoard is merely a formation of latent money-capital held temporarily and intended for future employment as productive capital.

Hence, while a portion of the money realized in surplus-value is on the one hand always withdrawn from circulation and accumulated as a hoard, another part of the surplus-value is at the same time continually converted into productive capital. With the exception of the distribution of additional precious metals among the members of the capitalist class, accumulation in the form of money never takes place simultaneously at all points.

That which is true of the other portion of the annual product, is also true of that portion of it which represents surplus-value in the form of commodities. A certain sum of money is required for its circulation. This sum of money belongs to the capitalist class quite as much as the annually produced quantity of commodities which represent surplus-value. It is originally thrown into circulation by the capitalist class itself. It is constantly redistributed among them by means of circulation itself. Just as in the case of the circulation of coin in general, so is there a clogging of a portion of this mass at ever varying points, while another portion is continually circulating. Whether a part of this accumulation is made intentionally for the purpose of forming money-capital, or not, does not alter the matter.

Exception has been made here of those adventures of circulation by which one capitalist grasps a portion of the surplus-value, or even of the capital, of another, thereby causing a onesided accumulation and centralization of money-capital as well as of productive capital. For instance, a portion of the appropriated surplus-value accumulated by A as money-capital may be a portion of the surplus-value of B which does not flow back to him.

## **PART III. The Reproduction and Circulation of the Aggregate Social Capital.**

## CHAPTER XVIII. INTRODUCTION.

### THE OBJECT OF THE ANALYSIS.

The immediate process of production of capital is its labor process and self-expansion, the process whose result is the commodity-product, and whose compelling motive is the production of surplus-value.

The process of reproduction of capital comprises this immediate process of production as well as the two phases of the process of circulation, strictly so called, in other words, it comprises the entire cycle, which, as a periodic process, constantly repeated at definite intervals, constitutes the turnover of capital.

No matter whether we study the rotation in the form of  $M — M'$  or that of  $P — P$ , the immediate process of  $P$  itself always forms but one link in the chain of this rotation. In the one form it appears as a promoter of the process of circulation, in the other the process of circulation appears as its promoter. Its continual renewal, the continual rehabilitation of capital as productive capital, is in either case conditioned on its metamorphoses in the process of circulation. On the other hand, the continually renewed process of production is the condition of the metamorphoses which the capital traverses ever anew in the sphere of circulation, its alternate incarnation as money-capital and commodity-capital.

However, every individual capital forms but an individual fraction, endowed with individual life, as it were, of the aggregate social capital, just as every individual capitalist is but an individual element of the capitalist class. The movement of the social capital consists of the totality of the movements of its individualized fractional parts, the turnovers of the individual capitals. Just as the metamorphosis of the individual commodity is a link in the series of metamorphoses of the commodity-world — the circulation of commodities — so the metamorphosis of the individual capital, its turn-over, is a link in the rotation of the social capital.

This total process comprises both the productive consumption (the immediate process of production) together with the metamorphoses (materially considered, exchanges) which promote it, and the individual consumption together with its corresponding metamorphoses, or exchanges. It includes on the one hand the conversion of variable capital into labor-power, and thus the incorporation of labor-power in the process of capitalist production. Here the laborer appears as the seller of his commodity, labor-

power, and the capitalist as its buyer. But on the other hand the sale of the commodities implies their purchase by the working class, in other words, their individual consumption. Here the working class appear as buyers and the capitalists as sellers of commodities to the laborers.

The circulation of the commodity-capital implies the circulation of surplus-value, hence also the purchases and sales, by which the capitalists promote their individual consumption, the consumption of surplus-value.

The rotation of individual capitals, then, in their aggregation as social capital, but in their totality, comprises not only the circulation of capital, but also the general circulation of commodities. The last named can originally consist of only two parts: (1) The rotation of the capital itself, and (2) the rotation of the commodities which pass into individual consumption, the commodities for which the laborer expends his wages and the capitalist his surplus-value (or a part of it). True, the rotation of capital comprises also the circulation of surplus-value, so far as it is a part of the commodities, and likewise the conversion of the variable capital into labor-power, the payment of wages. But the expenditure of this surplus-value and wage for commodities does not form a link in the circulation of capital, although at least the expenditure of wages is a requirement for this circulation.

In volume I the process of capitalist production was analyzed as an individual transaction as well as a process of reproduction, the production of surplus-value as well as the production of capital. The changes of form and substance experienced by capital in the sphere of circulation were assumed without lingering over them. It was assumed that, on one hand, the capitalist sells the product at its value, and on the other, that he finds within the sphere of circulation the material means of production required for the renewal or continuation of the process. The only transaction within the sphere of circulation over which we had lingered in the first volume was the sale and purchase of labor-power as the fundamental condition of the capitalist mode of production.

In the first part of volume II, the various forms were considered which capital assumes in its rotation, and the various forms of this rotation itself.

In the second part of this volume, the rotation of capital was studied as a periodical process, as a turn-over. It was shown on one side, in what manner the various constituent parts of capital (fixed and circulating) accomplish the rotation of forms in different periods of time and different ways; and, on the other side, the circumstances were analyzed on which the different

duration of the working period and the period of circulation is conditioned. We observed the influence of the period of turn-over and of the different proportions of its component parts upon the volume of the process of production and upon the annual rate of surplus-value. Indeed, while it was the successive forms continually assumed and discarded by capital in its rotation which were studied in part I of volume II, it was shown in part II of this volume, how a capital of a given magnitude is simultaneously divided, within this flow and succession, into the different forms of productive capital, money-capital, and commodity-capital, in varying proportions, so that they do not only relieve one another, but that different portions of the total capital-value are continually side by side and serve in these different forms. Especially money-capital was revealed in its peculiarities, which had not been shown in volume I. Certain laws were found, according to which certain portions of different size of a given capital must be continually advanced and renewed in the form of money-capital, according to the conditions of the turn-over, in order to maintain in service a productive capital of a certain volume.

But in both the first and second parts of this volume, it was only a question of some individual capital, of the movement of some individualized part of social capital.

However, the turn-overs of individual capitals intermingle, are mutually conditioned on one another, are their mutual premises, and form precisely in this interrelation the movement of social capital. Just as in the simple circulation of commodities the total metamorphosis of a certain commodity appeared as a link in the series of metamorphoses of the world of commodities, so now the metamorphosis of individual capital appears as a link in the series of a metamorphoses of the aggregate social capital. But while the simple circulation of commodities did not necessarily imply the rotation of capital — since it may take place on the basis of non-capitalist production — the rotation of the aggregate social capital, as we have seen, implies also the circulation of commodities not belonging to the rotation of some individual capital, in other words, the circulation of commodities which do not represent any capital.

We have now to study the process of circulation of individual capitals in their capacity as component parts of the aggregate social capital (which circulation constitutes in its entirety the process of reproduction), that is to say, the process of rotation of this aggregate social capital.

## THE ROLE OF MONEY-CAPITAL.

(Although the following belongs in a later part of this section, we shall analyze it immediately, namely, the money-capital considered as a constituent part of the aggregate social capital.)

In the study of the turn-over of the individual capital, the money-capital revealed two sides.

In the first place, it is the form in which every individual capital appears upon the scene and opens its process as capital. It therefore appears as the prime promoter, giving the first impetus to the entire process.

In the second place, according to the different durations of the periods of turn-over and the different proportion of its two parts — the working period and the period of circulation — that portion of the advanced capital-value which must be continually advanced and renewed in the form of money maintains a different proportion to the productive capital which it sets in motion, or in other words, to the continuous scale of production. But whatever may be this proportion, that portion of the active capital-value which can continually serve as productive capital is limited under any circumstances by that portion of the advanced capital-value which must exist continually beside the productive capital in the form of money. It is here merely a question of a normal turn-over, an abstract average. Exception is made of the additional money-capital required for the compensation of the interruptions of the circulation.

In regard to the first point, we have seen that the production of commodities implies the circulation of commodities, and the circulation of commodities implies the materialization of commodities in money, the circulation of money; the duplication of commodities in commodities and money is a law of the transformation of products into commodities. The capitalist production of commodities likewise implies — whether considered socially or individually — that capital in the form of money, or money-capital, is the prime motor of every new business and its continual motor. Especially the circulating capital implies the continuous reappearance of money-capital in short intervals as a motor. The entire advanced capital-value, that is to say, all the elements of capital composed of commodities, labor-power, instruments and materials of production, must be continually bought with money and again bought with money. What is true of the individual capital, is also true of the social capital which functions only in the form of many individual capitals. But, as we showed

in volume I, this does not imply that the field of activity of capital, the scale of production, even on a capitalist basis, depends absolutely for its extension on the amount of the money-capital in service.

Elements of production are incorporated in the capital whose expansion within certain limits is independent of the magnitude of the advanced money-capital. The payment of labor-power remaining the same, it can yet be exploited more or less extensively or intensively. If the money-capital is increased with this greater exploitation, that is to say, if wages are raised, it is not proportionately, or, in other words, they are not actually raised.

The productively exploited materials of nature — the soil, the seas, ore, forests, etc. — which do not constitute an element in the value of capital, are intensively or extensively better exploited with an increasing exertion of the same labor-power, without requiring an additional advance of money-capital. The actual elements of productive capital are thus multiplied without requiring a greater advance of money-capital. But so far as such an advance is required for additional auxiliary materials, the money-capital, in which the capital-value is advanced, is not increased proportionately to the augmented effectiveness of the productive capital, so that in reality it is not increased.

The same instruments of labor, and thus the same fixed capital, may be more effectively used by a prolongation of their daily use and by greater intensity of employment, without an additional investment of money for fixed capital. There is, in that case, only a more rapid turn-over of the fixed capital, but the elements of its reproduction are also supplied more rapidly.

Apart from materials of nature, it is possible to incorporate natural forces which do not cost anything as agents of the productive progress with more or less heightened effect. The degree of their effectiveness depends on the methods and scientific progress which do not cost the capitalist anything.

The same is true of the social combination of labor-power in the process of production and of the accumulated skill of the individual laborers. Carey calculates that the real estate owner never receives enough, because he is not paid for all the capital or labor which have been put into the soil since time immemorial in order to give it its present productivity. (Of course, no mention is made of the productivity of which the soil is robbed.) According to this argument, the laborer would have to be paid according to the work which had to be done by the entire human race in order to develop a savage into a modern mechanic. One should rather think: If all the unpaid labor

embodied in the soil and appropriated by the real estate owner is counted, then all the capital ever invested in this soil has been paid over and over with usury, so that society has long ago bought the real estate over and over.

The increase in the productive powers of labor, so far as it does not imply an additional investment of capital-value, augments in the first analysis indeed only the quantity of the product, not its value, except the extent to which it is enabled to produce more constant capital with the same labor and thus to preserve its value. But it forms at the same time new material for capital, hence the basis for an increased accumulation of capital.

So far as the organization of social labor itself, and thus the increase in the social productivity of labor, requires a production on a large scale and thus the advance of large quantities of money-capital on the part of individual capitalists, we have shown in volume I that this is accomplished in part by the centralization of capitals in a few hands, without necessarily implying an increase in the volume of the actively engaged capital-values, and consequently in the volume of the money-capital, in which they are advanced.

Finally, we have shown in the preceding part that a contraction of the period of turn-over permits of setting in motion the same productive capital with less money-capital, or to set in motion more productive capital with the same money-capital.

But evidently all this has nothing to do with the real question of money capital. It shows only that the advanced capital, a given sum of values consisting in its free form, in its value-form, of a certain sum of money after its conversion into productive capital, includes productive potentialities whose limits are confined within those of its values, but which may exert themselves extensively or intensively within a certain playroom. If the prices of the elements of production — the materials of production and labor-power — are given, the magnitude of the money-capital required for the purchase of a definite quantity of these elements of production in the form of commodities is determined. Or, the magnitude of the value of the capital to be advanced is determined. But the extent to which this capital acts as a creator of values and products is elastic and variable.

Now we come to the second point. It is a matter of course, that that portion of the social labor and means of production, which must be annually expended for the production or purchase of money, in order to make up for

the wear and tear of coin, is to that extent a reduction of the volume of social production. But as for the money-value which functions partly as a medium of circulation, partly as a hoard, it exists, having once been acquired, it is present apart from the labor-power, the finished means of production, and the natural sources of wealth. It cannot be regarded as a barrier of production. By its transformation into elements of production, by its exchange with other nations, the scale of production might be extended. This implies, however, that the money plays its role as international money the same as ever.

According to the duration of the period of turn-over, a greater or smaller amount of money-capital is required in order to set the productive capital in motion. We have also seen that the division of the period of turn-over into a working period and a period of circulation requires an increase of the capital latent or suspended in the form of money.

So far as the period of turn-over is determined by the duration of the working period, it is determined, other conditions remaining equal, by the material nature of the process of production, not by the specific social character of this process of production. However, on the basis of capitalist production, extensive operations of a long duration require large advances of money-capital for a long time. Production in such spheres is, therefore, dependent on the limits within which the individual capitalist has money-capital at his disposal. This barrier is broken down by the credit system and associations, connected with it, for instance, stock companies. Disturbances in the money-market, therefore, set such businesses out of action, while they, on the other hand cause disturbances in the money-market themselves.

On the basis of capitalist production, it must be ascertained, on what scale those operations which withdraw labor and means of production from it for a long time without furnishing in return any useful product, can be carried on without injuring those lines of production which do not only withdraw continually, or at several intervals, labor-power and means of production from it, but also supply it with means of subsistence and of production. Under social or capitalist production, the laborers in lines with short working periods will always withdraw products only for a short time without giving any products in return; while lines of business with long working periods withdraw products for a long time without any returns. This circumstance, then, is due to the material conditions of the respective labor process, not to its social form. In the case of socialized production, the

money-capital is eliminated. Society distributes labor-power and means of production to the different lines of occupation. The producers may eventually receive paper checks, by means of which they withdraw from the social supply of means of consumption a share corresponding to their labor-time. These checks are not money. They do not circulate.

We see, then, that, so far as the need of money-capital is due to the length of the working period, it is determined by two things: First, that money is the general form in which every individual capital (apart from credit) must make its entry in order to transform itself into productive capital; this follows from the nature of capitalist production, or of commodity-production in general. Second: The magnitude of the required money advance is due to the fact that labor-power and means of production must continually be withdrawn from society for a long time without any return of products convertible into money. The first requirement, namely that capital must be advanced in the form of money, is not suspended by the form of this money itself, regardless of whether it is metal-money, credit-money, token-money, etc. The second circumstance is in no way affected by the money-medium or the form of production by means of which labor, means of subsistence, and means of production are withdrawn, without the return of some equivalent into the circulation.

## CHAPTER XIX. FORMER DISCUSSIONS OF THE SUBJECT.

### THE PHYSIOCRATS.

Quesnay's *Tableau Economique* shows in a few broad outlines, how the result of national production in a certain year, amounting to some definite value, is distributed by means of the circulation in such a way, that, other circumstances remaining the same, simple reproduction can take place, that is to say, reproduction on the same scale. The starting point of this period of production is fittingly last year's crop. The innumerable individual acts of circulation are at once viewed in their characteristic social mass movement — the circulation between great social classes distinguished by their economic functions. We are especially interested in the fact that a portion of the total product — which, like every other portion of it is a new result of last year's labor and intended for use — is at the same time the bearer of old capital-values re-appearing in their natural form. It does not circulate, but remains in the hands of its producers, the class of capitalist farmers, in order to begin its service as capital once more for them. In this constant portion of the capital of one year's product, Quesnay includes also some elements that do not belong to it, but he sees the main thing, thanks to the limits of his horizon, in which agriculture is the only productive sphere of investment where human labor produces surplus-value, hence the only productive one from the capitalist point of view. The economic process of reproduction whatever may be its specific social character, intermingles in this sphere of agriculture always with a natural process of reproduction. The obvious conditions of the latter throw light on those of the former, and keep off a confusion of thought, which is due only to the witchery of circulation.

The label of a system differs from that of other articles, among other things, by the fact that it cheats not only the buyer, but often also the seller. Quesnay himself and his immediate disciples believed in their feudal shop sign. So did our school scientists to this day. But as a matter of fact, the system of the physiocrats is the first systematic conception of capitalist production. The representative of capitalist production, the class of capitalist farmers, directs the entire economic movement. Agriculture is carried on capitalistically, that is to say, it is the enterprise of a capitalist

farmer on a large scale; the immediate cultivator of the soil is the wage laborer. Production creates not only articles of use, but also their value; its compelling motive is the production of surplus-value, whose birth-place is the sphere of production, not that of circulation. Among the three classes which figure as the bearers of the process of reproduction promoted by the circulation the immediate exploiter of “productive” labor, the producer of surplus-value, the capitalist farmer, is distinguished from those who merely appropriate surplus-value.

The capitalist character of the system of the physiocrats excited opposition even during its flourishing period, on one side on the part of Linguet and Mably, on the other that of the champions of the freeholders of small farms.

The retrogression of Adam Smith in the analysis of the process of reproduction is so much more remarkable, as he manipulates other correct analyses of Quesnay, for instance, by generalizing the “avances primitives” and “avances annuelles” into “fixed” and “circulating” capital, and even relapses entirely into physiocratic errors in some places. For instance, in order to demonstrate that the capitalist farmer produces more value than any other class of capitalists, he says: “No other capital sets a greater quantity of productive labor in motion than that of the capitalist farmer. Not only his laboring servants, but also his laboring cattle, consist of productive laborers.” (Fine compliment for the laboring servants!) “In agriculture, nature works as well as human beings; and although its labor does not require any expense, its product nevertheless has a value, the same as that of the most expensive laborer. The most important operations of agriculture seem to aim, not so much to increase the fertility of nature — although they do that, too — as to direct it toward the production of the plants most useful to mankind. A field grown up in thorns and weeds often enough furnishes as large a quantity of plant growth as the best tilled vineyard or corn field. Planting and cultivation serve frequently more to regulate than to stimulate the active fertility of nature; and after those have exhausted all their labors, there still remains a great deal of work to do for the latter. The laborer and the laboring cattle (!) employed in agriculture, therefore, do not only effect, like the laborers in the manufactures, the reproduction of a value which is equal to their own consumption and the capital employing them together with the profit of the capitalist, but that of a far greater value. Over and above the capital of the farmer and all his profits they effect regularly the

reproduction of the rent of the land owner. The rent may be regarded as the product of the forces of nature, the use of which the land owner lends to the farmer. It is larger or smaller according to the estimated degree of these forces, in other words, according to the estimated natural or artificially insured fertility of the soil. It is the work of nature which remains after deducting or replacing all that which may be regarded as the work of man. It is rarely less than one quarter and frequently more than one third of the total product. No other equal quantity of labor, employed in manufacture, can ever effect so large a reproduction. In manufacture nature does nothing, man everything; and reproduction must always be proportional to the strength of the agencies that carry it on. Therefore the capital invested in agriculture does not only set in motion a greater quantity of productive labor than any equal capital employed in manufacture; but it also adds, in proportion to the quantity of productive labor employed by it, a far greater value to the annual product of the soil and to the labor of a certain country, to the actual wealth and income of its inhabitants.” (Book II, chapter 5, page 242.)

Adam Smith says in Book I, Chapter 6, page 42: “In value of the sowings is likewise a fixed capital in the proper meaning of the word.” Here, then, capital is the same as capital-value; it exists in a “fixed” form. “Although the seed passes back and forth between the soil and the barn, yet it never changes owners and therefore does not circulate in reality. The farmer does not make his profit by its sale, but by its increase.” (Page 186.) The absurdity lies here in the fact that Smith does not, like Quesnay before him, notice the reappearance of the value of constant capital in a new form, an important element of the process of reproduction, but merely another illustration, and a wrong one at that, of his distinction between circulating and fixed capital. In Smith’s translation of “avances primitives” and “avances annuelles” into “fixed capital” and “circulating capital,” the progress consists in the term “capital,” whose meaning is generalized and made independent of the special consideration for the “agricultural” application of the physiocrats; the retrogression consists in the fact that the terms “fixed” and circulating” are regarded as the fundamental distinction and so maintained.

ADAM SMITH.

THE GENERAL POINT OF VIEW OF ADAM SMITH

Adam Smith says in Book I, Chapter 6, page 42: “In every society the price of every commodity finally dissolves into one or the other of these three parts (wages, profit, ground rent), or into all three of them; and in every advanced society all three of them pass more or less as component parts into the price of by far the greater part of the commodities.” Or, as he continues, page 63: “Wages, profit, and ground rent are the three final sources of all income as well as of all exchange value.” We shall discuss further along this doctrine of Smith concerning the “component parts of the prices of commodities,” or of “all exchange value.”

He says furthermore: “As this is true of every single commodity individually, it must also be true of all commodities as a whole, constituting the entire annual product of the soil and the labor of every country. The total price or exchange-value of this annual product must dissolve into the same three parts, and be distributed among the different inhabitants of the land, either as wages of their labor, or as profit of their capital, or as rent of their real estate.” (Book II, chapter 2, page 190.)

After Adam Smith has thus dissolved the price of all commodities individually as well as “the total price or exchange-value...of the annual product of the soil and the labor of every country” into three sources of revenue for wage-workers, capitalists, and real estate owners, he must needs smuggle a fourth element into the problem by a circuitous route, namely the element of capital. This is accomplished by the distinction between a gross and a net income. “The gross income of all inhabitants of a large country comprises the entire annual product of their soil and their labor; the net income that portion which remains at their disposal after deducting the cost of maintenance, first of fixed, and second, of their circulating capital; or that portion which they can place in their supply for consumption, or expend for their maintenance, comfort, and pleasure, without touching their capital. Their actual wealth likewise is proportional, not to their gross, but to their net income.” (Ibidem, page 190.)

We make the following comment:

(1). Adam Smith expressly deals here only with simple reproduction, not reproduction on an enlarged scale, or accumulation. He speaks only of expenses for maintaining the capital in process. The “net” income is equal to that portion of the annual product, whether of society, or of the individual capitalist, which can pass into the “fund for consumption,” but the size of this fund must not encroach upon capital in process. One portion of the

value of both the individual and social product, then, is dissolved neither in wages, nor in profit, nor in ground rent, but in capital.

(2). Adam Smith flees from his own theory by means of a word play, the distinction between a gross and net revenue. The individual capitalist as well as the entire capitalist class, or the so-called nation, receive in place of the consumed capital a quantity of commodities, whose value — represented by the proportional parts of this product — replaces on one hand the invested capital-value and thus forms an income, or revenue, but, mark well, a capital revenue; on the other hand, portions of value which are “distributed among the different inhabitants of the land, either as wages of their labor, or as profits of their capital, or as rent of their real estate,” a thing commonly called income. Hence the value of the entire product, whether of the individual capitalist, or of the whole country, yields an income for somebody; but it is on one hand an income of capital, on the other a “revenue” different from it. In other words, the thing which is eliminated by the analysis of the commodity in its component parts is brought back through a side door, the ambiguity of the term “revenue.” But only such portions of the value of a product can be taken in as previously existed in it. If the capital is to come in as revenue, capital must first have been expended.

Adam Smith says furthermore: “The lowest ordinary rate of profits must always amount to a little more than is sufficient to make good the losses incidental to every investment of capital. It is this surplus alone which represents the clear, or net, profit.” (Which capitalist understands by profit necessary investment of capital?) “That which people call gross profit comprises frequently not only this surplus, but also the portion retained for such extraordinary losses.” (Book I, chapter 9, page 72.) This means nothing else but that a portion of the surplus-value, considered as a part of the gross profit, must form an insurance fund for the production. This insurance fund is created by a portion of the surplus-labor, which to that extent produces capital directly, that is to say, the fund intended for reproduction. As regards the expense for the “maintenance” of the fixed capital (see the above quotations), the replacement of the consumed fixed capital by a new one is not a new investment of capital, but only a renewal of the value of the old capital. And as far as the repair of the fixed capital is concerned, which Adam Smith counts likewise among the cost of maintenance, this expense belongs to the price of the capital advanced. The

fact that the capitalist, instead of investing this all at one time, invests it gradually according to the requirements during the process of capital in service, and that he may invest it out of profits already pocketed, does not change the source of this profit. The portion of value of which it consists proves only that the laborer produces surplus-value for the insurance fund as well as for the repairing fund.

Adam Smith then tells us that he excludes from the net revenue, that is to say, from the revenue in its specific meaning, the entire fixed capital, furthermore that entire portion of the circulating capital which is required for the maintenance and repair of the fixed capital, and for its renewal; as a matter of fact, all capital not in the natural form intended for the fund for consumption.

“The entire expenditure for the maintenance of the fixed capital must evidently be excluded from the net revenue of society. Neither the raw materials by means of which the machines and tools of industry must be kept in condition nor the product of the labor required for the transformation of these raw materials into their intended form can ever constitute a portion of this revenue. The price of this labor may indeed form a portion of that revenue, as the laborers so employed may invest the entire value of their wages in their immediate fund for consumption. But in other kinds of labor the price” (that is to say, the wages paid for this labor) “as well as the product” (in which this labor is incorporated) “enter into the fund for consumption; the price into that of the laborers, the product into that of other people, whose subsistence, comfort, and pleasure are increased by the labor of these workmen.” (Book II, chapter 2, page 190, 191.)

Adam Smith here comes upon a very important distinction between the laborers employed in the immediate production of means of production and those employed in the immediate production of articles of consumption. The value of the commodities produced by the first-named contains a part which is equal to the sum of the wages, that is to say, equal to the value of the amount of capital invested in the purchase of labor-power. This value exists bodily as a certain share of the means of production produced by these laborers. The money received by them as wages is their revenue, but their labor has not produced any goods which are consumable, either for them or for others. Hence these products are not an element of that portion of the annual product which is intended for a social fund for consumption, in which a “net revenue” can alone be realized. Adam Smith forgets to add

here that the same thing which applies to wages is also true for that portion of the value of the means of production, which forms the revenue (in the first hand) of the industrial capitalist under the categories of profit and rent. These portions of value likewise exist in means of production, articles which cannot be consumed. They cannot secure out of the articles of consumption produced by the second kind of laborers a quantity corresponding to their price until they have been sold; only then can they transfer those articles to the individual fund for consumption of their owner. But so much more Adam Smith should have seen that this excludes the value of the means of production serving within the sphere of production — the means of production which produce means of production — a portion of value equal to the value of the constant capital employed in this sphere and excluded from the portions of value forming a revenue, not only by the natural form in which it exists, but also by its function as capital.

The statements of Adam Smith regarding the second kind of laborers — who produce immediately articles of consumption — are not quite exact. He says that in this kind of labor, both the price of labor and the product go to the fund for immediate consumption, “the price” (that is to say, the money received in wages) “to the stock for the consumption of the laborers, and the product to that of other people, whose subsistence, comfort, and pleasure are increased by the labor of these workmen.” But the laborer cannot consume the “price” of his labor directly, the money in which his wages are paid; he makes use of it by buying articles of consumption with it. These may in part consist of classes of commodities produced by himself. On the other hand, his own produce may be such as goes only into the consumption of the exploiters of labor.

After Adam Smith has thus entirely excluded the fixed capital from the “net revenue” of a certain country, he continues:

“While the entire expense for maintaining the fixed capital is thus necessarily excluded from the net revenue of society, the same is not the case with the expense of maintaining the circulating capital. Of the four parts which go to make up this last named capital, money, means of subsistence, raw materials, and finished products, the last three, as we have said, are regularly taken out of it and transferred either to the fixed capital of society, or to the fund intended for immediate consumption. That portion of the consumable articles which is not employed for the maintenance of the former” (the fixed capital) “passes wholly into the latter” (the fund for

immediate consumption) “and forms a part of the net revenue of society. Hence the maintenance of these three parts of the circulating capital does not diminish the net revenue of society by any other portion of the annual product than that required for maintaining the fixed capital.” (Book II, chapter 2, page 192.)

This is but a tautology, to the effect that that portion of the circulating capital, which does not serve for the production of means of production, passes into that of means of consumption, in other words, passes into that part of the annual product, which is to serve as a fund for the social consumption. However, the immediately following passage is important:

“The circulating capital of society is different in this respect from that of an individual. That of an individual is wholly excluded from his net revenue, and can never form a part of it; it can consist only of his profit. But although the circulating capital of each individual goes to make up a portion of the circulating capital of the society to which he belongs, it is nevertheless not absolutely excluded for this reason from the net revenue of society, and may form a part of it. While all the commodities in the store of some small dealer must not by any means be placed in the supply for his own immediate consumption, still they may belong in the fund for consumption of other people, who, by means of a revenue secured by other funds, may regularly make good for him their value together with his profit, without thereby causing a reduction of either his or their capital.” (Ibidem.)

We learn, then, the following facts from him:

(1). Just as the fixed capital, and the circulating capital required for its reproduction (he forgets the function) and maintenance, are absolutely excluded from the net revenue of the individual capitalist which can consist only of his profit, so is also the circulating capital employed in the production of means of consumption. Hence that portion of his commodity-product which reproduces his capital cannot be dissolved into portions of value which yield any revenue for him.

(2). The circulating capital of each individual capitalist constitutes a part of the circulating capital of society, the same as every individual fixed capital.

(3). The circulating capital of society, while representing only the sum of the individual circulating capitals, has a different character than the circulating capital of every individual capitalist. The circulating capital of the individual capitalist can never be a part of his own revenue; but a

portion of the circulating capital of society (namely, that consisting of means of consumption) may at the same time be a portion of the revenue of society, or, as he expressed it in the preceding quotation, it must not necessarily reduce the net revenue of society by a portion of the annual product. Indeed, that which Adam Smith here calls circulating capital, consists in the annually produced commodity-capital, which is thrown into circulation annually by the capitalists producing it. This entire annual commodity-product of theirs consists of consumable articles and, therefore, forms the fund in which the net revenue of society (including wages) is realized or expended. Instead of choosing for his illustration the commodities in the store of the small dealer, Adam Smith should have selected the masses of commodities stored away in the warehouses of the industrial capitalists.

Now if Adam Smith had summed up the snatches of thought which forced themselves upon him, first in the study of the reproduction of that which he calls fixed, then of that which he calls circulating capital, he would have arrived at the following result:

The annual product of society consists of two divisions; one of them comprises the means of production, the other the means of consumption. Both must be treated separately.

The aggregate value of the annual product consisting of means of production is divided as follows: One portion of the value represents but the value of the means of production consumed in the creation of these means of production; it is but capital-value reappearing in a renewed form; another portion is equal to the value of the capital invested in labor-power, or equal to the sum of the wages paid by the capitalists of this sphere of production. A third portion of value, finally is the source of profits, including ground rent, of the industrial capitalists in this sphere.

The first portion of value, according to Adam Smith the reproduced portion of the fixed capital of all the individual capitals employed in this first section, is “evidently excluded and can never form a part of the net revenue,” either of the individual capitalist or of society. It always serves as capital, never as a revenue. To that extent the “fixed capital” of each individual capitalist is in no way different from the fixed capital of society. But the other portions of the annual product of society consisting of means of production, — portions of value which also exist in the aliquot parts of this mass of means of production — form indeed revenues for all agents

engaged in this production, yielding wages for the laborers, profits and ground rent for the capitalists. But so far as society is concerned, they are capital, not revenue, although the annual product of society consists only of the sums of the products of the individual capitalists belonging to it. These things are generally fit only for service as means of production by their very nature, and even those which may eventually serve as means of consumption are intended for service as raw or auxiliary materials of new production. But they serve as such — as capital — not in the hands of their producers, but in those of their purchasers, namely,

The capitalists of the second category, the direct producers of means of consumption. These things reproduce for these capitalists the capital consumed in the production of means of consumption (so far as this capital is not converted into labor-power, so that it consists in the sum of the wages of the laborers of this second class), while this consumed capital, which now exists in the form of means of consumption in the hands of the capitalists producing them, constitutes in its turn — from the point of view of society — the fund intended for consumption, in which the capitalists and laborers of the first category realize their revenue.

If Adam Smith had continued his analysis to this point, then he would have lacked but little for the complete solution of the problem. He was almost on the point of solving it, for he had already observed, that certain values of one kind (means of production) of the commodity-capitals constituting the total product of society yield indeed a revenue for the laborers and capitalists engaged in production, but do not contribute anything toward the revenue of society; while another part of value of another kind (means of consumption), although it is capital for its individual owners, that is to say, for the capitalists engaged in this sphere, is only a part of the social revenue.

So much is evident from the foregoing:

First: Although the social capital is but made up of the sum of the individual capitals, and for this reason the annual product in commodities (or the commodity-capital) equal to the sum of commodities produced by these individual capitals; and although the analysis of the value of commodities into its component parts, applicable to every individual commodity-capital, must also apply to the entire social commodity-capital, and actually does so result in the end, nevertheless the forms which these

different component parts assume, when incorporated in the aggregate process of social production, differ.

Second: Even on the basis of simple reproduction, there is not merely a production of wages (variable capital) and surplus-value, but a direct production of new constant capital, although the working day consists only of two parts, one in which the laborer reproduces the variable capital, an equivalent for the purchase price of his labor-power, and another in which he produces surplus-value (profit, rent, etc.). For the daily labor, which is expended in the reproduction of means of production — and whose value is composed of wages and surplus-value — realizes itself in new means of production that take the places of the constant parts of capital consumed in the production of means of consumption.

The main difficulties, the greater part of which has been solved in the preceding analyses, are not offered by a study of accumulation, but by that of simple reproduction. For this reason, Adam Smith (book II) as well as Quesnay (Tableau Economique) take their departure from simple reproduction, whenever it is a question of the movements of the annual product of society and of its reproduction by means of circulation.

#### SMITH RESOLVES EXCHANGE-VALUE INTO V PLUS S.

The dogma of Adam Smith, to the effect that exchangeable value, or the price of any commodity — and therefore of all commodities constituting the annual product of society (since he justly assumes everywhere the existence of capitalist production) — is made up of three component parts, or resolves itself into wages, profit, and rent, may be reduced to the fact that the value of a commodity is equal to  $v$  plus  $s$ , that is to say, equal to the value of the advanced variable capital plus the surplus-value. And we may undertake this reduction of profit and rent to a common unit called  $s$  with the expressed permission of Adam Smith, as shown by the following quotations, in which we leave aside all minor points, especially any actual or apparent deviation from his dogma that the value of the commodities resolves itself exclusively into those elements which we call  $v$  plus  $s$ .

In manufacture: “The value which the laborers add to the material resolves itself...into two parts, one of which pays their wages, and the other the profit of their employer on the entire capital advanced by him in materials and wages.” (Book I, chapter 6, page 41.) “Although the manufacturer gets his wages advanced by his master, he does not cost the

latter anything in reality, since as a rule the value of these wages is preserved together with a profit, in the increased value of the object to which the labor was applied.” (Book II, chapter 3, page 221). That portion of the stock which is invested “in the maintenance of productive labor...after it has served him (the employer) in the function of a capital...forms a revenue for them” (the laborers). (Book II, chapter 3, page 223.)

Adam Smith says explicitly in the chapter just quoted: “The entire annual product of the soil and the labor of each country...naturally resolves itself into two parts. One of them, and frequently the greater, is intended primarily to replace capital and to reproduce the means of subsistence, raw materials and finished products obtained from some capital; the other is intended to form a revenue either for the owner of this capital, as a profit on his capital, or for some one else, as a rent of his real estate.” (Page 222.) Only a portion of the capital, so Adam Smith informed us just awhile ago, also forms a revenue for some one, namely that which is invested in the purchase of productive labor. This portion — the variable capital — performs first “the function of capital” for its employer and in his hands, and then it “forms a revenue” for the productive laborer himself. The capitalist transforms a portion of the value of his capital into labor-power and thereby into variable capital; it is only due to this transformation that not alone this portion of capital, but his entire capital, serve as industrial capital. The laborer — the seller of his own labor-power — receives its value in the form of wages. In his hands, labor-power is but a saleable commodity, a commodity whose sale keeps him alive, which is the sole source of his revenue; laborpower serves as a variable capital only in the hands of its buyer, the capitalist, and the capitalist advances its purchase price only apparently, since its value has been previously supplied to him by the laborer.

After Adam Smith has thus shown that the value of a product in manufacture is equal to  $v$  plus  $s$  ( $s$  standing for the profit of the capitalist), he tells us that, in agriculture, the laborers effect, aside from “the reproduction of a value which is equal to their own consumption and the (variable) capital employing them plus the profit of the capitalist,” furthermore, “over and above the capital of the farmer and all his profit regularly the reproduction of the rent of the owner of the real estate.” (Book II, chapter 5, page 243.) The fact that the rent passes into the hands of the real estate owner, is immaterial for the question under consideration. Before

it can pass into his hands, it must be in those of the farmer, that is to say, of the industrial capitalist. It must form a part of the value of the product, before it can become a revenue for any one. Rent as well as profit are but component parts of surplus-value, even in the opinion of Adam Smith himself, and the productive laborer reproduces them continually together with his own wages, that is to say, with the value of the variable capital. Hence rent and profit are parts of the surplus-value  $s$ , and thus, with Adam Smith, the price of all commodities resolves itself into  $v$  plus  $s$ .

The dogma, that the price of all commodities (also of the annual product in commodities) resolves itself into wages plus profit, plus ground rent, assumes in the interspersed esoteric portion of Smith's work quite naturally the form that the value of every commodity, hence also that of the annual social product in commodities, is equal to  $v$  plus  $s$ , or equal to the value of the capital invested in labor-power and continually reproduced by the capitalist plus the surplus-value added by the labor of the laborers.

This outcome of the analysis of Adam Smith reveals at the same time — see farther along — the source of this one-sided analysis of the component parts into which the value of a commodity resolves itself. But the determination of the magnitude of these component parts and of the limit of their value has no bearing on the circumstance that they are at the same time different sources of revenue for different classes engaged in production.

Various inconsistencies are jumbled together when Adam Smith says: "Wages, profit, and ground rent are the three primary sources of all revenue as well as all exchange-value. Every other revenue is derived, in the last instance, from one of these." (Book I, chapter 6, page 48.)

(1). All members of society not directly engaged in reproduction, with or without labor, can obtain their share of the annual product of commodities — in other words, their articles of consumption — primarily only out of the hands of those classes who are the first to handle the product, that is to say, productive laborers, industrial capitalists, and real estate owners. To that extent their revenues are substantially derived from wages (of the productive laborers), profit, and ground rent, and appear as indirect derivations when compared to these primary sources of revenue. But, on the other hand, the recipients of these revenues, thus indirectly derived, draw them-by grace of their social functions, for instance that of a king, priest, professor, prostitute, soldier, etc., and they may regard these functions as the primary sources of their revenue.

(2). Here the ridiculous mistake of Adam Smith reaches its climax. After having taken his departure from a correct determination of the component parts of the value of commodities and the sum of values of the product incorporated in them, and having demonstrated that these component parts form so many different sources of revenue; after having in this way deducted the revenues from the value, he proceeds in the opposite way — and this remains the ruling conception with him — and makes of the revenues “primary sources of all exchange-value” instead of “component parts,” thereby throwing the doors wide open to vulgar economy. (See, for instance, our Roscher.)

#### THE CONSTANT PORTION OF CAPITAL.

Let us now see, how Adam Smith tries to spirit away the constant portion of the value of commodities.

“In the price of corn, for instance, one portion pays the rent of the land owner.” The origin of this portion of value has no more to do with the circumstance that it is paid to the land owner and forms for him a revenue in the shape of rent than the origin of the other portions of value has to do with the fact that they constitute sources of revenue as profit and wages.

“Another portion pays the wages and subsistence of the laborers” (and of the laboring cattle, as he adds) “employed in its production, and the third portion pays the profit of the capitalist farmer. These three portions seem” (they seem indeed) “to constitute either directly, or in the last instance, the entire price of corn.” This entire price, that is to say, the determination of its magnitude, is absolutely independent of its distribution among three kinds of people. “A fourth portion may seem necessary in order to reproduce the capital of the farmer, or the wear of his laboring cattle and of his other implements. But it must be considered that the price of any agricultural implement, for instance of a laboring horse, is in its turn composed of the above three parts: the rent of the land on which it is bred, the labor of breeding, and the profit of the farmer who advances both the rent of this land and the wages of this labor. Hence, although the price of the corn may reproduce the price as well as the cost of maintenance of the horse, the entire price still resolves itself, directly or in the last instance, into the same three parts: ground rent, labor,” (he means wages) “and profit.” (Book I, chapter 6, page 42.)

This is verbatim all that Adam Smith has to say in support of his surprising doctrine. His proof consists simply in the repetition of the same

contention. He admits, for instance, that the price of corn does not only consist of  $v$  plus  $s$ , but contains also the price of the means of production consumed in the production of corn, in other words, the value of a capital not invested in labor-power by the farmer. But, says he, the prices of all these means of production likewise resolve themselves into  $v$  plus  $s$ , the same as the price of corn. He forgets, however, to add in this case, that they also contain the prices of the means of production consumed in their production. He refers us from one line of production to another, and from that to a third. The contention that the entire price of commodities resolves itself “immediately” or “ultimately” into  $v$  plus  $s$  would not be a specious subterfuge in the sole case that he could demonstrate that the product in commodities, the price of which resolves itself immediately into  $c$  (price of consumed means of production) plus  $v$  plus  $s$ , is ultimately compensated by products which reproduce those “consumed means of production” completely and which are themselves produced by the investment of mere variable capital, by a mere investment of capital in labor-power. The price of these last products would then be  $v$  plus  $s$ . And in that case the price of the first products, represented by  $c$  plus  $v$  plus  $s$ , where  $c$  stands for the constant portion of capital, could be ultimately resolved into  $v$  plus  $s$ . Adam Smith himself did not believe that he had furnished such a proof by his example of the collectors of Scotch pebbles, who, according to him, do not produce any surplus-value, but produce only their own wages, and who, in the second place, do not employ any means of production (they do, however, employ them, such as baskets, sacks, and other means of carrying the stones).

We have already seen that Adam Smith later on throws his own theory over, without, however, being conscious of his contradictions. But the source of these is found precisely in his scientific premises. The capital converted into labor produces a greater value than its own. How does it do that? It is due, says Adam Smith, to the laborers, who impregnate, during the process of production, the things on which they work with a value which forms not only an equivalent for their own purchase price, but also a surplus-value, appropriated, not by them, but by their employers (profit and rent). That is all they accomplish, and all that they can accomplish. And what is true of the industrial labor of one day, is true of the labor set in motion by the entire capitalist class during one year. Hence the aggregate mass of the annual social product in values can resolve itself only into  $v$

plus  $s$ , into an equivalent by which the laborers reproduce the value of the capital expended for the purchase of their labor-power, and into an additional value which they must deliver over and above their own value to their employers. These two elements of value form at the same time sources of revenue for the various classes engaged in reproduction: The first is the source of wages, the revenue of the laborers; the second that of surplus-value, a portion of which is retained by the industrial capitalist in the form of profit, while another is given up by him as rent, the revenue of the real estate owners. Whence, then, should come another element of value, since the value of the annual product contains no other elements but  $v$  plus  $s$ ? We are working on the basis of simple reproduction. Since the entire quantity of annual labor resolves itself into labor required for the reproduction of the value of the capital invested in labor-power, and labor required for the creation of surplus-value, where would the labor required for the production of the value of a capital not invested in labor-power come from?

The situation is as follows:

(1). Adam Smith determines the value of a commodity by the quantity of labor which the wage worker adds to the object of labor. He calls it materials of labor, since he is dealing with manufacture, which is working up products of other labor. But this does not alter the matter. The value which the laborer adds to a thing (and this “adds” is an expression of Adam Smith) is entirely independent of the fact whether or not this thing, to which value is added, had itself any value before this addition took place. The laborer creates a product of value in the form of a commodity; this, according to Adam Smith, is partly an equivalent for his wages, and this part, then, is determined by the value of his wages; according to whether his wages are high or low, he has to add more or less value in order to produce or reproduce an equivalent for his wages. On the other hand, the laborer adds more labor over and above the limit so drawn, and this constitutes the surplus value for the capitalist who employs him. Whether this surplus-value remains entirely in the hands of the capitalist or is yielded by him in portions to third persons, does not alter the qualitative fact that the additional labor of the laborer is surplus-value, not the quantity of this additional value. It is value the same as any other portion of the value of the product, but it differs from other portions by the fact that the laborer has not received any equivalent for it, nor will receive any later on, because it is appropriated by the capitalist without any equivalent. The total value of a

commodity is determined by the quantity of labor expended by the laborer in its production; one portion of this total value is determined by the fact that it is equal to the value of the wages, an equivalent for them. The second portion, the surplus-value, is, therefore, likewise determined, for it is equal to the total value of the product minus that portion which is equivalent to the wages; it is equal to the excess of the value created in the manufacture of the product over that portion which is an equivalent for the wages.

(2). That which is true of a commodity produced in some individual industrial establishment by any individual laborer is true of the annual product of all lines of business together. That which is true of the day's work of some individual productive laborer is true of the entire year's work realized by the entire class of productive laborers. It "fixes" (expression of Adam Smith) in the annual product a total value determined by the quantity of the annual labor expended, and this total value resolves itself into one portion determined by that part of the annual labor which reproduces the equivalent of its annual wages, or these wages themselves; and into another portion determined by the additional labor by which the laboring class creates surplus-value for the capitalist class. The value contained in the annual product then consists of but two elements, namely the equivalent of the wages received by the laboring class, and the surplus-value annually created for the capitalist class. Now, the annual wages are the revenue of the working class, and the annual quantity of surplus-value the revenue of the capitalist class; both of them represent the relative shares in the annual fund for consumption (this view is correct when simple reproduction is the premise) and are realized in it. There is, then, no room left anywhere for the value of the constant capital, for the reproduction of the capital serving in the form of means of production. And Adam Smith states explicitly in the introduction of his work that all portions of the value of commodities which serve as revenue coincide with the annual product of labor intended for a social fund for consumption: "In what the revenue of the people consisted generally, or what was the nature of the fund, which...supplied their annual consumption, to explain this is the purpose of these first four books." (Page 12.) And in the very first sentence of the introduction we read: "The annual labor of every nation is the fund, which supplies them originally with all the subsistence which they consume in the course of the year, and which always consist either of the immediate product of this labor, or in articles bought with this product from other nations." (Page 11.)

The first mistake of Adam Smith consists in identifying the value of the annual product with the annual product in values. The latter is only the product of labor of the current year, the former includes furthermore all elements of value consumed in the making of the annual product, but which have been produced in the preceding or even in earlier years, means of production whose value merely re-appears, but which have been neither produced nor reproduced by the labor expended in the current year. By this mistake, Adam Smith spirits away the constant portion of the value of the annual product. His mistake rests on another error in his fundamental conception: He does not distinguish the two-fold nature of labor itself, of labor which creates exchange-value by the expenditure of labor-power, and labor which creates articles of use (use-values) as a concrete, useful, activity. The total quantity of the commodities made annually, in other words, the total annual product, is the product of the useful labor active during the the past year; all these commodities exist only because socially employed labor has been spent in a systematized network of many kinds of useful labor; it is due to this fact alone that the value of the means of production consumed in their production, re-appearing in a new natural form, is contained in their total value. The total annual product, then, is the result of the useful labor expended during the year; but only a portion of the value of the annual product has been created during the year; this portion is the annual product in values, in which the quantity of labor set in motion during the year itself is represented.

Hence, if Adam Smith says in the just cited passage: “The annual labor of every nation is the fund, which supplies them originally with all the subsistence which they consume in the course of the year, etc.,” he places himself one-sidedly upon the standpoint of mere useful labor, which has indeed given all these means of subsistence their consumable form. But he forgets that this was impossible without the assistance of instruments and materials of labor supplied by former years, and that, therefore, the “annual labor,” so far as it has created any values, did not create all the value of the products finished by it; that the product in values is smaller than the value of the products.

While we cannot reproach Adam Smith for going in this analysis no farther than all his successors (although a step toward a correct solution is already found among the physiocrats), he loses himself, on the other hand, in a chaos further along, mainly because his “esoteric” conception of the

value of commodities in general is constantly vitiated by exoteric ideas, which on the whole prevail with him, while his scientific instinct permits his esoteric conception to reappear from time to time.

#### CAPITAL AND REVENUE IN ADAM SMITH.

That portion of the value of every commodity (and therefore also of the annual product) which is but an equivalent of the wages is equal to the capital advanced by the capitalist for labor-power, in other words, equal to the variable portion of the total capital advanced. The capitalist recovers this portion of the value of his advanced capital through a portion of the value of a commodity newly supplied by the wage laborer. Whether the variable capital is advanced in such a way that the capitalist pays the laborer his share in a product which is not yet ready for sale, or which, though ready, has not yet been sold by the capitalist, or whether he pays him with money obtained by the sale of commodities previously supplied by the laborer, or whether he has drawn this money in advance by means of credit — in all these cases the capitalist expends variable capital, which passes into the hands of the laborer in the form of money, and at the same time he possesses the equivalent of this value of his capital in that portion of the value of his commodities by which the laborer reproduces his share of its total value, in other words, by which he reproduces his own wages. Instead of giving him this portion of the value in its natural form, that of his own product, the capitalist pays him in money. The capitalist then holds the variable portion of his advanced capital in the form of commodities, while the laborer has received the equivalent for his sold labor-power in the form of money.

Now while that portion of the capital advanced by the capitalists, which has been converted by the purchase of labor-power into variable capital, serves in the process of production itself as laboring power and is produced as a new value, or reproduced, by the expenditure of this force, in the form of commodities, — hence a reproduction, or new production of capital — the laborer spends the value or price of his sold labor-power in means of subsistence, in means for the reproduction of his labor-power. A quantity of money equal to the variable capital forms his revenue, which lasts only so long as he can sell his labor-power to the capitalist.

The commodity of the wage laborer — his labor-power — serves as a commodity only to the extent that it is incorporated in the capital of the capitalist and acts as capital; on the other hand, the capital expended by the

capitalist as money-capital in the purchase of labor-power serves as a revenue in the hands of the seller of labor-power, the wage laborer.

Various processes of circulation and production intermingle here, which Adam Smith does not clearly distinguish.

First: Processes belonging to circulation. The laborer sells his commodity — labor-power — to the capitalist; the money with which the capitalist buys it is from his point of view money invested for gain, in other words, money-capital; it is not spent, but advanced. (This is the real meaning of “advance” — avance in the language of the physiocrats — no matter where the capitalist gets the money. Every value which the capitalist pays out for the purposes of the productive process, is advanced from his point of view, regardless of whether this takes place before or after the fact; it is advanced for the process of production.) The same takes place here as in every other sale of commodities: The seller gives away a use-value (in this case his labor-power) and receives its value (realizes its price) in money; the buyer gives away his money and receives in turn the commodity itself — in this case labor-power.

Secondly: In the process of production, the purchased labor-power now forms a part of the acting capital, and the laborer himself serves here merely as one particular natural form of this capital, distinguished from the elements existing in the natural form of means of production. During the process, the laborer adds value to the means of production which he converts into products, by expending labor-power to the amount of his wages (without surplus-value); he reproduces for the capitalist that portion of his capital in the form of commodities which has been, or has to be, advanced for wages; hence he produces for the capitalist that capital which he can “advance” once more for the purchase of labor-power.

Thirdly: In the sale of the commodities, one portion of their selling price reproduces the variable capital advanced by the capitalist, whereby he, on the one hand, is enabled to buy more labor-power, and the laborer, on the other hand, to sell more.

In all purchases and sales of commodities — so far as these transactions are merely regarded by themselves, — it is quite immaterial what becomes of the money in the hands of the seller received for his commodities, and what becomes of the article of use in the hands of the buyer received in exchange for this money. Hence, so far as the mere process of circulation is concerned, it is quite immaterial that the labor-power bought by the

capitalist reproduces the value of capital for him, and that, on the other hand, the money received by the laborer as a purchase-price of his labor-power serves as his revenue. The magnitude of the value of the commodity of the laborer, his labor-power, is not affected either by serving as a revenue for him or by reproducing, through its use, on the part of the buyer, the value of the capital of the buyer.

Since the value of the labor-power — that is to say, the adequate selling price of this commodity — is determined by the quantity of labor required for its reproduction, and this quantity of labor itself is here determined by that required for the necessary subsistence of the laborer, the wages become a revenue on which the laborer has to live.

It is entirely wrong, when Adam Smith says (page 223): “That portion of capital which is invested in the maintenance of productive labor...after it has served him” (the capitalist) “in the function of a capital...forms a revenue for them” (the laborers). The money with which the capitalist pays for the labor-power purchased by him, “serves him in the function of a capital,” to the extent that he thereby incorporates labor-power in the material elements of his capital and thus enables his capital to serve as productive capital. We make this distinction: The labor-power is a commodity, not a capital, in the hands of the laborer, and it constitutes for him a revenue, so long as he can repeat its sale; it serves as capital, after its sale, in the hands of the capitalist, during the process of production itself. That which here serves twice is labor-power; as a commodity which is sold at its value, in the hands of the laborer; as a power creating exchange-values and use-values, in the hands of the capitalist who has bought it. But the money which the laborer receives from the capitalist is not given to him until after he has given the capitalist the use of his labor-power, after it has already been realized in the value of the product of labor. The capitalist holds this value in his hands, before he pays for it. Hence it is not the money which serves twice here; first, as the money-form of the variable capital, and then as wages. It is labor-power which has served twice; first, as a commodity in the sale of labor-power (in stipulating the amount of wages to be paid, the money serves merely as an ideal measure of value and need not even be in the hands of the capitalist); secondly, in the process of production, in which it serves as capital, in other words, as an element in the hands of the capitalist creating exchange-value and use-values. Labor-power first supplies, in the form of commodities, the equivalent which is to be paid to the laborer, and

then only is it paid by the capitalist to the laborer in money. In other words, the laborer himself creates the fund out of which the capitalist pays him. But this is not all.

The money, which the laborer receives, is spent by him for the maintenance of his labor-power, or — looking upon the capitalist class and working class as an aggregate mass — is spent to preserve for the capitalist an instrument by means of which alone he can remain a capitalist.

The continuous purchase and sale of labor-power, then, perpetuates on one hand labor-power as an element of capital, by the the grace of which it appears as the creator of commodities, use-values having an exchange-value, by means of which, furthermore, that portion of capital which buys labor-power is continually reproduced by its own product, so that the laborer himself creates the fund of capital out of which he is paid. On the other hand, the sale of labor-power becomes the ever renewed source for the maintenance of the laborer and makes of his labor-power that faculty through which he secures his revenue, by which he lives. Revenue in this case signifies nothing else but an appropriation of values by means of ever repeated sales of a commodity (labor-power), these values serving merely for the continual reproduction of the commodity to be sold. And to this extent Smith is right when he says that that portion of the value of the laborer's product, for which the capitalist pays him an equivalent in the form of wages, becomes a source of revenue for the laborer. But this does not alter the nature or magnitude of this portion of value of the commodity any more than the value of the means of production is changed by the fact that they serve as capital-values, or the nature and magnitude of a straight line are changed by the fact that it serves as a basis for some triangle or as a diameter of some ellipse. The value of labor-power remains quite as independent as that of those means of production. This portion of the value of a commodity neither consists of a revenue as one of its independent constituent factors, nor does it resolve itself into revenue. Because this value, ever renewed by the laborer, constitutes a source of revenue for him, that is no reason why his revenue, on the other hand, should be an element of the new values produced by him. The magnitude of his share in the new value created by him determines the volume of the value of his revenue, not vice versa. The fact that this portion of the new value forms a revenue for him indicates merely what becomes of it, shows the character of its employment, and has no more to do with its formation than with that of any

other value. The fact that my receipts are ten dollars a week changes nothing in the nature of the value of the ten dollars nor in the magnitude of their value. As in the case of every other commodity so in that of labor-power its value is determined by the labor necessary for its reproduction; that the quantity of this labor is determined by the value of the necessary subsistence of the laborer, in other words, that it is equal to the labor required for the reproduction of his own life's conditions, is peculiar for this commodity (labor-power), but no more peculiar than the fact that the value of laboring cattle is determined by the subsistence necessary to produce this subsistence.

But it is this category of "revenue" which is to blame for all the confusion in Adam Smith over this question. The various kinds of revenue constitute with him the "component parts" of the annually produced new values of commodities, while, vice versa, the two portions into which these values resolve themselves for the capitalist form sources of revenue — namely the equivalent of his variable capital advanced for the purchase of labor-power and the other portion of value, the surplus-value, which likewise belongs to him but did not cost him anything. The equivalent of the variable capital is once more advanced for labor-power and to that extent forms a revenue for the laborer in the shape of wages; the other portion, the surplus-value, which does not reproduce any advance of capital for the capitalist, may be spent by him in articles of consumption (whether necessary or luxuries), it may be consumed by him as a revenue, instead of forming capital-value of some kind. The first condition of this revenue is the value of the commodities itself, and its component parts differ from the point of view of the capitalist only to the extent that they are an equivalent for, or an excess over the variable portion of the value of the capital advanced by him. Both of them consist of nothing but labor expended and materialized during the production of commodities. They consist of an expenditure, not of an income or revenue — an expenditure of labor.

After this reversion of facts, by which a revenue becomes the source of the value of commodities instead of the value of commodities being the source of revenue, the value of commodities has the appearance of being "composed" of various kinds of revenue; these revenues are determined independently of one another, and the total value of commodities is determined by the addition of the values of these revenues. But now the question is: How is the value of each of these revenues determined, which

are supposed to be the sources of the values of commodities? In the case of wages it is done, for wages are the value of the commodity labor-power, and this is determined (the same as that of all other commodities) by the labor required for its reproduction. But surplus-value, or as Adam Smith has it, profit and ground rent, how are they determined? Here Adam Smith has but empty phrases to offer. He either represents wages and surplus-value (or wages and profit) as component parts of the value, or price, of commodities, or, sometimes in the same breath, as component parts into which the price of commodities resolves itself; but this means precisely the reverse of his contention and makes of the value of commodities the primary thing, different parts of which fall as different revenues to the share of different persons engaged in the productive process. This is by no means identical with the composition of value of these three “component parts.” If I determine the magnitude of three different straight lines independently and then form a fourth straight line out of these three lines as “component parts” equal to their sum, it is by no means the same process as if I have some given straight line before me and “resolve” it, so to say, into three different parts for some purpose. In the first case, the magnitude of the line changes throughout with the magnitude of the three lines whose sum it is; in the second case, the magnitude of three parts of the line is from the outset limited by the fact that they are parts of a line of given magnitude.

However, if we keep in mind that part of the analysis of Smith which is correct, namely, that the value newly created by the annual labor and contained in the annual social product in commodities (the same as in every individual commodity, or every daily, weekly, etc., product) is equal to the value of the variable capital advanced (in other words, equal to the value intended for the purchase of new labor-power) plus the surplus-value which the capitalist can realize in means of his individual consumption — simple reproduction being assumed, and other circumstances remaining the same, if we keep furthermore in mind that Adam Smith confounds labor which creates values and is an expenditure of labor-power with labor which creates articles of use and is expended in a useful, appropriate, manner, then the entire conception amounts to this: The value of every commodity is the product of labor; hence this is also true of the value of the product of annual labor, or of the value of the annual product of society in commodities. But since all labor resolves itself, (1), into necessary labor time, in which the laborer reproduces merely an equivalent for the capital advanced in the

purchase of his labor-power, and, (2), into surplus-labor, by which he supplies the capitalist with a value for which the latter does not give any equivalent, in other words, a surplus-value, it follows that all value of commodities can resolve itself only into these two component parts, so that ultimately it forms a revenue for the laboring class in the form of wages, and for the capitalist class in the form of surplus-value. As for the constant value of the capital, in other words, the value of the means of production consumed in the production of the annual product, it cannot be explained how this value gets into that of the new product (unless we accept the phrase that the capitalist charges the buyer with it in the sale of his goods), but ultimately, seeing that the means of production are themselves products of labor, this portion of value can consist only of an equivalent for variable capital and surplus-value, of a product of necessary labor and surplus-labor. The fact that the values of these means of production serve in the hands of their employers as capital-values does not prevent them from resolving themselves “originally,” even though in some other hands, if we go to the bottom of the matter, and at some previous time, into the same two portions of value, hence into two different sources of revenue.

One point is correct in this conception, namely, that the matter has a different aspect from the point of view of the movement of social capital, in other words, of the totality of individual capitals, that it has from the standpoint of the individual capital, considered by itself, or from the standpoint of each individual capitalist. For these, the value of commodities resolves itself, (1), into a constant element (a fourth one, as Adam Smith says), and (2), into the sum of wages and surplus-value, or wages, profit, and ground rent. But from the point of view of society, the fourth element of Adam Smith, the constant value of capital, disappears.

#### (5). RECAPITULATION.

The absurd formula that the three revenues, wages, profit, and ground rent, form the three “component parts” of the value of commodities, is due in the case of Adam Smith to the more plausible idea that the value of commodities resolves itself into these three parts. However, this is likewise incorrect, even granted that the value of commodities is only divisible into an equivalent of the consumed labor-power and surplus-value created by it. But the mistake rests here again on a deeper and truer basis. The capitalist mode of production is conditioned on the fact that the productive laborer sells his own labor-power, as a commodity, to the capitalist, in whose hands

it then serves merely as an element of his productive capital. This transaction, taking place in the circulation, — the sale and purchase of labor-power — does not only inaugurate the process of production, but also determines implicitly its specific character. The production of a use-value, and even that of a commodity (for this can be done eventually by independent productive laborers), is here only a means of producing absolute or relative surplus-value for a capitalist. For this reason we have seen in the analysis of the process of production, that the production of absolute and relative surplus-value determines, (1), the duration of the daily labor-process, (2), the entire social and technical formation of the capitalist process of production. Within this process, there is realized the distinction between the mere conservation of value (the value of the constant capital), the actual reproduction of advanced value (an equivalent of labor-power), and the production of surplus-value, that is to say, of value for which the capitalist has neither advanced an equivalent nor will advance one subsequently.

The appropriation of surplus-value — a value in excess of the equivalent advanced by the capitalist — although it is inaugurated by the purchase and sale of labor-power, is a transaction taking place within the process of production itself, and forms an essential part of it.

The introductory transaction taking place in the circulation, the purchase and sale of labor-power, is itself conditioned on a distribution of the elements of production, which is the premise and prelude of the distribution of the social products, and implies the separation of labor-power, as a commodity of the laborer, from the means of production, as the property of non-laborers.

However, this appropriation of surplus-value, or this separation of the production of values into a reproduction of advanced values and a production of new values (surplus-values) which do not offset any equivalent, does not alter in any way the substance of value itself nor the nature of the production of values. The substance of value is and remains nothing but expended labor-power — labor independent of the specific, useful, character of this labor — and the production of values is nothing but the process of this expenditure. A serf, for instance, expends his labor-power for six days, labors for six days, and the fact of this expenditure is not altered by the circumstances, that he may be working three days for himself, on his own field, and three days for his lord, on the field of the

latter. Both his voluntary labor for himself and his compulsory labor for his lord are equally labor; so far as this labor is considered with reference to the values, or even the useful articles, created by it, there is no difference in his six days of labor. The difference refers merely to the distinct conditions by which the expenditure of his labor-power during each half of his labor-time of six days is affected. The same applies to the necessary and surplus-labor of the wage worker.

The process of production ends in a commodity. The fact that labor-power has been expended in its creation now is manifest in its attribute of value; the magnitude of this value is measured by the quantity of labor expended in it; the value of a commodity resolves itself into nothing else and is not composed of anything else. If I have drawn a straight line of definite length, I have “produced” a straight line (true, only symbolically, as I know beforehand) by means of a certain mode of drawing which is determined by certain laws independent of myself. If I divide this line into three sections (which may correspond to a certain problem), every one of these sections remains a straight line, and the entire line, whose sections they are, does not resolve itself, by this division, into anything different from a straight line, for instance, a curve of some kind. Neither can I divide a line of a given magnitude in such a way, that the sum of its divisions is greater than the undivided line itself; hence the magnitude of the undivided line is not determined by any arbitrary division of its parts. Vice versa, the relative magnitudes of these divisions are limited from the outset by the size of the line whose parts they are.

A commodity produced by a capitalist does not differ in itself from that produced by an independent laborer, or by a laboring commune, or by slaves. But in the present case, the entire product of labor as well as its value belong to the capitalist. Like every other producer, he has to convert his commodity by sale into money, before he can manipulate it further; he must convert it into the form of the universal equivalent.

Let us look at the product in commodities before it is converted into money. It belongs wholly to the capitalist. On the other hand, as a useful product of labor, a use-value, it is entirely the product of a past labor-process. Not so its value. One portion of this value is but the value of means of production consumed in the production of the commodities and re-appearing in a new form; this value has not been produced during the process of production of this commodity; for the means of production

possessed this value before this process of production, independently of it; they entered into this process as the bearers of their value; it is only the external form of this value which has been renewed and changed. This portion of the value of the commodity serves the capitalist as an equivalent of the constant value of the capital advanced by him and consumed in the production of the commodity. It existed previously in the form of means of production; it exists now as a component part of the value of the newly-produced commodity. As soon as this commodity has been turned into money, the value then existing in the form of money must be reconverted into means of production, into its original form determined by the process of production and its function in it. Nothing is altered in the character of the value of a commodity by the function of this value as capital.

A second portion of the value of a commodity is the value of the labor-power which the wage-worker sells to the capitalist. It is determined, the same as that of the means of production, independently of the process of production into which labor-power is to enter, and it is fixed in a transaction of the circulation, the purchase and sale of labor-power, before it goes to the process of production. By means of his function — the expenditure of labor-power — the wage-laborer produces a value of the commodity equal to the value which the capitalist has to pay him for the use of his labor-power. He gives this value to the capitalist in commodities, and is paid for it in money. The fact that this portion of the value of commodities is for the capitalist but an equivalent for the capital which he has to advance in wages does not alter in any way the truth that it is a value of commodities newly created during the process of production and consisting of nothing but past expenditure of labor, the same as the surplus-value. Neither is this truth affected by the fact that the value paid by the capitalist to the laborer assumes the form of a revenue for the laborer, and that not only labor-power is continually reproduced thereby, but also the class of wage-laborers itself, and thus the basis of the entire capitalist production.

However, the sum of these two portions of value does not constitute all there is to the value of commodities. There remains an excess over both of them, the surplus-value. This, like that portion of value which reproduces the variable capital advanced in wages, is a value newly created by the laborer during the process of production — materialized labor. But it does not cost the owner of the entire product, the capitalist, anything. This circumstance permits the capitalist to consume the surplus-value entirely as

his revenue, unless he has to give up some portions of it to other claimants — such as ground rent to land owners, in which case such portions constitute a revenue of third persons. This same circumstance was also the compelling motive, which induced the capitalist to engage in the first place in the manufacture of commodities. But neither his original benevolent intention of securing some surplus-value, nor its subsequent expenditure as revenue, by him or others, affect the surplus-value as such. They do not impair the fact that it is coagulated, unpaid, labor, nor the magnitude of this surplus-value, things which are determined by entirely different conditions.

However, if Adam Smith wanted to occupy himself, as he did, with an analysis of the role of different constituent parts of value in the total process of reproduction, even while he was investigating the question of the value of commodities, then it was evident that, while some particular portions of value served as a revenue, others served just as continually as capital — and, according to his logic, these would likewise have to be regarded as constituent parts of the value of commodities, or parts into which this value resolves itself.

Adam Smith identifies the production of commodities in general with capitalist production; the means of production are to him from the outset “capital,” labor is wage-labor, and therefore “the number of the useful and productive laborers is always...proportional to the quantity of capital stock which is employed in setting them to work.” (Introduction, page 12.) In short, the various elements of the productive process — both objective and subjective ones — appear from the first with the masks characteristic of the process of capitalist production. The analysis of the value of commodities, therefore, coincides with the reflection, to what extent this value is, on the one hand, a mere equivalent for invested capital, and, on the other, to what extent it forms “free” value, that is to say, value not reproducing any advance of capital, or surplus-value. The proportions of value compared from this point of view transform themselves clandestinely into its independent “component parts,” and finally into the “sources of all value.” A further consequence of this method is the alternate composition or dissolution of the value of commodities into revenues of various kinds, so that the revenues do not consist of values of commodities, but rather the value of commodities consists of revenues. But the fact that the value of a commodity may serve as a revenue for this or that man does not change the nature of value as such any more than the fact that the value of a

commodity as such, or of money as such, may serve as capital changes their nature. The commodity with which Adam Smith is dealing represents from the outset a commodity-capital (which consists of the value of the capital consumed in production plus a surplus-value), it is a commodity produced by capitalist methods, a result of the capitalist process of production. It would have been necessary, then, to analyze first this process, and this would have implied an analysis of the process of self-expansion and of the formation of value, which it includes. Since this process is in its turn conditioned on the circulation of commodities, its description requires also a previous and independent analysis of a commodity. However, even where Adam Smith hits “esoterically” upon the correct thing in a haphazard way, he refers to the formation of values only in the analysis of commodities, that is to say, in the analysis of commodity-capital.

#### THE ECONOMISTS AFTER SMITH.

Ricardo reproduces the theory of Smith almost verbatim: “It is agreed that all products of a certain country are consumed, but it makes the greatest imaginable difference, whether they are consumed by those who reproduce another value, or by those who do not. When we say that revenue is saved up and added to the capital, we mean that the portion of revenue added to the capital is consumed by productive laborers, instead of unproductive ones.” (Principles, Page 163.)

In fact, Ricardo fully accepted the theory of Adam Smith concerning the separation of the price of commodities into wages and surplus-value (or variable capital and surplus-value). The points in which he differs from him are, 1) the composition of the surplus-value; Ricardo eliminates ground rent as one of its necessary elements; 2), Ricardo starts out from the price of commodities and dissects it into these component parts. In other words, the magnitude of value is his point of departure. The sum of its parts is assumed as given, it is the starting point, while Adam Smith frequently subverts this order and proceeds contrary to his deeper insight, by producing the quantity of value subsequently by an addition of its component parts.

Ramsay makes the following remark against Ricardo: “Ricardo forgets that the total product is not only divided into wages and profits, but that a portion is also required for the reproduction of the fixed capital.” (An Essay on the Distribution of Wealth. Edinburgh, 1836, page 174.) Ramsay means by fixed capital the same thing which I call constant capital, for he says on page 53: “Fixed capital exists in a form in which it contributes toward the

production of the commodity in process of formation, but not toward the maintenance of laborers.”

Adam Smith refuses to accept the logical outcome of his dissolution of the value of commodities, and therefore of the value of the annual product of social labor, into wages and surplus-value, or into mere revenue. This logical outcome would be that the entire annual product might be consumed in that case. It is never the original thinkers that draw the absurd conclusions. They leave that to the Says and Mac-Cullochs.

Say takes the matter indeed easy enough. That which is an advance of capital for one, is, or was, a revenue and net product for another. The difference between the gross and the net product is purely subjective, “and thus the total value of all products in a society is divided as revenue.” (Say, *Traité d’Economie Politique*, 1817, II, page 69.) “The total value of every product is composed of the profits of the land owners, the capitalists, and the industrious people (wages figure here as profits des industriels!) who have contributed toward its production. This makes the revenue of society equal to the gross value produced, not equal to the net products of the soil, as was claimed by a sect of economists” (the physiocrats). (Page 63.)

Among others, Proudhon has appropriated this discovery of Say.

Storch, however, who likewise accepts the doctrine of Smith in principle, finds that Say’s application of it does not hold water. “If it is admitted, that the revenue of a nation is equal to its gross product, so that no capital” (that is to say, no constant capital) “is to be deducted, then it must also be admitted that this nation may consume unproductively the entire value of its annual product, without in the least reducing its future revenue.... The products which represent the” (constant) “capital of a nation are not consumable.” (Storch, *Considérations sur la nature du revenu national*. Paris, 1824, page 150.)

However, Storch forgot to tell us how the existence of this constant portion of capital agrees with the analysis of prices by Smith, which he has accepted, and according to which the value of commodities consists only of wages and surplus-value, but not of any constant capital. He realizes only through Say that this analysis of prices leads to absurd results, and his own opinion of it is “that it is impossible to dissolve the necessary price into its simplest elements.” (*Cours d’Economie Politique*, Petersburg, 1815, II, page 140.)

Sismondi, who occupies himself especially with the relation of capital and revenue, and makes the peculiar formulation of this relation the specific difference of his *Nouveaux Principes*, did not say one scientific word, did not contribute one atom toward a clarification of this problem.

Barton, Ramsay and Cherbuliez attempted to surpass the formulation of Smith. They failed, because they conceive the problem in a onesided way, by not making clear the distinction of constant and variable capital-value from fixed and circulating capital.

John Stuart Mill likewise reproduces, with his usual pomposity, the doctrine handed down by Adam Smith to his followers.

As a result, the Smithian confusion of thought persists to this hour, and his dogma is one of the orthodox articles of faith of political economy.

## CHAPTER XX. SIMPLE REPRODUCTION.

### THE FORMULATION OF THE QUESTION.

If we study the annual function of social capital — of the total capital whose fractional parts are the individual capitals, the movements of which are simultaneously their individual movements and links in the movements of the total capital — and its results, that is to say, if we study the product in commodities put forth by society during the year, then it must become apparent how the process of reproduction of the social capital proceeds, what characteristics distinguish this process of reproduction from that of an individual capital, and what characteristics are common to both. The annual product includes those portions of the social product which reproduce capital, the social reproduction, as well as those which go to the fund for consumption, which are consumed by capitalists and laborers, in other words, productive and individual consumption. It comprises the reproduction (maintenance) of the capitalist and working classes, and thus the reproduction of the capitalist character of the entire process of production.

It is evidently the circulation formula

$$C' - \left\{ \begin{array}{l} M - C \dots P \dots C' \\ m - c \end{array} \right.$$

which we have to analyze, and the consumption necessarily plays a role in it. For the point of departure,  $C'$  equal to  $C$  plus  $c$ , the commodity-capital, comprises the constant and variable capital as well as the surplus-value. Its movements, therefore, include both the individual and productive consumption. In the cycles  $M - C \dots P \dots C' - M'$ , and  $P \dots C' - M' - C \dots P$ , the movement of the capital is the starting and finishing point. And this implies consumption, for the commodity, the product, must be sold. When these premises are accepted, it is immaterial for the movement of the individual capitals, what becomes of these commodities subsequently. On the other hand, in the movement of  $C' \dots C'$  the conditions of social reproduction are precisely different in this point, since it must be shown what becomes of every portion of value of this total product of  $C'$ . In this case, the total process of reproduction includes the process of consumption

by way of the circulation quite as much as the process of reproduction of the capital itself.

This process of reproduction, now, must be considered for the purposes of our study both from the point of view of the reproduction of the value and of the substance of the individual component parts of C'. We cannot rest satisfied any longer, as we did in the analysis of the value of the product of the individual capital, with the assumption that the individual capitalist must first convert the component parts of his capital into money by the sale of his commodities, before he is able to reconvert it into productive capital by renewed purchase of the elements of production in the commodity market. Those elements of production, so far as they consist of things, constitute as much a portion of the social capital as the individual finished product, which is exchanged for them and reproduced by them. On the other hand, the movement of that portion of the social product in commodities, which is consumed by the laborer in the expenditure of his labor-power, and by the capitalist in spending his surplus-value, does not only form an integral part of the movement of the total product, but also intermingles with the movements of the individual capitals, and this process cannot be explained by merely assuming it.

The question which we have to face immediately, is this: How is the value of the capital consumed in production re-produced out of the annual product, and how does the movement of this reproduction intermingle with the consumption of surplus-value by the capitalists and of wages by the laborers? We are dealing, then, first with reproduction on a simple scale. It is furthermore assumed that products are exchanged at their value, and that no revolution in the value of the elements of productive capital takes place. Should there be any divergence of prices from values, this would not exert any influence on the movements of social capital. On the whole, there is the same exchange of the same quantity of products, although the individual capitalists would be taking shares in it which would no longer be proportional to their respective advances and to the quantities of value produced by each one. As for revolutions of value, they do not alter anything in the proportions of the elements of value of the various component parts of the total annual product, provided they are universally and uniformly distributed. To the extent that they are limited and unevenly distributed, they are disturbances, which, in the first place, can be understood only as divergences from equal proportions of value; and, in the

second place, given the law according to which one portion of the annual product reproduces constant, and another variable capital, a revolution either in the value of the constant or variable capital would not alter this law. It would change merely the relative magnitude of the portions of value which serve in the one or the other capacity, seeing that other values would have taken the places of the original ones.

So long as we looked upon the production of value and the value of products from the point of view of individual capital, it was immaterial for the analysis which was the natural form of the product in commodities, whether it was, for instance that of a machine, of corn, or of looking glasses. It was always but a matter of illustration, and any line of production could serve that purpose. What we had to consider was the immediate process of production itself, which presented itself at every point as the process of some individual capital. So far as reproduction was concerned, it was sufficient to assume that that portion of the product in commodities, which represented capital in the sphere of circulation, found an opportunity to reconvert itself into its elements of production and thus into its form of productive capital. It likewise sufficed to assume that both the laborer and the capitalist found in the market those commodities for which they spend their wages and surplus-value. This merely formal manner of presentation does not suffice in the study of the total social capital and of the value of its products. The reversion of one portion of the value of the product into capital, the passing of another portion into the individual consumption of the capitalist and working classes, form a movement within the value of the product itself which is created by the total capital; and this movement is not only a reproduction of value, but also of material, and is, therefore, as much conditioned on the relative proportions of the elements of value of the total social product as on its use-value, its material substance.

Simple reproduction on the same scale appears as an abstraction; inasmuch as the absence of all accumulation or reproduction on an enlarged scale is an irrelevant assumption in capitalist society, and, on the other hand, conditions of production do not remain exactly the same in different years (as was assumed). The assumption is that a social capital of a given magnitude produces the same quantity of value in commodities this year as last, and supplies the same quantity of wants, although the forms of the commodities may be changed in the process of reproduction. However, while accumulation does take place, simple reproduction is always a part of

it and may, therefore, be studied in itself, being an actual factor in accumulation. The value of the annual product may decrease, although the quantity of use-values may remain the same; or, the value may remain the same, although the quantity of the use-values may decrease; or, the quantity of value and of use-values may decrease simultaneously. All this amounts to saying that reproduction takes place either under more favorable conditions than before, or under more difficult ones, which may result in an imperfect reproduction. But all this can refer only to the quantitative side of the various elements of reproduction, not to the role which they are playing as a reproducing capital, or as a reproduced revenue, in the entire process.

#### THE TWO DEPARTMENTS OF SOCIAL PRODUCTION.

The total product, and therefore the total production, of society, is divided into two great sections:

Means of Production, commodities having a form in which they must, or at least may, pass over into productive consumption.

Means of Consumption, commodities having a form in which they pass into the individual consumption of the capitalist and working classes.

In each of these two departments, all the various lines of production belonging to them form one single great line of production, the one that of the means of production, the other that of articles of consumption. The aggregate capital invested in each of these two departments of production constitutes a separate section of the entire social capital.

In each department, the capital consists of two parts:

Variable Capital. This capital, so far as its value is concerned, is equal to the value of the social labor-power employed in this line of production, in other words equal to the sum of the wages paid for this labor-power. So far as its substance is concerned, it consists of the active labor-power itself, that is to say, of the living labor set in motion by this value of capital.

Constant Capital. This is the value of all the means of production employed in this line. These, again, are divided into fixed capital, such as machines, instruments of labor, buildings, laboring animals, etc., and circulating capital, such as materials of production, raw and auxiliary materials, half-wrought articles, etc.

The value of the total annual product created with the capital of each of the two great departments of production consists of one portion representing the constant capital  $c$  consumed in the process of production and transferred

to the product, and of another portion added by the entire labor of the year. This latter portion, again, consists of one part re-producing the advanced variable capital  $v$ , and of another representing an excess over the variable capital, the surplus-value  $s$ . And just as the value of every individual commodity, so that of the entire annual product of each department consists of  $c$  plus  $v$  plus  $s$ .

The portion  $c$  of the value, representing the constant capital consumed in production, is not identical with the value of the constant capital invested in production. It is true that the materials of production are entirely consumed and their values completely transferred to the product. But of the invested fixed capital, only a portion is consumed and its value transferred to the product. Another portion of the fixed capital, such as machines, buildings, etc., continues to exist and serve the same as before, merely depreciating to the extent of the annual wear and tear. This persistent portion of the fixed capital does not exist for us, when we consider the value of the product. It is a portion of the value of capital existing independently beside the new value in commodities produced by this capital. This was shown previously in the analysis of the value of the product of some individual capital (volume I, chapter VI). However, for the present we must leave aside the method of analysis employed there. We saw in the study of the value of the product of individual capital that the value withdrawn from the fixed capital by wear and tear was transferred to the product in commodities created during the time of wear, no matter whether any portion of this fixed capital is reproduced in its natural form out of the value thus transferred or not. At this point, however, in the study of the social product as a whole and of its value, we must for the present leave out of consideration that portion of value which is transferred from the fixed capital to the annual product by wear and tear, unless this fixed capital is reproduced in natura during the year. In one of the following sections of this chapter we shall return to this point.

We shall base our analysis of simple reproduction on the following diagram, in which  $c$  stands for constant capital,  $v$  for variable capital, and  $s$  for surplus-value, the rate of surplus-value between  $v$  and  $s$  being assumed at 100 per cent. The figures may indicate millions of francs, marks, pounds sterling, or dollars.

Production of Means of Production.

Capital...4000 c+1000 v=5000.

Product in Commodities...4000 c+1000 v+1000 s=6000.

These exist in the form of means of production.

Production of Means of Consumption.

Capital...2000 c+500 v=2500.

Product in Commodities...2000 c+500 v+500 s=3000.

These exist in articles of consumption.

Recapitulation: Total annual product in commodities:

4000 c+1000 v+1000 s=6000 means of production.

II. 2000 c+ 500 v+ 500 s=3000 articles of consumption.

Total value 9000, exclusive of the fixed capital persisting in its natural form, according to our assumption.

Now, if we examine the transactions required on the basis of simple reproduction, where the entire surplus-value is unproductively consumed, leaving aside for the present the mediation of the money circulation, we obtain at the outset three great points of vantage.

The 500 v, representing wages of the laborers, and 500 s, representing surplus-value of the capitalists, in department II, must be spent for articles of consumption. But their value exists in the articles of consumption to the amount of 1000, held by the capitalists of department II, which reproduce the 500 v and represent the 500 s. The wages and surplus-value of department II, then, are exchanged within this department for products of this same department. By this means, a quantity of articles of consumption equal to 1000 (500 v plus 500 s) disappear out of the total product of department II.

The 1000 v and 1000 s of department I must likewise be spent for articles of consumption, in other words, for some of the products of department II. Hence they must be exchanged for the remaining 2000 c of constant value, which is equal in amount to them. Department II receives in return an equal quantity of means of production, the product of I, in which the value of 1000 v and 1000 s of I is incorporated. By this means, 2000 c of II and (1000 v + 1000 s) of I disappear out of the calculation.

Nothing remains now but 4000 c of I. These consist of means of production which can be used up only in department I. They serve for the reproduction of its consumed constant capital, and are disposed of by the mutual exchange between the individual capitalists of I, just as are the (500 v + 500 s) in II by an exchange between the capitalists and laborers, or between the individual capitalists, of II.

This may serve for the present to render easier the understanding of the following statements.

THE TRANSACTIONS BETWEEN THE TWO DEPARTMENTS. I (v + s) versus II c.

We begin with the great exchange between the two departments. The values of (1000 v + 1000 s), consisting of the natural form of means of production in the hands of their producers, are exchanged for 2000 c of II, for values consisting of articles of consumption in their natural form. The capitalist class of II thereby reconverts its constant capital of 2000 from the form of articles of consumption into that of means of production of articles of consumption. In this form it may serve once more as a factor in the labor-process as the value of constant capital in the process of self-expansion. On the other hand, the equivalent of the labor-power of I (1000 v) and of the surplus-value of the capitalists of I (1000 s) is realized in articles of consumption; both of them are converted from their natural form of means of production into a natural form in which they may be consumed as revenue.

Now, this mutual transaction is accomplished by means of a circulation of money, which facilitates it as much as it renders its understanding difficult, but which is of fundamental importance, because the variable portion of capital must ever resume the form of money, of money-capital converting itself from the form of money into labor-power. The variable capital must be advanced in the form of money in all lines of production carried on simultaneously, regardless of whether they belong to department I or II. The capitalist buys the labor-power before it enters into the process of production, but does not pay for it except at stipulated terms, after it has been expended in the production of use-values. He owns, with the remainder of the value of the product, also that portion of it which is an equivalent for the money expended in the payment of labor-power, in other words, that portion of the value of the product which represents variable capital. By this portion of value the laborer has supplied the capitalist with

the equivalent for his own wages. But it is the reconversion of commodities into money by their sale which restores to the capitalist his variable capital in the form of money-capital, which he may advance once more for the purchase of labor-power.

In department I, then, the aggregate capitalist has paid 1000 pounds sterling (I use the term pounds sterling merely to indicate that it is value in the form of money), equal to  $1000 v$ , for the  $v$ -portion of the already existing value of product I, that is to say, of the means of production created by him. The laborers buy with these 1000 pounds sterling articles of consumption of the same value from the capitalists II, thereby converting one-half of the constant capital II into money; the capitalists II, in their turn, buy with these 1000 pounds sterling means of production, valued at 1000, from the capitalists I; the variable capital-value of  $1000 v$ , which consisted, in the natural form of the product of capitalists I, of means of production, is thus reconverted for them into money and may serve anew in their hands as money-capital, which is transformed into labor-power, the most essential element of productive capital. In this way, their variable capital returns to them in the form of money, as a result of the realization on some of their commodity-capital.

As for the money which is required for the exchange of the  $s$  portion of commodity-capital I for the second half of constant capital II, it may be advanced in various ways. In reality, this circulation implies innumerable small purchases and sales of the individual capitals of both departments, the money coming under all circumstances from these capitalists, since we have already disposed of the money thrown into circulation by the laborers. It may be that one of the capitalists of department II buys, with the money-capital he has aside from his productive capital, means of production from capitalists of department I, or that, vice versa, one of the capitalists of department I buys, with funds reserved for individual expenses, not for capital investment, articles of consumption from capitalists of department II. A certain supply of money, to be used either for investment as capital or for expenditure as revenue, must be assumed to exist beside the productive capital in the hands of the capitalists, under all circumstances, as we have shown in section I and II. Let us assume — it is immaterial what proportion we select for our purpose — that one-half of the money is advanced by the capitalists of department II in the purchase of means of production intended for the reproduction of their constant capital, while the other half is spent by

the capitalists of department I for articles of consumption. For instance, let department II advance 500 pounds sterling for the purchase of means of production from department I, thereby reproducing (inclusive of the 1000 pounds sterling coming from the laborers of department I) three-quarters of its constant capital in its natural form; department I buys with the 500 pounds sterling so obtained articles of consumption from II, thus completing for one-half of the s-portion of its commodity-capital the circulation  $c — m — c$  and realizing on its product in a supply of articles of consumption. By means of this second transaction, the 500 pounds sterling return to the hands of the capitalists of department II, in the form of money-capital existing beside its productive capital. On the other hand, department I expends money to the amount of 500 pounds sterling, in anticipation of the realization on the other half of the s-portion of its still unsold commodity-capital, for the purchase of articles of consumption from department II. With the same 500 pounds sterling, department II buys from I means of production, thereby reproducing in natural form its entire constant capital ( $1000 + 500 + 500 = 2000$ ), while I realizes its entire surplus-value in articles of consumption. The entire transaction would represent a transfer of commodities valued at 4000 pounds sterling with a circulation of 2000 pounds sterling in money. This last amount is sufficient only because we have assumed that the entire annual product is sold in bulk in a few large transactions. The important point is here that department II has not only reconverted its constant capital, which had been reproduced in the form of articles of consumption, into the form of means of production, but has also recovered the 500 pounds sterling which it had thrown into circulation for the purchase of means of production; and that in the same way department I possesses once more not only its variable capital, which it had produced in the form of means of production, in the form of money-capital, readily convertible into labor-power, but also the 500 pounds sterling expended in the purchase of articles of consumption previously to the sale of the s-portion of its capital in anticipation of its realization. It recovers these 500 pounds sterling, not by this expenditure, but by the subsequent sale of one-half of the s-portion of its commodity-capital.

In both cases, it is not merely the constant capital of department II which is reconverted from the form of a product into the natural form of means of production, in which it can alone serve as capital; nor is it merely the variable portion of the capital of I which is reconverted into its money-

form, nor the surplus-portion of the means of production of I which is transformed into its consumable form of revenue. It is also the 500 pounds sterling of money-capital, advanced by department II in the purchase of means of production previously to the sale of the corresponding portion of the value of its constant capital, which return to II; and the 500 pounds sterling expended by I for means of consumption previously to the realization of its surplus-value. The fact that the money advanced by II at the expense of the constant portion of its commodities, and by I at the expense of the surplus-portion of its commodities, returns to them is due to the circumstance that one class of capitalists throws 500 pounds sterling into circulation over and above the constant capital existing in the form of commodities in department II, and another class a like amount over and above the surplus-value existing in the form of commodities in department I. In the last analysis, the two departments have mutually paid one another in full by the exchange of equivalents in the form of their respective commodities. The money thrown into circulation by each department in excess of the value of their commodities, as a means of transacting the exchange of these commodities, returns to each one of them out of the circulation at the same rate in which they had contributed to it. Neither has grown any richer thereby. Department II possessed a constant capital of 2000 in the form of articles of consumption plus 500 pounds sterling in money; now it possesses 2000 in means of production plus 500 pounds sterling in money, the same as before; in the same way, department I possesses, as before, a surplus-value of 1000 (consisting of commodities in the form of means of production, now converted into a supply of articles of consumption) plus 500 pounds sterling. The general conclusion is this: The money which the industrial capitalists throw into circulation for the purpose of accomplishing the mutual exchange of their commodities, either in account with the constant value of the commodities, or in account with the surplus-value existing in the commodities, to the extent that it is spent as revenue, returns into the hands of the respective capitalists in proportion to the amount advanced by them for the circulation of money.

As for the reconversion of the variable capital of department I into the form of money, this capital exists, after the capitalists of I have invested it in wages, first in the form of the commodities produced by the laborers. The capitalists have paid this capital in the form of money to these laborers as the price of their labor-power. The capitalists have to this extent paid for

that portion of the value of their commodities, which is equal to the variable capital expended in the form of money. They are, for this reason, the owners of this portion of the commodity-product. But that portion of the working class which is employed by them does not buy the means of production created by it; these laborers buy articles of consumption produced by department II. Hence the variable capital advanced by the capitalists of I in the payment of labor-power does not return to these capitalists directly. It passes by means of the purchases of the laborers of I into the hands of the capitalist producers of the requirements of life of the laborer, or of other commodities accessible to them; in other words, it passes into the hands of capitalists of II. And not until these expend this money in the purchase of means of production does it return by this circuitous route into the hands of the capitalists of department I.

It follows that, on the basis of simple reproduction, the sum of the values of  $v$  plus  $s$  of the commodity-capital of I (and therefore a corresponding proportional part of the total product in commodities of I) must be equal to the constant capital  $c$  of department II, which is likewise disposed of as a proportional part of the entire product in commodities of department II; or I  $(v + s) = II c$ .

#### TRANSACTIONS WITHIN DEPARTMENT II. NECESSITIES OF LIFE AND ARTICLES OF LUXURY.

It remains for us to analyze the portion  $v$  plus  $s$  of the value of the commodities of department II. This analysis has nothing to do with the most important question which occupies our attention in this chapter, namely the question, to what extent the separation of the value of every individual capitalist product in commodities into  $c$  plus  $v$  plus  $s$  applies also to the value of the entire annual product in commodities, even though this separation may be based on different forms. This question is solved by the transaction between I  $(v + s)$  and II  $c$ , and, on the other hand, by the analysis of the reproduction of I  $c$  in the annual product in commodities of I, to be analyzed later on.

Since II  $(v + s)$  exists in the natural form of articles of consumption; since, furthermore, the variable capital advanced in the payment of the labor-power of the laborers is mostly spent by them for articles of consumption; and since, finally, the  $s$ -portion of the value of commodities, on the basis of simple reproduction, is practically spent as revenue for articles of consumption, it is evident at the first glance that the laborers of II

buy back, with the money received as wages from the capitalists of II, a portion of their own product, corresponding in value to the money-value represented by these wages. The capitalist class of II thereby reconvert the money-capital advanced by them in the payment of labor-power into the form of money. It is as though they had paid the laborers in mere checks on commodities. As soon as the laborers realize on these checks by the purchase of a portion of the commodities produced by them, but belonging to the capitalists, these checks return into the hands of the capitalists. Only, these checks do not merely represent value, but they are actually embodied in gold or silver. We shall analyze later on this sort of reflux of variable capital by means of a process in which the laborer appears as a purchaser and the capitalist as a seller. Here, however, it is a question of a different point, which must be discussed on the occasion of the return of this variable capital to its point of departure.

Department II of the annual production of commodities consists of a great variety of lines of production, which may, however, be divided into two great subdivisions according to their products.

Articles of consumption required for the maintenance of the laboring class, and to the extent that they are material requirements of life, also forming a portion of the consumption of the capitalist class, although they are frequently different in quality and value. We may, for our purposes, comprise this entire subdivision under the name of necessary articles of consumption, regardless of whether a product of this class, such as tobacco, is really a necessary article of consumption from the physiological standpoint or not. It is sufficient that it may be habitually in demand.

Articles of luxury, which are consumed only by the capitalist class, being purchased only with the surplus-value, which never falls to the share of the laborer.

It is obvious that the variable capital advanced in the production of the commodities of the class (a) must flow back directly to that portion of the capitalist class of II (in other words the capitalists of IIa) who have produced these material requirements of life. They sell them to their own laborers to the amount of the variable capital paid to them in wages. This reflux takes place in a direct way, so far as this entire subdivision (a) of the capitalist class of department II is concerned, no matter how numerous may be the transactions between the capitalists of the various lines of industry interested in this department, by means of which the returning variable

capital is distributed pro rata. These transactions are processes of circulation, whose means of circulation are supplied directly by the money expended by the laborers. It is different with subdivision IIb. The entire portion of the values produced in this subdivision, IIb ( $v + s$ ), exists in the natural form of articles of luxury; that is to say, articles which the laborer can buy no more than the value of the commodities Iv existing in the form of means of production, notwithstanding the fact that both articles of luxury and means of production are the products of the working class. Hence the reflux by which the variable capital advanced in this subdivision restores to the capitalist producers its value in the form of money cannot take place directly, but must be promoted indirectly, similarly as in the case of Iv.

Let us assume, for instance, that  $v$  stands for 500 and  $s$  also for 500, as they did in the case of the entire class II; but let the division of the variable capital and of the corresponding surplus-value be as follows:

(Subdivision a) Necessities of Life:  $v$  equal to 400 and  $s$  equal to 400; hence a total quantity of necessities of life valued at 400  $v$  plus 400  $s$ , equal to 800, in other words, IIa (400  $v$ +400  $s$ ).

(Subdivision b) Articles of Luxury: Valued at 100  $v$  plus 100  $s$ , equal to 200, or IIb (100  $v$  + 100  $s$ ).

The laborers of IIb have received 100 in money as payment of their labor-power, or say 100 pounds sterling. They buy with this money articles of consumption from the capitalists of IIa to the same amount. This class of capitalists buys with the same money 100 p. st. worth of the commodities of IIb, thereby returning to the capitalists of IIb their variable capital in the form of money.

In IIa there are available once more 400  $v$  in money, in the hands of the capitalists, obtained by exchange with their laborers. Furthermore, the fourth part of the product representing surplus-value has been transferred to the laborers of IIb, and IIb (100 $v$ ) have been purchased in the form of articles of luxury.

Now, assuming that the capitalists of IIa and IIb divide the expenditure of their revenue in the same proportion between necessities of life and luxuries — for instance, three-fifths for necessities and two-fifths for luxuries — the capitalists of IIa will spend their revenue from surplus-value, amounting to 400  $s$ , three-fifths, or 240, for their own product of necessities of life, and two-fifths, or 160, for articles of luxury. The capitalists of subdivision IIb will divide their surplus-value of 100  $s$  in the

same way: three-fifths, or 60, for necessities, and two-fifths, or 40, for articles of luxury, these being produced and exchanged in their own subdivision.

The 160 in articles of luxury received by IIa for its surplus-value, pass into the hands of the capitalists of IIa in the following manner: Of the 400 s of IIa, we have seen that 100 were exchanged in the form of necessities of life for an equal amount of articles of luxury of IIb, and furthermore 60, consisting of necessities of life, for 60 s of IIb, consisting of luxuries. The total calculation then stands as follows:

IIa: 400 v plus 400 s; IIb: 100 v plus 100 s.

400 v of (a) are consumed by the laborers of IIa, a part of whose product is represented by that amount in necessities of life; the laborers buy these necessities from the capitalist producers of their own subdivision. These capitalists thereby recover 400 p. st., in money, which is the value of the variable capital paid by them to these same laborers. They can now buy more labor-power with it.

One portion of the 400 s of (a), equal to the 100 v of (b); in other words, one-quarter of the surplus-value of (a) is exchanged for luxuries in the following way: The laborers of (b) received from the capitalists of their subdivision 100 p. st. in wages. With this amount these laborers bought one-quarter of the surplus-value of (a), in other words, commodities consisting of necessities of life. The capitalists of (a) buy with this same money articles of luxury to the same amount, which equals 100 v of (b), or one-half of the entire product in luxuries of (b). In this way the capitalists of (b) recover their variable capital in the form of money and are enabled to resume reproduction after having invested this amount once more in labor-power, since the entire constant capital of the whole department II has been reproduced by the exchange between I (v+s) and IIc. The labor-power of the laborers of IIb, the producers of articles of luxury, is under these circumstances, only saleable because the product created by them as an equivalent for their own wages is consumed by the capitalists of IIa. (The same applies to the sale of the labor-power of I, since the IIc for which I (v + s) is exchanged, consists of both articles of luxury and necessities of life, and that which is reproduced by means of I (v + s) consists of the means of production of both luxuries and necessities.)

We now come to the exchange between a and b, to the extent that it is merely a transaction between the capitalists of these two subdivisions. So far we have disposed of the variable capital (400) v and of one portion of the surplus-value (100) s in (a), and of the variable capital (100) v in (b). We had furthermore assumed that the average proportion of the expenditure of the capitalist revenue was in both classes two-fifths for luxuries and three-fifths for necessities. Apart from the 100 thus expended for luxuries, the entire department therefore still has to spend 60 for luxuries in (a) and the same proportion, or 40, in (b).

(IIa) is then divided into 240 for necessities and 160 for luxuries, or  $240 + 160 = 400$  s (IIa).

(IIb) s is divided into 60 for necessities and 40 for luxuries;  $60 + 40 = 100$ s (IIb). The last 40 are consumed by this class out of its own product (two-fifths of its surplus-value); the 60 for necessities are obtained by this class through the exchange of 60 of its surplus-value for 60 s of a.

We have, then, for the entire capitalist class of II, the following situation (v plus s in subdivision (a) consisting of necessities, in subdivision (b) of luxuries):

IIa (400 v + 400 s) + IIb (100 v + 100 s) = 1000; by this transaction there is realized  $500$  v (a + b) +  $500$  s (a + b) = 1000; the first member in this equation being realized in 400 v of (a) and 100 s of (b), the second in 300 s of (a) plus 100 v of (b) plus 100 s of (b).

Considering a and b, each by itself, we have the transaction:

$$\mathbf{a)} \quad \frac{\mathbf{v}}{400 \mathbf{v} \text{ (a)}} + \frac{\mathbf{s}}{240 \mathbf{s} \text{ (a)} + 100 \mathbf{v} \text{ (b)} + 60 \mathbf{s} \text{ (b)}} = 800$$

$$\mathbf{b)} \quad \frac{\mathbf{v}}{100 \mathbf{s} \text{ (a)}} + \frac{\mathbf{s}}{60 \mathbf{s} \text{ (a)} + 40 \mathbf{s} \text{ (b)}} \dots \dots \dots = \frac{200}{1000}$$

If we retain, for the sake of simplicity, the same proportion between the variable and constant capital of each subdivision (which, by the way, is not at all necessary), we obtain for 400 v (a) a constant capital of 1600, and for 100 v (b) a constant capital of 400, and we have the following two subdivisions a and b in department II:

$$\text{(IIa) } 1600 \text{ c} + 400 \text{ v} + 400 \text{ s} = 2400$$

$$\text{(IIb) } 400 \text{ c} + 100 \text{ v} + 100 \text{ s} = 600$$

making together

$$2000 c + 500 v + 500 s = 3000.$$

Accordingly, 1600 of the 2000 IIc in articles of consumption, which are exchanged for 2000 I (v + s), are disposed of for means of production of necessities of life, and 400 for means of production of luxuries.

The 2000 I (v + s), then, would be divided into (800 v + 800 s) I, for the 1600 means of production of necessities of life in section a, and (200 v + 200 s) I, for the 400 means of production of luxuries in b.

A considerable part of the instruments of labor, strictly so called, as well as of the raw and auxiliary materials, etc., is homogeneous for both departments. But so far as the transaction of the exchanges of the various portions of value of the total product I (v + s) are concerned, such a division would be immaterial. Both the above named 800 v of I and 200 v of I are realized by the spending of wages for articles of consumption 1000 c of II, and the money-capital advanced for this purpose is uniformly distributed, on its return, among the capitalist producers of I, reproducing their variable capital in money at the rate advanced by them. On the other hand, so far as the realization of the 1000 s of I is concerned, the capitalists will likewise draw uniformly, in proportion to the magnitude of their surplus-value, 600 IIa and 400 IIb out of the entire second half of IIc, equal to 1000; in other words, those who make up for the constant capital of IIa will draw 480, or three-fifths, out of 600 c of IIa, and 320, or two-fifths, out of 400 c of IIb, a total of 800; while those who make up for the constant capital of IIb will draw 120, or three-fifths out of 600 c of IIa and 80, or two-fifths out of 400 c of IIb, a total of 200. Grand total, 1000.

That which is arbitrary in this case is the proportion of the variable to the constant capital of both I and II and so is the uniformity of this proportion for I and II and their subdivisions. As for this uniformity, it has been assumed merely for the sake of simplifying the matter, and it would not alter in any way the fundamental conditions of the problem and its solution, if we had assumed different proportions. However, the necessary result of all this, on the basis of simple reproduction, is the following:

That the new product in values created by the labor of one year in the natural form of means of production, divisible into v plus s, must be equal to the value of the constant capital c of the product in values created by the other part of annual labor, reproduced in the form of articles of consumption. If it were smaller than IIc, it would be impossible for II to

reproduce its entire constant capital; if it were greater, a surplus would remain unused. In either case, the assumption of simple reproduction would be violated.

That in the case of annual product which is reproduced in the form of articles of consumption, the variable capital  $v$  advanced in the form of money can be realized by its recipients, to the extent that they are laborers producing luxuries, only in that portion of the necessities of life which embodies for its capitalist producers primarily their surplus-value; so that  $v$ , invested in the production of luxuries, is equal in value to a corresponding portion of  $s$  produced in the form of necessities, and must be smaller than the whole of this  $s$ , which is  $s$  of IIa; and that, finally, the variable capital of the capitalist producers of luxuries returns to them in the form of money only by means of the realization of that  $v$  in this portion of  $s$ . This phenomenon is quite analogous to the realization of  $I(v + s)$  in IIc; only that in the second case, it is the  $v$  of IIb which is realized in a portion of  $s$  of IIa of the same value. These conditions determine the proportions of the various quantities in every distribution of the total annual product, to the extent that it actually enters into the process of the annual reproduction promoted by circulation.  $I(v + s)$  can be realized only in IIc, and IIc can renew its function as a component part of productive capital only by means of this realization; in the same way, the  $v$  of IIb can be realized only in a portion of  $s$  of IIa, and  $v$  of IIb can only thus be reconverted into the form of money-capital. Of course, all this applies only to the extent that it is a result of the process of reproduction itself, so that the capitalists of IIb do not, for instance, take up money-capital for  $v$  by credit from others. So far as mere quantity is concerned, the transactions for the exchange of the various portions of the annual product can take place only in the way indicated above, so long as the scale and the conditions determining value remain stationary, and so long as these strict conditions are not altered by the commerce with foreign countries.

Now, if we were to say after the manner of Adam Smith that  $I(v + s)$  resolves itself in IIc, and IIc resolves itself into  $I(v + s)$ , or, as he says more frequently and more absurdly,  $I(v + s)$  constitutes the component parts of the price (or value in exchange, as he has it) of IIc, and IIc constitutes the entire component part of the value of  $I(v + s)$ , then we could and should say that the  $v$  of IIb resolves itself into  $s$  of IIa, or the  $s$  of IIa into the  $v$  of IIb, or the  $v$  of IIb forms a component part of the  $s$  of IIa, or, vice versa, the

surplus-value thus resolves itself into wages, or into variable capital, and the variable capital forms a component part of the surplus-value. This absurdity is indeed found in Adam Smith, since according to him wages are determined by the value of the necessities of life, and the values of these commodities in their turn by the value of the wages (variable capital) and surplus-value contained in them. He is so absorbed in the fractional parts, into which the product in values of one working day is divided on the basis of capitalist production — namely into  $v$  plus  $s$  — that he quite forgets that it is immaterial in the simple exchange of commodities, whether the equivalents existing in various natural forms consist of paid or unpaid labor, since their production costs in either case the same amount of labor; and that it is also immaterial, whether the commodity of A is a means of production and that of B an article of consumption, and whether one commodity has to serve as a component part of capital after its sale, while another passes into the fund for consumption and is consumed, according to Adam, as revenue. The use to which the buyer puts his commodity does not fall within the scope of the exchange of commodities, does not concern the circulation, and does not affect the value of the commodity. This fact is not in the least affected by the truth that, in the analysis of the circulation of the annual social product as a whole, the definite use for which it is intended, the mode of consumption of the various component parts of that product, must be taken into consideration.

In mentioning the fact that the conversion of the  $v$  of IIb into a portion of the  $s$  of IIa of the same value, and the further transactions between the  $s$  of IIa and the  $s$  of IIb, it is by no means assumed that either the individual capitalists of IIa and IIb or their respective totalities divide their surplus-value in the same proportion between necessities of life and articles of luxury. The one may spend more in this consumption, the other more in that. On the basis of simple reproduction we have merely assumed that a sum of values equal to the entire surplus-value is realized in a fund for consumption. The limits are thus given. Within each department, the one may do more in a, the other in b. But this may compensate itself mutually, so that the capitalist classes of a and b, each taken as a whole, each participate in the same proportion in both of them. The proportions of value — the proportional share of the two classes of producers, a and b, in the total value of the product of II — and with them a definite quantitative proportion between the departments of production supplying those

products, are necessarily given in any concrete case; only a proportion chosen as an illustration is a hypothetical one. It does not alter the qualitative elements of the proposition, if we select another illustration; only the quantitative determinations would be altered. But if any circumstances cause an actual change in the proportional magnitude of a and b, then the conditions of simple reproduction would likewise be changed correspondingly.

Since the  $v$  of IIb is realized in an equivalent portion of the  $s$  of IIa, it follows that to the extent that the portion of the annual product consisting of luxuries grows, absorbing an increasing share of the labor-power in the production of luxuries, to the same extent is the reconversion of variable capital advanced by IIb into money conditioned on the prodigality of the capitalist class, who spend a considerable portion of their surplus-value in articles of luxury. It is by this means that the reconversion of this variable capital into money is promoted, and thereby the existence and reproduction of the laborers employed in IIb, by supplying them with the articles of consumption necessary for their life.

Every crisis momentarily lessens the consumption of luxuries. It retards and checks the reconversion of the  $v$  of IIb into money-capital, permitting it only partially and thus throwing a certain number of the laborers employed in the production of luxuries out of employment, while it on the other hand clogs by this means the sale of the necessary articles of consumption and reduces it. And there are, besides, the unproductive laborers who are dismissed at the same time, laborers who receive for their services a portion of the funds spent by the capitalists for luxuries (these laborers are themselves luxuries), and who take part to a very considerable extent in the consumption of necessities of life, etc. The reverse takes place in periods of prosperity, particularly during the times of bogus prosperity, in which the relative value of money, expressed in commodities, decreases primarily for other reasons (without any other actual revolution in values), so that the price of commodities rises independently of their own value. It is not alone the consumption of necessities of life which increases at such times. The working class, actively re-inforced by its entire reserve army, also enjoys momentarily articles of luxury ordinarily out of its reach, articles which at other times constitute for the greater part “necessities” only for the capitalist class. This contributes to a rise in prices from this quarter.

It is purely a tautology to say that crises are caused by the scarcity of solvent consumers, or of a paying consumption. The capitalist system does not know any other modes of consumption but a paying one, except that of the pauper or of the “thief.” If any commodities are unsaleable, it means that no solvent purchasers have been found for them, in other words, consumers (whether commodities are bought in the last instance for productive or individual consumption). But if one were to attempt to clothe this tautology with a semblance of a profounder justification by saying that the working class receive too small a portion of their own product, and the evil would be remedied by giving them a larger share of it, or raising their wages, we should reply that crises are precisely always preceded by a period in which wages rise generally and the working class actually get a larger share of the annual product intended for consumption. From the point of view of the advocates of “simple” (!) common sense, such a period should rather remove a crisis. It seems, then, that capitalist production comprises certain conditions which are independent of good or bad will and permit the working class to enjoy that relative prosperity only momentarily, and at that always as a harbinger of a coming crisis.

We saw a while ago that the proportion between the production of necessities of life and that of luxuries requires the division of II ( $v + s$ ) into IIa and IIb, and thus of IIc into (IIa) c and (IIb) c. Hence this division touches the character and the quantitative conditions of production to their very roots, and is an essential factor in its general conformation.

Simple reproduction is essentially directed toward consumption as an end, although the securing of surplus-value appears as the compelling motive of the individual capitalists; but surplus-value in this case, whatever may be its proportional magnitude, is supposed to serve merely for the individual consumption of the capitalist.

So far as simple reproduction is a part, and the most important one at that, of annual reproduction on an enlarged scale, consumption remains as a motive accompanying the accumulation of wealth as an end and distinguished from it. In reality, the matter appears more complicated, because some partners in the loot, the surplus-value of the capitalist, figure as consumers independently of him.

THE PROMOTION OF THE TRANSACTIONS BY THE CIRCULATION OF MONEY.



The direct reflux of the money-capital advanced in variable capital, which takes place only in the case of the capitalist class of IIa who produce necessities of life, is but an expression, modified by special conditions, of the previously mentioned general law, that money advanced to the circulation by producers of commodities returns to them in the normal circulation of commodities. Consequently, if a money capitalist stands behind the producer of commodities and advances to the industrial capitalist money-capital (using this term in its strictest meaning, that is to say, capital-value in the form of money), the final point of reflux for this money is the pocket of this money-capitalist. In this way the mass of the circulating money belongs to that department of money-capital which is concentrated and organized in the form of banks, etc., although the money circulates more or less through all hands. The way in which this department advances its capital necessitates continually the final reflux to it in the form of money, although this takes place by way of the reconversion of the industrial capital into money-capital.

The circulation of commodities always requires two things: Commodities which are thrown into circulation, and money which is likewise thrown into it. “The process of circulation...does not, like direct barter of products, become extinguished upon the use-values changing places and hands. The money does not vanish on dropping out of the circuit of the metamorphosis of a given commodity. It is constantly being precipitated into new places in the arena of circulation vacated by other commodities,” etc. (Volume I, chapter III, page 126.)

For instance, in the circulation between IIc and I ( $v + s$ ) we assumed that 500 pounds sterling in gold had been advanced for it. In the innumerable processes of circulation, into which the circulation between great social groups resolves itself, now this, now that producer will first appear in one or the other group as a buyer, throwing money into circulation. Quite aside from individual circumstances, this is conditioned on the difference of the periods of production and thus of the turn-overs of the various commodity-capitals. Now II buys with these 500 pounds sterling means of production of the same value from I, and I buys from II articles of consumption valued at 500 pounds sterling. Hence the money flows back to II, but this department does not in any way increase its wealth by this reflux. It had thrown 500 pounds sterling in money into circulation and drew the same amount out of it in commodities; then it sells 500 pounds sterling worth of

commodities and draws out of circulation the same amount in money; thus the 500 pounds sterling flow back to it. As a matter of fact, II has thrown into circulation 500 pounds sterling in money and 500 pounds sterling in commodities, a total of 1000 pounds sterling. It draws out of the circulation 500 pounds sterling in commodities and 500 pounds sterling in money. The circulation requires for the handling of 500 pounds sterling in commodities of I and 500 pounds sterling in commodities of II only 500 pounds sterling in money; and whoever has first advanced money in the purchase of commodities from other producers, recovers it when selling his own. Hence, if department I had been the first to buy commodities from II for 500 pounds sterling, and to sell later on to II commodities valued at 500 pounds sterling, these 500 pounds sterling would have returned to I instead of II.

In class I, the money invested in wages, in other words, the variable capital advanced in the form of money, does not return directly in this form, but indirectly by a detour. But in II, the 500 pounds sterling return directly from the laborers to the capitalists, and this return is always direct in the case where purchase and sale takes place repeatedly between the same persons in such a way that they are acting alternately as buyers and sellers of commodities. The capitalist of II pays for the labor-power in money; he thereby incorporates his labor-power in his capital and assumes the role of an industrial capitalist over his laborers as wage earners only by means of this transaction in circulation, which is for him merely a conversion of money-capital into productive capital. Thereupon the laborer, who is in the first instance a seller of his own labor-power, assumes in the second instance the role of a buyer, a possessor of money, while the capitalist acts now as a seller of commodities. In this way the capitalist recovers the money invested by him in wages. Unless this sale of his commodities implies cheating, etc., and remains but an exchange of equivalents in money and commodities, it is not a process by which the capitalist enriches himself. He does not pay the laborer twice, first in money, and then in commodities. His money returns to him as soon as the laborer exchanges it for his commodities.

Now, the money-capital converted into variable capital, the money advanced for wages, plays a prominent role in the circulation of money itself. For the laborer must live from hand to mouth and cannot give the industrial capitalists any credit for long periods. Hence variable capital in

the form of money must be advanced simultaneously at innumerable localities in the social production in certain short intervals, such as weeks, etc., whatever may be the various periods of turn-over of the capitals in the different lines of industry. These intervals succeed one another with relative rapidity, and the shorter they are, the smaller is relatively the total amount of money thrown into circulation through this channel. In every country with a capitalist production the money-capital so advanced constitutes a proportionately influential share of the total circulation, so much more so as the same money, before its return to its point of departure, roams through many channels and serves as a medium of circulation for innumerable other businesses.

Now let us consider the circulation between I ( $v + s$ ) and IIc from a different point of view.

The capitalists of I advance 1000 pounds sterling in the payment of wages. The laborers buy with this money 1000 pounds sterling's worth of commodities from the capitalists of II. These in turn buy with the same money means of production from the capitalists of I. These capitalists of I thereby recover their variable capital in the form of money, while the capitalists of II have reconverted one-half of their constant capital from the form of commodities into that of productive capital. The capitalists of II advance 500 pounds sterling more for the purchase of means of production from the capitalists of I. The capitalists of I spend this money in articles of consumption of II. These 500 pounds sterling thus return to the capitalists of II. They advance this amount again, in order to reconvert the last quarter of their constant capital, existing in the form of commodities, into means of production of I, its natural productive form. This money flows back to I, and once more withdraws from II articles of consumption to the same amount, returning 500 pounds sterling to II. The capitalists of II are then once more in possession of 500 pounds sterling in money and 2000 pounds sterling of constant capital, the latter having been reconverted from the form of commodity-capital into that of productive capital. By means of 1500 pounds sterling, a quantity of commodities valued at 5000 pounds sterling has been circulated. (1) I paid 1000 pounds sterling to his laborers for their labor-power of the same value; (2) the laborers bought with these same 1000 pounds sterling articles of consumption from II; (3) II bought with the same money means of production from I, thereby restoring to I its variable capital of 1000 pounds sterling in the form of money; (4) II buys 500

pounds sterling's worth of means of production from I; (5) I buys with the same 500 pounds sterling articles of consumption from II; (6) II buys with the same 500 pounds sterling means of production from I; (7) I buys with the same 500 pounds sterling articles of consumption from II. Thus 500 pounds sterling have returned to II, which it had thrown into circulation aside from its 2000 pounds sterling in commodities and for which it did not withdraw any equivalent from circulation.

The exchange, therefore, follows this course:

I pays 1000 pounds sterling in money for labor-power, or, in short, commodities at 1000 pounds sterling.

The laborers buy with their wages amounting to 1000 pounds sterling articles of consumption from II; therefore we have again commodities at 1000 pounds sterling.

II buys with the 1000 pounds sterling received from the laborers means of production to the same amount; hence, once more, commodities at 1000 pounds sterling.

By this transaction the 1000 pounds sterling have returned to I in the money-form of its variable capital.

II buys 500 pounds worth of means of production from I, or, commodities at 500 pounds sterling.

I buys with the same 500 pounds sterling articles of consumption from II; or, commodities at 500 pounds sterling.

II buys with the same 500 pounds sterling means of production from I; or, commodities at 500 pounds sterling.

I buys with the same 500 pounds sterling articles of consumption from II; or, commodities at 500 pounds sterling.

Total amount of value of commodities converted: 500 pounds sterling.

The 500 pounds sterling advanced by II in its first additional purchase have returned to it.

This, then, is the result:

I possesses variable capital in the form of money to the amount of 1000 pounds sterling, which it had originally advanced to the circulation. It has furthermore expended 1000 pounds sterling for its individual consumption, in the shape of its product in commodities; that is to say, has spent money which it had originally received for the sale of means of production to the amount of 1000 pounds sterling.

On the other hand, the natural form in which variable capital existing in the form of money must be incorporated in order to be preserved, in other words, labor-power, has been maintained by consumption, and having been reproduced exists once more as the sole commodity which its owners have for sale in order to make a living. The relation of wage workers and capitalists, then, has likewise been reproduced.

The constant capital of II is reproduced in its natural form, and the 500 p. st. advanced by the same department to the circulation have likewise returned to its hands.

So far as the laborers of I are concerned, the circulation takes place according to the simple schedule  $C — M — C$ . Labor-power<sup>1</sup>  $C — 1000$  p. st. as the money-form of the variable capital of I;  $M_2 —$  necessities of life to the amount of 1000 p. st.;  $C_3 —$  these 1000 p. st. monetize to the same amount the constant capital of II existing in the form of commodities, of necessities of life.

From the point of view of the capitalists of II, the process is  $C — M$ , the transformation of a portion of their product into money, from which it is reconverted into the elements of productive capital, namely into a portion of the means of production required by them.

In the case of the advance of money of 500 p. st., made by the capitalists of II in the purchase of an additional portion of means of production, the money-form of that portion of  $Ic$  which exists as yet in the form of commodities, of articles of consumption, is anticipated, in the transaction  $M — C$ , in which II buys with  $M$ , and  $C$  is sold by I, the money (II) is converted into a portion of productive capital, while  $C$  (I) passes through the transaction  $C — M$ , changes itself into money, which, however, does not represent any component part of productive capital for I, but merely monetized surplus-value expended solely for articles of consumption.

In the circulation  $M — C..P..C_1 — M_1$ , the first act,  $M — C$ , is that of one capitalist, the last  $C_1 — M_1$ , of another (or at least in part); whether this  $C$ , by which  $M$  is converted into productive capital, represents an element of constant capital, variable capital, or surplus-value for the seller of  $C$  (who exchanges this  $C$  for money), is immaterial for the circulation of commodities itself.

Class I, so far as concerns the portion  $v$  plus  $s$  of its product in commodities, draws more money out of circulation than it threw in. In the first place, its 1000 p. st. of variable capital are restored to it; in the second

place, it sells means of production valued at 500 p. st. (see above transaction No. 4); one-half of its surplus-value is thus monetized; then it sells once more 500 p. st.'s worth of means of production (transaction No. 6), the second half of its surplus-value, and thus its entire surplus-value is withdrawn from circulation in the shape of money. The successive transactions, then, have been (1) a reconversion of variable capital into money, to the amount of 1000 p. st.; (2) a monetization of one-half of the surplus-value, to the amount of 500 p. st.; (3) a monetization of the other half of the surplus-value, to the amount of 500 p. st., altogether 1000 v plus 1000 s that have been monetized, or 2000 p. st. Although department I threw only 1000 p. st. into circulation (aside from those transactions which promote the reproduction of  $I_c$ , and which we shall analyze later), it has withdrawn double that amount from it. Of course, the surplus-value passes into another hand, that of II, as soon as it has been converted into money, by being spent for articles of consumption. The capitalists of I withdrew only as much value in money as they threw into circulation in the form of commodities; the fact that this value is surplus-value, that is to say, that it does not cost the capitalists anything, does not alter the value of these commodities in any way; so far as the exchange of values in circulation is concerned, that fact is entirely irrelevant. The monetization of surplus-value is, of course, a transient act, the same as all other phases through which the advanced capital passes in its metamorphoses. It lasts no longer than the interval between the conversion of the commodities of I into money and the subsequent conversion of the money of I into commodities of II.

If the turn-overs had been assumed to be shorter — or, from the point of view of the simple circulation of commodities, the number of turn-overs of the circulating money more rapid — even less money would be required for the circulation of the exchanged values of commodities; the amount is always determined — if the number of successive transactions is given — by the sum of the prices, or the sum of values, of the circulating commodities. It is immaterial for this question what proportion of this sum of values consists of surplus-value or of capital-value.

If the wages of I, in our illustration, were paid four times per year, we should have 4 times 250, or 1000. In other words, 250 p. st. would suffice for the circulation between  $I_v$  and  $\frac{1}{2}$  of  $I_c$ , and for that between the variable capital of I and the labor-power of the same department. Furthermore, if the circulation between  $I_s$  and  $I_c$  were to take place in four

turn-overs, it would require only 250 p. st. in money, or in the aggregate a sum of money, or a money-capital, or 500 p. st. for the circulation of commodities worth 5000 p. st. In that case, the surplus-value would be converted into money by four successive transactions, monetizing one-fourth each time, instead of two transactions of one-half each time.

If department I instead of II, should assume the role of buyer in transaction No. 4 by expending 500 p. st. for articles of consumption of the same value, II would buy means of production with the same 500 p. st. in transaction No. 5, I would then buy articles of consumption with the same 500 p. st. in transaction No. 6; II would then buy means of production with the same 500 p. st. in transaction No. 7; so that the 500 p. st. would finally return to I, the same as they did in our previous illustration to II. The surplus-value is converted into money, in this second case, by means of an expenditure of money for articles of individual consumption on the part of its capitalist producer, and this expenditure of money discounts beforehand the revenue to be derived from the monetization of the surplus-value still contained in the unsold commodities. The surplus-value is not monetized by the reflux of the 500 p. st.; for aside from 1000 p. st. in the form of commodities of Iv, department I threw 500 p. st. in money into circulation at the close of transaction No. 4, and this was additional money, so far as we know, not money obtained by the sale of commodities. In recovering this money, department I merely pockets once more the additional money advanced by it. It has not monetized its surplus-value by this means. The monetization of the surplus-value of I takes place only by the sale of the commodities of Is, in which it is incorporated, and lasts only so long as the money obtained by the sale of the commodities is not expended in the purchase of new articles of consumption.

Department I buys with an additional amount of 500 p. st. in money articles of consumption from II; after spending this money, I holds its equivalent in commodities of II; the money returns for the first time by the purchase, on the part of II, of commodities to the amount of 500 p. st. from I; in other words, it returns as the equivalent of the commodities sold by I, but these commodities do not cost I anything, they constitute surplus-value for I, and thus the money thrown into circulation by this very department monetizes its own surplus-value. On buying for the second time, in transaction No. 6, I has likewise obtained its equivalent in commodities of II. Take it, now, that II would not buy means of production from I. In that

case, I would have actually paid 1000 p. st. for articles of consumption, it would have consumed its entire surplus-value as revenue, namely 500 in its own commodities (means of production) and 500 in money; on the other hand, it would still have 500 p. st. in commodities (means of production) in stock, and would have gotten rid of 500 p. st. in money.

Department II, again, would have reconverted three-fourths of its constant capital from the form of commodity-capital into that of productive capital; but one-fourth, or 500 p. st., would be held by it in money, which, having interrupted its function and waiting for conversion, would be unproductive for the time being. If this condition of things should last for any length of time, II would have to cut down its scale of reproduction by one-fourth.

However, the 500 in means of production, which I has on its hands, are not surplus-value existing in the form of commodities; they occupy the place of the 500 p. st. advanced in money, which I possessed aside from its 1000 p. st. in commodities. In the form of money, they would be always convertible, as commodities they are momentarily unsalable. So much is evident, that simple reproduction — in which every element of productive capital must be reproduced in both II and I — remains possible in this case only, if the 500 golden birds, which I first sent flying, return to it.

If a capitalist (we have only industrial capitalists to deal with here, who are the representatives of all others) spends money for articles of consumption, it passes out of his life, it goes the way of the flesh. If it returns to him, it can do so only to the extent that he draws it out of circulation by means of his commodity-capital. The value of his entire annual product in commodities (which represents his commodity-capital) the same as that of every one of its elements, that is to say, of every individual commodity, resolves itself, from his point of view, into constant capital, variable capital, and surplus-value. The monetization of every individual commodity (each constituting an element of the product in commodities) is at the same time a monetization of a certain portion of the surplus-value contained in the entire product. In the cited case, then, it is literally true that the capitalist himself threw the very money into circulation by which his surplus-value is monetized, and he did so in the purchase of articles of consumption. Of course, it is not a question of the identical pieces of money, but rather of a certain amount of genuine money

equal to the one (or an equal portion of the one) which he had previously thrown into circulation to satisfy his own individual wants.

In practice this is done in two ways: If the business has been opened in the current year, it will take quite a while before the capitalist will be enabled to use any portion of the receipts of his business for the satisfaction of his individual consumption. But he does not suspend his consumption for all that for a single moment. He advances to himself (immaterial whether out of his own pocket or by means of credit from others) money in anticipation of surplus-value to be realized by him. If the business has been running regularly for a period longer than the current year, payments and receipts are distributed over different terms of the year. But one thing continues uninterrupted, namely the consumption of the capitalist, which anticipates a definite portion of the customary or estimated revenue and is calculated on a certain proportion of it. With every portion of commodities sold, a portion of the annually produced surplus-value is also realized. But if only as much of the produced commodities were sold during the entire year as is required to reproduce the values contained in the constant and variable capitals, or if prices were to fall to such an extent that only the value of the capital contained in it should be realized by the sale of the entire annual product in commodities, then the anticipatory character of the expenditure of money in expectation of future surplus-value would be clearly revealed. If our capitalist fails, then his creditors and the court investigate whether his anticipated private expenditures were reasonably proportionate to the volume of his business and to the receipts of surplus-value usually or normally corresponding to it.

So far as the entire capitalist class are concerned, the statement that they must themselves throw into circulation the money required for the realization of their surplus-value (eventually for the circulation of their constant and variable capital) is not only no paradox, but is the necessary premise of the entire mechanism. For there are only two classes in this case, the working class disposing of their labor-power, and the capitalist class owning the social means of production and the money. It would rather be a paradox if the working class were to advance in the first instance out of its own pockets the money required for the realization of the surplus-value contained in the commodities. But the individual capitalist makes this advance only by acting as a buyer, expending money in the purchase of articles of consumption, or advancing money in the purchase of elements

of his productive capital. He never parts with his money unless he gets an equivalent for it. He advances money to the circulation only in the same way that he advances commodities to it. He acts in both instances as the point of departure of their circulation.

The actual transaction is obscured by two circumstances:

The fact that merchant's capital (the first form of which is always money, since the merchant as such does not create any "product" or "commodity") and money-capital are manipulated by a special class of capitalists in the process of circulation of industrial capital.

The division of surplus-value — which must always be first in the hands of the industrial capitalist — into various categories, represented, aside from industrial capitalists, by the land owner (for ground rent), the usurer (for interest), etc., furthermore by the government and its officials, by people living on their income, etc. This gentry appear as buyers as compared to the industrial capitalist, and to that extent as monetizers of his commodities; they likewise throw "money" into circulation on their part and the industrial gets it from them. But in that case, it is always forgotten from what source they derived it originally, and continue deriving it ever anew.

#### THE CONSTANT CAPITAL OF DEPARTMENT I.

It remains for us to analyze the constant capital of department I, amounting to 4000 c. This value is equal to that of the means of production consumed in the creation of the commodity-product of I and incorporated in it. This re-appearing value, which was not produced in the process of production of I, but entered into it during the preceding year in the form of constant capital, representing the definite value of his means of production, exists now in the entire quantity of commodities not absorbed by department II. And the value of this quantity of commodities thus left in the hands of the capitalists of I equals two-thirds of the value of their entire annual commodity-product. In the case of the individual capitalist producing some particular means of production, we were enabled to say: He sells his commodity-product; he converts it into money. By converting it into money, he has also reconverted into money the constant portion of the value of his product. With this portion of value, thus converted into money, he then buys his means of production once more from other sellers of commodities, or transforms the constant portion of the value of his product into its natural form, in which it can resume its function of productive

constant capital. But now this supposition becomes impossible. The capitalist class of I comprises all the capitalists producing means of production. Besides, the commodity-product of 4000, which is left on their hands, is a portion of the social product which cannot be exchanged for any other portion, because no other portion of the annual product remains. With the exception of these 4000, all the remainder of the product has been disposed of. One portion has been absorbed by the social fund for consumption, and another portion has to reproduce the constant capital of department II, which has already bargained for everything which it can exchange with I.

The difficulty is solved very easily, when we remember that the entire product of I in its natural form consists of means of production, that is to say, of material elements of the constant capital itself. We meet here the same phenomenon which we witnessed under II, only under a different aspect. In the case of II, the entire product consisted of articles of consumption. Hence one portion of it, measured by the wages plus surplus-value contained in this product, could be consumed by its own producers. Here, in the case of I, the entire product consists of means of production, such as buildings, machinery, tanks, raw and auxiliary materials, etc. One portion of them, namely that reproducing the constant capital employed in this sphere, can, therefore, be immediately set to work in its natural form to serve once more as an element of productive capital. So far as it goes into circulation, it circulates within department I. While a portion of the commodity-product of II is individually consumed in its natural form by its own producers, a portion of the commodity-product of I is productively consumed in its natural form by its capitalist producers.

In these 4000c of the commodity-product of I, the constant capital-value consumed in this category re-appears in its natural form in which it can immediately resume its services as a productive constant capital. In department II, that portion of the commodity-product of 3000 whose value is equal to the wages plus the surplus-value of 1000, passes directly into the individual consumption of the capitalists and laborers of II, while, on the other hand, the constant value of this commodity-product, equal to 2000, cannot re-enter into the productive consumption of the capitalists of II, but must be reproduced by exchange with I.

But in department I, that portion of its commodity-product of 6000, whose value is equal to the wages plus the surplus-value, or 2000, does not

pass into the individual consumption of its producers, and could not on account of its natural form. It must first be exchanged with department II. On the other hand, the constant portion of the value of this product, or 4000, exists in a natural form, in which it can immediately resume its services as the constant capital of the capitalist class of I, taking this class as an aggregate. In other words, the entire product of department I consists of use-values which, on account of their natural form, can serve only as elements of constant capital, in a capitalist system of production. One third of this product of 6000, then, reproduces the constant capital of department II, or 2000, and the other two thirds the constant capital of department I.

The constant capital of I consists of a number of different groups of capital invested in the various lines of production of means of production, so much in iron works, so much in coal mines, etc. Every one of these groups of capital, or every one of these social capital groups, is in its turn composed of a larger or smaller number of independently functioning individual capitals. In the first place, the capital of society, for instance 7500 (millions, or any other denomination) is composed of various groups of capital; the social capital of 7500 is divided into separate parts, every one of which is invested in a special line of production, each portion invested in some particular line of production consists, so far as its natural composition is concerned, partly of means of production required in that special sphere of production, partly of the labor-power employed in that business and adapted to its requirements. This labor-power is modified by division of labor, according to the specific labor to be performed in each individual sphere of production. Each portion of social capital invested in any particular line of production in its turn consists of the sum of all individual capitals invested in it. This, of course, applies equally to departments I and II.

As for the value of the constant capital re-appearing in the form of the commodity-product of I, it re-enters in part as means of production into the particular sphere whose product it is (or even into the individual business), for instance, corn into the production of corn, coal into the production of coal, iron in the form of machines into the production of iron, etc.

However, the partial products constituting the value of the constant capital of I, so far as they do not return directly to their particular or individual sphere of production, merely change their place. They pass in their natural form to some other sphere of production of department I, while

the product of other spheres of production of department I replaces them in their natural state. It is merely a change of place of the products. All of them become once more the elements in the reproduction of constant capital of I, only in another group of I instead of the same one. To the extent that an exchange takes place between the individual capitalists of I, it is an exchange of one natural form of constant capital for another, one kind of means of production for another. It is an exchange of the different individual constant parts of capital of I among themselves. Unless the products serve directly as means of production in their own line, they are transferred to another line and thus naturally replace one another. In other words (similarly to what we saw in the case of the surplus value II), every capitalist of I draws on this constant capital of 4000, of which he is part owner, to the extent of his share, in means of production required by him. If production were socialized, instead of capitalistic, it is evident that these products of department I would just as regularly be redistributed as means of production to the various lines of production of this department, for purposes of reproduction, one portion remaining directly in that sphere of production which created it, another passing over to other lines of production of the same department, thereby entertaining a constant mutual exchange between the various lines of production of this department.

#### VARIABLE CAPITAL AND SURPLUS-VALUE IN BOTH DEPARTMENTS.

The total value of the articles of consumption annually produced is equal to the value of the variable capital of II produced during the year plus the newly created surplus-value of II (in other words, equal to the value newly produced by II during the year) plus the value of the variable capital of I reproduced during the year and the newly produced surplus-value of I (in other words, plus the value created by I during the year).

On the assumption of simple reproduction, then, the total value of the annually produced articles of consumption is equal to the annual product in values, in other words, equal to the total value produced during that year by social labor. And it must be so, for the reason that this entire value is consumed, on the basis of simple reproduction.

The total social working day is divided into two parts: (1) Necessary labor, which creates in the course of the year a value of 1500 v; (2), surplus labor, which creates an additional value, or surplus-value, of 1500 s. The sum of these values, 3000, is equal to the value of the annually produced

articles of consumption of 3000. The total value of articles of consumption produced during the year is therefore equal to the total value produced by the social working day during the year, equal to the value of the variable social capital plus the social surplus-value, equal to the total new product of the year.

But we know that the total value of the commodities of II, the articles of consumption, is not produced in this department of social production, although these two classes of value are identical. They are identical, because the value of the constant capital re-appearing in department II is equal to the value newly produced by I (value of variable capital plus surplus value); so that I ( $v+s$ ) can buy that portion of the product of II which represents the value of the constant capital of the producers in department II. This shows why the value of the product of the capitalists of II, from the point of view of society, may be resolved into  $v + s$ , although from their standpoint it is divided into  $c + v + s$ . It is because  $IIc$  is equal to I ( $v + s$ ), and because these two elements of the social product are mutually exchanged in their natural forms, so that after this exchange  $IIc$  exists once more in means of production, and I ( $v + s$ ) in articles of consumption.

And it is this circumstance which induced Adam Smith to claim that the value of the annual product resolves itself into  $v + s$ . But this is not true, in the first place, except for that part of the annual product which consists of articles of consumption; and in the second place, it does not apply in the sense that this total value is entirely produced by department II, so that its value in products would be equal to the variable capital advanced by II plus the surplus-value produced by II. It is true only in the sense that II ( $c + v + s$ ) is equal to II ( $v + s$ ) + I ( $v + s$ ), or because  $IIc$  is equal to I ( $v + s$ ).

It follows, furthermore:

Although the social working day (that is to say, the labor expended by the entire working class during the whole year), like every individual working day, is divided only in two parts, namely into necessary labor and surplus-labor, and although the value produced by this working day likewise resolves itself into but two parts, namely into the value of variable capital, or that portion with which the laborer buys his own means of reproduction, and the surplus-value which the capitalist may spend for his own individual consumption, nevertheless, from the point of view of society, one portion of the social working day is exclusively devoted to the production of new constant capital, namely of products exclusively intended

for service as means of production in the labor-process and thus as constant capital in the accompanying process of self-expansion. According to our assumption, the total social working day is represented by a money-value of 3000, only one third of which, or 1000, is produced in department II, which manufactures articles of consumption, that is to say, commodities in which the entire value of the variable capital and the entire surplus-value of society is finally realized. According to this assumption, two thirds of the social working day are employed in the production of new constant capital. Although, from the standpoint of the individual capitalists and laborers of department I, these two thirds of the social working day serve merely for the production of variable capital plus surplus-value, the same as the last third of the social working day in department II, nevertheless, from the point of view of society, and of the use-value of the product, these two thirds of the social working day serve only for the reproduction of constant capital in process of productive consumption or already so consumed. From the individual point of view, these two thirds of the working day, while producing a total value equal only to the value of the variable capital plus surplus-value, so far as its producer is concerned, nevertheless do not produce any use-values of the kind on which wages or surplus-value could be expended; for their products are means of production.

It must be noted, in the first place, that no portion of the social working day, whether in I or in II, serves for the production of the value of the constant capital employed and serving in these two great spheres of production. They produce only additional value, namely  $2000 I (v + s) +$  constant capital, represented by  $4000 Ic + 2000 IIc$ . The  $1000 II (v + s)$ , an addition to the existing value of the new value produced in the form of means of production is not yet constant capital. It merely is intended to be used as such in the future.

The entire product of II, the articles of consumption, viewed concretely as a use-value, in its natural form, is a creation of the one third of the social working day contributed by II. It is the product of labor in its concrete form, such as the labor of weaving, baking, etc., performed in this department as the subjective element of the labor process. But the constant portion of the value of this product of II re-appears only in a new use-value, in a new natural form, namely that of articles of consumption, while it existed previously in the form of means of production. Its value has been transferred by the labor-process from its old natural form to its new natural

form. But this value of these two thirds of the product, or 2000, has not been produced in this year's productive process of II.

Just as, from the point of view of the labor-process, the product of II is the result of the function of new living labor and means of production previously given to it, which are the material objects in which it incorporates itself, so, from the point of view of the process of reproduction, the value of the product of II, or 3000, is composed of the new value ( $500 v + 500 s = 1000$ ) produced by the newly added one third of the social working day and of a constant value, in which two thirds of a previous social working day are embodied, which passed away before the present process of production of II. This portion of the value of the product of II is materialized in a portion of the product itself. It exists in a quantity of articles of consumption valued at 2000, or two thirds of a social working day. This is the new use-form in which it re-appears. The exchange of a portion of the articles of consumption of 2000 IIc for means of production of I equal to I ( $1000 v + 1000 s$ ) represents, therefore, indeed an exchange of two thirds of a social working day which do not constitute any portion of this year's labor, but passed away previously to this year, for two thirds of the social working day newly added this year. Two thirds of this year's social working day could not serve in the production of constant capital and yet at the same time constitute variable capital plus surplus-value for their own producers, unless they were compelled to exchange with a portion of the value of the annually consumed articles of consumption, in which two thirds of a working day spent and realized, not this year, but previously, are incorporated. It is an exchange of two thirds of this year's working day with two thirds of a preceding working day, an exchange of this year's labor with that of a previous year. This, then explains the riddle, how it is that the product in values of an entire social working day may resolve itself into variable capital plus surplus-value, although two thirds of this working day were not expended in the production of articles, in which variable capital or surplus-value can be realized, but rather in the production of means of production for the replacement of capital consumed during this year. The explanation is simply that two thirds of the value of the product of II, in which the capitalists and laborers of I realize the value of the variable capital and surplus-value produced by them (and which constitute two thirds of the value of the entire annual product), are, so far as their value is

concerned, the product of two thirds of a social working day passed previously to this year.

The sum of the social product of I and II, comprising means of production and articles of consumption, so far as its concrete use-value in its natural form is concerned, is indeed the result of this year's labor, but only to the extent that this labor is regarded as useful and concrete, not as an expenditure of labor-power and creator of values. And even so, it is concrete labor only in the sense that the means of production have transformed themselves into this year's new product by dint of the living labor operating on them. On the other hand, it is also true that this year's labor could not have transformed itself into products without the help of means of production, of instruments of production and materials, which existed independently of it.

#### THE CONSTANT CAPITAL IN BOTH DEPARTMENTS.

The analysis of the total value of the product of 9000, and of the categories into which it is divided, does not present any greater difficulties than that of the value produced by some individual capital. It is rather identical with it.

In the present instance, the entire social product of this year contains three social working days, each of one year. The value represented by each one of these working days is 3000, so that the value of the total product is  $3 \times 3000$ , or 9000.

Furthermore, the following portions of this working time belong to a period previous to that of the process of production which we now analyze: In department I, four thirds of a working day (with a product valued at 4000), and in department II, two thirds of a working day (with a product valued at 2000), making a total of two social working days with a product valued at 6000. For this reason,  $4000 I_c + 2000 II_c = 6000 c$  figure as the value of the means of production, or value of the constant capital, re-appearing in the total product of society.

Furthermore, one third of the social working day of one year newly added by department I is necessary labor, or labor reproducing the value of the variable capital of 1000  $I_v$  and paying the price of the labor employed by I. In the same way, one sixth of the social working day of II is necessary labor valued at 500. Hence we have  $1000 I_v + 500 II_v = 1500 v$ , expressing the value of one half of the social working day, the value of the

first half of the working day added this year and consisting of necessary labor.

Finally, in department I, one third of the social working day of this year, with a product valued at 1000, is surplus-labor, and one sixth of one working day in department II, with a product valued at 500, is likewise surplus-labor. Together they constitute the other half of the newly added social working day, with a total value of surplus-labor amounting to  $1000 I s + 500 II s = 1500 s$ .

This, then, is the situation:

Constant portion of capital in terms of the value of the social product (c): Two working days expended previously to the present process of production, worth 6000 in value.

Necessary labor (v) expended during the present year: One half of one working day expended during the present year, worth 1500 in value.

Surplus-labor (s) expended during the present year: One-half of one working day expended during the present year, worth 1500 in value.

Product in values of annual labor (v + s), 3000.

Total value of product (c + v + s), 9000.

The difficulty, then, does not consist in the analysis of the social product in values. It arises in the comparison of the component parts of the value of the social product with its material elements.

The constant, merely re-appearing, portion of value is equal to the value of that part of this product which consists of means of production, and it is incorporated in that part.

The product in values of the current year, equal to v + s, is equal to the value of that part of this product, which consists of articles of consumption, and is incorporated in it.

But with the exception of cases immaterial for this analysis, means of production and articles of consumption are vastly different kinds of commodities, products of widely different natural forms and use-value, and, therefore, products of radically different classes of concrete labor. The labor which employs machinery in the production of necessities of life is vastly different from the labor which makes machinery. The entire working day of the current year, which is 3000 in terms of value, figures as an expenditure in the production of articles of consumption valued at 3000, in which no portion of any constant value re-appears, since these 3000, equal to  $1500 v + 1500 s$ , resolve themselves only into variable capital-value and surplus-

value. On the other hand, the constant capital-value of 6000 re-appears in a class of products quite different from articles of consumption, namely in means of production, while as a matter of fact no portion of the present annual working day figures as an expenditure in the production of these new products. It appears rather that this entire working day consists only of classes of labor which do not result in means of production, but in articles of consumption. We have already solved this mystery. The product in values of the labor of the present year is equal to the value of the products of department II, the total value of the newly produced articles of consumption. But the value of these products is greater by two thirds than that portion of the annual labor which has been expended in the production of articles of consumption (department II). Only one third of the annual labor has been expended in their production. Two thirds of this annual labor have been expended in the production of means of production, that is to say, in department I. The value of the product created during this time in I, equal to the variable capital-value plus surplus-value produced in I, is equal to the constant capital-value of II re-appearing in articles of consumption of II. Hence they may be mutually exchanged and take one another's place in their natural form. The total value of the articles of consumption of II is, therefore, equal to the sum of the new product in values of I and II, or  $II (c + v + s)$  is equal to  $I (v + s) + II (v + s)$ , in other words, equal to the sum of the new values produced by the labor of the current year in the form of  $v + s$ .

On the other hand, the total value of the means of production of I is equal to the sum of the constant capital-values re-appearing in the form of means of production of I and in that of articles of consumption of II, in other words, equal to the sum of the constant capital-values reappearing in the total product of society. This total value is equal in terms of value to four thirds of a working day preceding the process of production of I and two thirds of a working day preceding the process of production of II, in all equal to two annual working days.

The difficulty in the analysis of the annual social product arises, therefore, from the fact that the constant portion of value is represented by a different class of products (means of production) than the new portion of value ( $v + s$ ) added to this constant portion and represented by articles of consumption. Thus the appearance is created, so far as the question of values is concerned, as though two thirds of the consumed mass of products

were reproduced in a new form, without any labor having been expended by society in their production. This is not so in the case of an individual capital. Every individual capitalist employs some particular concrete class of labor, which transforms the means of production peculiar to it into products. For instance, the capitalist may be a manufacturer of machines, the constant capital expended by him during the current year may be 6000 c, the variable capital 1500 v, the surplus-value 1500s, the product 9000, represented, say, by 18 machines of 500 each. The entire product in this instance consists of the same form, of machines. If he produces various kinds, each one is calculated separately. The entire product in commodities is the result of the labor expended during the current year in machine manufacture by a combination of the same concrete labor with the same kind of means of production. The various portions of the value of the product therefore present themselves in the same natural form: 12 machines represent 6000 c, 3 machines 1500 v, and 3 machines 1500 s. It is evident that the value of the 12 machines is equal to 6000 c, not merely because there is incorporated in these machines labor performed previously to the manufacture of these machines and not expended in their making. The value of the means of production for 18 machines did not transform itself into machines of its own doing, but the value of these 12 machines (consisting itself of  $4000\ c + 1000\ v + 1000\ s$ ) is equal to the total value of the constant capital-value contained in the 18 machines. The machine manufacturer must, therefore, sell 12 of the 18 machines, in order to recover his expended constant capital, which he requires for the reproduction of 18 new machines. On the other hand, the thing would be inexplicable, if the result of the labor expended solely in the manufacture of machines, were to be: On the one hand, 6 machines of  $1500\ v + 1500\ s$ , on the other iron, copper, screws, belts, etc., to the amount of 6000 s, in other words, the natural means of production of the machines which the individual machine-building capitalist does not produce himself, but must secure by way of the process of circulation. And yet it seemed at the first glance as though the reproduction of the annual product of society took place in this absurd way.

The product of an individual capital, that is to say, of every aliquot part of the social capital endowed with a life of its own and acting independently, has some natural form. The only condition is that this product must have a certain use-value, which endows it with the character of a member of the world of commodities fit for circulation. It is immaterial

and a matter of hazard, whether or not it can go back as a means of production into the same process of production from which it came as a product, in other words, whether that portion of its value as a product, in which the constant capital is incorporated, has a natural form, in which it can actually serve again as constant capital. If it has not, then this portion of the value of the product is reconverted into the form of its material elements by means of sale and purchase, and thus the constant capital is reproduced in the natural form adapted to its function.

It is different with the product of the total social capital. All the material elements of reproduction in their natural form must be a part of this product. The consumed constant portion of capital can be reproduced by the production as a whole only to the extent that the entire reappearing constant capital is represented in the product by the natural form of new means of production, which can actually serve as constant capital. Simple reproduction being assumed, the value of that portion of the product which consists of means of production must be equal to the constant portion of the value of social capital.

Furthermore: Individually considered, the capitalist produces in the value of his product by means of the newly added labor only his variable capital plus surplus-value, while the constant value is transferred by the concrete form of the newly added labor to the product.

Socially considered, that portion of the social working day which produces means of production, adding new value to them and transferring to them at the same time the value of the means of production consumed in their manufacture, creates nothing but new constant capital, which is intended to replace that consumed in the shape of the old means of production, that is to say of the constant capital consumed in department I and II. It creates only product intended for productive consumption. The entire value of this product, then, is a value which can serve only as a new constant capital, which can buy back only constant capital in its natural form, and which, for this reason, resolves itself neither into variable capital nor surplus-value, looking at it from the social point of view. On the other hand, if that portion of the social working day which produces articles of consumption does not create any portion of the social capital intended for reproduction, it creates only products intended, in their natural form, to realize the value of the variable capital and surplus-value of departments I and II.

Speaking of looking at things from the point of view of society as a whole, in this instance at the aggregate product of society, which comprises both the reproduction of social capital and individual consumption, we must not follow the manner copied by Proudhon from bourgeois economy, which looks upon this matter as though a society with a capitalist mode of production would lose its specific historical and economic characteristics by being taken as a unit. Not at all. We have, in that case, to deal with the aggregate capitalist. The aggregate capital appears as the capital stock of all individual capitalists combined. This stock company shares with many other stock companies the peculiarity that every one knows what he puts in, but not what he will get out of it.

#### A RETROSPECT ON ADAM SMITH, STORCH, AND RAMSAY.

The total value of the social product amounts to 9000 equal to  $6000c + 1500v + 1500s$ , in other words, 6000 represent the value of the means of production, and 3000 that of the articles of consumption. The value of the social revenue ( $v + s$ ), then, amounts to only one third of the value of the total product, and the totality of the consumers, laborers as well as capitalists, can draw on the total social product for commodities only to the amount of this third, for the purpose of individual consumption. On the other hand, 6000, or two thirds, of the value of the product, are the value of the constant capital which must be reproduced in its natural form. Means of production to this amount must again be incorporated in the productive fund. Storch recognizes this without being able to prove it: "It is clear that the value of the annual product is distributed partly to capital and partly to profits, and that each one of these portions of the value of the annual product is regularly employed in buying the products which the nation needs both for the maintenance of its capital and for stocking its fund for consumption. \* \* \* \* The products which constitute the capital of a nation are not consumable." (Storch, *Considérations sur la nature du revenu national*. Paris, 1824, page 150.)

Adam Smith, however, has promulgated this strange dogma, which is believed to this day, not only in the previously mentioned form, according to which the entire value of the social product resolves itself into revenue, that is to say, into wages plus surplus-value, or, as he expresses it, into wages plus profit (interest) plus ground rent, but also in the still more popular form, according to which the consumers must ultimately pay to the

producers the entire value of the product. This is to this day one of the best established commonplaces, or rather of the eternal truths of the so-called science of political economy. This is illustrated in the following plausible manner: Take any article, for instance linen shirts. First, the spinner of linen yarn has to pay the flax grower the entire value of the flax, in other words the value of flax seed, fertilizers, cattle feed, etc., plus the value transferred to the product from the fixed capital of the flax grower, such as buildings, agricultural implements, etc.; furthermore the wages paid in the production of the flax; the surplus-value incorporated in the flax (profit, ground rent); finally the cost of transportation of the flax from its place of production to the spinnery. Next, the weaver has not only to reimburse the spinner for linen yarn, for the price of the flax, but also for that portion of the value of machinery, buildings, etc., in short of the fixed capital, which is transferred to the yarn, furthermore all the auxiliary materials consumed in the spinning process, the wages of the spinners, the surplus-value, etc., and so forth in the case of the bleaching process, the transportation of the finished linen, and finally the shirtmaker, who has to pay the entire price of all preceding producers, who supplied him only with his raw material. There is now a further addition of value by his hands, either by means of constant capital which is consumed in the shape of materials of labor, auxiliary materials, etc., used in the making of shirts, or by means of labor expended in it, which adds the value of the wages of the shirtmakers plus the surplus-value of the shirt manufacturer. Now let this entire product in shirts cost ultimately 100 p. st., and let this be the aliquot part of the total annual value in products expended by society in shirts. The consumers of the shirts pay these 100 p. st., that is to say the value of all the means of production, and of the wages plus surplus-value of the flax grower, spinner, weaver, bleacher, shirtmaker, and all carriers. This is quite true. Indeed, every child can see that. But now they continue: The same is true of the value of all other commodities. It should rather be said that this is true of the value of all articles of consumption, of the value of that portion of the social product which passes into consumption, in other words, that portion of the value of the social product which may be expended as revenue. It is true that the sum of the value of all these commodities is equal to the value of all the means of production (constant portions of capital) consumed in their creation, plus the value added by the last labor expended on them (wages plus surplus-value). Hence the totality of the consumers can pay for this entire sum of

values, because, although the value of each individual commodity is made up by  $c + v + s$ , nevertheless the sum of the values of all commodities passing into consumption, taken at its maximum, can be equal only to that portion of the value of the social product, which resolves itself into  $v + s$ , in other words, equal to that value which the labor expended during the current year has added to the existing means of production representing the value of the constant capital. As for the value of the constant capital, we have seen that it is reproduced out of the mass of social products in a twofold way. First, by an exchange of the capitalists of II, who produce articles of consumption, with the capitalists of I, who produce the means of production. And here is the source of the phrase that what is capital for one is revenue for the other. But this is not the actual state of affairs. The 2000 II  $c$ , existing in the shape of articles of consumption valued at 2000, constitute a constant capital-value for the capitalists of class II. They cannot consume it themselves, although the product must be consumed on account of its natural form. On the other hand, the 2000 I ( $v + s$ ) are wages plus surplus-value produced by the capitalist and working classes of I. They exist in the natural form of means of production, of things in a shape in which their own value cannot be consumed. We have here, then, values to the amount of 4000, only one half of which, either before or after the change, reproduce constant capital, while the other half form revenue. In the second place, the constant capital of I is reproduced in its natural form, partly by exchange among the capitalists of I, partly by reproduction in a natural form in each individual business.

The phrase that the entire annual value in products must be ultimately paid by the consumer would be correct only in the case that we were to include in the term consumer two vastly different classes, namely individual consumers and productive consumers. But to say that one portion of the product must be consumed productively is precisely to say that it must serve as capital and cannot be consumed as revenue.

On the other hand, if we divide the total value of the entire product, equal to 9000, into 6000  $c + 1500 v + 1500 s$ , and look upon the 3000 ( $v + s$ ) in the light of a revenue, then the variable capital seems to disappear and capital, socially speaking, seems to consist only of constant capital. For that which appeared originally as 1500  $v$  has resolved itself into a portion of the social revenue, into wages, the revenue of the working class, and has thus lost its character of capital. This conclusion is actually drawn by Ramsay.

According to him, capital, socially considered, consists only of fixed capital, but he means by fixed capital the constant capital, that quantity of values which consists of means of production, whether these are instruments or materials of labor, such as raw materials, partly finished products, auxiliary materials, etc. He calls the variable capital a circulating capital: "Circulating capital consists only of subsistence and other necessities advanced to the workmen previously to the completion of the produce of their labor. \* \* \* \* Fixed capital alone, not circulating, is properly speaking a source of national wealth. \* \* \* \* Circulating capital is not an immediate agent in production, nor essential to it at all, but merely a convenience rendered necessary by the deplorable poverty of the mass of the people. \* \* \* \* Fixed capital alone constitutes an element of cost of production in a national point of view." (Ramsay, 1, c., pages 23 to 26, selected.) Ramsay defines fixed capital, by which he means constant capital, more closely in the following words: "The length of time during which any portion of the product of that labor" (namely labor bestowed on any commodity) "has existed as fixed capital i.e., in a form in which, though assisting to raise the future commodity, it does not maintain laborers." (Page 59.)

Here we see once more the confusion created by Adam Smith by drowning the distinction between constant and variable capital in that of fixed capital and circulating capital. The constant capital of Ramsay consists of means of production, his circulating capital of articles of consumption. Both of them are commodities of a given value. The one can no more create any surplus-value than the other.

#### CAPITAL AND REVENUE: VARIABLE CAPITAL AND WAGES.

The entire annual production, the entire product of a year, is the product of the useful labor of that year. But the value of this total product is greater than that portion of it in which the labor-power expended on production during the last year is incorporated. The product in values of this year, the new value created in its course in the form of commodities, is smaller than the value of the product, that is to say, THE TOTAL VALUE OF THE COMMODITIES FINISHED DURING THE ENTIRE YEAR. The difference obtained by deducting from the total value of the annual product that portion of value which was added by the labor of the last year, is not an actually reproduced value, but merely one re-appearing in a different form of existence. It is value transferred to the annual product from previously

existing value, which may be of an earlier or later date, according to the wear of the constant portions of capital which have participated in that year's annual labor-process, a value which may be derived from some means of production which were first created during the year before last or in years even previous to that. It is under all circumstances a value transferred from means of production of former years to the product of the year under discussion.

Take our formula. We then have after the exchange of the elements, hitherto considered, between I and II, and within II:

$4000\ c + 1000\ v + 1000\ s$  (these last realized in articles of consumption of II c) = 6000.

$2000\ c$  (reproduced by exchange with I [ $v + s$ ]) +  $500\ v + 500\ s = 3000$ .

Sum of values 9000.

Value newly produced during the year is incorporated only in  $v$  and  $s$ . The sum of the product in values of this year is therefore equal to the sum of  $v + s$ , that is to say,  $2000\ I(v + s) + 1000\ II(v + s) = 3000$ . All other portions of value in the products of this year are merely transferred values, derived from the value of means of production previously produced and consumed in the annual production. Aside from the value of 3000, the current annual labor has not produced anything in the way of values. That 3000 represents its entire annual product in values.

Now, we have seen that the  $2000\ I(v + s)$  of department II replace its  $2000\ II\ c$  in the natural form of means of production. Two thirds of the annual labor, then, expended in department I, have newly produced the constant capital of II, both as regards its value and its natural form. Socially speaking, two thirds of the labor expended during the entire year have created a new constant capital-value, which is realized in a natural form meeting the requirements of department II. The greater portion of the annual labor of society, then, has been spent in the production of new constant capital (means of production representing capital-value) in order to replace the value of the constant capital expended in the production of articles of consumption. That which distinguishes in this case capitalist society from a society of savages is not, as Senior thinks, that it is a privilege and peculiarity of a savage to expend his labor during a certain time which does not secure for him any revenue convertible into articles of consumption, but the distinction is the following:

Capitalist society employs more of its available annual labor in the production of means of production (and thus of constant capital) which are not convertible into revenue in the form of wages or surplus-value, but can serve only as capital.

When a savage makes bows, arrows, stone hammers, axes, baskets, etc., he knows very well that he did not spend the time so employed in the production of articles of consumption, but that he has simply stocked his supply of means of production, and nothing else. Furthermore, a savage commits a grave economic sin by his utter indifference so far as waste of time is concerned, for Tyler tells us of him that he takes sometimes a whole month to make one arrow.

The current conception, by which some political economists seek to get rid of the theoretical difficulty, in other words, of the understanding of the real state of affairs, the conception that a thing may be capital for one and revenue for another, and vice versa, is only partially true, and it becomes wholly wrong, when it is made general, since it then implies a complete misunderstanding of the entire process of transactions taking place in annual reproduction and at the same time a misunderstanding of the actual basis of the partial truth.

We now review the actual conditions, on which the partial correctness of this conception rests, and we shall at the same time expose the wrong conception of these conditions.

The variable capital serves as capital in the hands of the capitalist and as revenue in the hands of the wage worker.

The variable capital exists first in the hands of the capitalist as money-capital; and it performs the function of money-capital, when he buys labor-power with it. So long as it persists in the form of money in his hands, it is nothing but a given value existing in the form of money, in other words, a constant and not a variable magnitude. It is only a potential variable capital, owing to its convertibility into labor power. It becomes actually a variable capital only after divesting itself of its money-form and assuming the form of labor-power serving as an element of productive capital in the capitalist process.

The money which first served in the function of the money-form of the variable capital for the capitalist, now serves in the hands of the laborer as the money-form of his revenue, which he derives from the ever repeated sale of his labor-power.

We have here but the simple fact that the money in the hands of the buyer, in this case the capitalist, passes from these hands into those of the seller, in this case a seller of labor-power, the wage-worker. It is not the variable capital which serves twice, first as capital for the capitalist and then as revenue for the laborer. It is merely the same money, which exists first in the hands of the capitalist as the money-form of his variable capital representing a potential variable capital, and which serves in the hands of the laborer as an equivalent for sold labor-power, as soon as the capitalist has converted it into labor-power. But the fact that the same money serves another useful purpose in the hands of the buyer than in those of the seller is a peculiarity of the sale and purchase of all commodities.

Apologists in political economy present the matter in a wrong light, as we can see best when we keep our eye exclusively, without taking any notice of the following transactions, on the transaction in circulation indicated by  $M - L$  (a variation of  $M - C$ ), the conversion of money into labor-power on the part of the capitalist buyer, which is  $L - M$  ( $C - M$ ), a conversion of the commodity labor-power into money, on the part of the seller, the laborer. They say: "The same money realizes in this instance two capitals; the buyer — the capitalist — converts his money-capital into living labor-power, which he incorporates in his productive capital; on the other hand, the seller, the laborer, converts his commodity, his labor-power, into money, which he spends as his revenue, and this enables him to resell his labor-power in ever repeated turns and thereby to maintain it. His labor-power, then, represents his capital in the form of a commodity, which yields him a continuous revenue." Labor-power is indeed his wealth (ever self-renewing and reproductive), not his capital. It is the only commodity which he must and can sell continually, in order to live, and which does not serve as capital until it reaches the hands of the capitalist. The fact that a man is continually compelled to sell his labor-power (himself) to another man proves to those apologetic economists that he is a capitalist, for lo! he is continually selling his "commodity," himself. In that case, a slave is also a capitalist, although he is sold by another for once and all as a commodity, for the nature of this commodity, a laboring slave, has the peculiarity that its buyer does not only make it work every new day, but also provides it with the food which enables it to do ever new work — (compare on this point the remarks of Sismondi and Say in their letters to Malthus.)

In the exchange of  $1000 I_v + 1000 I_s$  for  $2000 II_c$ , we see that what is constant capital for one ( $2000 II_c$ ) is variable capital and surplus-value, or in short, revenue for others; and what is variable capital and surplus-value ( $2000 I(v + s)$ ), or in short, revenue for one, becomes constant capital for another.

Let us first look at the exchange of  $I_v$  for  $II_c$ , beginning with the point of view of the laborer.

The aggregate laborer of I has sold his labor-power to the aggregate capitalist of I for 1000; he receives this value in money as his wages. With this money, he buys from II articles of consumption of the same value. The capitalist of II meets him only in the role of a seller of commodities, nothing else, even if the laborer buys from his own capitalist, as he does in the exchange of  $500 II_v$ , as we have seen above. The form of circulation through which his commodity, labor-power, passes, is that of the simple circulation of commodities for the mere purpose of consumption in the satisfaction of needs, the form  $C$  (labor-power) —  $M$  —  $C$  (articles of consumption). The result of this transaction in circulation is that the laborer maintains himself as a labor-power for a capitalist, and in order to continue maintaining himself as such, he must continually renew the transaction  $L(C) — M — C$ . His wages are realized in articles of consumption, they are spent as revenue, and, taking the working class as a whole, are again and again spent as a revenue.

Now let us look at the same transaction, the exchange of  $I_v$  for  $II_c$ , from the point of view of the capitalist. The entire commodity-product of II consists of articles of consumption, of things intended for annual consumption, serving in the realization of revenue for some one, in the present case for the aggregate laborer of I. But so far as the aggregate capitalist of II is concerned, one portion of his commodity-product, equal to 2000, is now the form of the constant portion of the value of his productive capital converted into commodities. It must be reconverted from the form of commodities into its natural form, in which it may serve again as the constant portion of a productive capital. What the capitalist of II has accomplished so far is that he has reconverted one half (1000) of the constant portion of his capital, which had been reproduced in the shape of commodities, into the form of money by means of sale to the laborers of I. Hence it is not the variable capital  $I_v$ , which has been exchanged for this first half of the value of the constant capital of II, but simply the money

which served I as money-capital in the exchange for labor-power has thus been transferred to the possession of the seller of labor-power, and for him it did not represent any capital, but merely revenue in the form of money, which is to be expended in the purchase of articles of consumption. The money to the amount of 1000, on the other hand, which has come into the hands of the capitalists of II by means of the transaction with the laborers of I, cannot as yet serve as the constant element of the productive capital of II. For the present it is but the money-form of the commodity-capital of II, to be commuted into fixed or circulating portions of constant capital. Department II now buys with the money received from the laborers of I, the buyers of its commodities, means of production from I to the amount of 1000. By this means the constant value of the capital of II is renewed to the extent of one half of its total amount in its natural form, in which it can serve once more as an element of the productive capital of II. The circulation in this instance took the course  $C - M - C$ , that is to say, articles of consumption to the amount of 1000 — money to the amount of 1000 — means of production to the amount of 1000.

But  $C - M - C$  represents here the movement of capital.  $C$ , when sold to the laborers, is converted into  $M$ , and this  $M$  is converted into means of production. It is the reconversion of commodities into the material elements of which this commodity is made. On the other hand, just as the capitalist of II plays only the role of a buyer of commodities with regard to I, so the capitalist of I acts only as a seller of commodities with regard to II. Department I bought originally labor-power valued at 1000 with that amount of money intended for service as variable capital. It has therefore received an equivalent for the 1000  $v$  which it expended in money. This money now belongs to the laborers, who spend it in purchases from II. Department I cannot recover this money from II unless it secures the amount by the sale of commodities of the same value to II.

Department I first had a certain sum of money amounting to 1000 and destined to serve as variable capital. The money performs this service by its exchange for labor-power to the same amount. The laborer in his turn supplied as a result of the process of production a quantity of commodities (means of production) to the amount of 6000, of which one sixth, or 1000, are equivalent in value to the variable portion of capital advanced in money. This variable portion of value no more serves as variable capital so long as it retains the form of commodities than it did while in the form of money. It

serves as variable capital only after its conversion into living labor-power, and only so long as this labor-power serves in the process of production. So long as this value was incorporated in money, it represented only potential variable capital. But it had at least a form, in which it was immediately convertible into labor-power. But in the form of commodities, the same variable value is but potential money, it must first assume the form of money by means of the sale of commodities, in the present instance by the sale of 1000 in value of commodities of I to department II. The movement of the circulation passes here through the form 1000 v (money) — 1000 c (labor-power) — 1000 c (commodities equivalent in value to the variable capital) — 1000 v (money); in other words, M — C...C — M (identical with M — L...C — M). The process of production intervening between C...C does not belong to the sphere of circulation. It does not figure in the mutual exchange of the various elements of annual reproduction, although this exchange includes the reproduction of all the elements of productive capital, the constant as well as the variable element (labor-power). All the participants in this exchange appear either as buyers, or as sellers, or as both. The laborers appear only as buyers of commodities. The capitalists act alternately as buyers and sellers, and within certain limits only on one side, either as buyers of commodities or as sellers of commodities.

The result is that department I possesses once more the variable part of the value of its capital in the form of money, from which alone it is immediately convertible into labor-power, in other words, department I once more holds its variable capital value in the only form in which it can again be advanced as an actual variable element of its productive capital. On the other hand, the laborer must again act as a seller of commodities, of his labor-power, before he can act as a buyer of commodities.

So far as the variable capital of department II (500 II v) is concerned, the circulation between the capitalists and laborers of the same department takes place without any intermediate transactions, since we look upon it as taking place between the aggregate capitalist and the aggregate laborer of II.

The aggregate capitalist of II advances 500 v for the purchase of labor-power to the same amount. In this case, the aggregate capitalist is a buyer, the aggregate laborer a seller. Thereupon the laborer acts as a buyer of a portion of the commodities produced by himself, using the money received for his labor-power. In this case, the capitalist is the seller. The laborer has reproduced for the capitalist the money paid in the purchase of labor-power

by means of a portion of the newly produced commodity-capital of II, amounting to 500 v in commodities. The capitalist then holds in the form of commodities the same v, which he had in the form of money before the exchange for labor-power; while the laborer has realized the value of his labor-power in money, and uses this money by spending it as his revenue in the purchase of articles of consumption produced by himself. It is an exchange of the revenue of the laborer in money for a portion of the commodities in which he has himself reproduced 500 of the value of the variable capital of the capitalist employing him. In this way this money returns to the capitalist of II as the money-form of his variable capital. An equivalent value of revenue in the form of money thus reproduces variable value of capital in the form of commodities.

The capitalist does not increase his wealth by recovering the money paid by him to the laborer in the purchase of labor-power through the sale of an equivalent quantity of commodities to the laborer. He would really pay the laborer twice, if he were to pay him first 500 in the purchase of labor-power, and then give him in addition thereto a quantity of commodities valued at 500, after the laborer had produced them. On the other hand, if the laborer were to produce nothing but an equivalent in commodities valued at 500 for the price of his labor-power of 500, the capitalist would be no better off after the transaction than before it. But the laborer has actually reproduced a product of 3000. He has preserved the constant portion of the value of the product, that is to say, the value of the means of production incorporated in the product, to the amount of 2000, by converting it into a new product. He has furthermore added to this existing value a value of 1000 (v + s). (The idea that the capitalist grows richer by the return of 500 in money is advanced by Destutt de Tracy, as shown in detail in section XIII of this chapter.)

By the purchase of articles of consumption to the value of 500 on the part of the laborer of II, the capitalist of II recovers the value of 500 II v, which he had just held in the shape of commodities, but which he now holds in the form of money, in which he advances it originally. The immediate result of this transaction, as of any other sale of commodities, is the conversion of a given value from the form of commodities into that of money. Nor is the resulting reflux of the money to its point of departure anything specific. If capitalist of II had bought, with 500 of money, commodities from the capitalist of I, and then sold to the capitalist of I

commodities valued at 500, he would likewise have recovered 500 in money. This sum of 500 in money would merely have served for the circulation of commodities valued at 1000, and according to a law previously mentioned, the money would have returned to the one starting it into circulation.

But the 500 in money, which have returned to the capitalist of II, represent at the same time a renewed potential variable capital. Why is this so? Money, and money-capital, is a potential variable capital only to the extent that it is convertible into labor-power. The return of 500 p. st. in money to the capitalist of II is accompanied by the return of the labor-power of II to the market. The return of both of these at opposite poles — and to this extent the reappearance of 500 in money not merely in the capacity of money, but of variable capital in the form of money — is conditioned on one and the same process. The money of 500 returns to the capitalist of II, because he sold to the laborers of II articles of consumption valued at 500, for which the laborer spent his wages, in order to maintain himself and his family and thus his labor-power. In order to be able to live on and act again as a buyer of commodities he must again sell his labor-power. The return of 500 in money to the capitalist of II is therefore at the same time a return, or a staying, of labor-power in the capacity of a commodity purchasable with 500 in money, and thereby a return of 500 in money to its capacity of potential variable capital.

As for the  $v$  of department II b, which produces articles of luxury, this (II b)  $v$  is treated the same as I  $v$ . The money which renews the variable capital of the capitalists of II b in the form of money returns to them in a round-about way through the hands of the capitalists of II a. But it makes nevertheless a difference, whether the laborers buy their articles of consumption by direct purchase from the same capitalist producers to whom they sell their labor-power, or whether they buy from capitalists of another department, through whose hands the money returns indirectly to the capitalists of their own department. Since the working class live from hand to mouth, they buy just as long as they have the means. It is different with the capitalists, for instance in the transaction between 1000 II c and 1000 I  $v$ . The capitalist does not live from hand to mouth. His compelling motive is the utmost self-expansion of his capital. Now, if circumstances seem to promise greater advantages to the capitalist of II by holding on to his money for a while, instead of immediately renewing his constant capital, then the

return of 1000 II c in money to I is retarded. This implies a retardation in the return of 1000 I v to the form of money, and in that case the capitalist of I cannot continue his business on the same scale, unless he can draw on some reserve capital. Generally speaking, reserve capital in the form of money is always necessary, in order to be able to work without interruption, regardless of the rapid or slow reflux of the variable portion of capital-value in money.

If the transactions of the various elements of the current annual reproduction are to be investigated, the results of the labor of the preceding year, which has come to a close, must also be taken into consideration. The process of production which resulted in the product of the present year, is past and incorporated in its products, and so much more is this the case with the process of circulation preceding the process of production or running parallel with it, by which potential variable capital is transformed into actual variable capital, in other words, the sale and purchase of labor-power. The labor-market is not a part of the commodity-market which concerns us here. For the laborer has not only disposed of his labor-power before this, but also supplied an equivalent of the price of his labor-power in the shape of commodities, aside from the surplus-value created by him. He has furthermore his wages in his pocket and figures during the present transactions only as a buyer of commodities (articles of consumption). On the other hand, the annual product must contain all the elements of reproduction, must renew all the elements of productive capital, above all its most important element, the variable capital. And we have seen, indeed, that the result of the present transactions, so far as the variable capital is concerned, is this: The laborer as a buyer of commodities, by means of the expenditure of his wages, and the consumption of the purchased commodities, reproduces his labor-power, this being the only commodity which he has to sell. Just as the money advanced in the purchase of this labor-power by the capitalists returns to them, so labor-power returns to the market to be once more exchanged for this money. The result in the special case of 1000 I v is that the capitalists of I hold 1000 v in money and the laborers of I offer them 1000 in labor-power, so that the entire process of reproduction of I can be renewed. This is one result of the process of circulation.

On the other hand, the expenditure of the wages of the laborers of I drew on II for articles of consumption to the amount of 1000 II c, transforming

them from commodities into money. Department II reconverted them into the natural form of its constant capital, by purchasing from I commodities valued at 1000 v and thus restoring to I the value of its variable capital in money.

The variable capital of I passes through three metamorphoses, which are only indicated in the circulation of the annual product or do not appear at all in it.

The first form is 1000 I v in money, which is converted into labor-power of the same value. This transaction does not itself appear in the exchange of commodities between I and II, but its result is seen in the fact that the working class of I approach the capitalist seller of commodities of II with 1000 in money, just as the working class of II approach the capitalist of II with 500 in money in order to buy his 500 II v of commodities.

The second form is the only one in which variable capital actually varies and serves as variable capital. In this form, a power which creates values takes the place of given values offered in exchange for it. It belongs exclusively to the process of production which is past.

The third form, in which the variable capital as such performs its function in the process of production, is the annual product in values, which in the case of I amounts to 1000 v plus 1000 s, or 2000 I (v+s). In the place of its original value of 1000 in money we have a value of double this amount, or 2000, in commodities. The variable capital-value of 1000 is therefore only one half of the product in values created by it as an element of productive capital. The 1000 I v in commodities are an exact equivalent of the variable part of capital originally advanced in money. But in the form of commodities they are but potential money (they do not become money until they are sold), so that they are still less directly money-capital. They finally become money-capital by the sale of the commodities of 1000 I v to II c, and by the hurried reappearance of labor-power as a purchasable commodity, as a material for which 1000 v in money may be exchanged.

During all these transactions the capitalist of I continually holds the variable capital in his hands; (1) originally as money-capital; (2) then as an element of his productive capital; (3) still later as a portion of the value of his commodity-capital, in the form of the value of commodities; (4) finally once more in money which seeks the company of labor-power for the purpose of exchange. During the process of production, the capitalist has the variable capital in his control as a labor-power creating values, but not

as a value of a given magnitude. But since he never pays the laborer until the laborer's power has been applied for a certain length of time, he always holds in his hands the value created by labor for its own reproduction and the surplus-value in excess of this, before he pays him.

Seeing that the variable capital always stays in the hands of the capitalist, it cannot be claimed in any way that it converts itself into revenue for any one. On the contrary, 1000 I v converts itself into money by its sale to II, whose constant capital it reproduces to the extent of one half in its natural form.

That which resolves itself into revenue is not the variable capital of I, represented by 1000 v in money. This money has ceased to serve as the money-form of the variable capital of I as soon as it has converted itself into labor-power, just as the money of any other seller of commodities ceases to represent any of his property as soon as he has exchanged it for commodities of some other seller. The transactions which the money paid as wages makes in the hands of the working class are not transactions of variable capital, but of the value of their labor-power converted into money. So are the transactions of the product in values (2000 I (v+s)), created by the working class, only transactions of commodities belonging to the capitalists, which do not concern the laborers. However, the capitalist, and still more his theoretical interpreter, the political economist, can rid himself only with the greatest difficulty of the idea that the money paid to the laborer is still the capitalist's money. If the capitalist is a producer of money, then the variable portion of value — in other words, the equivalent in commodities which reproduces for him the price of the labor-power bought by him — appears immediately in the form of money, so that it can serve again as variable money-capital without the circuitous route of a reflux. But so far as the laborer of II is concerned — aside from the laborer who produces articles of luxury — 500 v exists in the form of commodities intended for the consumption of the laborer, which he, the aggregate laborer, buys by direct purchase from the same aggregate capitalist to whom he had sold his labor-power. The variable portion of the capital of II, so far as its natural form is concerned, consists of articles of consumption, the greater portion of which are intended for the consumption of the laboring class. But it is not the variable capital which is spent in this form by the laborer. It is the wages, the money of the laborer, which by its realization in these articles of consumption restores to the capitalist the variable capital

500 II v in its money-form. The variable capital II v is reproduced in articles of consumption, the same as the constant capital 2000 II c. The one resolves itself no more into revenue than the other does. In either case it is the wages which resolve themselves into revenue.

It is a weighty fact in the circulation of the annual production that the expenditure of wages restores both the constant and variable capital to the form of money-capital, in the one case 1000 II c, in the other 1000 I v and 500 II v (In the case of the variable capital either by means of a direct or indirect reflux).

#### REPRODUCTION OF THE FIXED CAPITAL.

A great difficulty in the analysis of the transactions in annual reproduction is the following. Take the simplest form in which the matter may be presented, as follows:

$$4000 c + 1000 v + 1000 s + \\ \text{(II.) } 2000 c + 500 v + 500s = 9000.$$

This resolves itself finally into

$$4000 I c + 2000 II c + 1000 I v + 500 II v + 1000 I s + 500 II s = 6000 c \\ + 1500 v + 1500 s = 9000.$$

One portion of the value of the constant capital, to the extent that it consists of instruments of production in the strict meaning of the term (as a distinct section of the means of production) is transferred from the instruments of labor to the product of labor (commodities); these instruments of labor continue to serve as elements of productive capital in their old natural form. It is their wear and tear, the loss in value experienced by them after a certain period of service, which re-appears as an element of value in the commodities produced by means of them, which is transferred from the instruments of labor to the product of labor. In a question of annual reproduction, therefore, only those elements of fixed capital demand consideration, which last longer than one year. If they are completely worn out within one year, then they must be completely reproduced by the annual reproduction, and the point of issue does not concern them at all. It may happen in the case of machines and other lasting forms of fixed capital — and it frequently does happen — that certain parts of them must be completely reproduced within one year, although the organism of the building or machine as a whole lasts a much longer time. These partial

organs belong in the same category with the elements of fixed capital which must be reproduced within one year.

This element of the value of commodities must not be confounded with the cost of repairs. If a commodity is sold, this element is turned into money, the same as all others. But after it has been turned into money, its difference from all other elements becomes apparent. The raw and auxiliary materials consumed in the production of commodities must be replaced in their natural form, in order that the reproduction of commodities may begin anew (or that the production of commodities in general may be continuous). The labor-power embodied in them must also be renewed by fresh labor-power. For this reason, the money realized on the commodities must be continually reconverted into these elements of productive capital, a conversion of money into commodities. It does not alter the matter that raw and auxiliary materials, for instance, are bought in large quantities in certain intervals, so that they constitute a productive supply, and need not be secured by new purchases during those intervals. Nor does it matter that the money coming in through the sale of commodities, to the extent that it is intended for the purchase of those means of production, may accumulate while they last, so that this portion of constant capital appears temporarily in the role of money-capital suspended from its active function. It is not a revenue-capital. It is productive capital suspended in the form of money. The renewal of the means of production must continue all the time, but the form of their renewal — with reference to the circulation — may vary. The new purchases, the transactions in the circulation by which they are renewed, may take place in more or less prolonged intervals, and a large amount may be invested at one stroke in a correspondingly large supply of means of production. Or, the intervals between purchases may be small, and in that case small amounts of money are invested in correspondingly small supplies of means of production. But this does not alter the matter itself. The same applies to labor-power. Wherever production is carried on continuously throughout the year on the same scale, there the consumed labor-power must be continuously replaced by new labor-power. Where work depends on seasons, or different portions of the work are done at different periods, as in agriculture, there the purchases of labor-power are relatively smaller. But the money received through the sale of commodities, so far as it represents the value of the wear and tear of fixed capital, is not reconverted into that component part of productive capital whose loss in

value it makes good. It settles down beside the productive capital and retains the form of money. This precipitation of money is repeated, until the period of reproduction, consisting of a small or great length of time has elapsed, during which the fixed element of constant capital continues to perform its function in the process of production in its old natural form. As soon as the fixed element, such as buildings, machinery, etc., has been worn out and can no longer serve in the process of production, its value exists fully in money, in the sum of money precipitated by the values which had been gradually transferred by the fixed capital to the commodities in whose production it assisted, and which had been converted into money by the sale of these commodities. This money then serves to replace the fixed capital (or its elements, since its various elements have a different durability) in its natural form and thus to renew this part of the productive capital in reality. This money is, therefore, the money-form of a part of the value of the productive capital, namely of its fixed part. The formation of this hoard is thus a factor in the capitalist process of reproduction, it is the reproduction and storage, in the form of money, of the value of the fixed capital, or its individual elements, until such time as the fixed capital, shall be worn out, until it shall have transferred its entire value to the commodities produced and must be reproduced in its natural form. And this money does not lose the form of a hoard and resume its activity in the process of reproduction of capital promoted by the circulation, until it is reconverted into new elements of fixed capital which will replace the worn-out elements.

The transactions disposing of the annual product in commodities can no more be dissolved into a mere direct exchange of its individual elements than the simple circulation of commodities can be regarded as identical with a simple exchange of commodities. Money plays a specific role in this circulation, which is particularly marked by the manner in which the value of the fixed capital is reproduced. (It is left to a later analysis to ascertain how the matter would present itself, if production were collective and no longer a production of commodities.)

Let us now return to our fundamental diagram, which showed in department II the formula  $2000 c + 500 v + 500 s$ . All the articles of consumption produced in the course of the year are in that case valued at 3000. And every one of the different elements of the commodities composing the total quantity of the product consists, so far as its value is concerned, of  $2/3 c + 1/6 v + 1/6 s$ , or in percentages,  $66\frac{2}{3} c + 16\frac{2}{3} v +$

16 2-3 s. The various kinds of commodities of department II may contain different proportions of constant capital. The fixed portion of their constant capitals may be different. The duration of this fixed portion, its wear and tear and therefore that portion of value which it transfers by degrees to the commodities, produced by its assistance, may also differ. But that is immaterial. So far as the process of social reproduction is concerned, it is only a question of transactions between departments II and I. These two departments are here confronted by each other only as social masses. Hence the proportional magnitude of the portion c of the value of the commodity-product of II (which is the only essential one in the settlement of the present question) gives the average proportion, if all the branches of production classed under II are taken as a whole.

Every kind of commodities (and they are largely the same kinds) classed under  $2000\ c + 500\ v + 500\ s$  thus shares uniformly in the value to the extent of  $66\frac{2}{3}\ \%\ c + 16\frac{2}{3}\ \%\ v + 16\frac{2}{3}\ \%\ s$ . This applies equally to every 100 of the commodities classed under c, or v, or s.

The commodities in which the 2000 are incorporated may be further divided into

$$(1)\ 1333\frac{1}{3}\ c + 333\frac{1}{3}\ v + 333\frac{1}{3}\ s = 2000\ c.$$

Those under 500 v may be divided into

$$(2)\ 333\frac{1}{3}\ c + 83\frac{1}{3}\ v + 83\frac{1}{3}\ s = 500\ v.$$

Those under 500 s may be divided into

$$(3)\ 333\frac{1}{3}\ c + 83\frac{1}{3}\ v + 83\frac{1}{3}\ s = 500\ s.$$

Now, if we add these three formulae, we have  $1333\frac{1}{3}\ c + 333\frac{1}{3}\ c + 333\frac{1}{3}\ c = 2000\ c$ . Furthermore  $333\frac{1}{3}\ v + 83\frac{1}{3}\ v + 83\frac{1}{3}\ v = 500\ v$ . And the same in the case of s. The addition gives the same total value of 3000 as above.

The entire constant capital-value contained in the quantity of commodities of II represented by 3000 is therefore incorporated in 2000 c, and neither 500 v nor 500 s contain an atom of it. The same is true of v and s in the case of 500 v and 500 s.

In other words, the entire quantity of constant capital-value, embodied in the commodities of II and reconvertible either into its natural or its money-form, exists in 2000 c. Everything referring to the conversion of the constant value of the commodities of II is therefore dealing only with the movements of 2000 c of II. And these transactions can be made only with  $1000\ v + 1000\ s$  of I.

In the same way, all remarks made with reference to the transactions of the constant capital-value of department I are confined to a consideration of 4000 I c.

The Reproduction of the Value of the Worn-out Part in the Form of Money.

Let us first consider the diagram

$$\begin{array}{l}
 \text{I. } 4000 \text{ c} + \underline{1000 \text{ v} + 1000 \text{ s}} \\
 \text{II. } \dots\dots\dots 2000 \text{ c} + 500 \text{ v} + 500 \text{ s}
 \end{array}$$

The exchange of the commodities represented by 2000 II c for commodities of I of the same value (1000 v + 1000 s) is conditioned on the assumption that the entire 2000 II c are reconverted from their natural form into that of the elements of the constant capital of II, produced by I. But the value of the commodities of 2000 c, of which the constant capital of II consists, contains an element making good the loss in the value of fixed capital, which is not to be immediately reproduced in its natural form, but converted into money and accumulated until such time as shall require the natural reproduction of the fixed capital on account of its having been completely worn out. Every year registers the finish of some fixed capital which must be renewed in this or that individual business, or this or that line of industry. In the case of one and the same individual capital, this or that portion of its fixed capital must be renewed, since its elements have a different durability. In examining annual reproduction, even on a simple scale, that is to say, disregarding all accumulation, we do not begin at the very beginning of things. The year which we study is one in the flow of many, it is not the year of the first birth of capitalist production. The various capitals invested in the numerous lines of production of department II are, therefore, of different age. Just as a great many persons die annually in the service of these lines of production, so scores of fixed capitals expire annually in the same service and must be restored in their natural form by means of the accumulated fund of money. To that extent the exchange of 2000 II c for 2000 I (v + s) implies a conversion of 2000 II c from the form of commodities (articles of consumption) into that of natural elements of constant capital, which consist not only of raw and auxiliary materials, but also of natural elements of fixed capital, such as machinery, tools, buildings, etc. The wear and tear, which must be reproduced in money in the value of 2000 II c, by no means corresponds to the volume of the

actively engaged fixed capital, since a portion of this must be reproduced every year in its natural form. The necessary preparation for this reproduction is an accumulation of money in preceding years on the part of the capitalists of II. And the same condition holds good for the current year as well as for the preceding ones.

In the transaction of I ( $1000 v + 1000 s$ ) it must be noted that the magnitude I ( $v + s$ ) does not contain any elements of constant capital, so that none of it implies a reproduction of wear and tear, that is to say, of elements transferred from the fixed portion of some constant capital to the commodities which represent the natural form of  $v + s$ . On the other hand, such elements do exist in II c and constitute that portion of value due to fixed capital which is not immediately converted from money into its natural form, but first accumulated in the form of money. The exchange between I ( $1000 v + 1000 s$ ) and 2000 II c, therefore, presents the difficulty, that the means of production of I, which are the natural form of ( $1000 v + 1000 s$ ), are to be exchanged to the full value of 2000 for articles of consumption of II, while the 2000 II c of articles of consumption cannot be offered entirely in exchange for I ( $1000 v + 1000 s$ ), because a portion of them, corresponding in value to the wear and tear of the fixed capital, must be accumulated in the form of money and do not serve as a medium of circulation during the current period of annual reproduction which we are examining. But the money paying for this element of wear and tear incorporated in the value of 2000 II c can come only from department I, since II cannot pay for its own articles, but must secure payment for them by selling them, and since we have assumed that I ( $1000 v + 1000 s$ ) buys the full amount of commodities of 2000 II c. Hence department I must supply the money to cover that wear and tear of II c. Now, according to the rules previously determined, money advanced to the circulation returns to that capitalist producer who later on throws an equal amount of commodities into the circulation. It is evident that department I, in buying II c, cannot transfer commodities worth 2000 to department II and yield up to it every time an additional amount of money, without any equivalent returning by way of the circulation. Otherwise department I would buy the commodities II c at a price exceeding their value. If department II actually exchanges its 2000 c for I ( $1000 v + 1000 s$ ), then it has no further claims on department I, and the money circulating in this transaction returns either to I or to II, according to whether I or II acted first as a buyer. And in that

case department II would have reconverted the entire value of its commodity-capital into the natural form of means of production, contrary to our assumption that it would not reconvert an aliquot portion during the current period of annual reproduction into the natural form of fixed elements of its constant capital. Department II could not secure a balance of money in its favor, unless it sold a value of 2000 to department I and bought less than that from department I, for instance, only 1800. In that case department I would have to make good the balance of 200 in money, which would not return to it, because it would not have recovered this amount by an equivalent surrender of commodities to the circulation. Only then could II have a fund of money which it could place to the credit of the wear and tear of its fixed capital. But then we should also have an overproduction of means of production to the amount of 200 on the part of department I, and the basis of our diagram would be destroyed, which assumed reproduction on the same scale, in other words, a complete proportionality between the various systems of production. We should have done away with one difficulty and created another, which would be still worse.

As this problem offers peculiar difficulties and has never been mentioned by political economy, we shall consider one by one all possible solutions (at least apparent solutions), or rather all possible formulations of the problem.

In the first place, we had just assumed that department II sells commodities valued at 2000 to department I, but buys from it only 1800 worth. The value of the commodities of 2000 c contains 200 for wear and tear of fixed capital, which must be accumulated as money. The value of 2000 c would therefore be dissolved into 1800, which would be exchanged for means of production of I, and 200 for the reproduction of worn-out elements of fixed capital, which would be held in the form of money after the sale of 2000 II c to department I. Expressed in terms of value, this would be  $2000 \text{ II } c = 1800 c + 200 w$ , this w standing for wear and tear.

We should then be studying the transaction

$$\begin{array}{r}
 \text{I.} \quad 1000 \text{ v} + 1000 \text{ s} \\
 \hline
 \text{II.} \quad 1800 \text{ c} + 200 \text{ w.}
 \end{array}$$

Department I buys with 1000 p. st., which the laborers have received as wages in payment for their labor-power, 1000 II c of articles of consumption. Department II buys with the same 1000 p. st. means of

production from department I from the lot 1000 v. The capitalists of I thus recover their variable capital in the form of money and can employ it next year in the purchase of labor-power to the same amount, that is to say, they can reproduce the variable portion of their productive capital in its natural form. — Department II furthermore advances 400 p. st. and buys means of production from the lot I s, and department I s buys with the same 400 p. st. articles of consumption from II c. The 400 p. st. advanced by the capitalists of II have thus returned to them, but only as an equivalent for sold commodities. Department I now buys from II articles of consumption to the amount of 400 p. st.; II buys from I 400 worth of means of production, thereby returning the 400 p. st. to department I.

So far, then, we have the following calculation: Department I b throws into circulation 1000 v + 800 s in commodities; it also throws into circulation, in money, 1000 p. st. of wages and 400 p. st., thus facilitating its transaction with II. After the transaction is closed, department I has 1000 v in money, 800 s exchanged for articles of consumption from 800 II c, and 400 p. st. in money.

Department II throws into circulation 1800 c in commodities (articles of consumption) and 400 p. st. in money. At the close of the transaction it has 1800 in commodities (means of production from department I) and 400 p. st. in money.

There still remain on the side of department I 200 s in means of production, and on the side of II 200 c (w) in articles of consumption.

According to our assumption department I buys with 200 p. st. the articles of consumption II w, valued at the same amount. But II holds these 200 p. st., since 200 w represents wear and tear and is not immediately reconverted into means of production. Therefore 200 I s cannot be sold. One-tenth of the surplus-value of I cannot be realized by any exchange, cannot be converted from the natural form of means of production into that of articles of consumption.

This does not only contradict our assumption of reproduction on a simple scale, but it is not even a hypothesis which would explain the payment of 200 II w in money. It is another way of saying that it cannot be explained. Since it cannot be demonstrated in what manner 200 w is converted into money, it is assumed that department I is obliging enough to supply the money, just because it is not able to convert its own remainder of 200 s into money. This is as much a legitimate method of analysis as the assumption

that 200 p. st. fall every year from the clouds in order to convert 200 II w into money.

But the absurdity of such an assumption does not become evident at once, if I s, instead of appearing, as it does in this case, in its primitive mode of existence — that is to say as an element of the value of means of production, as an element of the value of commodities which must be converted into money by their capitalist producers — appears in the hands of capitalist stockholders, for instance as ground rent in the hands of land owners, or as interest in the hands of money-lenders. Now, if that portion of the surplus-value of commodities, which the industrial capitalist yields in the form of ground rent or interest to other shareholders in the surplus-value, cannot be in the long run converted into money by the sale of the commodities, then there is an end to the payment of rent and interest, and the land owners or recipients of interest can no longer serve in the role of miraculous interlopers, who convert aliquot portions of the annual reproduction into money by spending their revenue. The same is true of the expenditures of all so-called unproductive laborers, state officials, physicians, lawyers, etc., and others who serve economists as an excuse for explaining inexplicable things, in the role of the “general public.”

Nor does it improve the matter, if the direct transaction between departments I and II, the two great departments of capitalist producers, is circumvented and the merchant is dragged in as a mediator, in order to overcome all difficulties with his “money.” In the present case, for instance, 200 I s must ultimately be sold to the industrial capitalists of II. It may pass through the hands of a number of merchants, but the last of them will find himself in the same predicament, in which the capitalists of I were at the outset, that is to say he cannot sell the 200 I s to the capitalists of II. And this amount, being arrested in its course, cannot renew the same process with department I.

We see, then, that, aside from our ultimate purpose, it is quite necessary to view the process of reproduction in its fundamental simplicity, in order to get rid of all obscuring interference and dispose of the false subterfuges, which assume the semblance of scientific analysis, but which cannot be removed so long as the process of social reproduction is immediately analyzed in its concrete and complicated form.

The law that under normal conditions of reproduction — whether it be on a simple or on an enlarged scale — the money advanced by the capitalist

producer to the circulation must return to its point of departure (no matter whether the money is his own or borrowed) excludes decidedly the hypotheses that 200 II w can be converted into money by an advance of money on the part of department I.

The Reproduction of Fixed Capital in its Natural Form.

Having disposed of the above hypothesis, only such hypotheses remain as assume the possibility of a reproduction of the worn-out fixed capital partly in money and partly in its natural form.

We had assumed in the preceding case

That 1000 p. st. had been paid in wages by department I and spent by the laborers for articles of consumption of II c to the same amount.

It is a simple affirmation of fact that these 1000 p. st. are advanced by I in money. Wages must be paid in money by the various capitalist producers. This money is then spent by the laborers for articles of consumption and serves the sellers of articles of consumption in their turn as a medium of circulation in the conversion of their constant capital from a commodity-capital into a productive capital. It passes indeed through many channels (store keepers, house owners, tax collectors, unproductive laborers, such as physicians, etc., who are needed by the laborer himself) and therefore it flows only in part directly from the hands of the laborer of I into those of the capitalist of II. Its flow may be retarded more or less and the capitalist may therefore require more reserve funds of money. But all this is ruled out of the analysis of the simplest fundamental form.

We had furthermore assumed that department I advances at a certain time 400 p. st. in money for the purchase of articles from II and that this money returns to it, while at some other time department II advances also 400 p. st. for the purchase of commodities from I and likewise recovers this money. This assumption must be granted, for it would be arbitrary to think that only the capitalist class of I, or only that of II, should advance the money required for the exchange of their commodities. Now, since we have shown (under 1) that it would be absurd to think that department I should throw money into circulation in order to promote the conversion of 200 II w into money, there would remain only the seemingly still more absurd hypothesis that department II itself should advance this money, by which that portion of the value of its commodities which makes good the depreciation of its fixed capital through wear and tear is converted into money. For instance, that portion of value which is lost by the spinning

machine of Mr. X. in the process of production re-appears as a portion of the value of the yarn. That which his spinning machine loses on the one hand through wear and tear, is supposed on the other hand to be accumulated by him in money. Now take it that X. buys 200 p. st.'s worth of cotton from Y. and advances 200 p. st. in money for this purpose. Y then buys from him 200 p. st.'s worth of yarn, and X. now accumulates this money as a fund for the reproduction of the worn-out portion of his machine. This would simply amount to the statement that X., aside from his production, its product, and the sale of this product, keeps 200 p. st. in reserve, in order to make good to himself the depreciation of his machine, in other words, that he not only loses 200 p. st. by the depreciation of his machine, but must also put up 200 p. st. additional every year out of his own pocket in order to be finally able to buy a new spinning machine.

This looks only seemingly absurd. For the producers of department II are capitalists whose fixed capital is in various stages of its reproduction. In the case of some of them it has arrived at the stage where it must be entirely renewed in its natural form. In the case of the others it is more or less removed from this stage. All the capitalists of these last named stages have this in common, that their fixed capital is not actually reproduced, that is to say, not actually renewed in its natural form by a new specimen of the same kind, but that its value is successively accumulated in money. The first class of the capitalists of II are in the same (or almost the same) position as they were at the establishment of their business, when they came on the market with their money-capital in order to convert this money partly into constant (fixed and circulating) capital, partly into labor-power (variable capital). They have once more to advance this money to the circulation, the value of fixed constant capital as well as that of circulating constant and variable capital.

Hence, if we assume that half of the 400 p. st. thrown into circulation by the capitalist class of II for the purpose of transacting business with department I comes from those capitalists of II who have to reproduce by means of the sale of their commodities not only their means of production so far as they are circulating capital, but also to buy with money new fixed capital in its natural form, while the other half of the capitalists of II reproduce with their money only the circulating portion of their constant capital in its natural form, but not the fixed portion, then there is no contradiction in the statement that these 400 p. st., when returned by

department I in exchange for articles of consumption, are variously distributed among these two classes of department II. They return to department II, but they do not return into the same hands. They are distributed within this department and pass from one of its sections to another.

One section of II has secured means of production whose value is covered by their commodities, and has furthermore converted 200 p. st. of money into natural elements of new fixed capital. The money thus spent does not return to this section by way of the circulation until after a succession of years and is gradually accumulated by the sale of products created by this fixed capital and bearing the value of its worn-out portion.

But the other section of II did not purchase any commodities from I for 200 p. st. That section is rather paid with the money which the first section of II spent for elements of its fixed capital. The first section of II has its fixed capital-value once more in a natural form, while the second section is still engaged in accumulating money for the purpose of renewing its fixed capital later on.

The basis on which we now have to work, after the previous transactions have been closed, is the remainder of the commodities still to be exchanged by the two departments; 400 s on the part of I, and 400 c on the part of II. We assume that II advances 400 p. st. in money for the exchange of commodities aggregating 800 in value. One-half, or 200 p. st., must be advanced under all circumstances by that section of II c which has accumulated 200 in money for making good the depreciation by wear and tear and which has to reconvert this fund into the natural form of its fixed capital.

Just as constant capital-value, variable capital-value, and surplus-value — being the elements of the value of the commodity-capital of II and I — may be represented by proportional quantities of the commodities of II and I, so that portion of the value of the constant capital which is not to be converted into the natural form of fixed capital for the present, but rather to be accumulated in money, may like-wise be represented. A certain quantity of commodities of II (in the present case one-half of the remainder of 400, or 200) is as yet the bearer of the value of this depreciation, which has to be converted into money by sale. (The first section of the capitalists of II, who renew their fixed capital in its natural form, may have done so with a

portion of its depreciation by means of a corresponding portion of the remaining commodities, but they still have to realize 200 in money.)

The second 200 of the 400 thrown into circulation by II in this remaining transaction buy circulating elements of constant capital from I. A portion of these 200 p. st. may be thrown into circulation by both sections of II, or only by the one not renewing its fixed capital in its natural form.

Department I, then, secures with these 400 p. st. in the first place commodities valued at 200 p. st., consisting only of elements of fixed capital; in the second place, commodities valued at 200 p. st., reproducing only natural elements of the circulating portion of the constant capital of II. Department I has then sold its entire annual product in commodities, so far as it is sold to department II. And the value of one-fifth, or 400 p. st., is now held in its hands in the form of money. This money is monetized surplus-value which must be spent as revenue for articles of consumption. Department I having bought with its 400 p. st. the entire stock of department II, valued at 400, this money flows back to II.

Now we may assume three possibilities. Let us name those capitalists of II, who renew their fixed capital in its natural form, section 1, and those, who accumulate the equivalent for the depreciation of fixed capital, section 2. The three possibilities are: (a) That the 400 still remaining in the shape of commodities of II may make good certain portions of the circulating part of the constant capital of both section 1 and section 2 (perhaps one-half for each); (b) that section 1 has already sold all its commodities, so that section 2 has for sale all of the 400; (c) that section 2 has sold all but the 200 which are the bearers of the value of depreciation.

Then we have the following distributions:

Of the value of the commodities still in the hands of department II, namely 400 c, section 1 holds 100, and section 2 holds 300; 200 out of the 300 represent depreciation. In that case section 1 originally advanced 300 of the 400 in money returned by department I for commodities of II, namely 200 in money, for which it secured elements of fixed capital from I, and 100 in money for the promotion of its transaction with I. Section 2, on the other hand, advanced only 100 of the 400, likewise for the promotion of its exchange with I.

Remember, then, that section 1 advanced 300, and section 2 advanced 100 of the 400.

Now these 400 return in the following manner: Section 1 recovers only one-third of the money advanced by it, or 100. But it has in place of the other 200 a renewed fixed capital. Section 1 has given money to department I for these elements of fixed capital, but sold no more commodities. So far as this money is concerned, section 1 has met department I for the purpose of buying, but not of selling later on. This money cannot return to section 1, otherwise it would receive the elements of fixed capital from I as a gift. So far as the last third of its advanced money is concerned, section 1 first acted as a buyer of circulating elements of its constant capital. The same money serves department I for the purchase of the remainder of the commodities of section 1, valued at 100. This money, then, returns to section 1 of department II, because it acts as a seller of commodities soon after having acted as a buyer. If this money did not return, then section 1 of department II would have given to department I a sum of 100 in money for commodities of the same value and in addition thereto 100 in commodities, in other words, it would have given away its commodities as a present.

On the other hand, section 2 receives 300 in money back, while it has advanced only 100 in money. As a buyer it first threw 100 in money into circulation, and these it receives back when acting as a seller. And it receives 200 more, because it acts only as a seller of commodities to that amount, but not in turn as a buyer. Hence the money cannot return to department I. The value of the depreciation of the fixed capital is thus balanced by the money thrown into circulation by section 1 of department II in the purchase of elements of fixed capital. But it reaches the hands of section 2, not as money of section 1, but as money of department I.

Under these conditions the remainder of IIc is distributed so that section 1 has 200 in money, and section 2 has 400 in commodities.

Section 1 has sold all of its commodities, but 200 in money are a changed form of the fixed elements of its constant capital which it has to renew in their natural form. It acts only as a buyer in the present case and receives in exchange for its money the same value in commodities of department I having the natural form of elements of its fixed capital. Section 2 has to throw 200 p. st. into circulation, at a maximum (if department I does not advance any money for the transaction between I and II), since it is to the extent of one-half of the value of its commodities only a seller to I, not a buyer from I.

It recovers from the circulation 400 p. st. It gets 200, because it has advanced them as a buyer and recovers them as a seller of commodities of the same value. It receives another 200, because it sells commodities of that value to I without buying an equivalent from I.

Section 1 has 200 in money and 200c in commodities. Section 2 has 200c (w) in commodities.

Section 2 has not any advance of money to make under these circumstances, because it does not act any more in the role of a buyer from I, but only as a seller, so that it must wait till some one wants to buy from it.

Section 1 advances 400 p. st. in money, of which 200 serve for a mutual exchange with department I, while 200 are used to buy from I. The last 200 serve in the purchase of the elements of fixed capital.

Department I buys from section 1 commodities to the value of 200 with 200 p. st. in money, so that section 1 thus recovers the money it had advanced for its transaction with I. And I buys with the other 200 p. st., which it has likewise received from section 1, commodities valued at 200 from section 2, which thus recovers the value of the depreciation of its fixed capital.

The matter would not be altered by the assumption that, in the case of (c), department II instead of section 1 of this department should advance the 200 in money required for the exchange of the existing commodities. If I buys in that case first 200 in commodities from section 2 of department II — assuming that this section has only this much left to sell — then the 200 p. st. do not return to I, since section 2 of department II no longer acts in the role of buyer. But section 1 of department II has in that case 200 p. st. to spend in buying and 200 in commodities to offer for sale, making a total of 400 which it has to trade with department I. 200 p. st. in money then return to department I from section 1 of department II. When I spends them again in the purchase of 200 in commodities from section 1 of department II, then they return to department I as soon as section 1 of department II buys the second half of the 400 in commodities from I. Section 1 of department II has spent 200 p. st. in the purchase of elements of fixed capital, without selling anything in return. Therefore this money does not return to it, but serves to monetize the remaining 200 c of commodities of section 2 of department II, while the 200 p. st. in money advanced by I for the promotion of the transactions return to it by way of section 1 of department II, not section 2. In the place of its commodities of 400 it has secured an

equivalent, and the 200 p. st. in money advanced by it for transacting business to the extent of 800 in commodities have likewise returned to it. Everything is therefore settled.

The difficulty encountered in the transaction between I (1000 v + 1000 s) and II 2000 c was reduced to the difficulty of balancing accounts between I 400 s and II (section 1) 200 in money plus 200 c in commodities plus (section 2) 200 c in commodities. Or, to make the matter still clearer, I (200 s + 200 s) against II (200 in money of section 1 plus 200 c in commodities of section 1 plus 200 c in commodities of section 2).

Since section I of department II exchanges 200c for commodities of department I representing 200s, and since all the money circulating in this exchange of 400 commodities between I and II returns to him who first advances it, be he I or II, this money promoting the exchange between I and II is not an element of the problem which troubles us here. Or, to express it differently, if we assume that the money used in the transaction between 200 I s (commodities) and 200 IIc (commodities of section 1, department II) serves only as a medium of payment, not as a medium of purchase and therefore not as a “medium of circulation,” strictly speaking, it is evident that the means of production valued at 200 are exchanged for articles of consumption valued at 200, because the commodities of 200 I s and 200 IIc (section 1) are equivalent in value, that therefore the money serves here merely ideally, and that neither side has to advance any money to the circulation for the payment of any balance. Hence the problem does not show itself in its clearest form, until we eliminate the commodities of 200 I s and their equivalent, the commodities of 200 IIc (section 1), from both sides.

After the elimination of these two amounts of commodities of equal value, which balance one another in I and II, the remainder of the transaction shows the problem clearly, namely I 200s in commodities against II (200c in money of section 1 plus 200c in commodities of section 2).

It is evident that section 1 of department II buys with 200 in money the elements of its fixed capital from 200 I s. The fixed capital of section 1, department II, is there-by renewed in its natural form, and the surplus-value of I, to the amount of 200, is converted from the form of commodities (means of production representing elements of fixed capital) into that of money. Department I buys with this money articles of consumption from

section 2, department II, and the result for II is that section 1 has renewed a fixed element of its constant capital in its natural form; and that section 2 has stored up another element in money which is destined to make good the depreciation of its fixed capital. And this continues every year, until this last element is also renewed in its natural form.

The first condition is here evidently that this fixed element of constant capital II, which must annually be reconverted into money to the full extent of its value and, therefore, entirely reproduced in its natural form (section 1), should be equal to the annual depreciation of the other fixed element of constant capital II, which continues its function in its old natural form and whose depreciation, represented by the value transferred by it to the commodities produced by it, is first accumulated in money. Such a balance of value would seem to be a law of reproduction on the same scale. This is equivalent to saying that the proportional division of labor in department I, which puts out means of production, must remain unchanged, to the extent that it produces partly circulating, partly fixed portions of the constant capital of department II.

Before we analyze this more closely, we must first see how the matter looks, if the remaining amount of II c (1) is not equal to the remainder of II c (2). It may be larger or smaller. Let us study either case.

First Case.

200 s.

II. (1) 220 c in money plus (2) 200 c in commodities.

In this case II c (1) buys with 200 p. st. the commodities of 200 I s, and I buys with the same money the commodities of 200 II c (2), in other words, that portion of the fixed capital which has to be accumulated in money. This portion is thus converted into money. But 20 II c (1) cannot be reconverted into the natural form of fixed capital.

It seems that we might remedy this inconvenience by making the remainder of I s 220 instead of 200, so that only 1780 instead of 1800 of the 2000 I would be disposed of by former transactions. Then we should have:

220 s.

II. (1) 220 c in money plus (2) 200 c in commodities.

Section 1 of II c buys with 220 p. st. in money the 220 I s, and I buys with 200 p. st. the 200 II c (2) of commodities. But now 20 p. st. in money remain on the side of I, a portion of surplus-value which it can hold only in money, without being able to spend it in articles of consumption. The difficulty is thus merely transferred from section 1, department II c, to I s.

Let us now assume, on the other hand, that section 1, II c, is smaller than section 2, II c, then we have:

Second Case.

200 s in commodities.

II. (1) 180 c in money plus (2) 200 c in commodities.

Section 1, department II, buys with 180 p. st. in money the commodities of 180 I s. Department I buys with the same money commodities of the same value from section 2, department II, that is to say, 180 II c (2). There remain 20 I s unsaleable on one side, and 20 II c of section 2 on the other. In other words, commodities valued at 40 remain unsaleable.

It would not help us any to make the remainder of I equal to 180. It is true, there would not be any surplus in I under these circumstances, but the same surplus of 20 would remain unsaleable in section 2 of department II and could not be converted into money.

In the first case, where section 1 of department II is greater than section 2 of department II, there remains a surplus of money in section 1 of department II and cannot be converted into fixed capital; or, if the remainder in I s is assumed to be equal to II c (1), the same surplus in money remains inconvertible into articles of consumption in I s.

In the second case, where II c (1) is smaller than II c (2), there remains a deficit of money on the side of 200 I s and II c (2), and an equal surplus of commodities on both sides, or, if the remainder of I s is assumed to be equal to II c (2), there remains a deficit of money and a surplus of commodities in II c (2).

If we assume the remainder of I s to be always equal to II c (1) — seeing that production is determined by demand, and reproduction is not altered by the fact that there may be a greater output of fixed elements of capital this year, and a greater output of circulating elements of constant capitals I and II next year — then I s could not be reconverted into articles of consumption in the first case, unless I brought with it a portion of the

surplus-value of II and accumulated it in money instead of consuming it; in the second case there would be no other way out but an expenditure of the money on the part of I itself, an assumption which we have already rejected.

If II c (1) is greater than II c (2), then the importation of foreign commodities is required for the employment of the money-surplus in I s. If II c (1) is smaller than II c (2), then an exportation of commodities (articles of consumption) is required for the realization of the value of the depreciation of II c in means of production. In either case, foreign trade is necessary.

Even assuming that, on the basis of simple reproduction on the same scale, the productivity of all lines of industry, and thus the proportional relation of the value of their commodities, would remain unchanged, there would nevertheless be an incentive for production on an enlarged scale whenever the two last named cases may occur, in which II c (1) is greater or smaller than II c (2).

#### Results.

With reference to the reproduction of the fixed capital, the following general remarks may be made:

If a larger portion of the fixed element of II c expires this year than last and must be reproduced in its natural form — all other circumstances remaining the same, that is to say, not only the scale of production, but also the productivity of labor, etc. — then that portion of the fixed capital, which is as yet only declining and must be temporarily accumulated in money until its term of expiration arrives, must decline in the same proportion, since we have assumed that the sum of the fixed capital serving in II (also the sum of its values) remains unchanged. This implies the following consequences: If a greater portion of the commodity-capital of I consists of elements of the fixed capital of II c, then a correspondingly smaller portion consists of circulating elements of II c, because the total production of I for II c remains unchanged. If one of these portions increases, then the other decreases, and vice versa. On the other hand, the total production of II also retains the same volume. But how is this possible, if the production of its raw materials, half-wrought products, and auxiliary materials (the circulating elements of the constant capital of II) decreases? In the second place, a greater portion of fixed capital of II c, restored to its money-form, flows into department I, in order to be reconverted from its money-form into its natural form. In other words, there is a greater flow of money into

department I, aside from the money circulating between I and II merely for the transaction of their business, more money which does not merely serve as a medium for the mutual exchange of their commodities, but acts onesidedly in purchase without a corresponding sale. At the same time the quantity of commodities of II c, the bearers of the value of the depreciation of fixed capital, would have decreased proportionately. This is that quantity of commodities of II which is not exchanged for commodities of I, but must be converted into money of I. More money would have flown from II into I for onesided purchase, and there would be fewer commodities of II which would stand only in the relation of a buyer toward I. Under these circumstances a great portion of I s — for I v has already been converted into commodities of II — would not be convertible into commodities of II, but would be held in the form of money.

The opposite case, in which the reproduction of expired fixed capitals of a certain year exceeds that of the depreciation, need not be discussed in detail after the preceding statements.

The result would be a crisis — a crisis in production — in spite of the fact that reproduction had taken place on the same scale.

In short, unless a constant proportion between expiring (and about to be renewed) fixed capital and still continuing (merely transferring the value of its depreciation to its product) fixed capital is assumed, so long as reproduction takes place on a simple scale under the same conditions, such as productivity, volume, intensity of labor, the mass of circulating elements to be reproduced in one case would remain the same while the mass of fixed elements to be reproduced would have been increased. Therefore the aggregate production of I would have to increase, or, there would be a deficit in the reproduction, even aside from money matters.

In the other case, if the proportional magnitude of the fixed capital of II, to be reproduced in its natural form, should decrease and the elements of the fixed capital of II, which must be merely accumulated in money, should increase in the same ratio, then the quantity of the circulating elements of the constant capital of II, reproduced by I, would remain unchanged, while that of the fixed elements about to be reproduced would have decreased. Hence there would be either a decrease in the aggregate production of I, or a surplus (the same as previously a deficit) which could not be converted into money.

It is true that the same labor may, in the first case, supply a greater product with an increase in its productivity, extension, or intensity, and so the deficit could be covered in the first case. But such a change could not take place without a transfer of capital and labor from one line of production of department I to another, and every transfer would cause monetary disturbances. Furthermore, to the extent that an expansion and intensification of labor would increase, department I would have to exchange more of its value for less value of II. In other words, there would be a depreciation of the product of I.

The reverse would take place in the second case, where I must contract its production, which implies a crisis for its laborers and capitalists, or produce a surplus, which implies another crisis. Such a surplus is not an evil in itself, but it is an evil under the capitalist system of production.

Foreign trade could relieve the pressure in either case. In the first case it would convert products of I held in the form of money into articles of consumption, in the second case it would dispose of the surplus of commodities. But foreign trade, so far as it does not merely reproduce certain elements of production, only transfers these contradictions to a wider sphere and gives them a greater latitude.

Once that the capitalist mode of production is abolished, the problem resolves itself into the simple proposition that the magnitude of the expiring portion of fixed capital, which must be reproduced in its natural form every year (which served in our illustration for the production of articles of consumption), varies in successive years. If it is very large in a certain year (in excess of the average mortality, the same as among men), then it is so much smaller in the next year. The quantity of raw materials, half wrought articles, and auxiliary materials required for the annual production of the articles of consumption — other circumstances remaining the same — does not decrease in consequence. Hence the aggregate production of means of production would have to increase in the one case and decrease in the other. This can be remedied only by a continuous relative overproduction. There must be on the one hand a certain quantity of fixed capital in excess of that which is immediately required; on the other hand there must be above all a supply of raw materials, etc., in excess of the actual requirements of annual production (this applies particularly to articles of consumption). This sort of reproduction may take place when society controls the material

requirements of its own reproduction. But in capitalist society it is an element of anarchy.

This illustration of fixed capital, on the basis of an unchanged scale of reproduction, is convincing. A disproportion of the production of fixed and circulating capital is one of the favorite arguments of political economists in explaining productive crises. That such a disproportion can and must arise even when the fixed capital is merely preserved by renewal is new to them. And yet, it can and must arise even on the assumption of an ideal and normal production on the basis of a simple reproduction of the already existing capital of society.

#### THE REPRODUCTION OF THE MONEY SUPPLY.

One element has so far been entirely disregarded, namely the annual reproduction of gold and silver. To the extent that these metals serve as material for articles of luxury, gilding, etc., they do not deserve any special mention, any more than any other products. But they play an important role as money-material, as potential money. For the sake of simplicity, we regard only gold as material for money.

According to older statements, the entire annual production of gold amounts to about 8-900,000 lbs., equal to about 1100 to 1250 million marks (264 to 392.5 million dollars). But according to Soetbeer it amounts to only 170,675 kilograms, valued at about 476 million marks on an average of the years 1871 to 1875. Of this amount, Australia supplied about 167, the United States 166, Russia 93 million marks. The remainder is distributed over various countries in sums of less than 10 million marks each. The annual production of silver, during the same period, amounted to somewhat less than 2 million kilograms, valued at 354.5 million marks. Of this amount, Mexico supplied about 108, the United States 102, South America about 67, Germany about 26 million, etc.

Among the countries with predominating capitalist production only the United States are producers of gold and silver. The capitalist countries of Europe obtain almost all their gold and by far the greater part of their silver from Australia, the United States, Mexico, South America, and Russia.

But we transfer the gold mines into the country with capitalist production whose annual reproduction we are analyzing, for the following reasons:

Capitalist production does not exist at all without foreign commerce. But when we assume annual reproduction on a given scale, we also assume that foreign commerce replaces home products only by articles of other use-

value, or natural form, without affecting the relations of value, such as those of the two categories known as means of production and articles of consumption and their transactions, nor the relations of constant capital, variable capital, and surplus-value, into which the value of the products of each of these categories may be dissolved. The introduction of foreign commerce into the analysis of the annually reproduced value of products can, therefore, produce only confusion, without furnishing any new point in the aspect or solution of the problem. For this reason we leave it aside. And consequently gold as a direct element of annual reproduction is not regarded as a commodity imported from a foreign country.

The production of gold, like that of metals generally, belongs to department I, which occupies itself with means of production. Let us assume that the annual production of gold amounts to 30 (from reasons of expediency, although it is far too high compared to the other figures of our diagrams). Let this value be resolved into  $20c + 5v + 5s$ ;  $20c$  is to be exchanged for other elements of department I  $c$ , and this is to be studied later; but the  $5v + 5s$  are to be exchanged for elements of II  $c$ , namely, articles of consumption.

As for the  $5v$ , every gold producing business begins by buying labor-power. This is done, not with money produced by this particular business, but with a portion of the money existing in the land. The laborers buy with this  $5v$  articles of consumption from II, and this department buys with the same money means of production from I. Let us say that II buys from I gold for elements of its commodities (elements of constant capital) to the value of 2, then  $2v$  flow back to the gold producers of I in money which was formerly in circulation. If II does not buy any more material from I, then I buys from II by throwing its gold into circulation, for gold can buy any commodity. The difference is only that I does not act as a seller, but as a buyer, in that case. The gold producers of I can always get rid of their product, for it is always in a form which may be directly exchanged.

Take it that some producer of yarn has paid  $5v$  to his laborers, who create for him in return — aside from a surplus-product — yarn to the amount of 5. The laborers buy values worth 5 from II  $c$ , and II  $c$  buys with the same 5 in money yarn from I, and this 5 in money flows back to the producer of yarn. Now we had assumed that I  $g$  (meaning the producer of gold) advanced to his laborers  $5v$  in money which had previously belonged to the circulation. The laborers spend it for articles of consumption, but only

2 of the 5 return from II to I g. However, I g can begin his process of reproduction anew, just as well as the producer of yarn. For his laborers have supplied him with 5 in gold, 2 of which he sold, and 3 of which he still has, so that he has but to coin it, or exchange it for bank notes, in order that his entire variable capital may be immediately in his hands, without the intervention of II.

Even this very first process of annual reproduction has wrought a change in the quantity of money actually or virtually in circulation. We assumed that II c bought 2 v from I g for material, and that I g invested 3 in II as the money-form of its variable capital. In other words, 3 of the amount of money supplied by the new gold production remained within department II and did not return to I. According to our assumption II has satisfied its needs for gold material. The 3 remain in its hands as a hoard of gold. Since they cannot constitute any elements of its constant capital, and since II had previously enough money-capital for the purchase of labor-power; since, furthermore, these additional 3 g, with the exception of the element making good the loss through depreciation, have no function to perform within II c, for a portion of which they were exchanged (they could only serve to cover a shortage in the element making good loss through depreciation, in the case that section 1 of department II should be smaller than section 2 of department II, which would be accidental); and since, on the other hand, the entire commodity-product of II c, with the exception of the element making up for depreciation, must be exchanged for means of production of I (v+s); therefore this money must be entirely transferred from II c to II s, no matter whether it exists in necessities of life or articles of luxury, and vice versa, a corresponding value of commodities must be transferred from IIs to II c. Result: A portion of the surplus-value is accumulated as a hoard of money.

In the second year of reproduction, when the same proportion of annually produced gold continues to be used as material, 2 will again flow back to I g, and 3 will be reproduced in its natural form, that is to say, it will be set aside in department II as a hoard, etc.

With reference to the variable capital in general, it may be said that the capitalist of I g must continually advance money for the purchase of labor-power, the same as every other capitalist. But so far as these wages are concerned, it is not he, but his laborers who buy from II. He can never appear as a buyer, transferring gold to II, without the initiative of II. But to the extent that II buys material from him for the purpose of converting its

constant capital II c into a gold supply, a portion of the v of I g flows back to it from II in the same way that it does to other capitalists of I. And so far as this is not the case, he reproduces his v in gold direct from his product. But to the extent that the v advanced by him in money does not flow back to him from II, a portion of the existing medium of circulation (received from I and not returned to it) is converted by II into a hoard and a portion of its surplus-value is not converted into articles of consumption. Since new gold mines are continually opened or old ones re-opened, a certain proportion of the money invested by I g in v is always money existing previously to the new gold production, and passing from I g by way of its laborers into II, where it becomes an element in the formation of a hoard, or as much of it as is not returned from II to I g.

But as for (I g)s, department I g can always act as a buyer in this case. It throws its s in the shape of gold into circulation and withdraws from it in return articles of consumption of II c. The gold is there used in part as material, and thus serves as a real element of the constant portions c of productive capital II. And any portion of the gold not so employed becomes once more an element in the formation of a hoard in the role of that part of II s which retains the shape of money. We see, then, — aside from I c which we reserve for a later analysis — that even simple reproduction, excluding accumulation strictly so called, namely reproduction, on an enlarged scale, inevitably includes the accumulation, or hoarding, of money. And as this is annually repeated, it explains the assumption from which we started in the analysis of capitalist production, namely that a supply of money corresponding to the exchange of commodities is in the hands of the capitalists of departments I and II at the beginning of the reproduction. Such an accumulation takes place even after deducting the amount of gold lost by the depreciation of money in circulation.

It is a matter of course, that the quantity of money accumulated on all sides increases in proportion to the advancing age of capitalist production, and that the quantity annually added to this hoard by the production of new gold decreases proportionately, although the absolute quantity thus added may be considerable. We revert once more in general terms to the objection raised against Tooke and contained in the question: How is it possible that every capitalist draws a surplus-value in money out of the circulation, in other words, draws more money out of the circulation than he throws into it,

seeing that the capitalist class must be the ultimate source which throws all money into circulation?

We reply by summarizing the statements made previously (in chapter XVII):

The only essential assumption, namely, that there is money enough available for the exchange of the various elements of annual reproduction, is not touched by the fact that a portion of the value of commodities consists of surplus-value. Take it that the entire production belonged to the laborers, so that their surplus-labor were done for themselves, not for the capitalists, then the quantity of circulating commodity-values would be the same and, other circumstances remaining equal, would require the same amount of money for circulation. The question in either case is therefore only: Where does the money come from which serves as a medium of exchange for this quantity of commodity-values? It is not at all: Where does the money come from which monetizes the surplus-value?

It is true, to repeat it once more, that every individual commodity consists of  $c+v+s$ , and the circulation of the entire quantity of commodities therefore requires a certain quantity of money for the circulation of the capital  $c+v$ , and another for the circulation of  $s$ , the revenue of the capitalists. For the individual capitalist as well as for the entire capitalist class, the money in which they advance capital is distinct from the money in which they spend their revenue. Where does this last money come from? Simply from the entire quantity of money available in society, a portion of which circulates as the revenue of the capitalists. We have already seen in previous instances that every capitalist establishing a new business recovers the money which he spent for his maintenance in the purchase of articles of consumption, by the process of converting his surplus-value into money, once that his business is fairly under way. But generally speaking the difficulty is due to two sources:

In the first place, if we analyze only the circulation and the turn-over of capital, regarding the capitalist merely as a personification of capital, not as a capitalist consumer and sport, then we see indeed that he is continually throwing surplus-value into circulation as a part of his commodity-capital, but we never see money as a form of revenue in his hands. We never see him throwing money into circulation for the consumption of his surplus-value.

In the second place, if the capitalist class throw a certain amount of money into circulation in the shape of revenue, it seems as though they were paying an equivalent for this portion of the total annual product, so that this portion is then no longer surplus-value. But the surplus product in which the surplus value is incorporated does not cost the capitalist anything. As a class, they possess and enjoy it gratuitously, and the circulation of money cannot alter this fact. The alteration due to this circulation consists merely in the fact that every capitalist, instead of consuming his surplus-product in its natural form, a thing which is generally impossible, draws commodities of all sorts up to the amount of his surplus-value out of the general stock of the annual surplus-product of society and appropriates them for his own use. But the mechanism of the circulation has shown that the capitalist class, while throwing money into the circulation for the purpose of spending their revenue, also recover this money from the circulation, so that they can continue the same process over and over; so that, as a class of capitalists, they always remain in possession of the amount of money necessary for the monetization of their surplus-value. Hence, seeing that the capitalist does not only withdraw his surplus-value from the market in the form of commodities for his individual consumption, but also the money which he has paid for these commodities, it is evident that he secures the commodities without paying an equivalent for them. They do not cost him anything, although he pays money for them. If I buy commodities for one pound sterling and recover this money from the seller by means of a surplus product which I got for nothing, it is obvious that I have received the commodities gratis. The continual repetition of this transaction does not alter the fact that I continually secure commodities and continually remain in possession of my pound sterling, although I release it temporarily in the purchase of the commodities. The capitalist continually retains this money as an equivalent of surplus-value that has not cost him anything.

We have seen that with Adam Smith the entire value of the social product resolves itself into revenue, into  $v+s$ , so that the constant capital-value is set down as zero. It follows necessarily that the money required for the circulation of the yearly revenue must also suffice for the circulation of the entire annual product, so that, in our illustration, the money of 3000 required for the circulation of the articles of consumption of the same value must also suffice for the circulation of the entire annual product valued at

9000. This is indeed the opinion of Adam Smith, and it is repeated by Th. Tooke. This erroneous conception of the ratio of the quantity of money required for the realization of the revenue to the quantity of money required for the circulation of the entire social product is a necessary result of misapprehending, thoughtlessly conceiving the manner in which the various elements of material and value of the total annual product are reproduced and annually renewed. It has already been refuted by us.

Let us listen to Smith and Tooke themselves.

Smith says in Book II, chapter 2: “The circulation of every country may be divided into two parts: the circulation of the merchants among themselves and the circulation between merchants and consumers. Although the same pieces of money, paper or metal, may be used now in the one, now in the other circulation, both of them nevertheless take place continually side by side, and each one of them requires therefore a certain quantity of money of this or that kind in order to keep moving. The value of the commodities circulating among the various merchants can never exceed the value of the commodities circulating between merchants and consumers; for whatever the merchants may buy must be sold ultimately to the consumers. As the circulation between the merchants is wholesale, it generally requires a rather large sum for every exchange. The circulation between merchants and consumers, on the other hand, is mostly retail and requires often but very small sums of money: one shilling, or even half penny, suffices sometimes. \* \* \* \* Although the annual purchases of all consumers are therefore at least” — this at least is rich— “equal in value to those of the merchants, they may nevertheless be effected, as a rule, with a much smaller quantity of money,” etc.

Th. Tooke remarks to this passage of Adam Smith (in “An Inquiry into the Currency Principle,” London, 1844, pages 34 to 36): “There cannot be any doubt that the distinction here made is essentially correct. \* \* \* \* The exchange between merchants and consumers includes also the payment of wages, which are the principal means of the consumers. \* \* \* \* All transactions between merchant and merchant, that is to say, all sales from the producer or importer, through all gradations of intermediate processes of manufacture, etc., down to the retail merchant or export merchant, may be dissolved into movements transferring capital. But transfers of capital do not necessarily imply, nor indeed carry actually with them, in the great

number of exchanges, a real cession of bank notes or coin — I mean a substantial, not a fictitious, cession — at the time of transfer. \* \* \* \* The total amount of exchanges between merchants and merchants must in the last instance be determined and limited by the amount of exchanges between merchants and consumers.”

If this last sentence stood by itself, one might think that Tooke stated simply the fact of a ratio between the exchanges of merchants and merchants and those of merchants and consumers, in other words, a ratio between the value of the total annual revenue and the value of the capital with which it is produced. But this is not the case. He explicitly endorses the view of Adam Smith. A special criticism of his theory of circulation is therefore superfluous.

Every industrial capital, when beginning its career, throws at one single investment enough money into circulation to cover its entire fixed element, which it recovers but gradually in the course of years by the sale of its annual products. Thus it throws at first more money into circulation than it recovers from it. This is repeated at every renewal of its entire capital in a natural form. It is repeated every year in a certain number of enterprises whose fixed capital must be renewed in its natural form. It is repeated in fragments at every repair, every partial renewal of fixed capital. While more money is on the one hand withdrawn from circulation than is thrown into it, the opposite takes place on the other hand.

In all lines of industry whose period of production — as distinguished from the working period — extends over a long term, money is continually thrown into circulation during this period by the capitalist producers, either in payment for labor-power employed, or in the purchase of means of production to be consumed. Means of production are thus directly withdrawn from the commodity market, and articles of consumption either indirectly by the laborers spending their wages, or directly by the capitalists, who do not by any means stop consuming, although they do not immediately throw any equivalent on the market, in the shape of commodities. During this period, the money thrown by them into circulation serves for the conversion of the value of commodities, including the surplus value embodied in them, into money. This element becomes very important in an advanced stage of capitalist production in the case of lengthy enterprises, such as are undertaken by stock companies, for instance

the construction of railways, canals, docks, large municipal buildings, iron ships, drainage of land on a large scale, etc.

While the other capitalists, aside from the investment of fixed capital, draw more money out of the circulation than they throw into it in the purchase of labor-power and the circulating elements of capital, the gold and silver producing capitalists, on the other hand throw only money into the circulation, aside from the precious metals which serve as raw material, while they withdraw only commodities from it. The constant capital, with the exception of the depreciated portion, furthermore the greater portion of the variable capital and the entire surplus-value, with the exception of the hoard which is eventually accumulated in the hands of these capitalists, is thrown into the circulation as money.

On one side, various things circulate as commodities which were not produced during the current year, such as real estate, houses, etc., furthermore products whose period of production extends over more than one year, such as cattle, wood, wine, etc. It is important to emphasize in this respect that aside from the quantity of money required for the immediate circulation, there is always a certain quantity in a latent state which may enter into service when so required. Furthermore, the value of such products circulates often in fractions and gradually, for instance, the value of houses in the rents of a number of years.

On the other hand, not all movements of the process of reproduction are promoted by the circulation of money. The entire process of production, once that its elements have been purchased, is excluded from it. Furthermore all products, which the producer consumed directly in his own individual or productive consumption. Under this head belongs also the board of agricultural laborers.

The quantity of money, then, which circulates the annual product, exists in society, having been gradually accumulated. It does not belong to the values produced during the current year, with the exception of the gold used for making good the loss of depreciated money.

This presentation of the matter assumes the exclusive circulation of precious metals as money, and the simplest form of cash purchases and sales, although even plain metals, as a basis of circulation, may serve as money, and have actually so served in history and have been the fundament for the development of a credit system and of certain portions of its mechanism.

This assumption is not made from mere considerations of method, although these are important enough, as demonstrated by the fact that Tooke and his school as well as his adversaries were continually compelled in their controversies concerning the circulation of bank notes to revert to the hypothesis of a purely metallic circulation. They were compelled to do so subsequently, and did so very superficially, because they thus reduced to an incidental point what should have been the point of departure of their analysis.

But the simplest study of the circulation of money in its primitive form, which is the immanent factor of the process of annual reproduction, demonstrates:

Assuming capitalist production to be developed to the point where the wage system predominates, money-capital evidently plays a prominent role, seeing that it is the form in which the variable capital is advanced. To the extent that the wage system develops, all products are converted into commodities and must, therefore, pass through the stage of money as one phase of their metamorphoses, with a few important exceptions. The quantity of circulating money must suffice for this conversion of commodities into money, and the greater part of this quantity is furnished in the form of wages, in that money, which is the money-form of the variable capital advanced by the industrial capitalists in payment for labor-power, and which serves in the hands of the laborers overwhelmingly as a medium of circulation (of purchase). It is quite the reverse under a system of natural economy such as was predominant under every form of vassalage (including serfdom), and still more in more or less primitive communities, whether they are infected by conditions of vassalage or slavery, or not.

In a slave system, the money-capital invested in the purchase of slaves plays the role of the fixed capital in money-form, which is but gradually replaced after the expiration of the active life period of the slaves. Among the Athenians, therefore, the gain realized by a slave owner through the industrial employment of his slaves, or indirectly by hiring them out to other industrial employers (for instance mine owners), was regarded merely as an interest (with sinking fund) on the advanced money-capital, just as the industrial capitalist under capitalist production places a portion of the surplus-value plus the depreciation of his fixed capital to the account of interest and renewal of his fixed capital. This is also the rule in the case of capitalists offering fixed capital, such as houses, machinery, etc., for rent.

Mere household slaves, who perform the necessary services or are kept as luxuries are not considered here. They correspond to the modern servant class. But the slave system — so long as it is the dominant form of productive labor in agriculture, manufacture, navigation, etc., as it was in the advanced states of Greece and Rome — preserves an element of natural economy. The slave market maintains its supply of labor-power by war, piracy, etc., and this rape is not promoted by a process of circulation, but by the natural appropriation of the labor-power of others by physical force. Even in the United States, after the conversion of the neutral territory between the wage labor states of the North and the slave labor states of the South into a slave breeding region for the South, where the slave thus raised for the market had become an element of annual reproduction, this method did not suffice for a long time, so that the African slave trade was continued as long as possible for the purpose of supplying the market.

The natural flux and reflux of money by the exchange of the annual products on the basis of capitalist production; the advances of fixed capital in one bulk to the full value and the gradual and prolonged recovery of this outlay from the circulation in the course of successive years, in other words, the gradual reconstitution of fixed capital in money by the annual formation of a hoard, which is different from the simultaneous accumulation of a hoard based on the annual production of new gold; the different length of time in which money is advanced according to the duration of the periods of reproduction of commodities, and in which money must, therefore, be accumulated anew, before it can be recovered from the circulation by the sale of commodities; the different length of time for which money must be advanced, resulting even from the different distances of the places of production from their selling market; furthermore the differences in the magnitude and period of the reflux according to the relative size or condition of the productive supplies in the various lines of business and in the individual businesses of the same line, and with them the terms at which the elements of constant capital are bought — all this taking place during the year of reproduction, it was necessary that all these different factors should be noted and brought home by experience in order to give rise to a systematization of the mechanical aids of the credit-system and to an actual discovery of whatever capital was available for lending.

This is further complicated by a difference between lines of business whose production proceeds continuously under normal conditions on the

same scale, and those which are carried on at different scales at different periods of the year, such as agriculture.

#### DESTUTT DE TRACY'S THEORY OF REPRODUCTION.

As an illustration of the confused and at the same time boastful thoughtlessness of political economists analyzing social reproduction, the great logician Destutt de Tracy may serve (compare volume I, page 181, footnote 1), whom even Ricardo took seriously, calling him a very distinguished writer.

This distinguished writer makes the following revelations concerning the entire process of social reproduction and circulation:

“One may ask me how these industrial capitalists can make such large profits and out of whom they can draw them. I reply that they do so by selling everything which they produce for more than it has cost to produce; and that they sell

to one another to the extent of the entire share of their consumption, intended for the satisfaction of their needs, which they pay with a portion of their profits;

to the wage workers, both those whom they pay and those whom the idle capitalists pay; from these wage workers they recover the entire wages in this way, except what little they may save;

to the idle capitalist, whom they pay with a portion of their revenue which they have not spent for the wages of the laborers employed by them directly; so that the entire rent, which they pay them annually, flows back to them in this way.” (Destutt de Tracy, *Traité de la volonté et de ses effets*. Paris, 1821. Page 239.)

In other words, the capitalists enrich themselves by mutually getting the best of one another in the exchange of that portion of their surplus-value which they reserve for their individual consumption, or consume as revenue. For instance, if this portion of their surplus-value, or of their profits, is 400 p. st., this sum is supposed to be increased to, say, 500 p. st. by mutually selling their respective shares at an excess of 25% over the normal. But if all do the same, the result will be just what it would have been if they had mutually sold their shares at their normal values. They merely need in that case 500 p. st. in money for the circulation of commodities valued at 400 p. st., and this would seem to be rather a method of impoverishing than of enriching themselves, since it means that they are compelled to reserve a large portion of their total wealth unproductively in

the state of a medium of circulation. The outcome is simply that the capitalist class can divide only 400 p. st.'s worth of commodities among themselves for their individual consumption, after nominally raising prices all around, but that they do one another the favor of circulating 400 p. st.'s worth of commodities by means of a quantity of money which would just as well circulate 500 p. st.'s worth of commodities.

And this is saying nothing about the fact that the assumption deals here only with a "portion of their profits," or any supply of commodities representing profits. But Destutt undertook precisely to tell us where these profits come from. The quantity of money required to circulate it represents a very subordinate question. It seems that the quantity of commodities, in which the profit is incorporated, is produced by the circumstance that the capitalists do not only sell these commodities to one another (an assumption which is quite fine and profound), but also mutually sell them too dearly. Thus we are acquainted with the secret of the wealth of the capitalists. It is on a par with the secret of Reuter's funny "Inspector Braesig" who discovered that the great poverty is due to the great "pauvreté."

The same capitalists, furthermore, sell "to the wage workers, both those whom they pay and those whom the idle capitalists pay; from these wage workers they recover the entire wages in this way, except what little they may save."

According to Destutt, then, the reflux of the money-capital advanced to the laborers as wages, is the second source of the wealth of the capitalists.

For instance, if the capitalists have paid 100 p. st. to their laborers as wages, and if these same laborers buy from the same capitalists commodities of this same value of 100 p. st., so that what the capitalists have advanced to the laborers as wages returns to the capitalists when the laborers spend it for commodities, then the capitalists get richer. A common mortal would think that the capitalists recover only their 100 p. st., which they possessed before this transaction. At the beginning of the transaction they have 100 p. st. They buy labor-power valued at 100 p. st. This labor-power, so bought, produces commodities of a certain value, which, so far as we know, amounts to 100 p. st. By selling these commodities for 100 p. st. to their laborers, the capitalists recover 100 p. st. in money. The capitalists then have once more 100 p. st., the same as before, and the laborers have 100 p. st.'s worth of commodities which they have themselves produced. It is hard to understand how that can make the capitalists any richer. If they

did not recover the 100 p. st., then they would have to pay first 100 p. st. to the laborers in wages and then to give them their product for nothing, although it is also worth 100 p. st. The reflux of this money might therefore at best explain, why the capitalists do not get any poorer by this transaction, but not, why they get richer by it.

It is another question, how the capitalists got possession of the 100 p. st., and why the laborers, instead of working for their own account, are compelled to exchange their labor-power for this money. But this is a fact which is self-explanatory for a thinker of Destutt's caliber.

However, Destutt himself is not quite satisfied with his solution. He did not simply tell us that the capitalists get richer by spending a sum of 100 p. st. in money and then recovering the same amount. He had not plainly spoken of a reflux of 100 p. st. which merely explains why this money is not lost. He had told us that the capitalists get richer "by selling everything which they produce for more than it has cost to produce."

Consequently the capitalists must also get richer by their transaction with the laborers by selling too dearly to them. Very well! “They pay wages \* \* \* and all this flows back to them by the expenditures of all these people who pay them more” (for the products) “than they cost the capitalists in wages.” (Page 240.) In other words, the capitalists pay 100 p. st. in wages to the laborers, and then they sell to these laborers their own product at 120 p. st., so that they not only recover their 100 p. st., but also gain 20 p. st. That is impossible. The laborers can pay for the commodities only with the money which they receive in the form of wages. If they get only 100 p. st. in wages, they can buy only 100 p. st.’s worth, not 120 p. st.’s worth. This is therefore impracticable. But there is still another way. The laborers buy from the capitalists commodities for 100 p. st., but receive only 80 p. st.’s worth. They are cheated out of 20 p. st. Then the capitalists have certainly gained 20 p. st., because he practically pays 20% less than the actual value for labor-power. This is equivalent to cutting wages 20% by a circuitous route.

The capitalists would accomplish the same end if they paid the laborers in the first place only 80 p. st. in wages and gave them only 80 p. st.’s worth of commodities in exchange. This seems to be the normal way for the class of capitalists as a whole, for according to Destutt the laboring class must “receive sufficient wages” (page 219), since their wages must be at least sufficient to maintain them alive and working, “to gain the barest subsistence” (page 180). If the laborers do not receive such sufficient wages, then that means according to the same Destutt “the death of industry” (page 208), which does not seem to be a way by which the capitalists can get richer. But whatever may be the scale of wages, paid by the capitalists to the laborers, they have a certain value, for instance, 80 p. st. If the capitalist class pays the laborers 80 p. st., then it has to supply them with commodities worth 80 p. st. in exchange for these wages, and the reflux of this sum does not make the capitalists any richer. If the capitalists pay the laborers 100 p. st. in wages, and supply them in exchange for 100 p. st. only with 80 p. st.’s worth of commodities, then they pay 20% above the normal scale in wages and supply on the other hand 20% less in commodities.

In other words, the fund from which the capitalist class would derive its profits, would be made up of deductions from the normal scale of wages of the laborers, by paying less than its value for labor-power, in other words,

less than the value of the necessities of life required for the normal reproduction of the laborer. If the normal scale of wages were paid, which is supposed to be the case according to Destutt, there can be no fund for profits, neither for the industrial nor for the idle capitalists.

Hence Destutt should have reduced the entire secret of how the capitalist class get richer, to these words: A deduction from the wages of the laborers. In that case the other sources of surplus-value, which he mentions under (1) and (3), would not exist.

Under these conditions all the countries, in which the money paid to the laborers in wages is reduced to the value of the articles of consumption required for the subsistence of the working class, would not have any fund for the consumption of capitalists, nor any fund for the accumulation of capital. In other words, there would be no fund permitting a capitalist class to live, and therefore no capitalist class. And according to Destutt this would be the case in all wealthy and developed countries with an old civilization, for in them, “in our deeprooted old societies, the fund from which wages are paid \* \* \* \* is an almost constant magnitude” (page 202).

Even with a deduction from the wages, the capitalist does not enrich himself by first paying the laborer 100 p. st. in wages and then supplying him with 80 p. st.’s worth of commodities for 100 p. st. of wages, in other words, by circulating 80 p. st.’s worth of commodities by means of 100 p. st., an excess of 20%. The capitalist gets richer by appropriating, aside from the surplus-value — that portion of the product in which surplus-value is incorporated — 20% of that portion of the product which the laborer should receive in exchange for his wages: The capitalist class would not gain anything by the silly method which Destutt assumes. They pay 100 p. st. for wages and give to the laborer for these 100 p. st. a part of his own product valued at 80 p. st. But in the next transaction they must again advance 100 p. st. for the same purpose. They would thus indulge in the useless sport of advancing 100 p. st. in money and giving in exchange therefor 80 p. st. in commodities, instead of paying 80 p. st. and exchanging it for 80 p. st. in commodities. That is to say, they would be continually advancing a money-capital which is 20% in excess of the normal required for the circulation of their variable capital. That is a very peculiar method to get rich.

The capitalist class, finally, sells “to the idle capitalists, whom they pay with a portion of their revenue which they have not spent for the wages of

the laborers employed by them directly; so that the entire rent, which they pay them annually, flows back to them in this way.”

We have seen a while ago that the industrial capitalists pay with a portion of their profits “the entire share of their consumption, intended for the satisfaction of their needs.” Take it, then, that their profits amount to 200 p. st. And let them consume 100 p. st. of this in their individual consumption. But the other half, or 100 p. st., does not belong to them. It belongs to the “idle” capitalists, that is to say, to those who take ground rent and lend money on interest. In other words, they have to pay 100 p. st. to this gentry. Let us assume that this gentry use 80 p. st. for their individual consumption, and 20 p. st. for the purchase of servants, etc. They buy with those 80 p. st. articles of consumption from the industrial capitalists. These capitalists, then give up commodities valued at 80 p. st. and receive in return 80 p. st. in money, or four fifths of the 100 p. st. paid by them to the idle capitalists under the name of rent, interest, etc. The servant class, who are the wage workers directly in attendance upon the idle capitalists, have received 20 p. st. from their masters. These servants likewise buy articles of consumption from the industrial capitalists to the amount of 20 p. st. In this way these capitalists recover also the last 20 p. st., or the last fifth, of the 100 p. st., which they have paid to the idle capitalists for rent, interest, etc., while they give up in return commodities valued at 20 p. st.

At the close of this transaction the industrial capitalists have recovered the full 100 p. st., which they paid to the idle capitalists for rent, interest, etc., in money. But one half of their surplus products, valued at 100 p. st., have passed from their hands into the fund for the individual consumption of the idle capitalists.

It is evidently immaterial for the present question, whether the division of the 100 p. st. among the idle capitalists and their dependent wage workers is drawn into this discussion or not. The matter is simple: Their rent, interest, in short, their share in the surplus-value of 200 p. st., is paid to them by the industrial capitalists in money to the amount of 100 p. st. With these 100 p. st. they buy directly or indirectly articles of consumption from the industrial capitalists. They return the 100 p. st. in money to them and take from them instead articles of consumption valued at 100 p. st.

This completes the reflux of the 100 p. st. paid by the industrial capitalists to the idle capitalists. Is this transaction a means of making the industrial capitalists any richer, as Destutt imagines? Before this transaction

they had values amounting to 200 p. st., 100 being money and 100 articles of consumption. After the transaction they have only one half of the original amount of values. They have once more 100 p. st. in money, but they have lost the articles of consumption valued at 100 p. st., which have passed into the possession of the idle capitalists. In other words, they have become poorer to the extent of 100 p. st., instead of being richer. If, instead of first choosing the circuitous route of paying out 100 p. st. in money, and then receiving this money back in payment for articles of consumption valued at 100 p. st., they had paid rent, interest, etc., directly in the natural form of commodities, then they would not recover any 100 p. st. in money, because they did not throw that amount of money into the circulation. In the case of a payment in commodities, the transaction would simply have been confined to keeping one-half of the surplus product of 200 p. st. for themselves and giving the other half to the idle capitalists without receiving any equivalent in return. Even Destutt would not have been able to consider this a means of getting richer.

Of course, the land and capital borrowed by the industrial capitalists from the idle capitalists and paid for by a portion of their surplus-value in the form of ground rent and interest, etc., are profitable for them, for they constitute one of the conditions for the production of any commodity, and more especially of that portion of the product, which creates surplus-value, or in which surplus-value is incorporated. This profit flows from the use of the borrowed land and capital, not out of the price paid for them. This price rather constitutes a deduction from the profit. Or one would have to contend, that the industrial capitalists do not get richer, but poorer, if they are enabled to keep the other half of their surplus-value, instead of being compelled to give it up. This is the confusion which results from the indiscriminate mixing up of such phenomena of circulation as a reflux of money with the distribution of the product, which is merely promoted by this circulation.

And yet the same Destutt is so sharp as to remark: "Whence come the revenues of these idle people? Do they not come out of the rent paid by them out of the profits of those who put the capitals of the former to work, that is to say, who pay with the funds of the former a certain kind of labor which produces more than it costs, in other words, the profits of the industrial capitalists? It is always necessary to revert to them, in order to

find the source of wealth. It is they who in reality feed the wage workers employed by the idle capitalists.” (Page 246).

In other words, in this quotation the rent, etc., of the idle capitalists is a deduction from the profit of the industrial capitalists. In former quotations it was a means of enriching them.

But at least one consolation is left for our friend Destutt. These good industrials treat the idle capitalists in the same way that they have treated one another and their laborers. They sell them all commodities too dearly, for instance, at a raise of 20%. Now there are two possibilities. The idle capitalists either have other funds of money aside from the 100 p. st. which they receive from the industrials, or they have not. In the first case, the industrials sell them commodities valued at 100 p. st. at a price of, say, 120 p. st. In other words, they recover by the sale of their commodities not only the 100 p. st. paid to the idle capitalists, but also 20 p. st. of new values. Now, how stands the account? They have given away 100 p. st. in commodities for nothing, for the 100 p. st. that paid for their commodities were their own money. Their own commodities have been paid with their own money. In other words, they have lost 100 p. st. But they have also received an additional sum of 20 p. st. in the price of their commodities. In other words, 20 p. st. of gain. Balance this against the loss of 100 p. st., and you still have a loss of 80 p. st. Never a plus, always a minus. The advantage taken by the industrials over the idle capitalists has reduced the loss of the industrials, but for all that it has not transformed a reduction of their wealth into an increase of wealth. But this method cannot go on indefinitely, for the idle capitalists cannot pay year after year 120 p. st., if they receive only 100 p. st.

There remains the other possibility. The industrials sell commodities valued at 80 p. st. in exchange for the 100 p. st. paid to the idle capitalists. In this case, they still give away 80 p. st. for nothing, in the form of rent, interest, etc. By means of cheating the industrials have reduced their tribute to the idlers, but it nevertheless is exacted from them the same as ever, and the idlers are enabled, on the same theory, assuming the prices to depend on the free will of the sellers, to demand in the future 120 p. st. instead of 100 p. st. as rent and interest on their land and capital.

This brilliant analysis is quite worthy of that depth of thought which copies on the one hand from Adam Smith that “labor is the source of all wealth” (page 242), that the industrial capitalists “employ their capital for

the payment of labor that reproduces it with a profit” (page 246), and which concludes on the other hand that these industrial capitalists “maintain all the other people, are the only ones who increase the public wealth, and create all the means for our enjoyment” (page 242), that it is not the capitalists who are maintained by the laborers, but the laborers who are maintained by the capitalists, for the brilliant reason that the money, with which the laborers are paid, does not remain in their hands, but continually returns to the capitalists in payment of the commodities produced by the laborers. “They receive only with one hand, and return with the other. Their consumption must therefore be regarded as being due to those who pay their wages.” (Page 235).

After this exhaustive analysis of social reproduction and consumption, as promoted by the circulation of money, Destutt continues: “This is what perfects this perpetuum mobile of wealth, this movement which, -though ill understood” (I should say so!) “yet has justly been named circulation. For it is indeed a circulation and always returns to its point of departure. This is the point where production is accomplished.” (Pages 139, 140.)

Destutt, that very distinguished writer, membre de l’Institut de France et de la Société Philosophique de Philadelphie, and indeed to a certain extent a beacon light among the vulgar economists, finally requests his readers to admire the wonderful lucidity with which he has presented to them the course of the social process, the flood of light which he has poured over the matter, and he is condescending enough to communicate to his readers, where all this light comes from. This must be read in the original in order to be appreciated.

“On remarquera, j’espere, combien cette maniere de considérer la consommation de nos richesses est corcordante avec tout ce que nous avons dit a propos de leur production et de leur distribution, et en meme temps quelle clarté elle répand sur toute la marche de la société. D’ou viennent cet accord et cette lucidité? De ce que nous avons rencontré la vérité. Cela rappelle l’ effet de ces miroirs ou les objets se peignent nettement et dans leurs justes proportions, quand on est placé dans leur vrai point-de-vue, et ou tout parait confus et desuni, quand on est trop près ou trop loin.” (Pages 242, 243). (It will be noted, I hope, how much this manner of viewing the consummation of our wealth is in accord with all we have said concerning its production and distribution, and also how much light it throws on the entire course of society. Whence come this accord and this lucidity? It is

due to the fact that we have met truth face to face. This recalls the effect of those mirrors, in which the objects are reflected clearly and in their true proportions, when we are placed in their correct focus, but in which everything appears confused and distorted, when we are too close or too far away from them).

There you have the bourgeois idiocy in all its beatitude!

## CHAPTER XXI. ACCUMULATION AND REPRODUCTION ON AN ENLARGED SCALE.

It has been shown in Volume I, how accumulation works in the case of the individual capitalist. By the conversion of the commodity-capital into money, the surplus-product, in which the surplus-value is incorporated, is also monetized. The capitalist reconverts the surplus-value thus monetized into additional natural elements of his productive capital. In the next cycle of production the increased capital furnishes an increased product. But what happens in the case of the individual capital, must also show in the annual reproduction of society as a whole, just as we have seen it done in the case of reproduction on a simple scale, where the successive precipitation of the depreciated elements of fixed capitals in the form of money, accumulated as a hoard, also makes itself felt in the annual reproduction of society.

If a certain individual capital amounts to  $400 c + 100 v$ , with an annual surplus-value of  $100 s$ , then the product in commodities amounts to  $400 c + 100 v + 100 s$ . This amount of 600 is converted into money. Of this money, again, 400  $c$  are converted into the natural form of constant capital, 100  $v$  into labor-power, and — provided that the entire surplus-value is accumulated — 100  $s$  are converted into additional constant capital by their transformation into natural elements of productive capital. The following assumptions go with this case: (1) That this amount is sufficient under the given technical conditions either to expand the existing constant capital, or to establish a new industrial business. But it may also happen that surplus-value must be converted into money and this money hoarded for a much longer time, before these steps may be taken, before actual accumulation, or expansion of production, can take place. (2) It is furthermore assumed that production on an enlarged scale has actually been in process previously. For in order that the money (the surplus-value hoarded as money) may be converted into elements of productive capital, these elements must be available on the market as commodities. It makes no difference whether they are bought as finished products, or made to order. They are not paid for until they are finished, and at any rate, until actual reproduction on an enlarged scale, an expansion of hitherto normal production, has taken place so far as they are concerned. They had to be present potentially, that is to

say, in their elements, for it required only an impulse in the form of an order, that is to say, a purchase preceding their actual existence and anticipating their sale, in order to stimulate their production. The money on one side in that case calls forth expanded reproduction on the other, because the possibility for it exists without the money. For money in itself is not an element of actual reproduction.

For instance, capitalist A, who sells during one year, or during a number of successive years, certain quantities of commodities produced by him, thereby converts that portion of the commodities, which bears surplus-value, the surplus-product, or, in other words, the surplus-value produced by himself, successively into money, accumulates it gradually, and thus makes for himself a new potential money-capital. It is potential money-capital on account of its capacity and destination of being converted into the elements of productive capital. But practically he merely accumulates a simple hoard; which is not an element of actual production. His activity for the time being consists only in withdrawing circulating money out of circulation. Of course, it is not impossible that the circulating money thus laid away by him was itself, before it entered into circulation, a portion of some other hoard. This hoard of A, which is potentially a new money-capital, is not an addition to the social wealth, any more than it would be if it were spent in articles of consumption. But money, when withdrawn from circulation, having previously circulated, may have been held somewhere as a hoard, or may have been the money-form of wages, may have monetized means of production or other commodities, may have circulated portions of constant capital or of the revenue of some capitalist. It is no more new wealth than money, considered from the standpoint of the simple circulation of commodities, is the bearer, not only of its simple value, but also of its tenfold value, because it may have been turned over ten times a day and realized ten different values of commodities. The commodities exist without it, and it remains what it is (or becomes even less by depreciation) whether in one turn-over or in ten. Only in the production of gold — to the extent that the output of gold contains a surplus-product and is the bearer of surplus-value — is new value created (potential money), and the new output of gold increases the money-material of potential new money-capitals only to the extent that it enters entirely into the circulation.

Although the surplus-value hoarded in the form of money is not an addition to the social wealth, it represents an addition to the potential

money-capital, on account of the function for which it is hoarded. (We shall see later that new money-capital may arise in still another way than by the gradual monetization of surplus-value.)

Money is withdrawn from circulation and accumulated as a hoard by the sale of commodities without a subsequent purchase. If this operation is conceived as one taking place universally, then it seems inexplicable where the buyers are to come from, since in that case everybody would want to sell in order to hoard, and none would want to buy. And it must be so conceived, since every individual capital may be in process of accumulation.

If we were to conceive of the process of circulation as one taking place in a straight line between the various divisions of annual reproduction — which would be incorrect, as it consists with a few exceptions of mutually retroactive movements — then we should have to start out from the producer of gold (or silver) who buys without selling, and to assume that all others sell to them. In that case the entire social surplus-product of the current year would pass into his hands, representing the entire surplus-value of the year, and all the other capitalists would distribute among themselves their relative shares in his surplus-product, which consists naturally of money, gold being the natural form of his surplus-value. For that portion of the product of the gold producer, which has to make good his active capital, is already tied up and disposed of. The surplus-value of the gold producer, in the form of gold, would then be the only fund from which all other capitalists would have to derive the material for the conversion of their annual surplus-product into gold. The magnitude of its value would then have to be equal to the entire annual surplus-value of society, which must first assume the guise of a hoard. Absurd as this assumption would be, it would accomplish nothing more than to explain the possibility of a universal formation of a hoard at the same period. It would not further reproduction itself, except on the part of the gold producer, one single step.

Before we solve this seeming difficulty, we must distinguish between the accumulation in department I (production of means of production) and in department II (production of articles of consumption). We start out from I.

#### ACCUMULATION IN DEPARTMENT I.

##### (1). The Formation of a Hoard.

It is evident that both the investments of capital in the numerous lines of industry constituting department I, and the different individual investments

of capital within each of these lines of industry, according to their age, that is to say, the space of time during which they have served, quite aside from their volume, technical conditions, market conditions, etc., must be in different stages of the process of successive transformation from surplus-value into potential money-capital. It is immaterial whether this money-capital is to serve for the expansion of the active capital, or for the establishment of new industrial enterprises, which constitute the two forms of expansion of production. One portion of the capitalists, then, is continually converting its potential capital, when grown to a sufficient size, into productive capital, that is to say, they buy with the money hoarded by the monetization of surplus-value means of production, additional elements of constant capital. Another portion of the capitalists is meanwhile still engaged in accumulating potential money-capital. Capitalists belonging to these two categories meet as buyers and sellers, each one of them exclusively in one of these roles.

For instance, let A sell 600, representing  $400 c + 100 v + 100 s$ , to B, who may represent more than one buyer. A sells 600 in commodities for 600 in money, of which 100 are surplus-value which he withdraws from circulation and hoards in the form of money. But these 100 in money are but the money-form of the surplus-product in which a value of 100 was incorporated. The formation of a hoard, then, is not a production, nor is it an increment of production. The action of the capitalist consists merely in withdrawing from circulation 100 obtained by the sale of his surplus-product, in holding and hoarding this amount. This operation is carried on, not alone on the part of A, but at numerous points of the periphery of circulation by other capitalists, named A', A'', A''', all of whom work busily at this sort of accumulation. These numerous points at which money is withdrawn from circulation and accumulated in numerous individual hoards appear as so many obstacles of circulation, because they stop the movement of money and deprive it of its capacity to circulate for a certain length of time. But it must be remembered that hoarding takes place in the simple circulation of commodities long before it is based on the capitalist mode of production. The quantity of money existing in society is always greater than the amount in actual circulation, although this varies according to circumstances. We meet the same hoards, and the same accumulation of hoards, at this stage, but now it is a factor immanent in the capitalist process of production.

One can understand the pleasure felt by some men when all these potential capitals, by their concentration in the hands of bankers, etc., by means of the credit system, become disposable, “loanable capital,” money-capital, which is no longer merely passive and a dream of the future, but active usury-capital, self-expanding capital.

However, A accomplishes the formation of a hoard only to the extent that he acts as a seller, so far as his surplus-product is concerned, not as a buyer. His successive production of surplus-products, the bearers of his surplus-value convertible into money, is therefore a promise for the formation of his hoard. In the present case, where we are dealing only with the circulation within department I, the natural form of the surplus-product, and of the total product of which it is a part, is that of an element of constant capital of I, that is to say, it belongs to the category of a means of production creating means of production. We shall see presently what becomes of it, what function it performs, in the hands of the buyers such as B, B', B'', etc.

It must be particularly noted at this point that A, while withdrawing money from circulation and hoarding it, on the other hand throws commodities into it without withdrawing other commodities in return. The capitalists B, B', B'', etc., are thereby enabled to throw only money into it and withdraw only commodities from it. In the present case, these commodities, according to their natural form and destination, become a fixed or circulating element of the constant capital of B, B', etc. We shall hear more about this anon, when we shall deal with the buyer of the surplus-product, with B, B', etc.

We remark by the way: Once more we find here, as we did in the case of simple reproduction, that the disposal of the various elements of annual reproduction, that is to say, their circulation which must comprise the reproduction of the capital to the point of replacing its various elements, such as constant, variable, fixed, circulating, money and commodity-capital, is not conditioned on the mere purchase of commodities followed by a corresponding sale, or a mere sale followed by a corresponding purchase, so that there would actually be a bare exchange of commodity for commodity, as the political economists assume, especially the free trade school from the time of the physiocrats and Adam Smith. We know that the fixed capital, once that its investment is made, is not replaced during the entire period of its function, but serves in its old form, until its value is gradually

precipitated in the form of money. Now we have seen that the periodical renewal of the fixed capital of  $IIc$  [the entire value of the capital of  $IIc$  being converted into elements of  $I$  valued at  $(v + s)$ ] pre-supposes on the one hand the mere purchase of the fixed portion of  $IIc$ , which is reconverted from the form of money into its natural form, and to which corresponds the mere sale of  $I$ s; and presupposes on the other hand the mere sale on the part of  $IIc$ , the sale of its fixed (depreciating) value, which is precipitated in money and to which corresponds the mere purchase of  $I$ s. In order that the transaction may take place normally in this case, it must be assumed that the mere purchase on the part of  $IIc$  is equal in value to the mere sale on the part of  $IIc$ , and that in the same way the mere sale of  $I$ s to  $IIc$ , section 1, is equal in value to the mere purchase from department  $IIc$ , section 2. Otherwise simple reproduction is interrupted. The mere sale on one side must be offset by a mere purchase on the other. It must likewise be assumed that the mere sale of that portion of  $I$ s, which forms the hoards of  $A, A', A''$  is balanced by the mere purchase of that portion of  $I$ s, which converts the hoards of  $B, B', B''$ , into elements of additional productive capital.

So far as the balance is restored by the fact that the buyer acts later on as a seller to the same amount, and vice versa, the money returns to the side that has advanced it in the first place, which sold first before it bought again. But the actual balance, so far as the exchange of commodities itself is concerned, that is to say, the disposal of the various portions of the annual product, is conditioned on the equal value of the commodities exchanged for one another.

But to the extent that only one-sided exchanges are made, a number of mere purchases on one hand, a number of mere sales on the other — and we have seen that the normal disposal of the annual product on the basis of capitalist production requires such onesided metamorphoses — the balance can be maintained only on the assumption that the value of the onesided purchases and onesided sales is the same. The fact that the production of commodities is the general form of capitalist production implies the role which money is playing not only as a medium of circulation, but also as money-capital, and creates conditions peculiar for the normal transaction of exchange under this mode of production, and therefore peculiar for the normal course of reproduction, whether it be on a simple, or on an expanded scale. These conditions become so many causes of abnormal

movements, implying the possibility of crises, since a balance is an accident under the crude conditions of this production.

We have also seen that there is indeed, in the exchange of I v for a corresponding value of II c, an ultimate renewal of the value of the commodities of II by an equivalent value of commodities of I, so that the sale of the commodities of the aggregate capitalist of II is balanced subsequently by the purchase of commodities from I to the same amount. This restitution takes place. But it is not an exchange which takes place between the capitalists of I and II in the disposal of their relative commodities. II c sells its commodities to the working class of I. This class meets it one-sidedly in the role of a buyer of commodities, and it meets that class onesidedly as a seller of commodities. With the money so obtained II c meets the aggregate capitalist of I onesidedly as a buyer of commodities, and the aggregate capitalist of I meets it onesidedly as a seller of commodities to the extent of I v. It is only by means of this sale of commodities that department I finally reproduces its variable capital in the form of money-capital. Just as one-sidedly as the capitalist class of I faces that of II in the role of a seller of commodities to the extent of I v, so does that class face its working class in the role of a buyer of commodities, a buyer of labor-power. And just as one-sidedly as that working class faces the capitalists of II in the role of a buyer of commodities (namely of articles of consumption), so it faces the capitalists of I as a seller of commodities, namely, a seller of its labor-power.

The continual offer of labor-power on the part of the working class of I, the reconversion of a portion of the commodity-capital of I into the money-form of variable capital, the renewal of a portion of the commodity-capital of II by natural elements of the constant capital of II c — all these are necessary premises dovetailing into one another, but they are promoted by a very complicated process including three processes of circulation which occur independently of one another, but intermingle. The complicatedness of this process presents so many opportunities for abnormal deviations.

## (2). The Additional Constant Capital.

The surplus-product, the bearer of surplus-value, does not cost its appropriators, the capitalists of I, anything. They are in no way obliged to advance any money or commodities in order to secure it. An advance means even in the writings of the physiocrats the general form of value materialized in elements of productive capital. Hence what they advance is

nothing but their constant and variable capital. The laborer preserves by his labor not only their constant capital; he reproduces not only the value of their variable capital by creating corresponding quantities of new values; he supplies them also by his surplus-labor with surplus-values in the form of surplus-products. By the successive sale of this surplus-product, they accumulate a hoard, additional potential money-capital. In the present case, this surplus-product consists at the outset of means of production used in the creation of means of production. It is not until it reaches the hands of B, B', B'', etc. (I), that this surplus-product serves as additional constant capital. But it is virtually that even in the hands of the accumulators of hoards, the capitalists A, A', A'', (I), before it is sold. If we consider merely the volume of values of the reproduction on the part of I, then we are still moving within the limits of simple reproduction, for no additional capital has been set in motion for the purpose of creating this virtual additional constant capital (the surplus-product), nor has any greater amount of surplus-labor been performed than that done on the basis of simple reproduction. The difference is here only one of the form of the surplus-labor performed, of the concrete nature of its particularly useful service. It is expended in means of production for department I c instead of II c, in means of production of means of production instead of means of production of articles of consumption. In the case of simple reproduction it had been assumed that the entire surplus-value was spent as revenue in commodities of II. Hence it consisted only of such means of production as restore the constant capital of II c in its natural form. In order that the transition from simple to expanded reproduction may take place, the production in department I must be enabled to create fewer elements for the constant capital of II and more for that of I. This transition, which will not always take place without difficulties, is facilitated by the fact that some of the products of I may serve as means of production in either department.

Considering the matter merely from the point of view of the volume of values, it follows, then, that the material requirements of expanded reproduction are produced within simple reproduction. It is simply a question of the expenditure of the surplus-labor of the working class of I for the production of means of production, the creation of virtual additional capital of I. The virtual additional money-capital, created on the part of A, A', A'', by the successive sale of their surplus-product, which was formed

without any capitalist expenditure of money, is in this case simply the money-form of the additional means of production made by I.

The production of virtual additional capital expresses in our case (we shall see that it may also be formed in a different way) merely the fact that it is a phenomenon of the process of production itself, the production of elements of productive capital in a particular form.

The production of virtual additional money-capital on a large scale, at numerous points of the periphery of circulation, is therefore but a result and expression of a multifarious production of virtual additional productive capital, whose rise does not itself require any additional expenditure of money on the part of the industrial capitalists.

The successive transformation of this virtual additional productive capital into virtual money-capital (hoard) on the part of A, A', A'', etc., (I), conditioned on the successive sale of their surplus-product, which is a repeated onesided sale without a compensating purchase, is accomplished by a repeated withdrawal of money from circulation and a corresponding formation of a hoard. This hoarding, except in the case of buyers who are gold producers, does not in any way imply an addition to the wealth in precious metals, but only a change of function on the part of money previously circulating. A while ago it served as a medium of circulation, now it serves as a hoard, as a virtual additional money-capital in process of formation. In other words, the formation of additional money-capital and the volume of the precious metals existing in a certain country are not directly connected facts.

Hence it follows furthermore: The greater the productive capital already serving in a certain country (including the labor-power incorporated in it as the producer of the surplus-product), the more developed the productive power of labor and at the same time the technical appliances for the rapid extension of the production of means of production, the greater furthermore the quantity of the surplus-product both as to value and mass, so much greater is

The virtual additional productive capital in the form of a surplus-product in the hands of A, A', A'', etc., and

The mass of this surplus-product transformed into money, in other words, the virtual additional money-capital in the hands of A, A', A''. The fact that Fullerton, for instance, will have nothing to do with any overproduction in the ordinary meaning of the term, but only with the

overproduction of capital, meaning money-capital, shows how pitifully little even the best bourgeois economists understand of the mechanism of their own system.

While the surplus-product, directly produced and appropriated by the capitalists A, A', A'' (I), is the actual basis of the accumulation of capital, that is to say, of expanded reproduction, although it does not actually serve in this capacity until it reaches the hands of the capitalists B, B', B'', etc. (I), it is quite unproductive in its chrysalis stage of money, of a hoard representing virtual money-capital in process of formation. It runs parallel with the process of production, but moves outside of it. It is a dead weight of capitalist production. The desire to utilize this surplus-value, while accumulating as virtual money-capital, for the purpose of deriving profits or revenue from it, finds in the credit system and paper securities its consummation. Money-capital thereby gains in another form an enormous influence on the course and the stupendous development of the capitalist system of production.

The surplus-product converted into virtual money-capital will grow so much more in volume, the greater the aggregate amount of capital actually engaged which produced it by its function. With the absolute increase of the volume of the annually reproduced virtual money-capital its segmentation also becomes easier, so that it is more rapidly invested in a certain business, either in the hands of the same capitalist or in those of others (for instance members of the family, in the case of a division of inheritances, etc.). By segmentation of money-capital I mean in this case that it is wholly detached from the parent capital in order to be invested as a new money capital in a new and independent business.

While the sellers of the surplus-product, A, A', A'', etc., (I), have obtained it as a direct outcome of the process of production, which does not require any additional act of circulation aside from the advance of constant and variable capital made even in simple reproduction; and while they thereby construct the real basis for a reproduction on an expanded scale, seeing that they manufacture virtually additional capital — the attitude of B, B', B'', etc., (I), is different. (1) The surplus-product of A, A', A'', etc., does not actually serve as additional constant capital until it reaches the hands of B, B', B'', etc. (We leave out of consideration for the present the other elements of productive capital, the additional labor-power, in other

words, the additional variable capital). (2) In order that the surplus-product may reach their hands, they must buy it.

In regard to point 1, it may be noted that a large portion of the surplus-product (virtual additional constant capital) is produced by A, A', A'', (I), in the course of the current year, but may not serve as industrial capital in the hands of B, B', B'', (I), until next year, or still later. With reference to point 2, the question is: Whence comes the money required for the process of circulation?

To the extent that the products created by B, B', B'', etc., (I), re-enter in their natural form into their own process, it goes without saying that a corresponding portion of their own surplus-product is transferred directly (without any intervention of circulation) to their productive capital and becomes an element of additional constant capital. To the same extent they do not help to convert any surplus-product of A, A', A'', etc., (I), into money. Aside from this where does the money come from? We know that they have formed their hoard in the same way as A, A', etc., by the sale of their respective surplus-products. Now they have arrived at the point where their accumulated hoard of virtual money-capital is to enter effectually upon its function as additional money-capital. But this is merely turning around in a circle. The question still remains: Where does the money come from, which the various B's (1) withdrew from the circulation and accumulated?

Now we know from the analysis of simple reproduction, that the capitalists of I and II must have a certain amount of ready money in their hands, in order to be able to dispose of their surplus-products. In that case, the money which served only for the spending of revenue in articles of consumption returned to the capitalists in the same measure in which they advanced it for the purpose of disposing of their commodities. Here the same money re-appears, but in a different function. The A's and B's supply one another alternately with the money for converting their surplus-product into virtual additional capital, and throw the newly formed money-capital alternately into circulation as a medium of purchase.

The only assumption made in this case is that the amount of money existing in a certain country (the velocity of circulation, etc., being the same) suffices for both the active circulation and the reserve hoard. It is the same assumption which had to be made in the case of the simple circulation of commodities, as we have seen. Only the function of the hoards is different in the present case. Furthermore, the existing amount of money

must be larger, first, because all the products (with the exception of the newly produced precious metals and the few products consumed by the producer himself) are produced as commodities under capitalist production and must, therefore, pass through the stage of money; secondly, because on a capitalist basis the quantity of the commodity-capital and the volume of its value is not only absolutely greater, but also grows with much greater rapidity; thirdly, an ever more voluminous variable capital must be converted into money-capital; fourthly, with the extension of production, the formation of new money-capital keeps step, so that the material for it must be available in the form of a hoard.

While this is a common truism for the first phase of capitalist production, in which even the credit system is accompanied by a prevalence of metallic circulation, it applies even to the most developed phase of the credit system to the extent that metallic circulation remains its basis. On the one hand, the additional production of precious metals may exert a disturbing influence on the prices of commodities according to whether it is abundant or scarce, not only in long, but also in very short intervals. On the other hand, the entire mechanism of credit is continually occupied in reducing the actual metallic circulation to a relatively more and more decreasing minimum by means of sundry operations, methods, and technical devices. To the same extent are the artificiality of the entire mechanism and the possibility of disturbing its normal flow increased.

It may be that the different B, B', B'', etc., (I), whose virtual new capital enters upon its active function, are compelled to buy from one another their product (portions of their surplus-product) or to sell it to one another. In that case the money advanced by them for the circulation of their surplus-product flows back under normal conditions to the different B's in the same proportion in which they advanced it for the circulation of their respective commodities. If the money circulates as a medium of payment, then only balances are to be paid so far as the alternate purchases and sales do not cover one another. But it is important to assume here, as everywhere, metallic circulation in its simplest form, because then the flux and reflux, the balancing of accounts, in short all elements appearing as consciously directed processes under the credit system, appear as forms independent of the credit system, show themselves in their primitive form instead of their later, reflected, one.

(3). The Additional Variable Capital.

Hitherto we have been dealing only with additional constant capital. Now we must direct our attention to a consideration of the additional variable capital.

We have explained at great length in volume I that labor-power is always held available under the capitalist system of production, and that more labor can be set in motion, if necessary, without increasing the number of laborers, or quantity of labor-power, employed. We need not detail this any further for the present, but assume without ceremony that the portion of the newly created money-capital which is to be converted into variable capital will always find as much labor-power as it cares to transform. It has also been explained in volume I that a certain capital may expand its volume of production within certain limits without any accumulation. But now we are dealing with the accumulation of capital in the strict meaning of the term, so that the expansion of production is conditioned on the conversion of surplus-value into additional capital, and thus on an expansion of the basis of productive capital.

The gold producer can accumulate a portion of his golden surplus-value as a virtual money-capital. As soon as it reaches a sufficient volume, he can transform it directly into new variable capital, without first selling his surplus-product. In the same way he can convert it into the elements of constant capital. But in this last case, he must find the material elements of constant capital at hand. This may be accomplished by having each producer working to stock his supply, as was hitherto assumed, and then bringing his finished product on the market, or by having them work to fill orders. The actual expansion of production, that is to say, the surplus-product, is assumed in either case, in the one case as actually on hand, in the other as virtually available, because ordered.

#### ACCUMULATION IN DEPARTMENT 2.

We have hitherto assumed that the capitalists A, A', A'', etc., (I), sell their surplus-product to the capitalists B, B', B'', etc., who belong to the same department. But take it now that A (I) converts his surplus-product into gold by selling it to a capitalist B in department II. This can be done only by the sale of means of production on the part of A (I) to B (II) without a subsequent purchase of articles of consumption, in other words, only by a one-sided sale on A's part. Now we have seen that II c cannot be converted into the natural form of productive constant capital unless not only I v, but also at least a portion of I s, is exchanged for a portion of II c, which II c

exists in the form of articles of consumption. But now that A has converted his I s into gold by making this exchange impossible and withdrawing the money obtained from II c out of circulation, instead of spending it for articles of consumption of II c, there is indeed on the part of A (I) a formation of additional virtual money-capital, but on the other hand there is a corresponding portion of the value of the constant capital B (II) held in the form of commodity-capital, unable to transform itself into natural productive constant capital. In other words, a portion of the commodities of B (II), and at that a portion which must be sold if he wishes to reconvert his entire constant capital into its productive form, has become unsaleable. To that extent there is an over production, which clogs reproduction, even on the same scale.

In this case, the additional virtual money-capital on the side of A (I) is indeed a gilded form of surplus-product (surplus-value), but the surplus-product (surplus-value) as such is as yet but a phenomenon of simple reproduction, not of reproduction on an expanded scale. In order that the reproduction of II c may take place on the same scale, I (v + s) must ultimately be exchanged for II c, and this applies at all events to a portion of I s. By the sale of his surplus-product to B (II), A (I) has supplied to B (II) a certain portion of the value of constant capital in its natural form. But at the same time he has rendered an equal portion of the value of the commodities of B (II) unsaleable by withdrawing the money from circulation and not making a compensating purchase. Hence, if we view the entire social reproduction, which comprises both the capitalists of I and II, then the conversion of the surplus-product of A (I) into a virtual money-capital implies the impossibility of reconverting an equal portion of the value of the commodity-capital of B (II) into productive (constant) capital, in other words, not a virtual production on an enlarged scale, but an obstruction of simple reproduction, a deficit in the simple reproduction. As the formation and sale of the surplus-product of A (I) are normal phenomena of simple reproduction, we have here even on the basis of simple reproduction the following mutually interdependent phenomena: The formation of virtual additional money-capital in department I (implying underconsumption in department II); the stagnation of commodities of department II which cannot be reconverted into productive capital (implying a relative overproduction in department II); a surplus of money-capital in department I and a deficit in the reproduction of department II.

Without pausing any longer at this point, we simply repeat that we had assumed in the analysis of simple reproduction that the entire surplus-value of I and II is spent as revenue. As a matter of fact, however, one portion of the surplus-value is spent as revenue, and another is converted into capital. Actual accumulation can take place only on this condition. That accumulation should take place at the expense of consumption, is, as a general assumption, an illusion contradicting the nature of capitalist production. For it takes for granted that the aim and compelling motive of capitalist production is consumption, instead of the gain of surplus-value and its capitalization, in other words, accumulation.

Let us now take a closer look at the accumulation in department II.

The first difficulty with reference to II c, that is to say the conversion of an element of the commodity-capital of II into the natural form of constant capital of II, concerns simple reproduction.

Let us take the formula previously used.

$(1000 v + 1000 s)$  I are exchanged for 2000 II c.

Now, if one half of the surplus-product of I, or 500 s, is reincorporated in department I as constant capital, then this portion, being detained in department I, cannot take the place of any portion of II c. Instead of being converted into articles of consumption, it is made to serve as an additional means of production in department I itself (and it must be noted that in this section of the circulation between I and II the exchange is actually mutual, consisting of a double change of position, different from the substitution of 1000 I v for 1000 II c by the laborers of I). It cannot perform this function simultaneously in I and II. The capitalist cannot spend the value of his surplus-product for articles of consumption, and at the same time consume the surplus-product itself productively, by incorporating it in his productive capital. Instead of 2000 I(v + s), only 1500 are exchangeable for 2000 II c, namely  $1000 v + 500 s$  of I. But 500 I c cannot be reconverted from the form of commodities into productive constant capital of II. Hence there would be an overproduction in department II, equal in volume to the expansion of production in department I. This overproduction of II might react to such an extent on department I that even the reflux of the 1000 v spent by the laborers of I for articles of consumption of II might take place but partially, so that these 1000 would not return to the hands of the capitalists of I in the form of variable money-capital. In that case, these capitalists would be hampered even in reproduction on a simple scale by the

mere attempt of expanding it. And it must be remembered in this connection that department I had actually resumed only simple reproduction, and that only the elements classified in our diagram were differently grouped with a view of expanding in the future, say, next year.

One might attempt to circumvent this difficulty in the following way: The 500 II c which are held by the capitalists, and cannot be immediately converted into productive capital, do not by any means represent any overproduction, but are, on the contrary, a necessary element of reproduction, which we have so far neglected. We have seen that a money supply must be accumulated at many points by withdrawing it from circulation, either for the purpose of facilitating the formation of new money-capital in department I, or to the end of temporarily holding the gradually depreciating portion of the fixed capital in the form of money. But since we have placed all the available money and commodities exclusively into the hands of the capitalists of I and II, when we made up our diagram, eliminating merchants, money-changers, and bankers, and all merely consuming and not directly producing classes, it follows that the formation of supplies of commodities in the hands of their respective producers is here indispensable in order to keep the machinery of reproduction in motion. The 500 II c now held in stock by the capitalists of II therefore represent the supply of articles of consumption by which the continuity of the process of consumption included in the process of reproduction is promoted. This means in the present case the transition from this year into next. The fund for consumption, which is as yet in the hands of its sellers and producers cannot fall to the point of zero and begin with zero next year, any more than such a thing can take place in the transition from to-day to to-morrow. Since new supplies of commodities must be continually accumulated, even though their volume may differ, our capitalist producers of department II must have a reserve capital, which enables them to continue their process of production, although one portion of their productive capital is temporarily tied up in the shape of commodities. Our assumption is all the time that they combine the business of a merchant with that of a producer. Hence they must also have at their disposal an additional money-capital, which would be in the hands of merchants, if the various functions in the process of reproduction were distributed among independent capitalists.

But we would reply to this argument: (1) That the forming of such supplies and the necessity for it applies to all capitalists, those of I as well

as of II. Considering them in their capacity as sellers of commodities, they differ only by the fact that they sell different kinds of commodities. A supply of commodities of II implies a previous supply of commodities of I. If we neglect this supply on one side, we must also do so on the other. But if we count them in on both sides, the problem is not altered in any way. (2) Just as this year closes on the side of II with a supply of commodities for next year, so it was opened by a supply of commodities on the same side, taken over from last year. In the analysis of annual reproduction, reduced to its abstract form, we must therefore strike it out at both ends. By leaving this year in possession of its entire production, including the supply held for next year, we take from it the supply of commodities transferred from last year, and thus we have actually to deal with the aggregate product of an average year as the object of our analysis. (3) The simple circumstance that the difficulty which must be overcome did not show itself in the analysis of simple reproduction proves that it is a specific phenomenon due merely to the different arrangement of the elements of department I with a view to reproduction, an arrangement without which reproduction on an expanded scale cannot take place at all.

#### DIAGRAMMATIC PRESENTATION OF ACCUMULATION.

We now study reproduction by means of the following diagram:

$$\begin{array}{rcl}
 & \text{I. } 4000 \text{ c} + 1000 \text{ v} + 1000 & \\
 \text{Diagrams} & = 6000 & \\
 \text{a) } & \text{II. } 1500 \text{ c} + 376 \text{ v} + 376 \text{ s} & \left. \vphantom{\text{II.}} \right\} \text{Total,} \\
 & = 2252 & 8252
 \end{array}$$

We note in the first place that the total volume of the annual product is smaller than that of the first diagram, being 8252 instead of 9000. We might just as well assume a much larger sum, for instance one ten times larger. We have chosen a smaller sum than in our first diagram, in order to demonstrate, that reproduction on an enlarged scale (which is here regarded merely as a production carried on with a larger investment of capital) has nothing to do with the absolute volume of the product, and that it implies merely a different arrangement, a different distribution of functions to the various elements of a certain product, so that it is but a simple reproduction so far as the value of the product is concerned. It is not the quantity, but the destination of the given elements of simple reproduction which is changed,

and this change is the material basis of a subsequent reproduction on an enlarged scale.

We might vary the diagram by changing the proportions between the variable and constant capital. For instance this way:

$$\begin{array}{rcl}
 & \text{I. } 4000 \text{ c} + 875 \text{ v} + 875 \text{ s} & \\
 \text{Diagram} = & 5750 & \\
 \text{b) } & \text{II. } 1750 \text{ c} + 376 \text{ v} + 376 \text{ s} & \left. \vphantom{\text{II.}} \right\} \text{Total,} \\
 & = 2502 & 8252
 \end{array}$$

In this case, the diagram would be arranged for reproduction on a simple scale, so that the surplus-value would be entirely consumed as revenue, instead of being accumulated. In either case, that of (a) as well as (b), we have an annual product of the same value. Only (b) has the functions of its elements arranged in such a way that reproduction is resumed on the same scale, while in the case of (a) the arrangement forms the material basis of reproduction on an enlarged scale. For in the case of (b), the factors  $(875 \text{ v} + 875 \text{ s})\text{I}$ , equal to  $1750 \text{ I}(\text{v} + \text{s})$ , are exchanged without any remainder for  $1750 \text{ II c}$ , while in the case of (a), the exchange of  $(1000 \text{ v} + 1000 \text{ s})\text{I}$ , equal to  $2000 (\text{v} + \text{s})\text{I}$ , for  $1500 \text{ II c}$  leaves a surplus of  $500 \text{ I s}$  for accumulation in department I.

Now let us analyze diagram (a) closer. Let us assume that both I and II accumulate one half of their surplus-value, that is to say, convert it into an additional element of capital instead of spending it as revenue. When one half of  $1000 \text{ I s}$ , or  $500$ , are accumulated in one form or another, that is to say, invested as additional money-capital, converted into additional productive capital, then only  $(1000 \text{ v} + 500 \text{ s}) \text{ I}$  are spent as revenue. Hence  $1500$  is here inserted as the normal size of  $\text{II c}$ . We need not examine the exchange between  $1500 \text{ I}(\text{v} + \text{s})$  and  $1500 \text{ II c}$  any more, because this has already been done under the head of simple reproduction. Nor does  $4000 \text{ I c}$  require any attention, since its re-arrangement was likewise discussed under the head of simple reproduction, although this re-arrangement is now preparing for a new reproduction on an enlarged scale.

The only thing which remains for us to examine is  $500 \text{ I s}$  and  $(376 \text{ v} + 376 \text{ s})\text{II}$ , both as regards the internal conditions of the two departments and the movements between them. Since we have assumed that department II is likewise accumulating one half of its surplus-value,  $188$  are to be converted

into capital, of which one fourth, or 47, or, to round it off, 48, are variable capital, so that 140 remain to be converted into constant capital.

Here we come across a new problem, whose very existence must appear strange to the current idea that commodities of one kind are exchanged for commodities of another kind, or commodities for money and the same money for commodities of another kind. The 140 II c can be converted into productive capital only by exchanging them for commodities of I s of the same value. It is a matter of course that that portion of I s which must be exchanged for II s must consist of means of production, which may either be fit for service in the production of both I and II, or exclusively adapted to the production of II. This change of place can be made only by means of a onesided purchase on the part of II, as the entire remaining surplus-product of 500 I s, which we shall presently examine, is reserved for accumulation in department I and cannot be exchanged for commodities of II; in other words, it cannot be simultaneously accumulated and consumed by I. Therefore department II must buy 140 I s for cash without recovering this money by a subsequent sale of its commodities to I. And this is a process which is continually repeated in every new annual production, so far as it is reproduction on an enlarged scale. Where does II get the money for this?

It rather seems as though department II were a very unprofitable field for the formation of new money-capital, by means of simple hoarding, which accompanies actual accumulation and is its basis under capitalist production.

We have first 376 II v. The money-capital of 376, advanced for labor-power, returns through the purchase of commodities of II continually as variable capital to the capitalists of II. This continually repeated departure from and return to the starting point, the pocket of the capitalist, does not add in any way to the money moving in this cycle. This, then, is not a source of the accumulation of money. Nor can this money be withdrawn from circulation in order to form a hoard, or virtual new money-capital.

But stop! Isn't there a chance to make a little profit?

We must not forget that class II has the advantage over class I that its laborers must buy back from it the commodities produced by themselves. Department II is a buyer of labor-power and at the same time a seller of the commodities to the owners of the labor-power employed by it. Department II, then, may do two things.

It may depress the wages below its average level, and this privilege it shares with department I. By this means a portion of the money serving in the function of variable capital is released, and if this process is continually repeated, it may become a normal source of hoarding, and thus of virtual additional money-capital in department II. Of course we are not referring to a casual stolen profit here, since we are speaking of a normal formation of capital. But it must not be forgotten that the wages actually paid (which determine the magnitude of the variable capital under normal conditions) do not depend on the benevolence of the capitalists, but must be paid under certain conditions. This does away with this expedient as a source of additional money. If we assume that  $376 v$  is the variable capital at the disposal of department II, we cannot suddenly substitute the hypothesis that the capitalists pay only  $350 v$  instead of  $376 v$ , merely because we are confronted by a new problem.

On the other hand, department II, taken as a whole, has the above mentioned advantage over I that it is at the same time a buyer of labor-power and a seller of commodities to its own laborers. Every industrial country furnishes the most tangible proofs to what extent this may be exploited, by paying nominally the normal wages, but grabbing, or in plain words, stealing back a large portion without a corresponding equivalent in wages; by accomplishing the same thing either through the truck system, or through a falsification of the medium of circulation (perhaps in a way that cannot be punished by law). England and America furnish such instances. (Illustrate this by some striking examples). This is the same operation as under (1), only disguised and carried out by a detour. Therefore it must likewise be rejected as an explanation of the present problem. The question is here of actually paid, not of nominal wages.

We see that some extraordinary disfigurements on the face of capitalism cannot be used in an objective analysis of the mechanism of capitalism as an excuse to get over some theoretical difficulties. But strange to say, the great majority of my bourgeois critics score me as though I had wronged the capitalists by assuming in volume I of this work that they really pay labor-power at its value, a thing which they rarely do! (Here I may exercise some of the magnanimity attributed to me by quoting Schaeffle.)

In short, we cannot accomplish anything with  $376 II v$  for the solution of this question.

But it seems to be still more impossible to do anything with 376 II s. Here the capitalists of the same department are standing face to face, mutually buying and selling their articles of consumption. The money required for these transactions serves only as a medium of circulation and must flow back to the interested parties in the normal course of things, to the extent that they have advanced it to the circulation, in order to pass again and again over the same course.

There seem to be only two ways by which this money can be withdrawn from circulation for the purpose of forming virtual additional money-capital. Either one portion of the capitalists of II cheats the others and thus robs them of their money. We know that no preliminary expansion of the circulating medium is necessary for the formation of new money-capital. All that is necessary is that money should be withdrawn from circulation by certain parties and hoarded. It would not alter the case, if this money were stolen, so that the formation of additional money-capital on the part of a portion of the capitalists of II would be accompanied by a positive loss of money on the part of others. The cheated capitalists would have to live a little less gaily, that would be all.

Or, a certain portion of II s, represented by necessities of life, might be directly converted into new variable capital of department II. How that is done, we shall examine at the close of this chapter (in section IV).

First Illustration.

Diagram of Simple Reproduction.

$$\begin{array}{r}
 \text{I. } 4000 \text{ c} + 1000 \text{ v} + 1000 \text{ s} = \\
 6000
 \end{array}
 \begin{array}{r}
 \\
 \\
 \} \text{ Total,} \\
 \} 9000.
 \end{array}$$

$$\text{II. } 2000 \text{ c} + 500 \text{ v} + 500 \text{ s} = 3000$$

Initial Diagram for Accumulation on an Expanded Scale.

$$\begin{array}{r}
 \text{I. } 4000 \text{ c} + 1000 \text{ v} + 1000 \text{ s} = \\
 6000
 \end{array}
 \begin{array}{r}
 \\
 \\
 \} \text{ Total,} \\
 \} 9000.
 \end{array}$$

$$\text{II. } 1500 \text{ c} + 750 \text{ v} + 750 \text{ s} = 3000$$

Assuming that in diagram B one half of the surplus-value of I, amounting to 500, is accumulated, we have first to accomplish the change of place between (1000 v + 500 s)I, or 1500 I(v + s), and 1500 II c. Department I then keeps 4000 c and 500 s, the last sum being accumulated.

The exchange between  $(1000 v + 1000 s)I$  and  $1500 II c$  is a process of simple reproduction, which has been examined previously.

Let us now assume that 400 of the 500 I s are to be converted into constant capital, and 100 into variable capital. The transactions within the 400 s of I, which are to be capitalized, have already been discussed. They can be immediately annexed to I c, and in that case we get in department I

$4400 c + 1000 v + 100 s$  (these last to be converted into 100 v).

Department II buys from I for the purpose of accumulation the 100 I s (existing in means of production), which thus become additional constant capital in department II, while the 100 in money, which this department pays for them, are converted into the money-form of the additional variable capital of I. We then have for I a capital of  $4400 c + 1100 v$  (these last in money), a total of 5500.

Department II has now 1600 c for its constant capital. In order to be able to operate this, it must advance 50 v in money for the purchase of new labor-power, so that its variable capital grows from 750 to 800. This expansion of the constant and variable capital of II by a total of 150 is supplied out of its surplus-value. Hence only 600 of the 750 II s remain for the consumption of the capitalists of II, whose annual product is now distributed as follows:

$1600 c + 800 v + 600 s$  (fund for consumption), a total of 3000. The 150 s, produced in articles of consumption, which have been converted into  $(100 c + 50 v)II$ , pass entirely into the consumption of the laborers in this form, 100 being consumed by the laborers of I ( $100 I v$ ), and 50 by the laborers of II ( $50 II v$ ), as explained above. Department II, where the total product is prepared in a form suitable for accumulation, must indeed reproduce surplus-value in the form of necessary articles of consumption exceeding the other portions by 100. If reproduction really starts on an expanded scale, then the 100 of variable money-capital of I flow back to II through the hands of the laborers of I, while II transfers 100 s in commodities to I and at the same time 50 in commodities to its own laborers.

The change made in the arrangement for the purpose of accumulation now presents the following aspect:

I.  $4400 c + 1100 v + 500$  fund for consumption =  
6000

II.  $1600\ c + 800\ v + 600\ \text{fund for consumption} = 3000$

Total, as before, 9000

Of these amounts, the following are capital:

I.  $4400\ c + 1100\ v\ (\text{money}) = 5500$  } Total, 7900

II.  $1600\ c + 800\ v\ (\text{money}) = 2400$

while production started out with

I.  $4000\ c + 1000\ v = 5000$  } Total, 7250.

II.  $1500\ c + 750\ v = 2250$

Now, if actual accumulation takes place on this basis, that is to say, if reproduction is actually undertaken with this increased capital, we obtain at the end of next year:

I.  $4400\ c + 1100\ v + 1100\ s = 6600$  } Total, 9800.

II.  $1600\ c + 800\ v + 800\ s = 3200$

Then let department I continue accumulation at the same ratio, so that 550 s are spent as revenue, and 550 s accumulated. In that case, 1100 I v are first replaced by 1100 I c, and 550 I s must be realized in an equal amount of commodities of II, making a total of 1650 I(v + s). But the constant capital of II, which is to be replaced, amounts only to 1600, and the remaining 50 must be made up out of 800 II s. Leaving aside the money aspect of the matter, we have as a result of this transaction:

4400 c + 550 s (to be capitalized); furthermore, realized in commodities of II for the fund for consumption of the capitalists and laborers of I, 1650 (v + s).

1650 c (50 added from II s as indicated above) + 800 v + 750 s (fund for the consumption of the capitalists).

But if the old proportion is maintained in II between v and c, then 25 v additional must be advanced for 50 c, and these must be taken from 750 s. Then we have

$1650\ c + 825\ v + 725\ s.$



676.5 II s. Department II, then, converts another 121 into constant capital and requires another variable capital of 60.5 for it, which likewise comes out of 676.5 II s, leaving for consumption 616.

Then we have the following capitals:

Constant capital :  $4840 + 484 = 5324$ .

Variable capital :  $1210 + 121 = 1331$ .

Constant capital :  $1760 + 55 + 121 = 1936$ .

Variable capital :  $880 + 27.5 + 60.5 = 968$ .

Totals	I. $5324\ c + 1331\ v =$	
:	6655	} Grand total 9559.
	II. $1936\ c + 968\ v =$	
	2904	

And at the end of the year the product is

I. $5324\ c + 1331\ v + 1331\ s =$	
7986	} Total, 11,858.
II. $1936\ c + 968\ v + 968\ s =$	
3872	

Repeating the same calculation and rounding off the fractions, we get at the end of the following year the product:

I. $5856\ c + 1464\ v + 1464\ s =$	
8784	} Total, 13,033.
II. $2129\ c + 1065\ v + 1065\ s =$	
4249	

And at the end of the following year:

I. $6442\ c + 1610\ v + 1610\ s =$	
9662	} Total, 14,348.
II. $2342\ c + 1172\ v + 1172\ s =$	
4686	

In the course of four years of reproduction on an expanded scale the aggregate capital of I and II has risen from  $5400 c + 1750 v = 7150$  to  $8784 c + 2782 v = 11,566$ , in other words at the rate of 100:160. The total surplus-value was originally 1750, it is now 2782. The consumed surplus-value was originally 500 for I and 535 for II, a total of 1035. In the last year it was 732 for I and 985 for II, a total of 1690. It has therefore grown at the rate of 100 : 163.

(2). Second Illustration.

Now take the annual product of 9000, which is altogether a commodity-capital in the hands of the industrial capitalist class, a form in which the average ratio of the variable to the constant capital is that of 1 : 5. This presupposes a considerable development of capitalist production and accordingly of the productivity of social labor, a previous expansion of the scale of production to a considerable extent, and finally a development of all circumstances which bring about a relative overpopulation among the working class. The annual product will then be divided as follows, after rounding off the various fractions:

$$\begin{array}{r}
 \text{I. } 5000 c + 1000 v + 1000 s = \\
 7000 \\
 \\
 \text{II. } 1430 c + 285 v + 285 s = 2000
 \end{array}
 \left. \vphantom{\begin{array}{r} \text{I.} \\ \text{II.} \end{array}} \right\} \begin{array}{l} \text{Total,} \\ 9000. \end{array}$$

Now take it that the capitalist class of I consumes one-half of its surplus-value, or 500, and accumulates the other half. In that case  $(1000 v + 500 s)$  I, or 1500, must be converted into 1500 II c. Since II c amounts to only 1430, it is necessary to take 70 from the surplus-value. Subtracting this sum from 285 II s leaves 215 II s. Then we have:

$5000 c + 500 s$  (to be capitalized) + 1500  $(v + s)$  in the fund set aside for consumption by capitalists and laborers.

$1430 c + 70 s$  (to be capitalized) + 285  $v + 215 s$ .

As 70 II s are directly annexed by II c, a variable capital of  $70-5$ , or 14, is required to set this additional constant capital in motion. These 14 must come out of the 215 s, so that only 201 remain, and we have:

$(1430 c + 70 c) + (285 v + 14 v) + 201 s$ .

The disposal of 1500 I  $(v + \frac{1}{2} s)$  is a process of simple reproduction, and this has been dealt with. However, a few peculiarities remain to be noted here, which arise from the fact that in reproduction on an expanding scale I

$(v + \frac{1}{2} s)$  is not made up solely by way of II c, but by II c plus a portion of II s.

It goes without saying that as soon as we assume a process of accumulation, I  $(v + s)$  is greater than II c, not equal to II c, as it is in simple reproduction. For in the first place, department I incorporates a portion of its own surplus-product in its productive capital, and converts five-sixths of it into constant capital, so that it cannot exchange these five-sixths simultaneously for articles of consumption of department II. In the second place, department I has to supply out of its surplus-product the material for the accumulation of the constant capital of II, just as II has to supply I with the material for the variable capital, which sets in motion a portion of the surplus-product of I used as additional constant capital. We know that the actual variable capital consists of labor-power, and therefore the additional must consist of the same thing. It is not the capitalist of I who among other things buys from II a supply of necessities of life for his laborers, or accumulates them for this purpose, as the slave-holder had to do. It is the laborers themselves who trade with II. But this does not prevent the capitalist from regarding the articles of consumption of his eventual additional labor-power as so many means of production and maintenance of that labor-power, or the natural form of his variable capital. His own immediate operation, in the present case that of department I, consists in merely storing up the new money-capital required for the purchase of additional labor-power. As soon as he has incorporated this labor-power in his productive capital, the money becomes a medium for the purchase of commodities of II on the part of this labor-power, which must find these articles of consumption at hand.

By the way, the capitalist and his press are often dissatisfied with the way in which the laborer spends his money and with the commodities of II for which he spends it. On such occasions the capitalist philosophizes, babbles of culture, and dabbles in philanthropical talk, for instance after the manner of Mr. Drummond, the Secretary of the British Legation in Washington. According to him, "The Nation" (a journal) contained on the last of October, 1879, an interesting article, which contained the following passages "The laborers have not kept step in their civilization with the progress of inventions; a mass of objects have become accessible to them which they do not know how to make use of, and for which they do not create a market." (Every capitalist naturally wants the laborer to buy his

commodities.) “There is no reason why the laborer should not desire as much comfort as the clergyman, the lawyer, and the physician, who earn the same amount as he.” (This class of clergymen, lawyers, and physicians have indeed to be satisfied with wishing for a good many comforts!) “But he does not do so. The question is still, how he may be raised as a consumer by a rational and healthy method; not an easy question, since his whole ambition does not reach beyond a reduction of his hours of labor, and the demagogue incites him to this rather than to elevating his condition by an improvement of his intellectual and moral qualities.” (Reports of H. M.’s Secretaries of Embassy and Legation on the Manufactures, Commerce, etc., of the countries in which they reside. London, 1879, page 404.)

Long hours of labor seem to be the secret of the rational and healthy method, which is to elevate the condition of the laborer by an improvement of his intellectual and moral faculties and to make a rational consumer of him. In order to become a rational consumer of the commodities of the capitalist, he should above all begin to let the capitalist consume his labor-power irrationally and unhygienically — but the demagogue prevents him! What the capitalist means by a rational consumption, is evident wherever he is condescending enough to engage directly in the trade with his own laborers, in the truck system, which includes also among other lines the supplying of homes to the laborers, so that the capitalist is at the same time a landlord.

The same Drummond, whose beautiful soul is enamored of the capitalist attempts to elevate the working class, tells in the same report among other things of the cotton goods manufacture in the Lowell and Lawrence Mills. The boarding and lodging houses for the factory girls belong to the company that owns the factories. The landladies of these houses are in the pay of the same company and act according to its instructions. No girl is permitted to stay out after 10 P. M. Then comes a gem: The special police of the company patrol the surrounding country, in order to prevent a violation of this rule. After 10 P. M., no girl can leave or enter any of these houses. No girl can live anywhere but on the land of the company, and every house on this land brings about 10 dollars per week in rent. And now we see the rational consumer in his full glory: “But since the omnipresent piano is found in many of the best lodging houses of the working girls, music, singing, and dancing play a prominent role at least among those, who after ten hours of unremitting labor at the loom need a change after this

monotony rather than actual rest.” (Page 412) But the main secret of making a rational consumer of the laborer is yet to be told. Mr. Drummond visits the cutlery factory of Turner’s Falls, Connecticut River, and Mr. Oakman, the treasurer of the company, after telling him that especially American table knives beat the English goods in quality, continues: “But we shall beat England also in the matter of prices, we are ahead of it in quality even now, that is acknowledged; but we must have lower prices, and we shall get them as soon as we get our steel cheaper and bring down our labor.” (427). A reduction of wages and long hours of labor, that is the essence of the rational and healthy method which is to elevate the laborer to the dignity of a rational consumer, in order that he may create a market for the mass of objects which civilization and the progress of invention have made accessible to him.

To repeat, then, just as department I has to supply the additional constant capital of II out of its surplus-value, so II supplies the additional variable capital for I. Department II accumulates for itself and for I, so far as the variable capital is concerned, by reproducing a greater portion of its total product, especially of its surplus-product, in the shape of necessary articles of consumption.

$I (v + s)$ , in the case of production on the basis of increasing capital, must be equal to  $II c$  plus that portion of the surplus-product which is re-incorporated as capital, plus the additional portion of constant capital required for the expansion of the production of II; and the minimum of this expansion is that without which actual accumulation, that is to say, an actual expansion of the production of I, is impossible.

Reverting now to the case which we examined last, we find that it has the peculiarity that  $II c$  is smaller than  $I (v + \frac{1}{2} s)$ , smaller than that portion of the product of I which is spent as revenue for articles of consumption, so that a portion of the surplus-product of II, equal to 70, is at once realized for the purpose of disposing of the 1500  $I (v + s)$ . As for  $II c$ , equal to 1430, it must, other circumstances remaining the same, be reproduced out of an equal amount of  $I (v + s)$ , in order that simple reproduction may take place, and to that extent we need not pay any more attention to it. It is different with the additional 70  $II c$ . That which is for I merely an exchange of revenue for articles of consumption, is for II more than a mere reconversion of its constant capital from the form of commodity-capital into its natural form, as it is in simple reproduction, for it is a process of direct

accumulation, a transformation of a portion of its surplus-product from the form of articles of consumption into that of constant capital. If I buys with 70 p. st. in money (money-reserve for the conversion of surplus-value) the 70 II s, and if II does not buy in exchange 70 I s, but accumulates the 70 p. st. as money-capital, then this money is indeed always the expression of an additional product (namely the surplus-product of II, the equivalent of which it is), although this is not a product which returns into the production; but in that case this accumulation of money on the part of II would be the evidence that 70 I s in means of production are unsaleable. There would be a relative overproduction in I, corresponding to a simultaneous break in the reproduction of II.

But apart from this, the following point must be noted: During the time in which the 70 in money, which came from I, have not as yet returned to it, or have but partially done so, by the purchase of 70 I s on the part of II, this 70 in money figures entirely or in part as additional virtual money-capital in the hands of II. This is true of every transaction between I and II, before the mutual replacement of their respective commodities has accomplished the reflux of the money to its starting point. But the money, under a normal condition of things, figures here only temporarily in this role. In the credit system, however, where all momentarily released money is to be used immediately as an active additional money-capital, such a temporarily released money-capital may be engaged, for instance, in new enterprises of I, while it still would have to liquidate additional products held in other enterprises. It must also be noted that the annexation of 70 I s to the constant capital of II requires at the same time an expansion of the variable capital of II to the extent of 14. This implies, similarly as it did in the direct incorporation of the surplus-product of I s in capital I c, that the reproduction in II is already in process with a view to further capitalization; in other words, it implies the expansion of that portion of the surplus-product, which consists of necessary articles of consumption.

The product of 9000, in the second illustration, must be distributed in the following manner for the purpose of reproduction, when 500 I s is to be capitalized. We merely consider the commodities in this case and leave aside the circulation of money.

5000 c + 500 s (to be capitalized) + 1500 (v + s) fund for consumption, a total of 7000 in commodities.

1500 c + 299 v + 201 s, a total of 2000 in commodities. Grand total, 9000 in commodities.

Capitalization takes place in the following manner:

In department I, the 500 s, which are capitalized, divide themselves into five-sixths, or 417 c, plus one-sixth, or 83 v. The 83 v draw an equal amount out of II s, which buys elements of constant capital and adds them to II c. An increase of II c by 83 implies an increase of II v by one-fifth of 83, or 17. We have, then, after this transaction

$$\begin{array}{r}
 \text{I. } (5000 \text{ c} + 417 \text{ s}) + (1000 \text{ v} + 83 \text{ s}) = 5417 \quad 6500 \\
 \text{c} + 1083 \text{ v} = \\
 \text{II. } (1500 \text{ c} + 83 \text{ s}) + (299 \text{ v} + 17 \text{ s}) = 1583 \text{ c} \quad 1899 \\
 + 316 \text{ v} = \\
 \text{Total...} \quad \quad \quad 8399
 \end{array}$$

The capital in I has grown from 6000 to 6500, or by 1-12. That of II has grown from 1715 to 1899, or by nearly 1-9.

The reproduction on this basis in the second year brings the capital at the end of that year up to the following figures:

$$\begin{array}{r}
 \text{I. } (5417 \text{ c} + 452 \text{ s}) \text{ c} + (1083 \text{ v} + 90 \text{ s}) \text{ v} = \\
 5869 \text{ c} + 1173 \text{ v} = \quad \quad \quad 7042. \\
 \text{II. } (1583\text{c} + 42\text{s} + 90\text{s}) \text{ c} + (316\text{v} + 8\text{s} + \\
 18\text{s})\text{v} = 1715\text{c} + 342 \text{ v} = \quad \quad \quad 2057.
 \end{array}$$

And at the end of the third year, we have as a product:

$$\begin{array}{l}
 5869 \text{ c} + 1173 \text{ v} + 1173 \text{ s}. \\
 \text{II. } 1715 \text{ c} + 342 \text{ v} + 342 \text{ s}.
 \end{array}$$

If department I then accumulates as before one-half of its surplus-value, we find that I (v + ½ s), 1173 v + 587 (½ s), amount to 1760, more than the entire 1715 II c, namely an excess of 45. This must again be balanced by annexing an equal amount of means of production to II c, which thus grows by 45. This again requires an addition of one-fifth, or 9, to II v. Furthermore, the capitalized 587 I s are divided into five-sixths and one-sixth respectively, that is to say, 489 c and 98 v. These last 98 imply a new

addition of 98 to the constant capital of II, and this again an increase of the variable capital of II by one-fifth, or 20. Then we have.

I. $(5869 c + 489 s) c + (1173 v + 98 s) v =$	
$6385 c + 1271 v =$	7629.
II. $(1715 c + 45 s + 98 s) c + (342 v + 9 s +$	
$20 s) v = 1858 c + 371 v =$	2229.
Total capital...	9858

In three years of reproduction on an increasing scale the total capital of I has grown from 6000 to 7629, and that of II from 1715 to 2229, or the total social capital from 7715 to 9858.

### (3). Exchange of II c Under Accumulation.

In the exchange of I  $(v + s)$  with II c we meet with different cases.

Under simple reproduction, both of them must be equal and take one another's places, otherwise simple reproduction cannot proceed smoothly, as we have seen.

Under reproduction on an expanded scale, it is above all the rate of accumulation which is important. In the preceding cases we had assumed that the rate of accumulation in department I was equal to one-half of I s, and also that it remained constant from year to year. We changed merely the proportion in which this accumulated capital was divided between variable and constant capital. We then had three cases.

I  $(v + \frac{1}{2}s)$  equal to II c, which is therefore smaller than I  $(v + s)$ . This must always be the case, otherwise I cannot accumulate.

I  $(v + \frac{1}{2}s)$  greater than II c. In this case the exchange is effected by adding a corresponding portion of II s to II c, so that this becomes equal to I  $(v + \frac{1}{2} s)$ . In this case, the transaction in department II is not a simple reproduction of its constant capital, but accumulation, an augmentation of its constant capital by that portion of its surplus-product which it exchanges for means of production of I. This augmentation implies at the same time a corresponding addition to the variable capital of II out of its own surplus-product.

I  $(v + \frac{1}{2}s)$  smaller than IIc. In this case department II had not fully reproduced its constant capital by means of exchange and had to make good the deficit by a purchase from I. But this did not require any further accumulation of variable capital on the part of II, since its constant capital

was brought only to its full size by this operation. On the other hand, that portion of the capitalists of I who accumulate only additional money-capital, had already accomplished a part of this accumulation by this transaction.

The premise of simple reproduction, that  $I (v + s)$  is equal to  $II c$ , is irreconcilable with capitalist production, although this does not exclude the possibility that a certain year in an industrial cycle of 10 or 11 years may not show a smaller total production than the preceding year, so that there would not have been even a simple reproduction, compared to the preceding year. Indeed, considering the natural growth of population per year, simple reproduction could take place only in so far as a correspondingly larger number of unproductive servants would partake of the 1500 representing the aggregate surplus-product. But accumulation of capital, actual capitalist production, would be impossible under such circumstances. The fact of capitalist production therefore excludes the possibility of  $II c$  being equal to  $I (v + s)$ . Nevertheless it might occur even under capitalist production that in consequence of the process of accumulation during a preceding number of periods of production  $II c$  might not only be equal, but even greater than  $I (v + s)$ . This would mean an overproduction in II and could not be compensated in any other way than by a great crash, in consequence of which some capital of II would be transferred to I. It does not alter the relations of  $I (v + s)$ , if a portion of the constant capital of II reproduces itself, as happens, for instance, in the employment of home raised seeds in agriculture. This portion of  $II c$  has no more reference to the exchange between I and II than has  $I c$ . Nor does it alter the matter, if a portion of the products of II are of such a nature that they may serve as means of production in I. They are covered by a portion of the means of production supplied in II by I, and this portion must be deducted on both sides at the outset, if we wish to analyze without any obscuring interference the exchange between the two great departments of social production, the producers of means of production and the producers of articles of consumption.

To repeat, then, under capitalist production  $I (v + s)$  cannot be equal to  $II c$ , in other words, the two cannot balance. On the other hand, naming  $I s-x$  that portion of  $I s$  which is spent by the capitalists as revenue, we see that  $I (v + s-x)$  may be equal to, greater or smaller than,  $II c$ . But  $I (v + s-x)$  must always be smaller than  $II (c + s)$ , namely, as much smaller as that portion of

II s which must be consumed under all circumstances by the capitalist class of II.

It must be noted that in this presentation of accumulation the value of the constant capital, so far as it is a portion of the value of the commodity-capital, which it helped to produce, is not exactly represented. The fixed portion of the newly accumulated constant capital is transferred to the commodity-capital only gradually and periodically according to the different nature of these fixed elements. Where-ever raw materials and halfwrought articles are employed in large quantities for the production of commodities, the commodity-capital therefore consists overwhelmingly of objects replacing circulating constant elements and variable capital. (On account of the turn-over of the circulating elements this method may nevertheless be adopted. It is then assumed that the circulating portion together with that portion of value which the fixed capital has transferred to it is turned so often during the year that the aggregate sum of the commodities supplied is equal in value to all the capital invested in the annual production.) But wherever only auxiliary materials are used for machine work, and no raw material, there  $v$ , the labor element, must reappear in the commodity-capital as its largest factor. While in the calculation of the rate of profit the surplus-value is figured on the total capital, regardless of whether the fixed elements transfer periodically much or little value to the product, the fixed portion of constant capital is included in the calculation of the value of any periodically created commodity-capital only to the extent that it yields a certain average of value to the product.

#### CONCLUDING REMARKS.

The original source for the money of II is  $v + s$  of the gold producers in department I, exchanged for a portion of II c. Only to the extent that the gold producer accumulates surplus-value or converts it into means of production of I, in other words, to the extent that he expands his production, does his  $v + s$  stay out of department II. On the other hand, to the extent that the accumulation of gold on the part of the gold producer himself leads ultimately to an expansion of production, a portion of the surplus-value of gold production not spent as revenue passes into department II as additional variable capital of the gold producers, promotes the accumulation of new hoards in II and supplies it with means by which to buy from I without having to sell to it immediately. From this money derived from I ( $v + s$ ) of

gold production must be deducted that portion of gold which is employed by certain lines of II as raw material, etc., in short as an element for building up their constant capital. An element of preliminary reproduction, for the purpose of future expanded production, is created for either I or II under the following conditions: For I only when a portion of I s is sold onesidedly, without a balancing purchase, to II and serves there as additional constant capital; for II, when the same case occurs on the part of I with reference to the variable capital; furthermore when a portion of the surplus-value spent by I as revenue is not covered by II c, so that a portion of II s is bought with it and thus converted into money. If  $I (v + s-x)$  is greater than II c, then II c need not for its simple reproduction make up in commodities of I what I has taken out of II s. The question is, to what extent hoarding may take place within the exchange of the capitalists of II among themselves, an exchange which can consist only of a mutual crossing of II s. We know that direct accumulation takes place within II by means of direct conversion of a portion of II s into variable capital (just as department I converts a portion of I s directly into constant capital). In the various stages of accumulation within the different lines of business of II, and for the individual capitalists of these lines, the matter explains itself, with the self-understood modifications, in the same way as in I. One side is still engaged in hoarding and sells without buying, the other is on the point of actual expansion of reproduction and buys without selling. The additional variable money-capital is first advanced for additional labor-power, but this, in its turn, buys articles of consumption from the hoarding owners of the additional articles of consumption used by the laborers. To the extent that these owners hoard the money, it does not return to its point of departure.

**VOLUME III. THE PROCESS OF CAPITALIST  
PRODUCTION AS A WHOLE.**

## **PREFACE by Frederick Engels**

AT last I have the pleasure of making public this third volume of the main work of Marx, the closing part of his economic theories. When I published the second volume, in 1885, I thought that the third would probably offer only technical difficulties, with the exception of a few very important sections. This turned out to be so. But that these exceptional sections, which represent the most valuable parts of the entire work, would give me as much trouble as they did, I could not foresee at that time any more than I anticipated the other obstacles, which retarded the completion of the work to such an extent.

In the first place it was a weakness of my eyes which restricted my time of writing to a minimum for years, and which permits me even now only exceptionally to do any writing by artificial light. There were furthermore other labors which I could not refuse, such as new editions and translations of earlier works of Marx and myself, revisions, prefaces, supplements, which frequently required special study, etc. There was above all the English edition of the first volume of this work, for whose text I am ultimately responsible and which absorbed much of my time. Whoever has followed the colossal growth of international socialist literature during the last ten years, especially the great number of translations of earlier works of Marx and myself, will agree with me in congratulating myself that there is but a limited number of languages in which I am able to assist a translator and which compel me to accede to the request for a revision. This growth of literature, however, was but an evidence of a corresponding growth of the international working class movement itself. And this imposed new obligations on me. From the very first days of our public activity, a good deal of the work of negotiation between the national movements of socialists and working people in the various countries had fallen on the shoulders of Marx and myself. This work increased to the extent that the movement as a whole gained in strength. Up to the time of his death, Marx had borne the brunt of this burden. But after that the ever swelling amount of work had to be done by myself alone. Meanwhile the direct intercourse between the various national labor parties has become the rule, and fortunately it is becoming more and more so. Nevertheless my assistance is still in demand a good deal more than is agreeable to me in view of my theoretical studies. But if a man has been active in the movement for more

than fifty years, as I have, he regards the work connected with it as a duty, which must not be shirked, but immediately fulfilled. In our stirring times, as in the 16th century, mere theorizers on public affairs are found only on the side of the reactionaries, and for this reason these gentlemen are not even theoretical scientists, but simply apologists of reaction.

The fact that I live in London implies that my intercourse with the party is limited in winter to correspondence, while in summer time it largely takes place by personal interviews. This fact, and the necessity of following the course of the movement in a steadily growing number of countries and a still more rapidly increasing number of party organs, compelled me to reserve matters which brooked no interruption for the winter months, preferably the first three months of the year. When a man is past seventy, his brain's fibers of association work with a certain disagreeable slowness. He does not overcome interruptions of difficult theoretical problems as easily and quickly as formerly. Thus it came about that the work of one winter, if it was not completed, had to be largely done over the following winter. And this took place particularly in the case of the most difficult section, the fifth.

The reader will observe by the following statements that the work of editing the third was essentially different from that of the second volume. Nothing was available for the third volume but a first draft, and it was very incomplete. The beginnings of the various sections were, as a rule, pretty carefully elaborated, or even polished as to style. But the farther one proceeded, the more sketchy and incomplete was the analysis, the more excursions it contained into side issues whose proper place in the argument was left for later decision, the longer and more complex became the sentences, in which the rising thoughts were deposited as they came. In several places, the handwriting and the treatment of the matter clearly revealed the approach and gradual progress of those attacks of ill health, due to overwork, which at first rendered original work more and more difficult for the author and finally compelled him from time to time to stop work altogether. And no wonder. Between 1863 and 1867, Marx had not only completed the first draft of the two last volumes of *Capital* and made the first volume ready for the printer, but had also mastered the enormous work connected with the foundation and expansion of the International Workingmen's Association. The result was the appearance of the first

symptoms of that ill health which is to blame for the fact that Marx did not himself put the finishing touches to the second and third volumes.

I began my work on these volumes by first dictating the entire manuscript of the original, which was often hard to decipher even for me, into readable copy. This required considerable time to begin with. It was only then that the real work of editing could proceed. I have limited this to the necessary minimum. Wherever it was sufficiently clear, I preserved the character of the first draft as much as possible. I did not even eliminate repetitions of the same thoughts, when they viewed the subject from another standpoint, as was Marx's custom, or at least expressed the same thought in different words. In cases where my alterations or additions are not confined to editing, or where I used the material gathered by Marx for independent conclusions of my own, which, of course, are made as closely as possible in the spirit of Marx, I have enclosed the entire passage in brackets and affixed my initials. My footnotes may not be inclosed in brackets here and there, but wherever my initials are found, I am responsible for the entire note.

It is natural for a first draft, that there should be many passages in the manuscript which indicate points to be elaborated later on, without being followed out in all cases. I have left them, nevertheless, as they are, because they reveal the intentions of the author relative to future elaboration.

Now as to details.

For the first part, the main manuscript was serviceable only with considerable restrictions. The entire mathematical calculation of the relation between the rate of surplus-value and the rate of profit (making up the contents of our chapter III) is introduced in the very beginning, while the subject treated in our chapter I is considered later and incidentally. Two attempts of Marx at rewriting were useful in this case, each of them comprizing eight pages in folio. But even these were not consecutively worked out. They furnished the substance of what is now chapter I. Chapter II is taken from the main manuscript. There were quite a number of incomplete mathematical elaborations of chapter III, and in addition thereto an entire and almost complete manuscript, written in the seventies and dealing with the relation of the rate of surplus-value to the rate of profit, in the form of equations. My friend Samuel Moore, who had done the greater portion of the translation of the first volume, undertook to edit this manuscript for me, a work for which he was certainly better fitted than I, since he graduated from Cambridge in mathematics. By the help of his

summary, and with an occasional use of the main manuscript, I completed chapter III. Nothing was available for chapter IV but the title. But as the point of issue, the effect of the turn-over on the rate of profit, is of vital importance, I have elaborated it myself. For this reason the whole chapter has been placed between brackets. It was found in the course of this work, that the formula of chapter III for the rate of profit required some modification, in order to be generally applicable. Beginning with chapter V, the main manuscript is the sole basis for the remainder of Part I, although many transpositions and supplements were needed for it.

For the following three parts I could follow the original manuscript throughout, aside from editing the style. A few passages, referring mostly to the influence of the turn-over, had to be brought into agreement with my elaboration of chapter IV; these passages are likewise placed in brackets and marked with my initials.

The main difficulty was presented by Part V, which treated of the most complicated subject in the entire volume. And it was just at this point that Marx had been overtaken by one of those above-mentioned serious attacks of illness. Here, then, we had no finished draft, nor even an outline which might have been perfected, but only a first attempt at an elaboration, which more than once ended in a disarranged mass of notes, comments and extracts. I tried at first to complete this part, as I had the first one, by filling out vacant spaces and fully elaborating passages that were only indicated, so that it would contain at least approximately everything which the author had intended. I tried this at least three times, but failed every time, and the time lost thereby explains most of the retardation. At last I recognized that I should not accomplish my object in this way. I should have had to go through the entire voluminous literature of this field, and the final result would have been something which would not have been Marx's book. I had no other choice than to cut the matter short, to confine myself to as orderly an arrangement as possible, and to add only the most indispensable supplements. And so I succeeded in completing the principal labors for this part in the spring of 1893.

As for the single chapters, chapters XXI to XXIV were, in the main, elaborated by Marx. Chapters XXV and XXVI required a sifting of the references and an interpolation of material found in other places. Chapters XXVII and XXIX could be taken almost completely from the original manuscript, but chapter XXVIII had to be arranged differently in several

places. The real difficulty began with chapter XXX. From now on the task before me was not only the arrangement of the references, but also a connecting of the line of reasoning, which was interrupted every moment by intervening clauses, deviations from the main point, etc., and taken up incidentally in quite another place. Thus chapter XXX came into existence by means of transpositions and eliminations utilized in other places. Chapter XXXI, again, was worked out more connectedly. But then followed a long section in the manuscript, entitled "The Confusion," consisting of nothing but extracts from the reports of Parliament on the crises of 1848 and 1857, in which the statements of twenty-three business men, and writers on economics, especially relative to money and capital, gold exports, over-speculation, etc., are collected and accompanied here and there with short and playful comments. In this collection, all the current views of that time concerning the relation of money to capital are practically represented, either by answers or questions, and Marx intended to analyze critically and satirically the confusion revealed by the ideas as to what was money, and what capital, on the money-market. I convinced myself after many experiments that this chapter could not be composed. I have used its material, particularly that criticized by Marx, wherever I found a connection for it.

Next follows in tolerable order the material which I have placed in chapter XXXII. But this is immediately followed by a new batch of extracts from reports of Parliament on every conceivable subject germane to this part, intermingled with comments of the author. Toward the end these comments are mainly directed toward the movement of money metals and the quotations of bills of exchange, and they close with miscellaneous remarks. On the other hand, chapter XXXV, entitled "Precapitalist Conditions," was fully elaborated.

Of all this material, beginning with the "Confusion," and using as much of it as had not been previously placed otherwise, I made up chapters XXXIII to XXXV. Of course this could not be done without considerable interpolations on my part in order to complete the connections. Unless these interpolations are of a merely formal nature, they are expressly marked as belonging to me. In this way I have succeeded in placing all the relevant statements of the author in the text of this work. Nothing has been left out but a small portion of the extracts, which either repeated statements already

made previously, or touched on points which the original manuscript did not treat in detail.

The part dealing with ground-rent was much more fully elaborated, although not properly arranged. This is apparent from the fact that Marx found it necessary to recapitulate the plan of the entire part in chapter XLIII, which was the last portion of the section on rent in the manuscript. This was so much more welcome to the editor, as the manuscript began with chapter XXXVII, which was followed by chapters XLV to XLVII, whereupon chapters XXXVIII to XLIV came next in order. The greatest amount of labor was involved in getting up the tables for the differential rent, II and in the discovery that the third case of this class of rent, which belonged in chapter XLIII, had not been analyzed there.

Marx had made entirely new and special studies for this part on ground rent, in the seventies. He had studied for years the originals of the statistical reports and other publications on real estate, which had become inevitable after the "reform" of 1861 in Russia. He had made extracts from these originals, which had been placed at his disposal to the fullest extent by his Russian friends, and he had intended to use these notes for a new elaboration of this part. Owing to the variety of forms represented by the real estate and the exploitation of the agricultural producers of Russia, this country was to play the same role in the part on ground rent that England did in volume I in the case of industrial wage-labor. Unfortunately he was prevented from carrying out this plan.

The seventh part, finally, was fully written out, but only as a first draft, whose endlessly involved periods had to be dissected, before they could be presented to the printer. Of the last chapter, only the beginning existed. In it the three great classes of developed capitalist society, land owners, capitalists and wage laborers, corresponding to the three great forms of revenue, and the class-struggle necessarily arising with their existence, were to be presented as the actual outcome of the capitalist period. It was a habit of Marx to reserve such concluding summaries for the final revision, so that the latest historical developments furnished him with never failing regularity with the proofs of the correctness of his theoretical analyses.

The quotations and extracts corroborating his statements are considerably less numerous than in the first volume, as they already were in the second. Wherever the manuscript referred to statements of earlier

economists, only the name was given as a rule, and the quotations were to be added later. Of course, I had to leave this as it was. Of reports of parliament only four have been used, but these were abundantly exploited. They are the following:

Reports from Committees (of the Lower House), Volume VIII, Commercial Distress, Volume II, Part I, 1847-48. Minutes of Evidence. Quoted as “Commercial Distress, 1847-48.”

Secret Committee of the House of Lords on Commercial Distress, 1847. Report printed 1848. Evidence printed 1857 (because it was considered too hazardous in 1848). — Quoted as “Commercial Distress, 1848-57.”

8 4) Report, Bank Acts, 1857. — The same, 1858. — Reports of the Committee of the Lower House on the Effect of the Bank Acts of 1844 and 1845. With evidence. — Quoted as “Bank Acts,” or “Bank Committee,” 1857 or 1858.

I hope to start on the fourth volume, the history of theories of surplus-value, as soon as conditions will permit me.

In the preface to the second volume of *Capital* I had to square accounts with those gentlemen, who were making much ado over the alleged fact that they had discovered in the person of Rodbertus the “Secret source and a superior predecessor to Marx.” I offered them an opportunity to show what the economics of Rodbertus could accomplish. I asked them to demonstrate the way “in which an equal average rate of profit can and must come about, not only without a violation of the law of value, but by means of it.” These same gentlemen, who were then celebrating the brave Rodbertus as an economist star of the first magnitude, either for subjective or objective reasons which were as a rule anything but scientific, have without exception failed to answer the problem. However, other people have thought it worth their while to occupy themselves with this problem.

In his critique of the second volume (*Conrad's Jahrbücher*, XI, 1885, pages 452-65), Professor Lexis takes up this question, although he does not pretend to give a direct solution of it. He says: “The solution of that contradiction” (namely the contradiction between the law of value of Ricardo-Marx and an equal average rate of profit) “is impossible, if the various classes of commodities are considered individually, if their value is to be equal to their exchange-value, and this again equal or proportional to their price.” According to him this solution is possible only, if “the determination of value for the individual commodities according to labor is

relinquished, the production of commodities viewed as a whole, and their distribution among the aggregate classes of capitalists and laborers regarded from the same point of view....The laboring class receives but a certain portion of the total product,...the other portion falls to the share of the capitalists and represents the surplus-product, as understood by Marx, and accordingly...the surplus-value. The members of the capitalist class divide this entire surplus-value among themselves, not in proportion to the number of laborers employed by them, but in proportion to the amount of capital invested by each one. The land is thereby regarded as belonging in the class of capital-value.” The Marxian ideal values determined by the units of labor incorporated in the commodities do not correspond to the prices, but may be “regarded as points of departure of a movement, which leads to the actual prices. These are conditioned on the fact that capitals of equal magnitude demand equal profits.” In consequence some capitalists will secure higher prices for their commodities than the ideal values, and others will secure less. “But since the losses or gains of surplus-value mutually balance one another in the capitalist class, the total amount of the surplus-value is the same as though all prices were proportional to the ideal values.”

It is evident that the problem has not been solved by any means through these statements, but it has been at least correctly formulated, although in a somewhat loose and shallow manner. And this is, indeed, more than we had a right to expect from a man who prides himself somewhat on being a “vulgar economist.” It is even surprising when compared with the handiwork of some other vulgar economists, which we shall discuss later. The vulgar economy of Lexis is of a rather peculiar nature. He says that the gains of the capitalist may be derived in the way indicated by Marx, but there are no reasons that would compel us to accept this view. On the contrary, vulgar economy is said to have a simpler explanation, namely the following: “The capitalist sellers, such as the producer of raw materials, the manufacturer, the wholesale dealer, the retail dealer, all make a profit on their transactions, each selling his product at a higher price than the purchase price, each adding a certain percentage to the price paid by him. The laborer alone is unable to raise the price of his commodity, he is compelled, by his oppressed condition, to sell his labor to the capitalist at a price corresponding to its cost of production, that is to say, for the means of his subsistence....Therefore the capitalist additions to the prices strike the

laborer with full force and result in the transfer of a part of the value of the total product to the capitalist class.”

Now it does not require much thought to show that this explanation of vulgar economy for the profits of capital amounts to the same thing as the Marxian theory of surplus-value. For Lexis thus admits that the laborers are in just that forced condition of oppression which Marx has described; that they are just as much exploited here as they are according to Marx, because every idler can sell commodities above their value, while the laborer alone cannot do so; and that it is just as easy to build up a plausible vulgar socialism on this theory, as it was to build up another kind of socialism in England on the foundation of Jevons' and Menger's theory of use-value and marginal profit. I strongly suspect that Mr. George Bernard Shaw, were he familiar with this theory of profit, would eagerly extend both hands for it, discard Jevons and Karl Menger, and build on this rock the Fabian church of the future.

In reality, this theory is merely a transcript of the Marxian. What is the fund out of which all these additions to the prices are paid? The “total product” of the working class. And it is due to the fact that the commodity “labor,” or, as Marx has it, “labor-power,” must be sold below its price. For if it is a common quality of all commodities to be sold at a price above their cost of production, with the sole exception of labor, then labor is sold below the price which is the rule in this world of vulgar economy. The extra profit thus accruing to the capitalist, or to the capitalist class, then arises in the last analysis from the fact that the laborer, after he has made up for the price of his labor-power by reproducing it, must produce a surplus-product for which he is not paid, in other words, he produces surplus-value representing unpaid labor. Lexis is very careful in the choice of his terms. He does not say anywhere outright that this is his own conception. But if it is, then it is evident that he is not one of those vulgar economists, every one of whom is, as he says himself, “a hopeless idiot in the eyes of Marx,” but that he is a Marxian disguised as a vulgar economist. Whether this disguise is consciously or unconsciously adopted, is a psychological question which does not interest us at this point. The man who can find this out may also be able to discover how it is that some time ago a man of Lexis' intellectual endowments could defend such nonsense as bimetallism.

The first one who really attempted to answer this question was Dr. Conrad Schmidt in his pamphlet entitled, *The Average Rate of Profit, Based*

on Marx's Theory of Value, Stuttgart, Dietz, 1889. Schmidt seeks to reconcile the details of the formation of commodity prices with the theory of value and with an average rate of profit. The industrial capitalist receives in his product, first, an equivalent for the capital advanced by him, and second, a surplus-product for which he has not paid anything. But in order to earn his surplus-product, he must advance capital for its production. He must employ a certain quantity of materialized labor for the purpose of appropriating this surplus-product. For the capitalist, the capital advanced by him represents the quantity of materialized labor which is socially necessary for the production of his surplus-product. This applies to every industrial capitalist. Now, since commodities, according to the theory of value, are exchanged for one another in proportion to the social labor required for their production, and since the labor necessary for the manufacture of the capitalist's surplus-product is accumulated in the capital of the capitalist, it follows that surplus-products are exchanged in proportion to the capitals required for their production, and not in proportion to the labor actually incorporated in them. Hence the share of each unit of capital is equal to the sum of all produced surplus-values divided by the sum of the capitals employed in production. Accordingly, equal capitals yield equal profits in equal times, and this is accomplished by adding the cost price of the surplus-product figured on the basis of the average profit to the cost price of the paid product and selling both the paid and unpaid product at this increased price. Thus the average rate of profit arises in spite of the fact that, according to Schmidt, the average prices of commodities are determined by the law of value.

This is a very ingenious construction. It is made entirely after the Hegelian model, but it has this in common with the majority of the Hegelian constructions that it is not correct. It makes no difference whether the surplus-product or the paid product is considered. If the theory of value is to be applied directly to the average profit both of these products must be sold in proportion to the socially necessary labor incorporated in them. The theory of value is aimed at the very outset against the idea, derived from the capitalist mode of thought, that the accumulated labor of the past, which is embodied in capital, could be anything else but a certain quantity of finished values, namely also a creator of values greater than itself, seeing that it is an element in production and in the formation of profit. The theory of value demonstrates that living labor alone has this faculty of creating

surplus-values. It is well known that the capitalists expect to reap profits in proportion to the magnitude of their capitals, looking upon their advances of capital as a sort of cost price of their profits. But if Schmidt utilizes this conception for the purpose of harmonizing by means of it the prices calculated according to the average rate of profit and those based on the theory of value, he thereby repudiates this theory of value, for he embodies in it as one of its factors a conception which is wholly at variance with it.

Either accumulated labor creates values the same as living labor, and in that case the law of value does not apply.

Or, it is not a creator of values, and in that case Schmidt's demonstration is irreconcilable with the law of value.

Schmidt was misled into straying into this bypath when being quite close to the solution, because he believed that he would have to find as mathematical a formula as possible, by which the agreement of the average price of every individual commodity with the law of value could be demonstrated. But while he has followed a wrong path in this instance, close to the real goal, he shows by the rest of his booklet that he has very understandingly drawn other conclusions from the first two volumes of *Capital*. His is the honor of having found by independent effort the correct answer given by Marx in the third part of the third volume of his work for the hitherto inexplicable sinking tendency of the rate of profit; and of having furthermore correctly shown the genesis of commercial profit out of industrial surplus-value, and of having made a series of statements concerning interest and ground rent, by which he has anticipated things developed by Marx in the fourth and fifth part of the third volume of his work.

In a subsequent article (*Neue Zeit*, 1892-93, Nos. 4 and 5), Schmidt tries another way to solve the problem. It amounts to the statement that competition brings about an average rate of profit by causing the emigration of capital from lines of production with profit below the average to lines with profit above the average. There is nothing new in the statement that competition is the great equalizer of profits. But Schmidt tries to prove that this leveling of profits is identical with a reduction of the selling price of commodities produced in excess to a measure in keeping with a price which society can pay for it according to the law of value. The analyses of Marx in this work show sufficiently why this way could not lead to any solution.

After Schmidt, it was P. Fireman who attempted a solution of the problem (Conrad's *Jahrbücher*, dritte Folge, III, page 793). I shall not discuss his remarks on some of the other aspects of the Marxian analyses. He starts out from the mistaken assumption that Marx wishes to define where he is only analyzing, or that one may look in Marx's work at all for fixed and universally applicable definitions. It is a matter of course that when things and their mutual interrelations are conceived, not as fixed, but as changing, that their mental images, the ideas concerning them, are likewise subject to change and transformation; that they cannot be sealed up in rigid definitions, but must be developed in the historical or logical process of their formation. From this it will be understood why Marx starts out in the beginning of his first volume, where he makes the simple production of commodities his historical premise and then proceeds from this basis to capital, from a simple commodity instead of its ideologically and historically secondary form, a capitalistically modified commodity. Fireman cannot understand that at all. I prefer to pass over these and other side-issues and proceed at once to the gist of the matter. While the author is taught by the theory that surplus-value is proportional to the labor-powers employed, provided a certain rate of surplus-value is given, he learns from experience that profit is proportional to the magnitude of the total capital employed, provided a certain average rate of profit is given. Fireman explains this by saying that profit is merely a conventional phenomenon (which means, in his language, that it belongs to a definite social formation with which it stands and falls). Its existence is simply dependent on capital. If this is strong enough to secure a profit for itself, it is also compelled by competition to bring about the same rate of profit for all capitals. In other words, capitalist production is impracticable without an equal rate of profit. Assuming this to be the mode of production, the quantity of profit for the individual capitalist can depend only on the magnitude of his capital, if the rate of profit is given. On the other hand, profit consists of surplus-value, of unpaid labor. And how is the transformation of surplus-value, determined in quantity by the degree of labor exploitation, into profit, determined in quantity by the magnitude of the employed capital, accomplished? "Simply by selling commodities above their value in all lines of production in which the ratio between...constant and variable capital is greatest, and this implies on the other hand that the commodities are sold below their value in all lines of production in which the ratio between constant and variable capital

is smallest, so that commodities are sold at their true value only in lines of production in which the ratio of  $c:v$  represents a definite medium magnitude....Is this discrepancy between the prices and values of commodities a refutation of the principle of value? By no means. For since the prices of some commodities rise above value to the same extent that the prices of others fall below it, the total sum of prices remains equal to the total sum of values...the incongruity disappears in the last instance.” This incongruity is a “disturbance”; and “in the exact sciences it is not the custom to regard a calculable disturbance as a refutation of a certain law.”

On comparing the relevant passages of chapter IX with these statements, it will be seen that Fireman has indeed placed his finger on the salient point. But the undeservedly cool reception given to his able article proves that Fireman still needed many interconnecting links, even after this discovery of his, before he would have been enabled to work out a full and comprehensible solution. Although many were interested in this problem, they were all afraid of burning their fingers with it. And this is due not only to the incomplete form in which Fireman left his discovery, but also to the undeniable faultiness of his conception of the Marxian analyses and his critique of them based on his misconception.

Whenever there is an opportunity to make himself ridiculous by attempting a difficult feat, professor Julius Wolf of Zürich never fails to exhibit himself. He tells us (Conrad's *Jahrbücher, neue Folge*, II, pages 352 and following) that the entire problem is solved by the relative surplus-value. The production of relative surplus-value rests on the increase of the constant capital as compared to the variable capital. “A plus in constant capital has for its premise a plus in the productive power of the laborers. Since this plus in productive power (by way of cheapening the necessities of life) produces a plus in surplus-value, the direct relation between an increase of surplus-value and an increasing share of the constant capital in the total capital is revealed. A plus in constant capital indicates a plus in the productive power of labor. Therefore, if the variable capital remains the same and the constant capital increases, surplus-value must also increase, and we are in agreement with Marx. This was the problem which we were to solve.”

Now Marx says the direct opposite in a hundred passages of the first volume. Furthermore, the assertion that, according to Marx, relative

surplus-value increases in proportion as the constant capital is augmented while the variable capital decreases, is so astounding that it defies all parliamentary language. And finally Mr. Julius Wolf demonstrates in every line that he has neither relatively nor absolutely the least understanding of relative or absolute surplus-value. Truly he says that “at first glance one seems to be in a nest of incongruities,” which, by the way, is the only true statement in his whole article. But what does that matter? Mr. Julius Wolf is so proud of his brilliant discovery that he cannot refrain from bestowing posthumous praise on Marx for it and advertising his own fathomless nonsense as a “renewed proof of the acuteness and farsightedness with which Marx has drawn up his critical system of capitalist economy.”

But that is not the worst. Mr. Wolf says: “Ricardo likewise claimed that an equal investment of capital yielded equal surplus-values (profit), and that the same expenditure of labor created the same amount of surplus-value. And the question was: How does the one agree with the other? But Marx did not acknowledge this form of the problem. He has doubtless shown (in the third volume), that the second statement is not necessarily a consequence of the law of value, or that it even contradicts his law of value and must, therefore,...be directly repudiated.” And thereupon Wolf seeks to find out whether Marx or I made a mistake. Of course, it does not occur to him that he is the one who is wandering in darkness.

It would be an insult to my readers, and a total disregard for the humor of the situation, were I to lose one word about this gem of a passage. I merely wish to add this: With the same boldness, which enabled him to foretell even then what Marx “has doubtless shown” in the third volume, he avails himself of this opportunity to report an alleged gossip among the professors to the effect that Konrad Schmidt’s above-named work was “directly inspired by Engels.” Mr. Julius Wolf! In the world in which you live it may be customary for a man to challenge others publicly for the solution of some problem and to acquaint his private friends clandestinely with this solution. That you are capable of such a thing is not hard to believe. But that a man need not stoop to such mean tricks in the world in which I live, is shown by the present preface.

Marx had hardly died, when Mr. Achille Loria hastily published an article about him in the Nuova Antologia (April, 1883). He starts out with a biography of Marx full of misinformation, and follows it up with a critique

of Marx's public, political and literary activity. He misrepresents the materialist conception of history of Marx and twists it with an assurance which indicates a great purpose. And this purpose was later accomplished. In 1886, the same Mr. Loria published a book entitled *La teoria economica delta costituzione politica* (The Economic Foundations of Society), in which he announced to his admiring contemporaries that the materialist conception of history, so completely and purposely misrepresented by him in 1883, was his own discovery. True, the Marxian theory is reduced to a rather Philistine level in this book. And the historical illustrations and proofs abound in mistakes which would not be pardoned in a high school boy. But what does that matter? He thinks he has established his claim that the discovery that always and everywhere the political conditions and events are explained by corresponding economic conditions was not made by Marx in 1845, but by Mr. Loria in 1886. At least this is what he has tried to make his countrymen believe, and also some Frenchmen, for his book has been translated into French. And now he can pose in Italy as the author of a new and epoch-making theory of history, until the Italian socialists will find time to strip the illustre Loria of his stolen peacock feathers.

But this is only an insignificant sample of Mr. Loria's style of doing things. He assures us that all of Marx's theories rest on conscious sophistry (*un consaputo sofisma*); that Marx was not above using false logic, even though he knew it to be so (*sapendolitali*), etc. And after thus biasing his readers by a whole series of such contemptible insinuations, in order that they may regard Marx as just such an unprincipled upstart as Loria, accomplishing his effects by the same shameless and foul means as this professor from Padua, he has a very important secret for the readers, and incidentally he touches upon the rate of profit.

Mr. Loria says: According to Marx, the amount of surplus-value (which Mr. Loria here mistakes for profit) produced in an industrial establishment under capitalism depends on the variable capital employed in it, since the constant capital does not yield any profit. But this is contrary to fact. For in practice the profit is not measured by the variable, but by the total capital. And Marx himself recognizes this (Vol. I, chapter XI) and admits that the facts seem to contradict his theory. But how does he get over this contradiction? He refers his readers to a subsequent volume which has not yet been published. Loria had previously told his readers with reference to this unpublished volume, that he did not believe that Marx had ever thought

for a moment of writing it. And now he exclaims triumphantly: “Not without good reason did I contend that this second volume, which Marx always flings into the teeth of his adversaries without ever publishing it, might very well be a shrewd expedient, to which Marx always resorted whenever scientific arguments failed him (un ingegnoso spediente ideato dal Marx a sostituzione degli argomenti scientifici). And whoever is not convinced after this that Marx stood on the same level of scientific swindle with the illustre Loria, is past all redemption.

We have at least learned this much: According to Mr. Loria, the Marxian theory of surplus-value is absolutely irreconcilable with the fact of a general and equal rate of profit. But at last the second volume of *Capital* appeared. It contained my public challenge referring to this point. If Mr. Loria had been one of us diffident Germans, he would have felt a certain embarrassment. But he is a bold southerner, he comes from a hot climate and can claim that a cool nerve is a natural requirement for him. The question concerning the rate of profit has been publicly put. Mr. Loria has publicly declared that it is insoluble. And for this very reason he is now going to outshine himself by publicly solving it.

This miracle is accomplished in Conrad's *Jahrbücher*, N. F., vol. XX, pages 272 and following, in an article dealing with Konrad Schmidt's above-cited pamphlet. After Loria has learned from Schmidt how the commercial profit is made, he sees everything clearly. “Since a determination of value by means of labor-time gives an advantage to those capitalists who invest a greater portion of their capital in wages, the unproductive” (he means commercial) “capital can extort from these privileged capitalists a higher interest” (he means profit) “and thus bring about an equalization between the individual industrial capitalists....For instance, if each of the industrial capitalists A, B, C, use 100 working days and 0, 100, and 200 constant capital respectively in production, and if the wages for 100 working days amount to 50 working days, then every capitalist receives a surplus-value of 50 working days, and the rate of profit is 100% for the first 33.3% for the second, and 20% for the third capitalist. But if a fourth capitalist D accumulates an unproductive capital of 300, which extorts an interest” (profit) “equal in value to 40 working days from A, and an interest of 20 working days from B, then the rate of profit of the capitalists A and B will sink to 20% the same as that of C, and D with his

capital of 300 will receive a profit of 60, or a rate of profit of 20%, the same as the other capitalists.”

With such astonishing dexterity l’illustre Loria solves sleight of hand fashion the same question which he had declared insoluble ten years previously. Unfortunately he did not betray to us the secret of the way in which the owners of the “unproductive capital” obtain the power to extort from those industrials their extra-profit exceeding the average rate of profit and to keep it in their own pockets in the same way in which the land owner pockets the surplus-profit of the capitalist farmer as ground rent. For according to this the commercial capitalists would be levying upon the industrials a tribute analogous to ground rent and thereby bring about an equalization of the rate of profit. Now, the commercial capital is indeed a very essential factor in the equalization of the rate of profit, as nearly everybody knows. But only a literary adventurer, who in the bottom of his heart cares naught for political economy, can venture the assertion that commercial capital has the magic power to absorb all profits above the average rate of profit, even before this average rate has become established, and to convert it into ground-rent for itself without even requiring any real estate for this purpose. Nor is the assertion less astonishing that commercial capital has the gift of discovering those industrials, whose surplus-value just covers the average rate of profit, and that it considers it an honor to mitigate the fate of those luckless victims of the Marxian law of value by selling its products to them free of charge, without asking as much as a commission for it. What a mountebank a man must be in order to imagine that Marx had to have recourse to such miserable tricks!

But Mr. Loria does not shine in his full glory, until we compare him with his northern competitors, for instance with Mr. Julius Wolf, who was not born yesterday, either. What a small coyote Mr. Wolf seems to be, even in his big volume on Socialism and the Capitalist Order of Society, compared to that Italian! How clumsily, I am almost tempted to say modestly, does he stand forth beside the noble check of the maestro who pretends as a matter of course that Marx is just such a sophist, poor logician, liar and mountebank as Mr. Loria himself, that Marx bamboozles the public with a promise of completing his theory in some future volume which he neither will nor can write, as he very well knows, whenever he gets into a tight place! Unlimited nerve coupled to the smoothness of an eel when slipping through impossible situations, a heroic imperviousness to kicks received by

him, a hasty appropriation of the accomplishments of others, an importunate charlatanry of advertising, an organization of fame by the help of a clique of friends — who can equal him in all these?

Italy is the land of classic lore. Since the great time when the morning glow of the modern world rose over it, it produced magnificent characters of unequalled classic perfection, from Dante to Garibaldi. But the time of its degradation under the rule of strangers also bequeathed classic character-masks to it, among them two especially sharply chiseled types, that of Sganarelli and Dulcamara. The classic unity of both is embodied in our illustre Loria.

In conclusion I must take my readers across the Atlantic. Dr. (med.) George C. Stiebeling, of New York, also found a solution of the problem, and a very simple one at that. It was so simple that no one on either side of the ocean cared to take him seriously. This aroused his ire, and he complained about this outrage in an endless number of pamphlets and newspaper articles, on both sides of the great water. He was told in the *Neue Zeit* that his solution was based entirely on an error in his calculation. But this did not disturb him in the least. Marx had also made many errors of calculation, and yet he was right. Let us, then, take a closer look at Dr. Stiebeling's solution.

“Take two factories working with equal capitals for an equal length of time, but with different proportions of their constant and variable capitals. The total capital ( $c + v$ ) will be regarded as equal to  $y$ , and the difference in the proportion of the constant to the variable capital equal to  $x$ . In the first factory,  $y$  is equal to  $c + v$ , in the second  $y$  is equal to  $(c - x) + (v + x)$ . The rate of surplus-value is therefore in the first factory equal to  $m/v$ , and in the second factory equal to  $m/v-x$ . I designate as profit ( $p$ ) the total surplus-value ( $m$ ), by which the total capital  $y$ , or  $c + v$ , is augmented in the given time, in other words,  $p$  is equal to  $m$ . Hence the rate of profit in the first factory is equal to  $p/y$ , or  $m/c+v$ , and in the second factory likewise equal to  $p/y$ , or  $m/(c-x)-(v+x)$ , that is to say, it is also equal to  $m/c+v$ . The...problem solves itself in such a way that, on the basis of the law of value, equal capitals employing unequal quantities of living labor in equal lengths of time, a change in the rate of surplus-value brings about the equalization of an average rate of profit.” (G. C. Stiebeling, *The Law of Value and the Rate of Profit*, New York, John Heinrich.)

In spite of the beautiful clearness of the above calculation, we cannot refrain from asking Dr. Stiebeling this question: How does he know that the sum of surplus-values produced by the first factory is exactly equal to the sum of surplus-values produced in the second factory? He states explicitly that  $c$ ,  $v$ ,  $y$  and  $x$ , that is to say, all the other factors in the calculation, are equal in both factories, but not a word about  $m$ . It follows by no means that these two quantities of surplus-value are equal simply because he designates them both by  $m$ . On the contrary, this is precisely what must be proved, especially since Dr. Stiebeling also identifies the profit  $p$  without further ceremony with the surplus-value  $m$ . Now, only two possibilities present themselves. Either the  $m$ 's are equal, both factories produce equal quantities of surplus-value, and therefore, since both capitals are equal, also equal quantities of profit. If so, then Dr. Stiebeling has taken for granted at the outset what he was called upon to prove. Or, one factory produces more surplus-value than the other, and in that case his entire calculation falls to the ground.

Mr. Stiebeling spared neither pains nor money in building upon this erroneous calculation of his mountains of other calculations and exhibiting them to the public. I can assure him, for his own peace of mind, that nearly all of his calculations are equally wrong, and whenever they are not, they prove something entirely different from what he set out to prove. He proves, for instance, by a comparison of the U. S. census figures for 1870 and 1880 that the rate of profit has actually fallen, but explains this fact wrongly, assuming that he has to correct Marx for working his theory with a never changing, stable, rate of profit. But the third part of the third volume of Capital shows that this "stable rate of profit" in Marxian economics is purely a figment of Dr. Stiebeling's brain, and that the falling rate of profit is due to causes which are just the reverse of those indicated by Dr. Stiebeling. No doubt Dr. Stiebeling has the best intentions, but a man who undertakes to discuss scientific questions should learn above all to read the works of the author, whom he wishes to study, just as they have been written, and especially not to find anything in them which they do not contain.

The outcome of the entire investigation, also in this question, shows once more that the Marxian school is the only one which has accomplished something in this line. When Fireman and Konrad Schmidt read this third

volume, they will have good reasons for being well satisfied with the work done by each of them.

FREDERICK ENGELS.

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**PART I. THE CONVERSION OF SURPLUS-  
VALUE INTO PROFIT AND OF THE RATE OF  
SURPLUS-VALUE INTO THE RATE OF  
PROFIT.**

# CHAPTER I. COST PRICE AND PROFIT.

IN the first volume we analyzed the phenomena presented by the process of capitalist production, considered by itself as a mere productive process without regard to any secondary influences of conditions outside of it. But this process of production, in the strict meaning of the term, does not exhaust the life circle of capital. It is supplemented in the actual world by the process of circulation, which was the object of our analysis in the second volume. We found in the course of this last-named analysis, especially in part III, in which we studied the intervention of the process of circulation in the process of social reproduction, that the capitalist process of production, considered as a whole, is a combination of the processes of production and circulation. It cannot be the object of this third volume to indulge in general reflections relative to this combination. We are rather interested in locating the concrete forms growing out of the movements of capitalist production as a whole and setting them forth. In actual reality the capitals move and meet in such concrete forms that the form of the capital in the process of production and that of the capital in the process of circulation impress one only as special aspects of those concrete forms. The conformations of the capitals evolved in this third volume approach step by step that form which they assume on the surface of society, in their mutual interactions, in competition, and in the ordinary consciousness of the human agencies in this process.

The value of every commodity produced by capitalist methods is represented by the formula:  $C = c + v + s$ . If we subtract the surplus-value  $s$  from this value of the product, there remains only an equivalent for the value of the capital  $c + v$  expended for the elements used in the production of this commodity.

Take it that the production of a certain article requires the expenditure of a capital of 500 p.st., of which 20 p.st. are consumed by the wear and tear of instruments of production, 380 p.st. spent for materials of production, and 100 p.st. for labor-power. And let the rate of surplus-value be 100%. In that case the value of this product is equal to  $400 c + 100 v + 100 s$ , or 600 p.st.

After deducting the surplus-value of 100 p.st., we have a remaining commodity-capital of 500 p.st., which is only an equivalent for the consumed capital of 500 p.st. This portion of the value of the commodity, which makes good the price of the consumed means of production and the

price of the employed labor-power, replaces only the amount paid by the capitalist himself for this commodity and represents, therefore, from his point of view the cost price of this commodity.

However, the cost of this commodity to the capitalist, and the actual cost of this commodity, are two vastly different amounts. That portion of the value of the commodity which consists of surplus-value does not cost the capitalist anything for the reason that it costs the laborer unpaid labor. But on the basis of capitalist production, the laborer plays the role of an ingredient of productive capital as soon as he has been incorporated in the process of production. Under these circumstances the capitalist poses as the actual producer of the commodity. For this reason the cost price of the commodity to the capitalist necessarily appears to him as the actual cost of the commodity. If we designate the cost-price by  $k$ , we can transcribe the formula  $C = c + v + s$  into the formula  $C = k + s$ , that is to say, the value of a commodity is equal to the cost price plus the surplus-value.

In this way the classification of the various values making good the value of the capital consumed in the production of the commodity under the term of cost price expresses, on the one hand, the specific character of capitalist production. The capitalist cost of the commodity is measured by the expenditure of capital, while the actual cost of the commodity is measured by the expenditure of labor. The capitalist cost-price of the commodity, then, is a quantity different from its value, or its actual cost-price. It is smaller than the value of the commodity. For since  $C = k + s$ , it is evident that  $k = C - s$ . On the other hand, the cost-price of a commodity is by no means a mere heading in capitalist bookkeeping. The actual existence of this portion of value continually exerts its practical influence in the actual production of the commodity, because it must be ever reconverted from its commodity-form, by way of the process of circulation, into the form of productive capital, so that the cost-price of the commodity must always buy anew the elements of production consumed in its creation.

However, the cost-price as a heading in bookkeeping has nothing to do with the formation of the value of a commodity, or with the process of self-expansion of capital. When I know that five-sixths of the value of a commodity worth 600 p.st., or 500 p.st., represent but an equivalent for the capital consumed in its production and suffice only for the purchase of new material elements of the same capital, I know nothing as yet of the way in which these five-sixths representing the cost-price of the commodity are

produced, nor do I know anything about the production of the last sixth which constitutes its surplus-value. Nevertheless we shall see in the course of our analysis that the cost-price plays in capitalist economics the false role of a category in the actual production of values.

Let us return to our example. Take it that the value produced by one laborer in an average social working day is represented by 6 shillings in money. In that case the advanced capital of 500 p.st. consisting of 400 c + 100 v represents the values produced in 1666  $\frac{2}{3}$  working days of ten hours each. Of this amount 1333  $\frac{1}{3}$  working days are crystallized in the value of the means of production amounting to 400 p.st. (400 c), and 333  $\frac{1}{3}$  working days are crystallized in the value of labor-power amounting to 100 p.st. (100 v). Having assumed a rate of surplus-value of 100%, the production of the new commodity costs an expenditure of labor-power amounting to 100 v + 100 s, or 666  $\frac{2}{3}$  working days of ten hours each.

We know, then, as shown in volume I, chapter VII, that the value of the newly created product of 600 p.st. is composed, 1), of the reappearing value of the constant capital of 400 p.st. expended for means of production, and 2), of a newly produced value of 200 p.st. The cost-price of the commodity, or 500 p.st., comprises the reappearing 400 c and one-half of the newly produced value of 200 p.st., that is to say 100 v. In other words, it comprises two elements of the value of the commodity which are of widely different origin.

Owing to the appropriate character of the labor expended during 666  $\frac{2}{3}$  working days of ten hours each, the value of the means of production consumed in this process, to the amount of 400 p.st., is transferred to the product. This previously existing value thus reappears as an element of the value of the product, but is not created in the process of production of this commodity. It exists as an element of the value of this commodity only for the reason that it previously existed as an element of the invested capital. The expended constant capital, then, is replaced by that portion of the value of the commodity which this capital transfers to the commodity of its own accord in the labor-process. This element of the cost-price, therefore, has an ambiguous meaning. On the one hand it passes into the cost-price of the commodity, because it is an element of that portion of the value of the commodity which replaces consumed capital. And on the other hand it forms an element of the value of the commodity only for the reason that it is

the value of consumed capital, or because the means of production cost a certain sum.

It is different with the other element of the cost-price. The  $666\frac{2}{3}$  working days expended in the production of the commodity create a new value of 200 p.st. One portion of this new value replaces only the advanced variable capital of 100 p.st., which is the price of the labor-power employed. But this advanced capital-value does not participate in the creation of the new value. So far as the advance of capital is concerned, labor-power counts as a value. But in the process of production, labor-power performs the function of creating value. The place of the mere value of labor-power in the advance of capital is taken in the actual process of productive capital by living labor-power which creates value.

This difference of the various elements of the value of a commodity which constitute the cost-price becomes evident whenever a change takes place either in the amount of the value of the expended constant capital or in that of the expended variable capital. For instance, let the price of the same means of production, or of the constant portion of capital, rise from 400 p.st. to 600 p.st., or fall to 200 p.st. In the first case it is not only the cost-price of the commodity which rises from 500 p.st. to  $600c + 100v$ , or 700 p.st., but also the value of the commodity which rises from 600 p.st. to  $600c + 100v + 100s$ , or 800 p.st. In the second case, it is not only the cost-price which falls from 500 p.st. to  $200c + 100v$ , or 300 p.st., but also the value of the commodity which falls from 600 p.st. to  $200c + 100v + 100s$ , or 400 p.st. Because the expended constant capital transfers its own value to the product, therefore the value of the product rises or falls with the absolute magnitude of that capital-value, other circumstances remaining the same. But on the other hand let us assume that, other circumstances remaining the same, the price of the same amount of labor-power rises from 100 p.st. to 150 p.st., or falls from 100 p.st. to 50 p.st. In the first case, the cost-price rises indeed from 500 p.st. to  $400c + 150v$ , or 550 p.st., and in the second case it falls from 500 p.st. to  $400c + 50v$ , or 450 p.st. But in either case, the value of the commodity remains unchanged at 600 p.st. In the first case it is  $400c + 150v + 50s$ , in the second  $400c + 50v + 150s$ , but in either case it is 600 p.st. The advanced variable capital does not transfer its own value to the product. The place of its value is taken in the product by a new value created by labor. Therefore a change in the value of the absolute magnitude of the variable capital, to the extent that it expresses

merely a change in the price of labor-power, does not alter the absolute magnitude of the value of the commodity in the least, because it does not alter anything in the absolute magnitude of the new value created by living labor. Such a change influences only the relative proportion of the magnitudes of the two elements of the new value, one of which forms surplus-value, and the other of which makes good the variable capital and passes into the cost-price of the commodity.

The two elements of the cost-price, in the present case  $400 c + 100 v$ , have only this in common that they are both of them elements of the value of the commodity replacing advanced capital.

But this actual condition of things must necessarily look reversed from the point of view of capitalist production.

The capitalist mode of production is distinguished from a mode of production based on slavery by this fact among others that in the former the value, or the price, as the case may be, of labor-power assumes the form of the value, or price, of labor itself, that is to say, the form of wages. (Volume I, chapter XIX.) The variable portion of the advanced capital, therefore, presents itself as a capital advanced in wages, as a capital-value paying for the value, or price, of all labor expended in production. Take it, for instance, that an average social working day of ten hours is represented by 6 shillings of money. In that case the advance of a variable capital of 100 p.st. expresses in money the value of a product created in  $333 \frac{1}{3}$  ten-hour days. But this value, being an element of the advance of capital for the purchase of labor-power, is not an element of the productive capital in the actual performance of its function. Its place in the process of production is taken by living labor-power. If the degree of exploitation of this labor-power is 100%, as it is in our illustration, then it is expended during  $666 \frac{2}{3}$  ten-hour days, and thereby adds to the product a new value of 200 p.st. On the other hand, the variable capital of 100 p.st. figures in the advance of capital as a capital invested in wages, or as the price of labor performed in  $666 \frac{2}{3}$  ten-hour days. Dividing 100 p.st. by  $666 \frac{2}{3}$ , we obtain 3 shillings as the price of a working day of ten hours, equal in value to the product of five hours' labor.

Now, if we compare the advance of capital on one side with the value of commodities on the other, we find the following condition of things:

Capital advanced 500 p.st., consisting of 400 p.st. of capital expended in means of production (price of means of production) plus 100 p.st. of capital expended in wages (price of 666  $\frac{2}{3}$  working days, or wages for the same).  
II. Value of commodities 600 p.st. of which 500 p.st. represent the cost-price (400 p.st. price of expended means of production plus 100 p.st. price of expended 666  $\frac{2}{3}$  working days) plus 100 p.st. surplus-value.

In this formula, the portion of capital invested in labor-power differs from that invested in means of production (such as cotton or coal) only by serving for the payment of a substantially different element of production. But it does not differ by serving in a different function in the process of creating the value of the commodities, and thereby in the process of self-expansion of capital. The price of the means of production reappears in the cost-price of the commodities, just as it figured in the advance of capital, and it does so for the reason that the means of production have been appropriately consumed. The cost-price of the commodities also contains the price, or wages, for the 666  $\frac{2}{3}$  working days consumed in the production of these commodities, which wages figured also in the advance of capital, likewise for the reason that this amount of labor has been appropriately expended. We see only finished and existing values, representing portions of the value of advanced capital which have passed into the value of the product, but no element representing newly created values. The distinction between constant and variable capital has disappeared. The entire cost-price of 500 p.st. now has the ambiguous meaning that it is that portion of the value of commodities worth 600 p.st. which makes good the capital of 500 p.st. expended in the production of these commodities, and that it owes its existence as a portion of the value of these commodities only to the fact of having previously existed as the cost-price of the consumed elements of production, namely means of production and labor, in other words, of having existed as an advance of capital. The capital-value reappears as the cost-price of commodities, because it had been expended as a capital-value.

The fact that the various elements of the value of the advanced capital have been expended for substantially different elements of production, namely for instruments of labor, raw materials, auxiliary substances, and labor, requires only that the cost-price of the commodities should buy a new supply of these substantially different elements of production. So far as the

formation of this cost-price is concerned, only one distinction is appreciable, namely that between fixed and circulating capital. In our example we had set down 20 p.st. for wear and tear of instruments of labor (400 c being composed of 20 p.st. for wear and tear of instruments of labor and 380 p.st. for materials of production). Supposing the value of those instruments of labor to have been 1200 p.st. before the productive process began, it will exist after the production of the commodities in two forms, one of them being represented by 20 p.st. of the value of the commodities, and the other by  $1200 - 20$ , or 1180 p.st., the remaining value of the instruments of labor in the possession of the capitalist, in other words, an element of his productive, not of his commodity-capital. On the other hand, the materials of production and wages, differ from the instruments of labor by being entirely consumed in the production of the commodities and transferring their entire value to that of the produced commodities. We have seen that the turn-over bestows upon these different elements of the advanced capital the forms of fixed and circulating capital.

The advance of capital, according to this, is 1680 p.st., consisting of 1200 p.st. of fixed capital plus 480 p.st. of circulating capital (380 p.st. of which are materials of production and 100 p.st. of which are wages).

But the cost-price of the commodities is only 500 p.st., namely 20 p.st. for the wear and tear of the fixed capital, and 480 p.st. for circulating capital.

This difference between the cost-price of the commodities and the advance of capital merely proves that the cost-price of the commodities is formed exclusively by the capital actually consumed in their production.

In the production of the commodities, instruments of production valued at 1200 p.st. are employed, but only 20 p.st. of this advanced capital are consumed in production. The employed fixed capital, then, passes only partially into the cost-price of commodities, because it is consumed only by degrees in their production. The employed circulating capital passes entirely into the cost-price of commodities, because it is entirely consumed in production. But what else does this prove than that the consumed portions of fixed and circulating capital, in the ratio of the magnitude of their values, pass uniformly into the cost-price of the commodities, and that this portion of the value of commodities originates solely with the capital consumed in their production? If this were not the case, it would be inexplicable why the advanced fixed capital of 1200 p.st. should not add, aside from the 20 p.st.

which it loses in the productive process, also the other 1180 p.st. which it does not lose therein.

This difference between fixed and circulating capital with reference to the calculation of the cost-price affirms, we repeat, the apparent origin of the cost-price in the expended capital-value, or in the price paid by the capitalist himself for the expended elements of production, including labor. On the other hand, the variable portion of capital invested in labor-power is explicitly identified, under the head of circulating capital, with that portion of the constant capital which consists of materials of production, so far as the formation of value is concerned. And by this means the mystification of the process of self-expansion of capital is accomplished.

Hitherto we have considered only one element of the value of commodities, namely the cost-price. We must now occupy ourselves also with the other element of the value of commodities, namely the excess over the cost-price, or the surplus-value. In the first place, then, surplus-value is an excess of the value of a commodity over its cost-price. But since the cost-price is equal to the value of the consumed capital, into whose substantial elements it is continually reconverted, the additional value is an accretion to the capital expended in the production of the commodities and returning by way of the circulation.

We have seen previously that the surplus-value  $s$  owes its origin in point of fact to a change in the value of the variable capital  $v$  and is, therefore, really but an increment of variable capital. Nevertheless it is also an increment of the expended total capital  $c + v$  after the process of production has been completed. The formula  $c + (v + s)$ , which indicates that  $s$  is produced by the conversion of a definite capital-value  $v$ , a constant magnitude, into a fluctuating magnitude by means of the labor-power paid by it, may also be represented as  $(c + v) + s$ . Before production began, we had a capital of 500 p.st. After production is completed, we have the same capital of 500 p.st. plus an increment of value amounting to 100 p.st.

However, the surplus-value is an increment, not only of that portion of the advanced capital which is assimilated by the process of production, but also of that portion which is not assimilated. In other words, it is an accretion, not only to the consumed capital which is made good by the cost-price of commodities, but also to the aggregate capital invested in production. Before the beginning of the production we had a capital valued

at 1680 p.st., namely 1200 p.st. of fixed capital invested in instruments of production, only 20 p.st. of which are assimilated in the process by the commodities through wear and tear, plus 480 p.st. of circulating capital invested in materials of production and wages. At the close of the process of production we have 1180 p.st. remaining of the value of the productive capital plus a commodity-capital of 600 p.st. By adding these two amounts, we find that the capitalist now has values amounting to 1780 p.st. After deducting his invested total capital of 1680 p.st., the capitalist pockets a surplus of 100 p.st. In short, the 100 p.st. of surplus-value form as much an increment of the invested 1680 p.st. as of the 500 p.st., or that part of it which was assimilated by the production.

The capitalist understands well enough that this increment of value has its genesis in the productive manipulations of capital, that it is generated out of the capital. For this increment exists at the close of the productive process, while it did not exist at its beginning. So far as the capital assimilated in production is concerned, the surplus-value seems to arise equally from all its different elements consisting of means of production and labor. For all these elements contribute equally to the formation of the cost-price. All of them add their values, which are advanced as capital, to the value of the product, and they are not distinguished as constant and variable magnitudes. This becomes obvious, when we assume for a moment that all assimilated capital consisted either of wages exclusively, or of the values of means of production alone. In the first case, we should then have in place of the commodity-values  $400 c + 100 v + 100 s$  the commodity-values  $500 v + 100 s$ . The capital of 500, invested in wages, represents the value of all labor assimilated in the production of the commodity-value of 600 p.st., and therefore it constitutes the cost-price of this entire product. But the way in which this cost-price is formed, and in which the value of the expended capital is reproduced as a portion of the value of the product, is the only process in the formation of the value of this product known to us. We do not know anything of the way in which its surplus-portion of 100 p.st. is formed. It is the same in the second case, in which the value of the commodities would be equal to  $500 c + 100 s$ . We know in either case that the surplus-value arises from a given value, because this value was advanced in the form of productive capital, no matter whether in the form of labor or of means of production. On the other hand, this advanced capital-value cannot form any surplus-value for the sole reason that it has been

expended and constitutes the cost-price of the commodities. For the fact that it forms the cost-price of the commodities accounts precisely for the circumstance that it constitutes no surplus-value, but merely an equivalent replacing the expended capital. To the extent that it forms surplus-value it does so not in its specific capacity of expended, but of advanced and invested capital. In short, the surplus-value arises as much out of that portion of the advanced capital which makes good the cost-price of the commodities as out of that portion which is not made up by the cost-price. In other words, it arises equally out of the fixed and circulating components of the invested capital. The total capital serves substantially as the creator of values, the instruments of labor as well as the materials of production and labor. The total capital passes substantially into the actual labor-process, even though only a portion of it is assimilated by the process of self-expansion. This is, perhaps, the very reason why it contributes only in part to the formation of the cost-price, but totally to the formation of the surplus-value. However that may be, the outcome is that surplus-value arises simultaneously from all portions of the invested capital. This deduction may be materially abbreviated, by saying pointedly and briefly in the words of Malthus: "The capitalist expects equal returns on all parts of the capital advanced by him."

In its alleged capacity of an offspring of the advanced total capital, the surplus-value assumes the change of form known as profit. Hence a certain value is capital when it is advanced with a view to generating profit, or profit results from the investment of a value as capital. If we designate profit by  $p$ , we may convert the formula  $C = c + v + s$ , or  $k + s$ , into the formula  $C = k + p$ , in other words, the value of a commodity is equal to the cost-price plus the profit.

The profit, such as it presents itself here, is the same as the surplus-value, only it has a mystified form, which is a necessary outgrowth of capitalist modes of production. The genesis of the mutation of values must be transferred from the variable portion of capital to the total capital, because no distinction is noticeable between the constant and variable capital in the assumed formation of the cost-price. Because the price of labor-power assumes on one pole the form of wages, surplus-value appears at the other pole in the form of profit.

We have seen that the cost-price of a commodity is smaller than its value. Since  $C$  equals  $k + s$ , it follows that  $k$  equals  $C - s$ . The formula  $C = k$

+ s reduces itself to  $C = k$ , or commodity-value equal to cost-price, only when s is zero, a case which never occurs on the basis of capitalist production, although peculiar market combinations may reduce the selling price of commodities to the level of their cost-price, or even below it.

Hence, if a commodity is sold at its value, a profit is realized, which is equal to the excess of its value over its cost-price, or equal to the entire surplus-value incorporated in the value of the commodity. But the capitalist may sell a commodity at a profit even when selling it below its value. For so long as its selling price exceeds its cost-price, even though it may be below its value, a portion of the surplus-value incorporated in it is always realized and thus a profit made. The value of the commodities in our illustration is 600 p.st., their cost-price 500 p.st. If the commodities are sold at 510, 520, 530, 560 or 590, p.st., they are sold respectively at 90, 80, 70, 40, or 10 p.st. below their value, and yet a profit of respectively 10, 20, 30, 60, or 90 p.st. is realized by their sale. It is evident that selling prices may fluctuate considerably between the value of a commodity and its cost-price. The greater the surplus-element of the value of commodities, the greater is the practical playroom of these fluctuating intermediate prices.

This explains such phenomena of daily occurrence in competition as underselling, abnormally low prices in certain lines of industry, etc. The fundamental law of capitalist competition, which political economy has not understood up to the present time, the law which regulates the general rate of profit and the prices of production determined by it, rests, as we shall see later, on this difference between the value and the cost-price of commodities, and on the resulting possibility to sell a commodity at a profit even below its value.

The minimum limit of the selling price of commodities is indicated by their cost-price. If they are sold below their cost-price, then the consumed elements of productive capital cannot be fully reproduced out of the selling price. If this sort of thing continues, then the value of the advanced capital disappears. This point of view is sufficient to incline the capitalist toward the opinion that the cost-price is essentially the inmost value of commodities, because it is the price required for the bare conservation of his capital. Furthermore, the cost-price of a commodity is the purchase price paid by the capitalist himself for its production, in other words, the purchase price determined by the process of production itself. For this reason, the surplus-value realized by the sale of a certain commodity appears to the

capitalist as an excess of its selling price over its value, instead of an excess of its value over its cost-price, so that accordingly the surplus-value incorporated in a commodity is not realized by its sale, but arises out of the sale itself. We have thrown more light on this illusion in volume I, chapter V, under the head of “Contradictions in the General Formula of Capital.” We merely revert at this point to that form in which it was reaffirmed by Torrens, among others, as an advance of political economy beyond Ricardo.

“The natural price consisting of the cost of production, or in other words, of the expenditure of capital in the production or manufacture of a commodity, cannot possibly include any profit....If a farmer advances 100 quarters of corn in the cultivation of his fields, and receives in return 120 quarters, the 20 quarters, being a surplus of the product above the investment, form his profit; but it would be absurd to call this surplus, or profit, a part of his expenditure....The manufacturer advances a certain quantity of raw materials, tools, and subsistence for labor, and receives in return a quantity of finished products. This finished product must contain a greater exchange-value than the raw materials, tools, and means of subsistence, by whose advance it was acquired.” Torrens concludes, therefore, that the excess of the selling price over the cost-price, or the profit, is due to the fact that the consumers, “by a direct or circuitous exchange yield a certain larger portion of all ingredients of capital than it cost to produce them.”

In fact, the excess over a certain magnitude cannot form a part of this magnitude. Therefore the profit, the excess of the value of a commodity over the expenditure of the capitalist, cannot form a part of this expenditure. Hence, if no other element than the advance of the capitalist enters into the formation of the value of a commodity, it is inexplicable that more value should come out of production than went into it, for something cannot come out of nothing. Torrens, however, dodges this creation out of nothing only by transferring it from the sphere of commodity-production to that of commodity-circulation. Profit cannot come out of the production of commodities, says Torrens, for otherwise it would already be contained in the cost of production, and that would not be a surplus over this cost. Profit cannot come out of the exchanges of commodities, replies Ramsay, unless it existed before this exchange. The sum of their values of the exchanged products is evidently not altered by their exchange. It remains the same as before this exchange. Incidentally we remark at this point, that Malthus

invokes expressly the authority of Torrens, although he himself explains the sale of commodities above their value differently, or rather does not explain it, since all arguments of this sort ultimately amount to the same thing as the one-time famous negative weight of phlogiston.

In a society ruled by capitalist production, even the non-capitalist producer is dominated by capitalist conceptions. In his last novel, *Les Paysans*, Balzac, who is generally remarkable for his profound grasp of actual conditions, aptly describes how the little peasant, in order to retain the good will of his usurer, performs many small tasks gratuitously for him and fancies that he does not give him anything for nothing, because his own labor does not cost him any cash outlay. The usurer, on the other hand, thereby kills two flies at one stroke. He saves a cash outlay for wages and gets the farmer more and more tangled in the net of the spider of usury, by gradually ruining him through the deviation of his labor from his own fields.

The thoughtless conception that the cost-price of a commodity constitutes its actual value, and that surplus-value arises by selling the product above its value, so that commodities would be sold at their value, if their selling price were equal to their cost-price, that is to say, equal to the price of the means of production plus wages incorporated in them, has been heralded to the world as a newly discovered secret of socialism by Proudhon with his customary charlatanry in the guise of science. In fact, this reduction of the value of commodities to their cost-price constitutes the basis of his People's Bank. We have demonstrated in a preceding chapter that the various elements of the value of the product may be materialized in proportional parts of the product itself. (Volume I, chapter IX, 2.) For instance, if the value of 20 lbs. of yarn is 30 shillings, containing 24 shillings of means of production, 3 shillings of labor-power, and 3 shillings of surplus-value, then this surplus-value may be represented by 1/10 of the product, or 2 lbs. of yarn. Now, if these 20 lbs. of yarn are sold at their cost-price, at 27 shillings, then the purchaser receives 2 lbs. of yarn for nothing, or the article is sold 1/10 below its value. But the laborer has performed the same amount of surplus-labor, only in this case it accrues to the benefit of the purchaser of the yarn, not to its capitalist producer. It would be a mistake to assume that if all commodities were sold at their cost-price the result would be the same as if they had all been sold above their cost-price, at their real value. For even if the value of labor-power, the length of the

working day, and the degree of exploitation of labor were the same everywhere, the quantities of surplus-value contained in the values of the various kinds of commodities would be unequal, according to the different organic composition of the capitals advanced for their production.

## CHAPTER II. THE RATE OF PROFIT.

THE general formula of capital is  $M — C — M'$ . In other words, a certain quantity of values is thrown into circulation for the purpose of drawing a larger quantity out of it. The process by which this larger quantity is produced is capitalist production. The process by which this larger quantity is realized is the circulation of capital. The capitalist does not produce a commodity on its own account, he does not care for its use-value, nor does he consume it personally. The product in which the capitalist is really interested is not the tangible product itself, but the excess of the value of the product over the value of the capital assimilated by it. The capitalist advances the total capital without regard to the different roles played by its components in the production of surplus-value. He advances all these components uniformly, not merely for the purpose of reproducing the advanced capital, but rather with a view to producing a surplus-value in excess of it. He cannot convert the value of the variable capital advanced by him into a greater value except by its exchange for living labor and by the exploitation of this labor. But he cannot exploit this labor unless he advances at the same time the material requirements for the incorporation of this labor, namely instruments and materials of labor, machinery and raw materials. This he can do only by converting a certain amount of value in his possession into requirements of production. He could not be a capitalist at all, nor undertake to exploit labor, unless he enjoyed the privilege of owning the material requirements of production and finding at hand a laborer who owns nothing but his labor-power. We have already shown in the first volume that it is precisely the ownership of means of production by idlers which converts laborers into wage-workers and idlers into capitalists.

It is immaterial for the capitalist whether he is supposed to advance constant capital in order to make a profit out of his variable capital, or whether he advances variable capital in order to make a profit out of the constant capital; whether he invests money in wages in order to make his machinery and raw materials more valuable, or whether he invests money in machinery and raw materials in order to be able to exploit labor. Although it is only the variable portion of capital which creates surplus-value, it does so only on condition that the other portions, the material requirements of production, are likewise advanced. Seeing that the capitalist can exploit

labor only by advancing constant capital, and that he can utilize his constant capital only by advancing variable capital, he lumps them all together in his imagination, and he is all the more apt to do so as the actual rate of his gain is not calculated on its proportion to the variable, but on its proportion to the total capital, in other words, that it is calculated on the rate of profit, not on the rate of surplus-value. And we shall see that the rate of profit may remain unchanged and yet may express different rates of surplus-value.

The cost of the product includes all those elements of its value which the capitalist has paid, or for which he has thrown an equivalent into circulation. This cost must be made good in order that the capital may merely be preserved, or reproduced in its original magnitude.

The value contained in a certain commodity is equal to the labor-time required for its production, and the sum of this labor consists of paid and unpaid portions. But the expenses of the capitalist consist only of that portion of materialized labor which he paid for the production of the commodity. The surplus-value contained in this commodity does not cost the capitalist anything, while it cost the laborer his labor just as well as that portion for which he is paid, and although it creates value and is embodied in the value of the commodity quite as well as the paid labor. The profit of the capitalist is due to the fact that he offers something for sale for which he has not paid anything. The surplus-value, or the profit, consists precisely of the excess of the value of the commodity over its cost-price, in other words, it consists of the excess of the total amount of labor embodied in the commodity over the paid labor contained in it. The surplus-value, whatever be its genesis, is a surplus above the advanced total capital. The proportion of this surplus to the total capital is expressed by the fraction  $s/C$ , in which  $C$  stands for the total capital. Thus we obtain the rate of profit  $s/C = s/(c+v)$ , as distinguished from the rate of surplus-value  $s/V$ .

The rate of surplus-value measured by the variable capital is called rate of surplus-value. The rate of surplus-value measured by the total capital is called rate of profit. These two modes of measuring the same magnitude express different conditions or relations of this magnitude, owing to the difference of the two standards of measurement.

The transformation of surplus-value into profit must be deduced from the transformation of the rate of surplus-value into the rate of profit, not vice versa. And the rate of profit is indeed that from which historical research takes its departure. The surplus-value and the rate of surplus-value are,

relatively, the invisible and unknown essence, while the rate of profit and the resulting appearance of surplus-value in the form of profit are phenomena which show themselves on the surface.

So far as the individual capitalist is concerned, it is evident that the only thing which interests him is the relation of surplus-value, of the excess of value at which he sells his articles, to the total capital advanced for the production of commodities. On the other hand, the definite relation of this surplus, and its internal connection, with the various components of capital does not interest him, for it is rather to his interest to indulge in vague notions relative to this definite relation and this internal connection.

Although the excess in the value of a commodity over its cost-price is created in the process of production, strictly so called, it is realized in the process of circulation. And it assumes so much more easily the semblance of arising from the process of circulation, as it depends in reality on the market conditions under competition whether any surplus is realized or not, or how much of it. It is not necessary to lose any words at this point about the fact that it is merely a different way of dividing the surplus-value, when a commodity is sold above or below its value, and that this different division, this change of proportions in which different persons share in the surplus-value, does not alter in the least the magnitude or the nature of that value. It is not alone the metamorphoses discussed by us in volume II which take place in the process of circulation, but they are accompanied by actual competition, the sale and purchase of commodities above or below their value, so that the surplus-value realized by the individual capitalist depends as much on the outcome of the mutual endeavor to outwit one another as on the direct exploitation of labor.

Aside from the working time, the time of circulation exerts its influence in the process of circulation and limits the amount of surplus-value realizable within a certain period. Still other elements arise in the process of circulation and influence the strict process of production. Both the strict process of production and the process of circulation continually intermingle, interpenetrate one another, and thereby incessantly falsify their characteristic marks of distinction. The production of surplus-value, and of value in general, receives new directions in the process of circulation, as we have previously shown. Capital passes through the cycle of its metamorphoses. Finally it steps, so to say, forth out of the internal organism of its life and enters into external conditions of existence, into conditions in

which the opposites are not capital and labor, but capital and capital in one case, and individual buyers and sellers in another. The time of circulation and the working time cross one another's paths and seem to determine equally the amount of surplus-value. The original form in which capital and wage-labor meet one another is disguised by the interference of conditions which seem to be independent of them. The surplus-value itself does not appear to be the result of the appropriation of labor-time, but an excess of the selling price of commodities over their cost-price, so that this last named price is easily regarded as their intrinsic value, while profit appears as an excess of the selling price of commodities over their immanent value.

It is true, that the nature of the surplus-value impresses itself incessantly upon the consciousness of the capitalist during the process of production. This is shown, among other indications, by his greed for the labor-time of others, to which we called attention in the analysis of surplus-value. But in the first place, the strict process of production is but a fleeting stage passing continually into the process of circulation, just as this does into it, so that the more or less vague inkling of the source of the gains made in the process of production, the source of the surplus-value, stands at best on the same ground with the idea that the realized surplus is due to a movement of capital in the process of circulation and independent of the process of production, a movement of capital independent of its relation to labor. These phenomena of circulation are quoted by modern economists like Ramsay, Malthus, Senior, Torrens, etc., as direct proofs of the alleged fact that capital, in its mere material existence, independent of any social relation to labor which makes capital of it, may be a source of surplus-value quite as well as labor itself and without its help. In the second place, under the head of expenses, among which wages are classed the same as the price of raw materials, wear and tear of machinery, etc., the appropriation of unpaid labor figures only as a saving in the payment of an article added to the expense, only as a smaller payment for a certain quantity of labor. A saving is recorded in the same way, whenever raw materials are bought more cheaply, or the wear and tear of machinery decreases. In this way the appropriation of surplus-labor loses its specific character. Its characteristic relation to the surplus-value is obscured. And this is greatly facilitated, as shown in volume I, part VI, by the representation of the value of labor-power in the form of wages.

By posing equally as sources of an excess of value (profit), all elements of capital mystify the nature of the capitalist relation.

The way in which surplus-value is transformed into profit via the rate of profit is but a continued development of the perversion of subject and object taking place in the process of production. We have already seen that all subjective forces of labor in that process appeared as productive forces of capital. On the one hand, the value of past labor, which dominates living labor, is incarnated in the capitalist. On the other hand the laborer appears as materialized labor-power, as a commodity. This perverted relationship necessarily produces even under simple conditions of production certain correspondingly perverted conceptions, which represent a transposition in consciousness, that is further developed by the transformations and modifications of the circulation process proper.

We can see by the example of the Ricardian school that it is a mistake to attempt a development of the laws of the rate of profit directly out of the laws of the rate of surplus-value, or vice versa. In the head of the capitalist they are naturally not distinguished. In the formula  $s/C$  the surplus-value is measured by the value of the total capital advanced for its production and partly consumed in it, partly merely invested in it. Indeed, the formula  $s/C$  expresses the degree of self-expansion of the total capital advanced, or, to state it in conformity with the conception of the internal organic connection and nature of surplus-value, it indicates the proportion of the variation of the variable capital to the magnitude of the advanced total capital.

The magnitude of the value of the total capital has no direct internal relation to the magnitude of the surplus-value. So far as its material elements are concerned, the total minus the variable capital, in other words, the constant capital, consists of the material ingredients, the instruments and materials of production, required for the materialization of labor. In order that a certain quantity of labor may be incorporated in commodities and thereby produce value, a certain quantity of instruments and materials of production is required. According to the peculiar character of the incorporated labor, a definite technical relation is established between the quantity of labor and the quantity of means of production in which this labor is to be incorporated. To that extent there is also a definite relation between the quantity of surplus-value, or surplus-labor, and the quantity of means of production. For instance, if the necessary labor for the production of wages amounts to 6 hours daily, then the laborer must work 12 hours in

order to perform 6 hours of surplus-labor, or produces a surplus-value of 100%. He uses up twice as many means of production in 12 hours as he does in 6. But nevertheless the surplus-value incorporated by him in 6 hours is not directly related to the value of the means of production used up in those 6, or in those 12 hours. This value is here immaterial. It is only the technically required mass which is important. It does not matter whether the raw materials or instruments of labor are cheap or dear, so long as they have the required use-value and are available in quantities proportioned to the technical demands of the labor to be incorporated in them. Now, if I know that  $x$  lbs. of cotton are consumed by one hour's spinning and cost  $a$  shillings, then I also know that 12 hours' spinning will consume  $12x$  lbs. of cotton costing  $12a$  shillings. And in that case I can calculate the proportion of the surplus-value to the value of the  $12$  as well as to that of the  $6$ . But the relation of the living labor to the value of the means of production enters here only to the extent that  $a$  shillings serve as a name for  $x$  lbs. of cotton. For a definite quantity of cotton has a definite price, and therefore a definite price may also serve as an index to a definite quantity of cotton, so long as the price of cotton is not changed. If I know that I must let the laborer work for 12 hours, in order to appropriate for my own 6 hours of surplus-labor, and if I know the price of this quantity of cotton needed for 12 hours, then I have a circuitous means of determining the proportion between the price of cotton (as an index of the required quantity) and the surplus-value. But on the other hand, I can never make any conclusions from the price of the raw material as to the quantity that may be consumed by one hour's spinning, but not by 6 hours'. There is, then, no necessary internal connection between the value of the constant capital, nor the value of the total capital  $c + v$ , and the surplus-value.

If the rate of surplus-value is known and its magnitude given, then the rate of profit expresses nothing else but what it actually is, namely a different way of measuring surplus-value, this being measured by the value of the total capital, instead of the value of that portion of capital from which surplus-value directly originates by way of an exchange with labor. But in reality, in the world of phenomena, the conditions are reversed. Surplus-value is given, but only as an excess of the selling price of commodities over their cost-price. And it remains a mystery where this surplus is originated, whether it is due to the exploitation of labor in the process of production, or to overcharging the purchaser in the process of circulation, or

to both. There is also given the proportion of the surplus-value to the value of the total capital, or the rate of profit. The calculation of this excess of the selling price over the cost-price of commodities on the value of the advanced total capital is very important and natural, because by its means the ratio is actually determined in which the total capital has been expanded, the ratio of its self-expansion. If the rate of profit is made the point of departure, there is no basis on which to make any conclusions regarding the specific relations between the surplus and the variable capital invested in wages. We shall see in a subsequent chapter what funny somersaults Malthus made in trying to get in this way at the secret of the surplus-value and of its specific relation to the variable capital. What the rate of profit actually shows is a uniform relation of the surplus to equal portions of the total capital, which from this point of view does not show any internal differences at all, unless it be that between fixed and circulating capital. And this difference is shown only because the surplus is calculated in two ways. In the first place it is calculated as a simple magnitude, as an excess of the selling price over the cost-price. In this form, the entire circulating capital enters into the cost-price, while of the fixed capital only the wear and tear enters into it. In the second place, the relation of this excess in value to the total value of the advanced capital is calculated. In this case, the value of the fixed capital is taken into the calculation entirely, the same as that of the circulating capital. In other words, the circulating capital enters both times in the same way, while the fixed capital enters the first time in a different, the second time in the same way as the circulating capital. Under these circumstances, the difference between the fixed and circulating capital is the only one which obtrudes itself.

The excess in value, then, if determined by the rate of profit, appears as a surplus generated annually, or during a definite period of circulation, by the total capital above its own value.

While the rate of profit differs numerically from the rate of surplus-value, the profit and the surplus-value are actually the same thing and numerically equal. However, the profit is a transformed kind of surplus-value, a form in which its origin and the secret of its nature are obscured and extinguished. Profit is, therefore, that disguise of surplus-value which must be removed before the real nature of surplus-value can be discovered. In the surplus-value, the relation between capital and labor is laid bare. But in the relation of capital and profit, that is to say, the relation between

capital and that form of surplus-value which appears on one hand as an excess over the cost-price of commodities realized in the process of circulation, and on the other hand as a surplus determined by its relation to the total capital, the capital appears as a relation to itself, a relation in which it, as the original amount of value, is distinguished from a new value generated by itself. It is dimly recognized, that capital generates this new value by its movement in the processes of production and circulation. But the way in which this is done is surrounded by mystery, and thus surplus-value seems to be due to hidden qualities inherent in capital itself.

To the extent that we follow up the process of self-expansion of capital, the nature of the relation of surplus-value to capital becomes more and more mystified, and it becomes increasingly difficult to discover the secret of its internal organism.

In this first part, we shall consider the rate of profit as numerically different from the rate of surplus-value, while profit and surplus-value will be treated as the same numerical magnitude having only a different form. In the second part we shall see that the transformation continues and that profit presents itself as a magnitude differing also numerically from surplus-value.

## CHAPTER III. THE RELATION OF THE RATE OF PROFIT TO THE RATE OF SURPLUS-VALUE.

WE have stated at the conclusion of the preceding chapter, and repeat it here, that we consider in this entire first part the amount of profit made by a certain capital to be equal to the full amount of surplus-value produced by means of this capital during a certain period of circulation. In other words, we leave aside for the present the fact that this surplus-value is split up into various secondary forms, such as interest on capital, ground-rent, taxes, etc., and that surplus-value is not identical, as a rule, with profit as appropriated on the basis of an average rate of profit, which will be discussed in part II.

So far as the quantity of profit is assumed to be equal to that of surplus-value, its magnitude, and that of the rate of profit, is determined by the relations of simple numerical magnitudes given or ascertainable in every individual case. The analysis, therefore, is first carried on purely on the field of mathematics.

We retain the terms used in volumes I and II. The total capital  $C$  consists of constant capital  $c$  and variable capital  $v$ , and produces a surplus-value  $s$ . The ratio of this surplus-value to the advanced variable capital, or  $s/v$ , is called the rate of surplus-value and designated by  $s'$ . Therefore  $s/v = s'$ , and  $s = s'v$ . If this surplus-value is calculated on the total capital instead of the variable capital, it is called profit,  $p$ , and the ratio of the surplus-value  $s$  to the total capital  $C$ , or  $s/C$ , is called the rate of profit,  $p'$ . Accordingly,  $p' = s/C = s/(c+v)$ . Now, substituting for  $s$  its equivalent  $s'v$ , we find  $p' = s'v/C = S'v/(c+v)$ . And this equation may be expressed by the proportion  $p' : s' = v : C$ , or in words, the rate of profit is proportioned to the rate of surplus-value as the variable capital is to the total capital.

This proportion shows that the rate of profit,  $p'$ , is always smaller than the rate of surplus-value,  $s'$ , because the variable capital,  $v$ , is always smaller than the total capital,  $C$ , which is the sum of  $v + c$ , the variable plus the constant capital. The only exception to this rule is the practically impossible case, in which  $v = C$ , that is to say, in which no constant capital, no means of production, are advanced by the capitalist, but only wages.

However, our analysis must take into account a few other elements, which have a determining influence on the magnitude of  $c$ ,  $v$ , and  $s$ . We shall mention them briefly.

There is, first, the value of money. We may assume this to be constant, throughout our analysis.

In the second place, there is the turn-over. We leave this element entirely out of consideration for the present, since its influence on the rate of profit will be treated later on in a special chapter. [We anticipate here only one point, namely that the formula  $p' = s' v/C$  is strictly correct only for one period of turn-over of the variable capital. But we may make it correct for an annual turn-over by substituting for  $s'$ , the simple rate of surplus-value, the factor  $s'n$ , meaning the annual rate of surplus-value. The factor  $n$  in this term expresses the number of turn-overs of the variable capital during one year. (See chapter XVI, I, volume II.) — F. E.]

In the third place, the productivity of labor must be considered. Its influence on the rate of surplus-value has been thoroughly discussed in volume I, part V. The productivity of labor may also exert a direct influence on the rate of profit, at least of an individual capital. It has been demonstrated in volume I, chapter XII, that an individual capital may realize an extra profit, if it operates with a greater productivity than that of the social average and thereby produces its commodities at a lower value than the social average value of the same commodities. However, this case will not be considered for the present, since our premise in this part of the work is that the commodities are produced under normal social conditions and sold at their values. Hence we assume in each case that the productivity of labor remains constant. Under these circumstances the composition of the values of any capital invested in any line of industry, in other words, the proportion between the variable and constant capital, expresses a definite degree in the productivity of labor. As soon as this proportion is altered by other means than a mere change in the value of the material elements of the constant capital, or a change in the value of wages, it follows that the productivity of labor must likewise undergo a corresponding change. We shall see frequently, for this reason, that alterations affecting the factors  $c$ ,  $v$ , and  $s$  imply also changes in the productivity of labor.

The same applies to the three remaining factors, namely the length of the working day, the intensity of labor, and the wages. Their influence on the mass and rate of surplus-value has been discussed in detail in volume I. It

will be understood, therefore, that notwithstanding our assumption that these three factors remain constant there may be changes in  $v$  and  $s$  which may imply changes in the magnitude of these determining elements. In this respect we have but to remember that wages influence the quantity of surplus-value and the degree of the rate of surplus-value inversely from the length of the working day and the intensity of labor; that an increase of wages reduces the surplus-value, while a prolongation of the working day and an increase in the intensity of labor add to it.

Take it that a capital of 100 produces with 20 laborers by a working day of 10 hours and a total weekly wage of 20 a surplus-value of 20. Then we have  $80 c + 20 v + 20 s$ , which implies that  $s'$  equal 100% and  $p'$  20%.

Now let the working day be prolonged to 15 hours without an increase of wages. The total value produced by the 20 laborers is thereby increased from 40 to 60, since  $10 : 15 = 40 : 60$ . Seeing that  $v$ , the wages paid to the laborers, remains the same, the surplus-value rises from 20 to 40, and we have  $80 c + 20 v + 40 s$ , implying that  $s'$  equals 200% and  $p'$  40%. If, on the other hand, the working day remains unchanged at 10 hours, while wages fall from 20 to 12, the total value produced amounts to 40, but it is differently distributed. For  $v$  falls to 12, leaving a remainder of 28 for  $s$ . Then we have  $80 c + 12 v + 28 s$ , whereby  $s'$  is raised to 233  $\frac{1}{3}$ %, while the rate of profit,  $p'$ , is as 28 to 92, or 30  $\frac{10}{23}$ %.

We see, then, that both a prolongation of the working day (or a corresponding increase in the intensity of labor) and a fall in wages increase the mass, and thus the rate, of surplus-value. On the other hand, a rise in wages, other circumstances remaining the same, would lower the rate of surplus-value. Hence, if  $v$  rises through an increase of wages, it does not mean a greater, but only a dearer quantity of labor, and in that case  $s'$  and  $p'$  do not rise, but fall.

This indicates that a change in the working day, in the intensity of labor, and in wages cannot take place without at the same time altering  $v$  and  $s$  and their proportion, and therefore also  $p'$ , which expresses the proportion of  $s$  to the total capital  $c + v$ . And it is also evident that a change in the proportion of  $s$  to  $v$  implies a corresponding change in at least one of the three determining elements of labor.

It is precisely this fact which reveals the specific organic relationship of variable capital to the movement of the total capital and its self-expansion, and also its difference from the constant capital. So far as it is a question of

the generation of value, the constant capital is significant only for its value. It is immaterial for this question, whether a constant capital of, say, 1,500 p.st. represents 1,500 tons of iron at 1 p.st. each, or 500 tons of iron at 3 p.st. each. The quantity of the actual material, in which the value of the constant capital is incorporated, is immaterial for the question of the formation of value and the rate of profit. This rate varies inversely to the value of the constant capital, no matter what may be the proportion of the increase or decrease of the value of constant capital to the mass of its material elements.

It is different with the variable capital. Not its own value, not the labor incorporated in this capital, are of prime importance, but the fact that its own value implies the setting in motion of a grand total of labor whose quantity it does not express. This grand total of labor differs from the labor expressed in the value of the variable capital and paid by it in that it contains a certain amount of surplus-labor, which is so much greater, the smaller the value of the labor contained in the variable capital. Take it that a working day of 10 hours is equal to 10 shillings. If the necessary labor, which pays for the wages, or makes good the variable capital, is worth 5 shillings, then the surplus-labor amounts to 5 hours, or the surplus-value to 5 shillings. If the necessary labor amounts to 4 hours and is worth 4 shillings, then the surplus-labor is 6 hours and the surplus-value 6 shillings.

Hence, as soon as the value of the variable capital ceases to be an index of the amount of labor actually set in motion by it, as soon as the measure of this index is altered, the rate of surplus-value will vary inversely and at an inverse ratio.

Now let us pass on and apply the previously found equation of the rate of profit,  $p' = s' v/C$ , to the various cases possible. We shall change the value of the individual factors of  $s' v/C$  one after another and ascertain the effect of these changes on the rate of profit. In this way we obtain a number of different cases, which we may regard either as successively altered determinants of one and the same capital, or as different capitals existing side by side and compared with one another, no matter whether they exist in different lines of industry or different countries. In cases where the conception of some of our examples as successive conditions of the same capitals seems forced or impracticable, this objection is set aside by regarding them as illustrations of independent capitals.

We now separate the product  $s' v/C$  into its two factors  $s'$  and  $v/C$ . In the first place, we treat  $s'$  as a constant factor and analyze the effects of the possible variations of  $v/C$ . After that we treat the fraction  $v/C$  as constant and let  $s'$  go through its possible variations. Finally we treat all factors as variable magnitudes and thereby exhaust all cases from which rules concerning the rate of profit may be derived.

$s'$  constant,  $v/C$  variable.

We make a general formula for this case, which comprises a number of sub-cases. Take two capitals  $C$  and  $C1$ , with their respective variable proportions  $v$  and  $v1$ , with equal rates of surplus-value  $s'$ , and the rates of profit  $p'$  and  $p1'$ . Then  $p' = s' v/C$  and  $p1' = s' v1/C1$ .

Now let us make a proportion of  $C$  and  $C1$ , and  $v$  and  $v1$ , for instance let the value of the fraction  $C1/C = E$ , and that of  $v1/v = e$ . Then  $C1 = EC$ , and  $v1 = ev$ . Substituting in the above equation these values for  $p1'$ ,  $C1$  and  $v1$ , we obtain  $P1' = s' ev/EC$ . Again, we may deduct a second formula from the above two equations, by transforming them into the equation  $p' : p1' = s' v/C : s' v1/C1 = v/C : v1/C1$ . Since the value of a fraction remains the same, if we multiply or divide its numerator or denominator by the same number, we may reduce  $v/C$  and  $v1/C1$ , to percentages, that is to say we may make both  $C$  and  $C1$  equal to 100. Then we have  $v/C = v/100$  and  $v1/C1 = v1/100$ . We may then drop the denominators in the above proportion and say that  $p' : p1' = v : v1$ . In other words, with any two capitals operating with the same rate of surplus-value the rates of profit are proportioned to one another as the variable capitals are to one another, calculated in percentages on their respective total capitals.

These two formulæ comprise all cases of variation of  $v/C$ .

Before we analyze these various cases, we make another remark. Since  $C$  is the sum of  $c$  plus  $v$ , of the constant and variable capital, and since the rates of surplus-value and of profit are generally expressed in percentages, it is convenient to assume that the sum of  $c$  plus  $v$  is also equal to 100, that is to say, to express  $c$  and  $v$  in percentages. It is immaterial for the determination, not of the mass, but of the rate of profit, whether we say that a capital of 15,000, composed of 12,000 of constant and 3,000 of variable capital, produces a surplus-value of 3,000, or whether we reduce this capital to percentages. So we may say that  $15,000 C = 12,000 c + 3,000 v + (3,000 s)$ , or that  $100 C = 80 c + 20 v + (20 s)$ . In either case the rate of surplus-value,  $s'$ , equals 100% and the rate of profit,  $p'$ , 20%.

The same is true in the comparison of two capitals. For instance, if we compare the foregoing capital with another, such as  $12,000 C = 10,800 c + 1,200 v + (1,200 s)$ , or  $100 C = 90 c + 10 v + (10 s)$ . In the last case,  $s'$  is 100% and  $p'$ , 10%. And its comparison with the foregoing capital is easier by percentages.

On the other hand, if it is a question of changes taking place in the same capital, the expression by percentages is rarely convenient, because these peculiar alterations are almost always obliterated thereby. If a capital, expressed in percentages of  $80 c + 20 v + 20 s$  assumes the percentages of  $90 c + 10 v + 10 s$ , we cannot tell whether the change in the composition of percentages is due to an absolute decrease of  $v$  or an absolute increase of  $c$ , or to both. In order to ascertain this, we must have the absolute magnitudes in figures. But in the analysis of the following individual cases, everything depends on the question of the way in which the variations have been accomplished. Has  $80 c + 20 v$  been changed into  $90 c + 10 v$  by an increase of the constant capital without any change in the variable capital, for instance by changing  $12,000 c + 3,000 v$  into  $27,000 c + 3,000 v$ ? Or has the same result been accomplished by leaving the constant capital untouched and reducing the variable capital, for instance by changing the above capital into  $12,000 c + 1,333 \frac{1}{3} v$  (corresponding to a percentage of  $90 c + 10 v$ )? Or have both of the original capitals been changed into  $13,500 c + 1,500 v$  (corresponding once more to percentages of  $90 c + 10 v$ )? It is precisely these cases which we shall have to analyze, and in so doing we must dispense with percentages, or at least employ them only in a minor degree.

$s'$  and  $C$  constant,  $v$  variable.

If  $v$  changes its magnitude, then  $C$  can remain unaltered only by a change in the opposite direction of  $c$ , the other component of  $C$ . If  $C$  consists originally of  $80 c + 20 v$ , and if  $v$  is reduced to 10, then  $C$  can remain 100 only by an increase of  $c$  to 90; for  $90 c + 10 v = 100$ . Generally speaking, if  $v$  is transformed into  $v \pm d$ , into  $v$  increased or decreased by  $d$ , then  $c$  must be transformed into  $c + d$ , into  $c$  decreased or increased by the same amount, into  $c$  varying in the opposite direction from  $v$ , in order that the conditions of the present case be fulfilled.

Again, if the rate of surplus-value,  $s'$ , remains the same, while the variable capital,  $v$ , changes, then the mass of surplus-value must change,

since  $s = s'v$ , and since one of the factors of  $s'v$ , namely  $v$ , is invested with a different value.

The assumptions of the present case produce, aside from the original equation  $p' = s' v/C$ , still another equation by the variation of  $v$ , namely  $p1' = s' v1/C$ , in which  $v$  has become  $v1$  and  $p1'$ , the corresponding rate of profit, is to be sought.

It is found by the corresponding proportion:

$$p' : p1' = s' v/C : s' v1/C = v : v1.$$

That is to say, if the rate of surplus-value and the total capital remain the same, then the original rate of profit is proportioned to the new rate of profit produced by a change in the variable capital as the original variable capital is to the changed variable capital.

If the original capital was I)  $15,000 C = 12,000 c + 3,000 v + (3,000 s)$ , and if it is now II)  $15,000 C = 13,000 c + 2,000 v + (2,000 s)$ , then  $C$  is 15,000 and the rate of surplus-value 100% in either case, and the rate of profit of I), 20%, is proportioned to that of II),  $13 \frac{1}{3}\%$ , as the variable capital of I), 3,000, is to the variable capital of II), 2,000, that is to say  $20\% : 13 \frac{1}{3}\% = 3,000 : 2,000$ .

Now, the variable capital may either increase or decrease. Take first an example in which it increases. Let a certain capital be constituted and operated as follows: I)  $100 c + 20 v + 10 s$ . Then  $C$  equals 120,  $s'$  equals 50%, and  $p'$  equals  $8 \frac{1}{3}\%$ . Now let the variable capital increase to 30. In that case the constant capital must fall to 90, according to our assumption, which requires that the total should remain unchanged at 120. The amount of surplus-value produced will then rise from 10 to 15, the rate of surplus-value remaining constant at 50%. Our capital then is constituted as follows:

$$\text{II) } 90 c + 30 v + 15 s. C \text{ equals } 120, s' \text{ equals } 50\%, \text{ and } p', 12\frac{1}{2}\%.$$

Now let us start out with the assumption that the wages remain unchanged. Then the other factors of the rate of surplus-value, namely the working day and the intensity of labor, must also be unchanged. Therefore the increase of  $v$  from 20 to 30 can signify only that more laborers are employed. In that case the total product in values also increases by one-half, from 30 to 45, and is distributed, the same as before, to  $\frac{2}{3}$  for wages and  $\frac{1}{3}$  for surplus-value. Simultaneously with the increase in the number of laborers the constant capital, the value of the means of production, has fallen from 100 to 90. We have before us, then, a case of decreasing

productivity of labor combined with a simultaneous decrease of constant capital. Is such a case economically possible?

In agriculture and industries engaged in the extraction of substances, where a decrease in the productivity of labor and, therefore, an increase in the number of laborers are readily understood, this process is accompanied on the basis and within the scope of capitalist production, by an increase of constant capital, not by a decrease. Even if our assumed decrease of  $c$  were due merely to a fall in prices, an individual capital would be able to accomplish the transition from I) to II) only under very exceptional circumstances. But in the case of two independent capitals invested in different countries, or in different lines of agriculture or extractive industry, it would not be strange if more laborers (and therefore more variable capital) were employed on less valuable or fewer means of production in the case of one than in the other.

But let us have done with the assumption that the wages remain the same, and let us explain the rise of the variable capital from 20 to 30 by a rise of wages by one-half. Then we have another case. The same number of laborers continue to work with the same or slightly reduced means of production. If the working day remains unchanged, say at 10 hours, then the total product also remains unchanged. It was and remains 30. But this amount of 30 is now required to make good the consumed variable capital. The surplus-value would have disappeared. But we had assumed that the rate of surplus-value should remain constant at 50%, the same as in I). This is possible only if the working day is prolonged by one-half, increased to 15 hours. In that case 20 laborers produce in 15 hours a total value of 45, and all conditions would be fulfilled. We should have

II).  $90 c + 30 v + 15 s$ .  $C$  would be 120,  $s'$ , 50% and  $p'$ ,  $12\frac{1}{2}\%$ .

Under these circumstances the 20 laborers do not require any more instruments, tools, machines, etc., than in the case of I). Only the raw materials or auxiliary substances would have to be increased by one-half. If there were a fall in the prices of these materials, then the transition from I) to II) under the conditions of our assumed case might very well be accomplished even by an individual capital. And the capitalist would be somewhat compensated by increased profits for any loss incurred through the depreciation of his constant capital.

Now let us assume that the variable capital were to be reduced instead of increased. Then we have but to reverse our example. We have but to assume

that II) is the original capital and to pass from II) to I). Then II), or  $90 c + 30 v + 15 s$  changes into I), or  $100 c + 20 v + 10 s$ , and it is evident that this transposition does not alter any of the conditions which regulate the respective rates of profit and their mutual relations.

If  $v$  falls from 30 to 20 because the number of laborers is reduced by one-third while the constant capital increases, then we have before us the normal case of modern industry, namely an increasing productivity of labor, an operation of a larger mass of means of production by fewer laborers. That this process is necessarily connected with a simultaneous fall of the rate of profit, will be demonstrated in the third part of this volume.

On the other hand, if  $v$  falls from 30 to 20 because the same number of laborers are employed at lower wages, while the working day remains the same, then the total product in values would remain  $30 v + 15 s$ , or 45. Since wages have fallen to 20, the surplus-value would rise to 25, the rate of surplus-value from 50% to 125%, contrary to our assumption. In order to comply with the conditions of our case, the surplus-value, with its rate at 50%, must fall to 10. The total product must, therefore, fall from 45 to 30, and this is possible only by a reduction of the working day by one-third. Then we have, the same as before,  $100 c + 20 v + 10 s$ .  $C$  equals 120,  $s'$ , 50%, and  $p'$ ,  $8 \frac{1}{3}\%$ .

It need hardly be mentioned that this reduction of the working time with a fall in wages would not occur in practice. But this is immaterial. The rate of profit is a function of several variable magnitudes, and if we wish to know in what manner these variable magnitudes influence the rate of profit, we must analyze the individual effect of each seriatim, regardless of whether such an isolated effect is practicable with one and the same capital or not.

2)  $s'$  constant,  $v$  variable,  $C$  changed by the variation of  $v$ .

This case differs from the preceding one only in degree. Instead of  $c$  decreasing or increasing by as much as  $v$  increases or decreases,  $c$  remains constant. Under the modern conditions of great industry and agriculture the variable capital is but a relatively small part of the total capital. For this reason, the increase or decrease of the total capital, so far as either is due to variations of the variable capital, are likewise relatively small.

Let us start out again with a capital I) of  $100 c + 20 v + 10 s$ .  $C$  equals 120,  $s'$  50%, and  $p'$   $8 \frac{1}{3}\%$ . This will then be transformed into II)  $100 c +$

30 v + 15 s, with C at 130, s' at 50%, and p' at 11 7/13%. The opposite case, in which the variable capital would decrease, would be symbolized by the transition from II) to I).

The economic conditions would be essentially the same as in the preceding case, and therefore require no reiteration. The transition from I) to II) implies a decrease in the productivity of labor by one-half. The assimilation of 100 c requires an increase of labor in II) by one-half over that of I). This case may occur in agriculture.

While in the preceding case the total capital remained constant, owing to the conversion of constant capital into variable, or vice versa, there is in this case a tie-up of additional capital, if the variable capital is increased, and a release of previously employed capital, if the variable capital decreases.

s' and v constant, c and C variable.

In this case, the equation  $p' = s' v/C$  is changed into  $p1' = s' v/C1$ . After eliminating the same factors on both sides, we have  $p1' : p' = C : C1$ . In other words, if the rates of surplus-value are the same and the variable capitals equal, the rates of profit are inversely proportioned to the total capitals.

Take it that we have three different capitals, or three different conditions of the same capital, for instance

80 c + 20 v + 20 s; C = 100, s' = 100%, p' = 20%

II) 100 c + 20 v + 20 s; C = 120, s' = 100%, p' = 16 2/3%

III) 60 c + 20 v + 20 s; C = 80, s' = 100%, p' = 25%

Then we obtain the proportions:

20% : 16 2/3% = 120 : 100, and 20% : 25% = 80 : 100.

The general formula previously given for variations of v/C when s' remained constant was  $p1' = s' ev/EC$ . Now it becomes  $p' = s' v/EC$ . For since v remains unchanged, the factor e, or v1/v, becomes equal to 1.

Since s'v equals s, the mass of surplus-value, and since both s' and v remain constant, it follows that s is not affected by any variation of C. The mass of surplus-value is the same after the change that it was before.

If c were to fall to zero, p' would be equal to s', that is to say, the rate of profit equal to the rate of surplus-value.

The alteration of c may be due either to a mere change in the value of the material elements of constant capital, or to a change in the technical

composition of the total capital, that is to say a change in the productivity of labor in that line of industry. In the last named case, the increase in the productivity of social labor due to the development of industry and agriculture on a large scale would bring about a transition, in the above illustration, from III to I and from I to II. A quantity of labor paid with 20 and producing a value of 40 would first work up means of production valued at 60. With a further increase in the productivity, and the same value, the means of production would be worked up to the amount of 80, and later on of 100. A reversion of this succession would imply a decrease in productivity. The same quantity of labor would work up a smaller quantity of means of production, the business would be cut down. This may occur in agriculture, mining, etc.

A saving in constant capital increases on the one hand the rate of profit, and on the other sets free some capital. It is, therefore, of great importance for the capitalist. We shall analyze this point later on, and likewise the influence of a change of prices of the elements of constant capital, particularly of raw materials.

We see once more, by this illustration, that a variation of the constant capital uniformly affects the rate of profit, no matter whether this variation is due to an increase or decrease of the material elements of  $c$ , or merely to a change in their value.

$s'$  constant,  $v$ ,  $c$ , and  $C$  variable.

In this case, the general formula indicated at the outset, namely  $p' = s' \frac{ev}{EC}$ , remains in force. It follows from this, assuming the rate of surplus-value to remain the same, that

the rate of profit falls, if  $E$  is greater than  $e$ , that is to say, if the constant capital increases to such an extent that the total capital grows at a faster rate than the variable capital. If a capital of  $80 c + 20 v + 20 s$  is transformed so that it becomes  $170 c + 30 v + 30 s$ , then  $s'$  remains at 100%, but  $v/C$  falls from  $20/100$  to  $30/200$ , in spite of the fact that both  $v$  and  $C$  have augmented, and the rate of profit falls correspondingly from 20% to 15%.

The rate of profit remains unchanged only in the case that  $e$  equals  $E$ , that is to say, if the fraction  $v/C$  retain the same value even if the fraction is apparently changed, in other words, if its numerator and denominator are multiplied or divided by the same number. It is evident that the capital  $80 c + 20 v + 20 s$  and the capital  $160 c + 40 v + 40 s$  have the same rate of

profit, namely 20%, because  $s'$  remains at 100% and  $v/C$  represents the same value, whether we write it  $20/100$  or  $40/200$ .

The rate of profit arises, when  $e$  is greater than  $E$ , that is to say, when the variable capital grows at a faster rate than the total capital. If  $80c + 20v + 20s$  becomes  $120c + 40v + 40s$ , then the rate of profit rises from 20% to 25%, because  $s'$  has remained the same and  $v/C$  has risen from  $20/100$  to  $40/160$ , or from  $1/5$ ; to  $1/4$ .

If the variation of  $v$  and  $C$  follows the same direction, we may look upon this change of magnitude up to a certain degree as though both of them varied in the same proportion, so that  $v/C$  would be regarded as unchanged to that extent. Beyond this point only one of them would then vary, and by this means we should reduce this complicated case to one of the preceding simpler ones.

For instance, if  $80c + 20v + 20s$  becomes  $100c + 30v + 30s$ , then the proportion of  $v$  to  $c$ , and also to  $C$ , remains the same up to the point of  $100c + 25v + 25s$ . Up to that point, the rate of profit remains likewise unchanged. We may then take our departure from  $100c + 25v + 25s$ . We find that later increased by 5 and became 30, so that  $C$  rose from 125 to 130. This is identical with the second case, that of the simple variation of  $v$  and the consequent variation of  $C$ . The rate of profit, which was originally 20%, rises by this addition of 5  $v$  to  $23\frac{1}{3}$ , always assuming the rate of surplus-value to remain the same.

The same reduction to a simpler case can take place, whenever  $v$  and  $C$  change their magnitudes in opposite directions. For instance, let us start out once more from  $80c + 20v + 20s$ , and let this become  $110c + 10v + 10s$ . In that case, the rate of profit would have remained the same, if the variation had proceeded to the point of  $40c + 10v + 10s$ . It would still have been 20%. By adding 70  $c$  to this intermediate form, the rate of profit is lowered to  $8\frac{1}{3}$ %. Thus we have reduced this case to a case of variation of one magnitude, namely of  $c$ .

Simultaneous variations of  $v$ ,  $c$ , and  $C$ , do not, then, offer any new points of analysis. For they may be reduced in the last resort to cases in which only one factor is variable.

Even the only remaining case has actually been covered, namely that in which  $v$  and  $C$  are numerically unchanged, while their material elements experience a change of value, so that  $v$  stands for a changed quantity of

assimilated labor and  $c$  for a changed quantity of assimilated means of production.

For instance, in the capital  $80c + 20v + 20s$ , let  $20v$  indicate originally the wages of 20 laborers working 10 hours daily. Then let the wages of each laborer increase from 1 to  $1\frac{1}{4}$ . In that case  $20v$  pay only 16 laborers instead of 20. Now, if 20 laborers produce in 200 working hours a value of 40, then 16 laborers will produce in 160 working hours a value of only 32. After deducting  $20v$  for wages, only 12 would remain for surplus-value. The rate of surplus-value would have fallen from 100% to 60%. But since our assumption is that the rate of surplus-value shall remain constant, the working day would have to be prolonged by one-quarter, from 10 hours to  $12\frac{1}{2}$  hours. If 20 laborers, working 10 hours daily, or 200 hours, produce a value of 40, then 16 laborers, working  $12\frac{1}{2}$  hours daily, or 200 hours, will produce the same value, and the capital of  $80c + 20v$  produces the same surplus-value of 20.

Vice versa, if wages fall to such an extent that  $20v$  indicates the wages of 30 laborers, then  $s'$  can remain unchanged only in the case that the working day is reduced from 10 to  $6\frac{2}{3}$  hours. For  $20 \times 10 = 30 \times 6\frac{2}{3} = 200$  working hours.

We have discussed previously in these diverging assumptions, to what extent  $c$  may express the same value in money, and yet represent different quantities of means of production corresponding to different conditions. In reality this case will very rarely be practicable in its purely theoretical form.

As for the change of value of the elements of  $c$ , by which their mass is increased or decreased, it touches neither the rate of surplus-value nor the rate of profit, so long as it does not imply a change of magnitude in  $v$ .

We have now exhausted all possible cases of variation of  $v$ ,  $c$ , and  $C$  in our equation. We have seen that the rate of profit may fall, rise, or remain unchanged, while the rate of surplus-value remains the same, for the least variation in the proportion of  $v$  to  $c$ , or to  $C$ , is sufficient to change the rate of profit.

We have seen, furthermore, that there is everywhere a certain limit in the variation of  $v$  where the constancy of  $s'$  becomes economically impossible. Since every one-sided variation of  $c$  must also arrive at a certain limit where  $v$  can no longer remain unchanged, we find that every possible variation of  $v/C$  has certain limits, beyond which  $s'$  must likewise become variable. In

the variations of  $s'$ , which we shall now discuss, this interaction of the different variable magnitudes of our equation will become still plainer.

$s'$  variable.

We obtain a general formula for the rates of profit with variable rates of surplus-value, no matter whether  $v/C$  remains constant or not, by converting the equation  $p' = s' v/C$  into  $p1' = s1' v1/C1$ . Here  $p1'$ ,  $s1'$ ,  $C1$ , and  $v1$  indicate the changed values of  $p'$ ,  $s'$ ,  $C$ , and  $v$ . Then we have  $p'$ :  $p1' = s'v/C: s1' v1/C1$ . This may be manipulated into

$$p1' = s1'/s' \times v1/v \times c/c1 \times p'$$

$s'$  variable,  $v/C$  constant.

In this case we have the equations  $p' = s' v/C$  and  $p1' = S1' v/C$ . In both of them  $v/C$  is equal. Therefore  $p'$ :  $p1' = s': s1$ . That is to say, the rates of profit of two capitals of the same composition are proportioned as the corresponding two rates of surplus-value. Since it is not a question, in the fraction  $v/C$ , of the absolute magnitude of  $v$  and  $C$ , but only of their proportion to one another, this applies to all capitals of equal composition, whatever may be their absolute magnitude.

$$80 c + 20 v + 20 s; C = 100, s' = 100\% p' = 20\%.$$

$$160 c + 40 v + 20 s; C = 200, s' = 50\%, p' = 10\%.$$

$$100\% : 50\% = 20\% : 10\%.$$

If the absolute magnitudes of  $v$  and  $C$  are the same in both cases, then the rates of profit are also proportioned to one another as the masses of surplus-value:  $p'$ :  $p1' = s'v: s1'v = s: s1$ . For instance:

$$80 c + 20 v + 20 s; s' = 100\%, p' = 20\%.$$

$$80 c + 20 v + 10 s; s' = 50\%, p' = 10\%.$$

$$20\% : 10\% = 100 \times 20 : 50 \times 20 = 20 s : 10 s.$$

Now, it is evident that with capitals of equal absolute composition, or equal percentages of composition, the rates of surplus-value can differ only when either the wages, or the length of the working day, or the intensity of labor are different. Take the following three cases:

$$80 c + 20 v + 10 s; s' = 50\%, p' = 10\%.$$

$$\text{II. } 80 c + 20 v + 20 s; s' = 100\%, p' = 20\%.$$

$$\text{III. } 80 c + 20 v + 40 s; s' = 200\%, p' = 40\%.$$

In the case of I, the total product in values is 30, namely  $20v + 10s$ , in II it is 40, in III it is 60. This may come about in three different ways.

First, if the wages are different, so that  $20v$  expresses in every individual case a different number of laborers. Take it that capital I employs 15 laborers for 10 hours per day at a wage of  $1\frac{1}{3}$  p.st. and that these laborers produce a value of 30 p.st., of which 20 p.st. make good the wages and 10 p.st. are surplus-value. If wages fall to 1 p.st., then 20 laborers may be employed for 10 hours, and they will produce a value of 40 p.st., of which 20 p.st. make good wages and 20 p.st. are surplus-value. If wages fall still more, for instance to  $\frac{2}{3}$  p.st., then 30 laborers may be employed for 10 hours, and they will produce a value of 60 p.st., 40 p.st. of which will represent surplus-value after deducting 20 p.st. for wages.

This case, in which the percentages of composition of the capital, the working day, the intensity of labor, are constant, while the rate of surplus-value varies on account of the variation of wages, is the only one in which Ricardo's assumption is correct, to-wit, that "profits would be high or low, exactly in proportion as wages would be low or high." (Principles, chapter I, section III, page 18 of the "Works of D. Ricardo," edited by MacCulloch, 1852.)

Secondly, if the intensity of labor varies. In that case 20 laborers produce with the same means of production in 10 hours of daily labor 30 pieces of a certain commodity in I, 40 pieces in II, and 60 pieces in III. Every piece represents, aside from the value of the means of production incorporated in it, a new value of 1 p.st. Since every 20 pieces make good the wages of 20 p.st., there remain 10 pieces at 10 p.st. for surplus-value in I, 20 pieces at 20 p.st. in II, and 40 pieces at 40 p.st. in III.

Thirdly, the working day may vary in length. If 20 laborers work with the same intensity for 9 hours in I, 12 hours in II, and 18 hours in III, then their total products, 30:40: 60 vary in the proportions 9: 12: 18. And since wages are 20 in every case, the surplus-value is 10, or 20, or 40 respectively.

An increase or decrease in wages, then, influences the rate of surplus-value, and, since  $v/C$  was assumed as constant, also the rate of profit, inversely, while an increase or decrease in the intensity of labor, a lengthening or shortening of the working day, influence them in the same direction.

$s'$  and  $v$  variable,  $C$  constant.

In this case the following proportion applies:  $p': p1' = s' v/C: s1' v1/C = s'v: s1'v1 = s: s1$ .

The rates of profit are proportioned to one another as the corresponding masses of surplus-value.

A variation of the rate of surplus-value, while the variable capital remains constant, signifies a change in the magnitude and distribution of the product in values. A simultaneous variation of  $v$  and  $s'$  also implies always a change in the distribution, but not always a change in the magnitude of the product in values. Three cases are possible.

The variation of  $v$  and  $s'$  takes place in opposite directions, but by the same amount, for instance:

80 c + 20 v + 10 s;  $s' = 50\%$ ,  $p' = 10\%$ .

90 c + 10 v + 20 s;  $s' = 200\%$ ,  $p' = 20\%$ .

The product in values is equal in both cases, hence the quantity of labor performed likewise:  $20 v + 10 s = 10 v + 20 s = 30$ . The difference is only that in the first case 20 are paid for wages and 10 remain for surplus-value, while in the second case wages are 10 and surplus-value 20. This is the only case in which the number of laborers, the intensity of labor, and the length of the working day remain unchanged, while  $v$  and  $s'$  vary.

The variation of  $s'$  and  $v$  takes place in opposite directions, but not by the same amount. In that case the variation of either  $v$  or  $s'$  is the greater.

80 c + 20 v + 20 s;  $s' = 100\%$ ,  $p' = 20\%$ .

II. 72 c + 28 v + 20 s;  $s' = 71 \frac{3}{7}\%$ ,  $p' = 20\%$ .

III. 84 c + 16 v + 20 s;  $s' = 125\%$ ,  $p' = 20\%$ .

Capital I pays for a product in values amounting to 40 with 20 v, II a value of 48 with 28, and III a value of 36 with 16. Both the product in values and the wages have changed. But a change in the product in values means a change in the amount of labor performed, and this implies a change either in the number of laborers, the hours of labor, or the intensity of labor, or in more than one of these.

The variation of  $s'$  and  $v$  takes place in the same direction. In that case it intensifies the effect of either.

90 c + 10 v + 10 s; s' = 100%, p' = 10%.

80 c + 20 v + 30 s; s' = 150%, p' = 30%.

92 c + 8 v + 6s; s' = 75%, p' = 6%.

In these cases the three products in value are also different namely 20, 50, and 14. And this difference in the magnitude of the respective quantities of labor reduces itself once more to a difference in the number of laborers, the hours of labor, and the intensity of labor, or of several or all of these factors.

s', v and C variable.

This case offers no new points of view and is solved by the general formula given under II, in which s' is variable.

The effect of a change in the magnitude of the rate of surplus-value on the rate of profit is summed up, according to the foregoing, by the following cases:

p' increases or decreases in the same proportion as s', if v/C remains constant.

80 c + 20 v + 20 s; s' = 100%, p' = 20%.

80 c + 20 v + 10 s; s' = 50%, p' = 10%.

100%: 50% = 20%: 10%.

p' rises or falls at a greater rate than s', if v/C moves in the same direction as s', that is to say, if v/C increases or decreases when s' increases or decreases.

80 c + 20 v + 10 s; s' = 50%, p' = 10%.

70 c + 30 v + 20 s; s' = 66 2/3%, p' = 20%.

50%: 66 2/3% &lt; 10%: 20%.

p' rises or falls at a smaller rate than s', if v/C changes in the opposite direction from s', but at a smaller rate.

80 c + 20 v + 10 s; s' = 50%, p' = 10%.

90 c + 10 v + 15 s; s' = 150%, p' = 15%.

50%: 150% > 10%: 15%.

$p'$  rises, while  $s'$  falls, or falls while  $s'$  rises, if changes in the opposite direction and at a greater rate than  $s'$ .

$80 c + 20 v + 20 s; s' = 100\%, p' = 20\%$ .

$90 c + 10 v + 15 s; s' = 150\%, p' = 15\%$ .

$s'$  has risen from 100% to 150%,  $p'$  has fallen from 20% to 15%.

Finally,  $p'$  remains constant, while  $s'$  rises or falls, if  $v/C$  changes in the opposite direction, but at exactly the same rate, as  $s'$ .

It is only this last case which requires some further explanation. We observed in the variations of  $v/C$  that the same rate of surplus-value may be an expression of different rates of profit. We see now that the same rate of profit may be based on different rates of surplus-value. So long as  $s'$  is constant, any change in the proportion of  $v$  to  $C$  is sufficient to call forth a difference in the rate of profit. But if  $s'$  varies in magnitude, it requires a corresponding inverse change of  $v/C$  in order that the rate of profit may remain the same. This happens but exceptionally in the case of one and the same capital, or of two capitals in one and the same country. Take it that we have a capital  $80 c + 20 v + 20 s; C = 100, s' = 100\%, p' = 20\%$ . And let us assume that wages fall to such an extent that the same number of laborers may be bought for  $16 v$  instead of  $20 v$ . Then we have released  $4 v$ , and other circumstances remaining the same, our capital will have the composition  $80 c + 16 v + 24 s; C = 96, s' = 150\%, p' = 25\%$ . In order that  $p'$  may be 20%, as before, the total capital would have to increase to 120, the constant capital, therefore, to 104, thus,  $104 c + 16 v + 24 s; C = 120, s' = 150\%, p' = 20\%$ .

This would be possible only if the fall in wages were accompanied by a change in the productivity of labor, which would require such a change in the composition of capital. Or, it might be that the money-value of the constant capital would increase from 80 to 104. In short, it would require an accidental coincidence of conditions such as occurs very rarely. In fact, a variation of  $s'$  which does not imply a simultaneous variation of  $v$ , and thus of  $v/C$  is practicable only under very definite conditions. It may happen in lines of industry in which only fixed capital and labor are employed, while the materials of labor are supplied by nature.

But this is not so in the comparison of the rates of profit of two different countries. For in that case the same rate of profit is based as a rule on

different rates of surplus-value.

It follows from all of these five cases that a rising rate of profit may be the companion of a falling or rising rate of surplus-value; a falling rate of profit go hand in hand with a rising or falling rate of surplus-value; a constant rate of profit exist by the side of a rising or falling rate of surplus-value. And we have seen under No. I that a rising, falling, or constant rate of profit may be based on a constant rate of surplus-value.

The rate of profit, then, is determined by two main factors, namely the rate of surplus-value and the composition of the value of capital. The effects of these two factors may be briefly summed up in the manner stated hereafter. We may, in this summing up, express the composition of capital in percentages, for it is immaterial for this point which one of the two portions of capital is the cause of variation.

The rates of profits of two different capitals, or of one and the same capital in two different successive conditions, are equal

If the percentages of composition of capital are the same and the rates of surplus-value equal.

If the percentages of composition are not the same, and the rates of surplus-value unequal, provided that the products of the multiplication of the rates of surplus-value by the percentages of the variable portions of capital ( $s'$  and  $v$ ) are the same, that is to say, the masses of surplus-value ( $s = s'v$ ) calculated in percentages on the total capital; in other words, if the factors  $s'$  and  $v$  are inversely proportioned to one another in both cases.

They are unequal

If the percentages of composition are equal and the rates of surplus-value unequal, in which case the rates of profit are proportioned as the rates of surplus-value.

If the rates of profit are the same and the percentages of composition unequal, in which case the rates of profit are proportioned as the variable portions of capital.

If the rates of profit are unequal and the percentages of composition not the same, in which case the rates of profit are proportioned as the products  $s'v$ , that is to say, as the masses of surplus-value calculated in percentages on the total capital.

## CHAPTER IV. THE EFFECT OF THE TURN-OVER ON THE RATE OF PROFIT.

THE effect of the turn-over on the production of surplus-value, and consequently of profit, has been discussed in volume II. It may be briefly summarized in the statement that the entire capital cannot be employed all at once in production, because the turn-over requires a certain lapse of time; for this reason a portion of the capital is always lying fallow, either in the form of money-capital, of a supply of raw materials, of finished but still unsold commodity-capital, or of outstanding bills not yet due; hence the capital active in the production and appropriation of surplus-value is always short by this amount, and the production and appropriation of surplus-value is curtailed to that extent. The shorter the period of turn-over, the smaller is the fallow portion of capital as compared with the whole, and the larger will be the appropriated surplus-value, other conditions remaining the same.

It has been shown explicitly in the second volume to what extent the mass of the produced surplus-value is augmented by the reduction of the period of turn-over, or of one of its two sections, the time of production and the time of circulation. But it is evident that any such reduction increases the rate of profit, since this rate expresses but the mass of surplus-value produced in proportion to the total capital employed in production. Whatever has been said in the second part of the second volume in regard to surplus-value, applies just as well to profit and the rate of profit, and requires no repetition at this place. We shall touch only upon a few of the principal points.

A reduction of the time of production is mainly due to an increase in the productivity of labor, a thing commonly called the progress of industry. If this does not require at once a considerable extra-outlay of capital for expensive machinery, etc., and thus a reduction of the rate of profit, which is calculated on the total capital, this rate must rise. And this is decidedly the case with many of the latest improvements in metallurgy and chemical industry. The recently discovered methods of making iron and steel, such as the processes of Bessemer, Siemens, Gilchrist-Thomas, etc., shorten formerly tedious processes to a minimum with relatively small expense. The making of alizarin, a red coloring substance extracted from coal-tar,

produces in a few weeks, by the help of already existing installations for the manufacture of coal-tar colors, the same results which formerly required years. It took at least one year to mature the plants from which this coloring matter was formerly extracted, and it was customary to let them grow a few years before the roots were used for the purpose of making color.

The time of circulation is reduced principally by improved means of communication. In this respect the last fifty years have brought about a revolution, which can be compared only with the industrial revolution of the last half of the eighteenth century. On land the macademized road has been displaced by the railroad, on sea the slow and irregular sailing vessel by the rapid and regular steamboat line, and the entire globe has been circled by telegraph wires. The Suez Canal has fully opened Eastern Asia and Australia for steamer traffic. The time of circulation of a shipment of commodities to Eastern Asia was at least twelve months as late as 1847, and it has now been reduced to almost as many weeks. The two large centers of commercial crises, 1825-1857, America and India, have been brought from 70 to 90 per cent. nearer to Europe by this revolution of the means of communication, and have thereby lost a good deal of their explosive nature. The period of turn-over of the world's commerce has been reduced to the same extent, and the productive capacity of the capital engaged in it has been doubled or trebled. It goes without saying that this has not been without effect on the rate of profit.

In order to view the effect of the turn-over of the total capital on the rate of profit in its purest form, it is necessary to assume all other conditions of two compared capitals as equal. Aside from the rate of surplus-value and the working day it is especially the percentages of composition which we assume to be the same. Now let us select a capital A composed of  $80 c + 20 v = 100 C$ . Let this have a rate of surplus-value of 100%, and let it be turned over twice per year.

The annual product is then  $160 c + 40 v + 40 s$ . But for the purpose of ascertaining the rate of profit we do not calculate the  $40 s$  on the turned-over capital-value of 200. We calculate it on the advanced capital of 100, and we obtain thus a rate of profit of 40%.

Now let us compare this with a capital B composed of  $160 c + 40 v = 200 C$ , which has the same rate of surplus-value, 100%, but which is turned over only once a year.

The annual product of this capital is the same as that of A, namely  $160 c + 40 v + 40 s$ . But the  $40 s$  in this case are to be calculated on an advance of capital amounting to 200, so that the rate of profit of B is only 20%, or one-half that of A.

We find, then, that with capitals with equal percentages of composition, equal rates of surplus-value, and equal working days, the rates of profit are proportioned inversely as their periods of turn-over. If either the composition, or the rates of surplus-value, or the working day, or the wages, are unequal in the two compared cases, then other differences are naturally produced in the rates of profit. But these are not directly dependent on the turn-over, and do not concern us at this point. They have already been discussed in chapter III.

The direct effect of a reduced period of turn-over on the production of surplus-value, and consequently of profit, consists in the increased effectiveness given thereby to the variable portion of capital, as shown in volume II, chapter XVI, The Turn-Over of Variable Capital. It was demonstrated in that chapter that a variable capital of 500, which is turned over ten times per year, produces during this time as much surplus-value as a variable capital of 5,000 with the same rate of surplus-value and the same wages, turned over once a year.

Take a capital (I) consisting of 10,000 fixed capital, with an annual wear and tear of 10%, or 1,000, furthermore of 500 circulating constant and 500 variable capital. Let the rate of surplus-value be 100%, and let the variable capital be turned over ten times per year. For the sake of simplicity we assume in all following examples that the circulating constant capital is turned over in the same time as the variable, which is generally the case in practice. Then the product of one such period of turn-over will be

$$100 c (\text{wear}) + 500 c + 500 v + 500 s = 1,600.$$

And the product of one entire year, with ten such turn-overs, will be

$$1,000 c (\text{wear}) + 5,000 c + 5,000 v + 5,000 s = 16,000.$$

Then C is 11,000, s is 5,000, p' is  $5000/11000$ , or  $45 \frac{5}{11}\%$ .

Now let us take another capital (II), composed of 9,000 fixed capital, with an annual wear and tear of 1,000, circulating constant capital 1,000, variable capital 1,000, rate of surplus-value 100%, number of annual turn-overs of variable capital 5. Then the product of each one of these turn-overs of the variable capital will be

$$200 c (\text{wear}) + 1,000 c + 1,000 v + 1,000 s = 3,200.$$

And the annual product (of all five turn-overs) will be  
 $1,000 c \text{ (wear)} + 5,000 c + 5,000 v + 5,000 s = 16,000.$

Then C is 11,000, s is 5,000, and  $p'$  is  $5000/11000$ , or  $45 \frac{5}{11}\%$ .

Take furthermore a third capital (III) with no fixed capital, 6,000 circulating constant capital, and 5,000 variable capital. Let the rate of surplus-value be 100%, and let there be one turn-over per year. Then the total product of one year is

$$6,000 c + 5,000 v + 5,000 s = 16,000.$$

C is 11,000, s is 5,000, and  $p'$  is  $5000/11000$ , or  $45 \frac{5}{11}\%$ .

In other words, we have in all three of these cases the same annual mass of surplus-value, namely 5,000, and since the total capital is likewise the same in all three cases, namely 11,000, the rate of profit is also the same, namely  $45 \frac{5}{11}\%$ .

But now let us assume that capital (I) has only 5 instead of 10 turn-overs of its variable capital per year. In that case the outcome is different. The product of one turn-over is then  $200 c \text{ (wear)} + 500 c + 500 v + 500 s = 1,700$ . And the product of one year is

$$1,000 c \text{ (wear)} + 2,500 c + 2,500 v + 2,500 s = 8,500.$$

C is 11,000, s is 2,500,  $p'$  is  $2500/11000$ , or  $22 \frac{8}{11}\%$ . The rate of profit has fallen by one-half, because the time of turn-over has been doubled.

The amount of surplus-value appropriated during one year is therefore equal to the mass of surplus-value appropriated during one turn-over of the variable capital multiplied by the number of such turn-overs per year. If we call the surplus-value, or profit, appropriated during one year S, the surplus-value appropriated during one period of turn-over of the variable capital s, the number of turn-overs of the variable capital in one year n, then  $S = sn$ , and the annual rate of surplus-value  $S' = s'n$ , as demonstrated in Volume II, chapter XVI, I.

It is understood that the formula  $p' = s' v/c = s' v/c+v$  is correct only so long as the v of the numerator is the same as that of the denominator. In the denominator v stands for the entire portion of the total capital used on an average as variable capital for the payment of wages. In the numerator, v is determined in the first place by the fact that a certain amount of surplus-value s is produced and appropriated by it. The proportion of this surplus-value to the variable capital,  $s/v$ , constitutes the rate of surplus-value. It is only in this way that the formula  $p' = s/c+v$  is transformed into  $p' = s' v/c+v$ . Now the v of the numerator is more definitely described by stating

that it must be equal to the  $v$  of the denominator, that is to say equal to the entire variable capital of  $C$ . In other words, the equation  $p' = s/C$  can be transformed into the equation  $p' = s' v/c+v$  only in the case that  $s$  stands for the surplus-value produced in one turn-over of the variable capital. If  $s$  stands for only a portion of this surplus-value, then  $s = s'v$  is still correct, but this  $v$  is then smaller than the  $v$  in  $C = c + v$ , because less than the entire variable capital has been employed in the payment of wages. On the other hand, if  $s$  stands for more than the surplus-value of one turn-over of  $v$ , then a portion of this  $v$ , or perhaps the whole, serves twice, namely in the first and in the second turn-over, and eventually it may serve in the subsequent turn-overs. The  $v$  which produces the surplus-value, and which represents the sum of all paid wages, is then greater than the  $v$  in  $c + v$  and the calculation becomes wrong.

In order that the formula for the annual rate of profit may be exact, we must substitute the annual rate of surplus-value for the simple rate of surplus-value, we must substitute  $S'$  or  $s'n$  for  $s'$ . In other words, we must multiply the rate of surplus-value,  $s'$ , or, what amounts to the same, the variable capital  $v$  contained in  $C$ , with  $n$ , the number of turn-overs of this variable capital in one year. Thus we obtain  $p' = s'n v/C$ , which is the formula for the calculation of the annual rate of profit.

In most cases the capitalist himself does not know the amount of variable capital invested in his business. We have seen in chapter VIII of volume II, and shall see further along, that the only distinction which forces itself upon the capitalist within his capital is that of fixed and circulating capital. From the cash-box containing the money-part of the circulating capital in his hands, so far as it is not deposited in a bank, he takes the money to pay wages, and from the same cash-box he takes the money for raw and auxiliary materials. And he credits both expenditures to the same cash account. And even if he should keep a separate account for wages, it would show at the end of the year the amounts paid out for wages, that is  $vn$ , but not the variable capital  $v$  itself. In order to ascertain this, he would have to make a special calculation, of which we propose to give an illustration.

We select for this purpose the cotton spinnery of 10,000 mule spindles described in volume I. We assume that the data there given for one week of April, 1871, are in force during the whole year. The fixed capital incorporated in the machinery was valued at 10,000 p.st. The circulating capital was not given. We assume it to have been 2,500 p.st. This is a rather

high estimate, but it is justified by the assumption, which we must always make in this discussion, that no credit was in force, in other words, no permanent or temporary employment of other people's capital. The value of the weekly product was composed of 20 p.st. for wear of machinery, 358 p.st. of circulating constant capital (rent 6 p.st., cotton 342 p.st., coal, gas, oil, 10 p.st.), 52 p.st. of variable capital paid out for wages, and 80 p.st. of surplus-value. The formula was, therefore

$$20 c (\text{wear}) + 358 c + 52 v + 80 s = 510.$$

The weekly advance of circulating capital consisted therefore of  $358 c + 52 v = 410$ , and its percentages of composition were  $87.3 c + 12.7 v$ . Calculating the entire circulating capital of 2,500 p.st., on this basis, we obtain 2,182 p.st. of constant and 318 p.st. of variable capital. Since the total expenditure for wages in one year was 52 times 52 p.st., or 2,704 p.st., it follows that the variable capital of 318 p.st. was turned over almost exactly  $8\frac{1}{2}$  times in one year. The rate of surplus-value was  $80/52$ , or  $153\frac{11}{13}\%$ . We calculate the rate of profit from these elements by inserting the above values in the formula  $p' = s'n v/C$ . Since  $s'$  is  $153\frac{11}{13}$ ,  $n$  is  $8\frac{1}{2}$   $v$  is 318, and  $C$  is 12,500, we have

$$p' = 153\frac{11}{13} \times 8\frac{1}{2} \times 818/12,500 = 33.27\%.$$

We test this result by means of the simple formula  $p' = s/C$ . The total surplus-value or profit, of one year amounts to 52 times 80 p.st., or 4,160 p.st. Dividing this by the total capital of 12,500, we obtain 33.28%, or almost the identical result. This is an abnormally high rate of profit, due to the extraordinarily favorable conditions of the moment (very low prices of cotton and very high prices of yarn). In reality this rate was certainly not maintained throughout the year.

The term  $s'n$  in the formula  $p' = s'n v/c$  stands for the same thing which was called the annual rate of surplus-value in volume II. In the above case it is  $153\frac{11}{13}\%$  multiplied by  $8\frac{1}{2}$ , or in exact figures  $1,307\frac{9}{13}\%$ . A certain brave soul was shocked to the point of speechlessness over the abnormality of an annual rate of profit of 1,000%, which had been used as an illustration in that volume. Perhaps he will now settle down peacefully and contemplate this annual rate of surplus-value of more than 1,300% taken from the practical life of Manchester. In times of greatest prosperity, such as we have not seen for a long time, a similar rate is by no means rare.

By the way, this is an illustration of the actual composition of capital in modern great industry. The total capital is divided into 12,182 p.st. of

constant and 318 p.st. of variable capital, a total of 12,500 p.st. In percentages this is  $97\frac{1}{2} c + 2\frac{1}{2} v = 100 C$ . Only one-fortieth of the total capital serves for the payment of wages, but it is turned over eight times during the year.

Since very few capitalists take the trouble of making similar calculations with reference to their own business, the science of statistics is almost completely silent regarding the proportion of the constant portion of the total social capital to its variable portion. Only the American Census gives what is possible under modern conditions, namely the amount of wages paid in each line of business and the profits realized. These data are, of course, very doubtful, because they are based on uncontrollable statements of the capitalists, but they are nevertheless very valuable, and the only records available on this subject. In Europe we are far too delicate to expect such revelations from our great capitalists. — F. E.]

## CHAPTER V. ECONOMIES IN THE EMPLOYMENT OF CONSTANT CAPITAL.

General Economies.

THE increase of absolute surplus-value, or the prolongation of surplus-labor and thus of the working day, while the variable capital remains the same and employs the same number of laborers at the same nominal wages, no matter whether overtime is paid for or not, reduces relatively the value of the constant capital as compared to the total and the variable capital, and thereby increases the rate of profit even aside from the growth and mass of surplus-value and a possibly rising rate of surplus-value. The volume of the fixed portion of constant capital, such as factory buildings, machinery, etc., remains the same, no matter whether they serve for 16 or for 12 hours in the labor-process. A prolongation of the working day does not require any new expenditures for this most expensive portion of the constant capital. Furthermore, the value of the fixed capital is thereby reproduced in a smaller number of periods of turn-over, so that the time for which it must be advanced in order to make a certain profit is abbreviated. A prolongation of the working day therefore increases the profit, even if overtime is paid, or even if it is paid better, up to a certain limit, than the normal hours of labor. The ever more pressing necessity for the increase of fixed capital in modern industry was therefore one of the main reasons which induced profit-loving capitalists to prolong the working day.

The same conditions do not obtain if the working day is constant. In that case it is necessary either to increase the number of laborers and with them to a certain extent the mass of fixed capital (buildings, machinery, etc.), in order to exploit a greater quantity of labor (for we leave aside the question of deductions from wages or depression of wages below their normal level), or, if the intensity of labor and the productivity of labor are to be augmented and more relative surplus-value produced, the quantity of the circulating portion of constant capital increases in those lines which use raw materials, since more raw material is worked up within a certain time. And in the second place, the mass of machinery set in motion by the same number of laborers also increases, in other words, both portions of constant capital increase. An increase in surplus-value, then, is accompanied by a growth of the constant

capital, the growing exploitation of labor goes hand in hand with a heightened expenditure of the means of production by which labor is exploited, in other words, a greater investment of capital. The rate of profit is therefore reduced on one side while it increases on the other.

Quite a number of running expenses remain almost or entirely the same, whether the working day is long or short. The cost of supervision is smaller for 500 working men during 18 working hours than for 750 working men during 12 working hours. "The running expenditures of a factory at ten hours of labor are almost as high as at twelve hours." (Report of Factory Inspectors, October, 1848, page 37.) State and municipal taxes, fire insurance, wages of various permanent employes, depreciation of machinery, and various other expenses of a factory, run on just the same, whether the working time is long or short. To the extent that production decreases, these expenses rise as compared to the profit. (Reports of Factory Inspectors, October, 1862, page 19.)

The period in which the value of machinery and of other components of fixed capital is reproduced is practically determined, not by the mere duration of time, but by the duration of the entire labor-process during which it serves and wears out. If the laborers must work 18 hours instead of 12, it makes a difference of three days per week, so that one week is stretched into one and a half, and two years into three. If this overtime is not paid for, then the laborers supply the capitalists not only with the normal surplus-labor without receiving an equivalent, but also give one week out of every three, and one year out of every three, for nothing. In this way the reproduction of the value of the machinery is speeded up by 50% and accomplished in two-thirds of the time which would be ordinarily required.

We start in this analysis, and in that of the fluctuations of the prices of raw materials (chapter VI), from the assumption that the mass and rate of surplus-value are given quantities, in order to avoid useless complications.

We have already shown in our presentation of co-operation, of division of labor and machinery, that economies in the conditions of production, such as are found in production on a large scale, are mainly due to the fact that these conditions are social ones growing out of the combination of labor-processes. The means of production are worked up by the aggregate laborer, a co-operation of many laborers on an immense scale, instead of by laborers operating in a disconnected way or co-operating at best on a small scale. In a large factory with one or two central motors the cost of these motors does

not increase at the same rate as their horse-powers and their resulting extension of activity. The cost of transmission of power does not grow at the same rate as the number of working machines set in motion by it. The frame of any individual machine does not become dearer at the same rate as the number of tools which it employs as its organs. And so forth. The concentration of means of production furthermore saves buildings of various sorts, not only for actual working rooms, but also for storage sheds, etc. It is the same with expenses for fuel, light, etc. Other conditions of production remain the same, whether used by many or by few.

This entire line of economies arising from the concentration of means of production and their use on a large scale has for its fundamental basis the accumulation and co-operation of working people, the social combination of labor. Hence it has its source quite as much in the social nature of labor as the surplus-value considered individually has its source in the surplus-labor of the individual laborer. Even the continual improvements possible and necessary in this line are due solely to the social experiences and observations made in production on a large scale through the combination of social labor.

The same is true of the second great branch of economies in the conditions of production. We refer to the reconversion of the excrements of production, the so-called offal, into new elements of production, either of the same, or of some other line of industry; the processes by which these so-called excrements are thrown back into the cycle of production and consequently of consumption, whether productive or individual. This line of economies, which we shall examine more closely later on, is likewise the result of social labor on a large scale. It is the abundance of these excrements due to large scale production which renders them available for commerce and turns them into new elements of production. It is only as excrements of combined production on a large scale that they become valuable for the productive process as bearers of new exchange-values. These excrements, aside from the services which they perform as new elements of production, reduce the cost of raw material to the extent that they are saleable. For a normal loss is always calculated as a part of the cost of raw material, namely the quantity ordinarily wasted in its consumption. The reduction of the cost of this portion of constant capital increases to that extent the rate of profit, assuming the amount of the variable capital and the rate of surplus-value to be given quantities.

If the surplus-value is given, then the rate of profit can be increased only by a reduction of the value of the constant capital required for the production of commodities. To the extent that the constant capital enters into the production of commodities, it is not its exchange-value, but its use-value, which is taken into consideration. The quantity of labor which the flax can absorb in a spinnery does not depend on its exchange-value, but on its quantity, assuming the degree of productivity of labor, that is to say, the stage of technical development, to be given. In like manner the assistance rendered by a machine to, say, three laborers does not depend on its exchange-value, but on its use-value as a machine. In one stage of technical development a bad machine may be expensive, in another a good machine may be cheap.

The increased profit gathered by a capitalist through the cheapening of such things as cotton, spinning machinery, etc., is the result of a heightened productivity of labor. Of course, this improvement was not introduced in the spinnery, but in the cultivation of cotton and the building of machinery. There it required a smaller expense for the fundamentals of production in order to materialize a certain quantity of labor and secure possession of a certain amount of surplus-labor. This means a reduction of the expense required for the appropriation of a certain quantity of surplus-labor.

We mentioned in the foregoing the savings realized in the process of production by the co-operative use of the means of production by socially combined laborers. Other economies, resulting in the expenditure of constant capital from the shortening of the time of circulation (a result brought about largely by the development of the means of communication) will be discussed later on. At this point we shall mention the economies due to progressive improvements of machinery, namely 1) of its substance, such as iron for wood; 2) the cheapening of machinery by the improvement of methods of manufacture, so that the value of the fixed portion of constant capital, while continually increasing with the development of labor on a large scale, does not grow at the same rate; 3) the special improvements enabling the existing machinery to work more cheaply and effectively, for instance, improvements of steam boilers, etc., which will be further discussed later on; 4) the reduction of waste through better machinery.

Whatever reduces the wear of machinery, and of the fixed capital in general, for any given period of production, cheapens not only the individual commodity, seeing that every individual commodity reproduces in its price

its share of this wear and tear, but reduces also the aliquot portion of the invested capital for this period. Repair work, etc., to the extent that it becomes necessary, is figured in with the original cost of the machinery. A reduction of the expense for repairs, due to a greater durability of the machinery, reduces the price of this machinery correspondingly.

It may be said also of these economies, at least of most of them, that they are possible only through the combination of labor and are often not realized until production is carried forward on a still larger scale, so that they are due to an even greater combination of laborers in the direct process of production.

On the other hand, the development of the productive power of labor in any one line of production, for instance in the production of iron, coal, machinery, buildings, etc., which may be in part connected with improvements on the field of intellectual production, especially in natural science and its practical application, appears to be the premise for a reduction of the value, and consequently of the cost, of means of production in other lines of industry, for instance in the textile business or in agriculture. This follows naturally from the fact that a commodity, which issues as a product from a certain line of production, enters into another as a means of production. Its dearness or cheapness depends on the productivity of labor in that line of production from which it issues as a product. Thus it is at the same time a basic condition, not only for the cheapening of commodities into whose production it enters as a means of production, but also for the reduction of the value of constant capital, whose element it becomes, and thereby for the increase of the rate of profit.

The characteristic feature of this kind of economies in the constant capital due to the progressive development of industry is that the rise in the rate of profit in one line of industry is the result of the increase of the productive power of labor in another. That which the capitalist appropriates in this case is once more a gain which is the product of social labor, although not a product of the laborers directly exploited by him. Such a development of the productive power is traceable in the last instance to the social nature of the labor engaged in production; to the division of labor in society; to the development of intellectual labor, especially of the natural sciences. The capitalist thus appropriates the advantages of the entire system of the division of social labor. It is the development of the productive power of labor in its exterior department, in that department which supplies it with

means of production, which relatively lowers the value of the constant capital employed by the capitalist and consequently raises the rate of profit.

Another raise in the rate of profit is produced, not by economies in the labor creating the constant capital, but by economies in the operation of this capital itself. On one hand, the concentration of laborers, and their co-operation on a large scale, saves constant capital. The same buildings, appliances for fuel and light, etc., cost relatively less for large scale than for small scale production. The same is true of power and working machinery. Although their absolute value increases, it falls relatively in comparison to the growing extension of production and the magnitude of the variable capital, or to the mass of labor-power set in motion. The economy realized by a certain capital within its own line of production is first and foremost an economy in labor, that is to say, a reduction of the paid labor of its own laborers. The previously mentioned economy is distinguished from this one by the fact that it accomplished the greatest possible appropriation of the unpaid labor in other lines in the most economical way, that is to say, with as little expense as a certain scale of production will permit. To the extent that this economy does not rest on the previously mentioned exploitation of the productivity of the social labor employed in the production of constant capital, or in an economy arising from the operation of the constant capital itself, it is due either directly to the co-operation and social nature of labor within a certain line of production, or to the production of machinery, etc., on a scale in which its value does not grow at the same rate as its use-value.

Two points must be kept in view here: First, if the value of  $c$  were zero, then  $p'$  would be equal to  $s'$ , and the rate of profit would be at its maximum. In the second place, the most important thing for the direct exploitation of labor is not the exchange-value of the employed means of exploitation, whether they be fixed capital, raw materials or auxiliary substances. In so far as they serve as means to absorb labor, as media in and by which labor and surplus-labor are materialized, the exchange-value of buildings, raw materials, etc., is quite immaterial. That which is ultimately essential is on the one hand the quantity of them technically required for their combination with a certain quantity of living labor, and on the other hand their fitness; in other words, not only the machinery, but also the raw and auxiliary materials must be good. The good quality of the raw material determines in part the rate of profit. Good material leaves less waste. A smaller mass of raw materials is then needed for the absorption of the same quantity of labor. The

resistance to be overcome by the working machine is also less. This affects in part even the surplus-value and the rate of surplus-value. The laborer consumes more time with bad raw materials than he would with the same quantity of good material. Wages remaining the same, this implies a reduction of the surplus-labor. Furthermore this affects materially the reproduction and accumulation of capital which depend more on the productivity than on the mass of labor employed, as shown in volume I.

The fanatic hankering of the capitalist after economies in means of production is therefore intelligible. That nothing is lost or wasted, that the means of production are consumed only in the manner required by production itself, depends partly on the skill and intelligence of the laborers, partly on the discipline exerted over them by the capitalist. This discipline will become superfluous under a social system in which the laborers work for their own account, as it has already become practically superfluous in piece-work. This fanatic love of the capitalist for profit is expressed, on the other hand, by the adulteration of the elements of production, which is one of the principal means of reducing the value of the constant capital in comparison with the variable capital, and thus of raising the rate of profit. In addition to this, the sale of these elements of production above their value, so far as this value reappears in the product, plays a considerable role in cheating. This practice plays an essential part particularly in German industry, whose maxim seems to be: People will surely appreciate getting first good samples and then inferior goods from us. However, these matters belong in a discussion of competition, and do not further concern us here.

It should be noted that this raising of the rate of profit by means of a depreciation in the value of the constant capital, in other words, by a reduction of its expensiveness, is entirely independent of the fact whether the line of industry, in which this takes place, produces articles of luxury, necessities of life for the individual consumption of laborers, or means of production. This circumstance would be of material importance only in the case that it would be a question of the rate of surplus-value, which depends essentially on the value of labor-power, and consequently on the value of the customary necessities of the laborer. But in the present case the surplus-value and the rate of surplus-value have been assumed as given. The proportion of the surplus-value to the total capital, which determines the rate of profit, depends under these circumstances exclusively on the value of the

constant capital, and in no way on the use-value of the elements of which this capital is composed.

A relative cheapening of the means of production does not, of course, exclude the absolute increase of their aggregate values. For the absolute scope of their application grows extraordinarily with the development of the productive power of labor and the parallel extension of the scale of production. The economies in the use of constant capital, from whatever point of view they may be considered, are the result, either exclusively of the fact that the means of production serve as co-operative materials for the combined laborers, so that the resulting economies appear as products of the social nature of directly productive labor itself; or, in part, of the fact that the productivity of labor is developed in those spheres which supply capital with means of production, and in that case these economies present themselves once more as products of the development of the productive forces of social labor, provided only that the total labor is compared with the total capital, and not simply with the laborers employed by the individual capitalist owning this particular constant capital. The difference in this case is merely that the capitalist takes advantage not only of the productivity of labor in his own establishment, but also of that in other establishments. Nevertheless, the capitalist presumes that the economies of his constant capital are wholly independent of his laborers and have nothing at all to do with them. On the other hand, the capitalist is always well aware that the laborer has something to do with the fact whether the employer buys much or little labor with the same amount of money (for this is the form in which this transaction between the laborer and the capitalist appears in the mind of the latter). The economies realized in the application of constant capital, this method of getting a certain result out of the means of production with the smallest possible expense, is regarded more than any other power inherent in labor as a peculiar gift of capital and as a method characteristic of the capitalist mode of production.

This conception is so much less surprising as it seems to be borne out by facts. For the conditions of capitalist production conceal the internal connection of things by the utter indifference, alienation, and expropriation practiced against the laborer in the matter of the material means in which his labor must be incorporated.

In the first place, the means of production constituting the constant capital represent only the money of the capitalist (just as the body of the Roman

debtor represented the money of his creditor, according to Linguet). The laborer comes in contact with them only in the direct process of production, in which he handles them as use-values of production, as instruments of labor and materials of production. The increase or decrease of the value of these things are matters which affect his relation to the capitalist no more than the fact that he may be working up either copper or iron. Occasionally, however, the capitalist likes to profess a different conception of the matter, as we shall indicate later on. He does so whenever the means of production become dearer and thereby reduce his rate of profit.

In the second place, so far as these means of production in the capitalist process of labor are at the same time means of exploiting labor, the laborer is no more concerned in the relative dearness or cheapness of these means of exploitation than a horse is concerned in the dearness or cheapness of the bit and bridle by which it is steered.

In the third place, we have seen previously that the social nature of labor, the combination of the labor of a certain individual laborer with that of other laborers for a common purpose, stands opposed to that laborer and his comrades as a foreign power, as the property of a stranger which he would not care particularly to save if he were not compelled to economize with it. It is entirely different in the factories owned by the laborers themselves, for instance, in Rochdale.

It requires hardly any special mention, then, that the general interconnection of social labor, so far as it expresses the productivity of labor in one line of industry by a cheapening and improvement of the means of production in another line, and thereby a raising of the rate of profit, affects the laborers as a matter foreign to them and concerning only the capitalists, since they are the ones who buy and own these means of production. The fact that the capitalist buys the product of the laborers of another line of industry with the product of the laborers in his own line, and that he disposes of the product of the laborers of another capitalist by virtue of having appropriated the unpaid products of his own laborers, is mercifully concealed for him by the process of circulation and its attending circumstances.

This state of things is further complicated by the fact that these economies in the employment of constant capital assume the guise of being due to the peculiar nature of the capitalist mode of production, and to the

special function of the capitalist in particular. The thirst for profits and the demands of competition tend toward the greatest possible cheapening of the production of commodities, just as production on a large scale first develops in its capitalistic form.

Capitalist production promotes on the one hand the development of the productive powers of social labor, and on the other it enforces economies in the employment of constant capital.

However, capitalist production does not stop at the alienation and expropriation of the laborer, the bearer of living labor, from his interest in the economical, that is to say, rational and thrifty, use of the material requirements of his labor. In conformity with its contradictory and antagonistic nature, capitalist production proceeds to add to the economies in the use of constant capital, and thus to the means of increasing the rate of profit, a prodigality in the use of the life and health of the laborer himself.

Since the laborer passes the greater portion of his life in the process of production, the conditions of this productive process constitute the greater part of the fundamental conditions of his vital activity, his requirements of life. Economies in these requirements constitute a method of raising the rate of profit, just as we observed on previous occasions that overwork, the transformation of the laborers into laboring cattle, constitutes a means of self-expanding capital, of speeding up the production of surplus-value. Such economies are: The overcrowding of narrow and unsanitary rooms with laborers, or, in the language of the capitalist, a saving in buildings; a crowding of dangerous machinery into one and the same room without means of protection against this danger; a neglect of precautions in productive processes which are dangerous to health or life, such as mining, etc.; not to mention the absence of all provisions to render the process of production human, agreeable, or even bearable, for the laborer. From the capitalist point of view, such measures would be quite useless and senseless. No matter how economical capitalist production may be in other respects, it is utterly prodigal with human life. And its saving in one direction is offset by a waste in another, owing to the distribution of its products through trade and the competitive method. Capitalism loses on one side for society what it gains on another for the individual capitalist.

Just as capital endeavors to reduce the direct application of living labor to necessary labor, and to abbreviate the labor required for the production of any commodity by the exploitation of the social productiveness of labor and

thus to use as little living labor as possible, so it has also the tendency to apply this minimized labor under the most economical conditions, that is to say, to reduce the value of the employed constant capital to its minimum. While the value of commodities is determined by the necessary labor-time contained in them, not by all of the labor-time incorporated in them, it is the capital which gives reality to this determination and at the same time reduces continually the labor-time socially necessary for the production of a certain commodity. The price of that commodity is thereby lowered to its minimum, since every portion of the labor required for its production is reduced to its minimum.

It is necessary to make a distinction in the economies realized in the employment of constant capital. If the mass, and consequently the amount of the value, of the employed capital increases, it means primarily a concentration of more capital in one hand. Now, it is precisely this greater mass in one hand, going hand in hand, as a rule, with an absolute increase but relative decrease of the number of employed laborers, which permits economies in constant capital. From the point of view of the individual capitalist the volume of the necessary investment of capital, especially of its fixed portion, increases. But compared to the mass of the worked-up materials and of the exploited labor the value of the invested capital relatively decreases.

This will now be briefly illustrated by a few examples. We begin at the end, with economies in the conditions of production which are at the same time the living conditions of the laborer.

Economies in the conditions of labor at the expense of the laborers.

Coal Mines. Neglect of the most indispensable Expenditures.

“Owing to the competition between the proprietors of coal mines, expenses are kept down to the minimum required for overcoming the most palpable physical difficulties; and owing to the competition among the miners, whose numbers generally exceed the demand, they are glad to expose themselves to considerable danger and to the most injurious influences for a wage which is little above that of the day laborers in the neighboring country districts, more especially since mining permits them to utilize their children profitably. This double competition is fully sufficient...to effect the operation of a large portion of the mines with the most imperfect drainage and ventilation; very often with badly built shafts, bad piping, incapable machinists, with badly planned and badly constructed

galleries and tracks and this causes a destruction of life, limb, and health, the statistics of which would present an appalling picture.” (First Report on Children’s Employment in Mines and Collieries, etc., April 21, 1829, page 129.) About 1860, the average of fatal accidents in the English collieries amounted to 15 men per week. According to the report on Coal Mines Accidents (February 6, 1862), the total deaths from accidents during the ten years from 1852-61 amounted to 8,466. But the report itself admits that this number is far too low, because in the first years, when the inspectors had just been installed and their districts were far too large, a great many accidents and deaths were not reported. The very fact that the number of accidents has decreased since the installation of the inspectors, in spite of their insufficient numbers and limited powers, shows the natural tendencies of capitalist production. Still the number of the killed is very large. These sacrifices of human beings are mostly due to the groveling greed of the mine owners. Very often they had only one shaft dug, so that there was not only no effective ventilation but also no escape if this shaft became clogged.

Looking upon capitalist production in its details, aside from the process of circulation and the excrescences of competition, we find that it is very economical with materialized labor incorporated in commodities. But it is more than any other mode of production prodigal with human lives, with living labor, wasting not only blood and flesh, but also nerves and brains. Indeed, it is only by dint of the most extravagant waste of individual development that human development is safeguarded and advanced in that epoch of history which immediately precedes the conscious reorganisation of society. Since all the economies here mentioned arise from the social nature of labor, it is just this social character of labor which causes this waste of the lives and health of the laborers. The following question suggested by factory inspector B. Baker is characteristic in this respect: “The whole question is one for serious consideration, in what way this sacrifice of infant life occasioned by congregational labor can be averted?” (Report Fact., October 1863, page 157.)

Factories. Under this head belongs the disregard for all precautions for the security, comfort, and health of the laborers, also in the factories. A large portion of the bulletins of casualties enumerating the wounded and slain of the industrial army belong here (see the annual factory reports). Furthermore lack of space, ventilation, etc.

As late as October, 1855, Leonard Horner complained about the resistance of numerous manufacturers against the legal requirements concerning protective appliances on horizontal shafts, although the dangerous character of these shafts was continually proved by accidents, many of them fatal, and although the appliance for protection against this danger was neither expensive nor interfered with the work. (Rep. Fact., October, 1855, page 6.) In their resistance against this and other legal requirements, the manufacturers are ably seconded by the unpaid justices of the peace, who are themselves manufacturers or their friends, and who render their verdicts accordingly. What sort of verdicts those gentlemen rendered was revealed by Superior Judge Campbell, who said with reference to one of them, against which an appeal was made to him: "This is not an interpretation of an act of parliament, it is simply its abolition." (L. c., page 11.) Horner says in the same report that in many factories machinery is started up without warning the laborers. Since there is always something to look after, even when the machinery is at a standstill, there are always many hands and fingers busy on it, and accidents happen continually from the omission of a mere signal. (L. c., page 44.) The manufacturers of that period had formed a union opposing the factory legislation, the so-called "National Association for the Amendment of the Factory Laws" in Manchester, which collected, in March, 1855, more than 50,000 p.st. by an assessment of 2 shillings per horse-power. This sum was to pay for lawsuits of the members of the association against court proceedings instigated by factory inspectors, all cases of this kind being fought by the union. The issue was to prove that killing is no murder when done for profit. The factory inspector for Scotland, Sir John Kincaid, relates of a certain firm in Glasgow that it used the old iron of its factory to make protective appliances for all its machinery, the cost being 9 p.st. 1 shilling. If this firm had joined the manufacturers' union, it would have had to pay an assessment of 11 p.st. on its 110 horse powers. This would have been more than the cost of all its protective appliances. But the National Association had been organized in 1854 for the express purpose of opposing the law which prescribed such protection. The manufacturers had paid no attention whatever to this law during all the time from 1844 to 1854. At the instruction of Palmerston the factory inspectors then informed the manufacturers that the law would hence-forth be enforced. The manufacturers immediately founded their union. Many of its most prominent members were justices of the peace who were supposed to carry out this law.

When the new Minister of the Interior, Sir George Grey, offered a compromise, in April, 1855, to the effect that the government would be content with practically nominal appliances for protection, the Association declined even this, with indignation. In various lawsuits, the famous engineer Thomas Fairbairn permitted the manufacturers to throw the weight of his name into the scale in favor of economies and in defense of the violated liberty of capital. The chief of factory inspectors, Leonard Horner, was persecuted and maligned by the manufacturers in every conceivable manner.

But the manufacturers did not rest until they had obtained a writ of the Queen's Bench, which interpreted the Law of 1844 to the effect that no protective appliances were prescribed for horizontal shafts installed more than seven feet above the ground. And finally they succeeded in 1856 in securing an act of parliament entirely satisfactory to them, by the help of the hypocrite Wilson Patten, one of those pious souls whose ostentatious religion is always ready to do dirty work for the knights of the money-bag. This act practically deprived the laborers of all special protection and referred them to the common courts for the recovery of damages in cases of accident by machinery (which amounted practically to a mockery, on account of the excessive cost of lawsuits). On the other hand, this act made it almost impossible for the manufacturers to lose a lawsuit, by providing in a very nicely worded clause for expert testimony. As a result, the accidents increased rapidly. In the six months from May to October, 1858, Inspector Baker reported an increase of accidents exceeding that of the preceding six months by 21%. He was of the opinion that 36.7% of these accidents might have been avoided. It is true, that the number of accidents in 1858 and 1859 was considerably below that of 1845 and 1846. It was 29% less, although the number of laborers had increased by 20% in the industries subject to inspection. But what was the reason for this? So far as the moot question was settled in 1865, it was due mainly to the introduction of new machinery which was provided with protective appliances from the start and to which the manufacturer did not object because they required no extra expense. A few laborers had also succeeded in securing heavy damages for their lost arms and having this sentence upheld even by the highest courts. (Rep. Fact., April 30, 1861, page 31, and April 1862, page 17.)

This may suffice to illustrate the economies in appliances by which life and limb of laborers (also children) are to be protected against dangers

arising in the handling and operating of machinery.

Work in Closed Rooms. It is well known to what extent economies of space, and thus of buildings, crowd the laborers into narrow rooms. This is intensified by economies in appliances for ventilation. These two economies, coupled with an increase of the labor time, produce a large increase in the diseases of the respiratory organs, and consequently an increase of mortality. The following illustrations have been taken from the Reports on Public Health, 6th report, 1863. This report was compiled by Dr. John Simon, well-known from our volume I.

Just as the combination of co-operative labor permits the operation of machinery on a large scale, the concentration of means of production, and economies in their employment, so it is the co-operation of large numbers of laborers in closed rooms and under conditions determined by the ease of manufacture, not by the health of the laborer, which is on the one hand the source of increased profits for the capitalist and on the other the cause of the waste of the lives and health of the laborers, unless it is counteracted by a reduction of the hours of labor and by special precautions.

Dr. Simon formulates the following rule and backs it up with abundant statistics: "To the extent that the population of a certain district is made dependent upon co-operative labor in close rooms, to the same extent, other conditions remaining the same, increases the rate of mortality in that district through pulmonary diseases." (Page 23.) The cause of this is bad ventilation. "And there is probably in all England not a single exception from the rule that in every district, which has an important industry carried on in closed rooms, the increased mortality of its laborers suffices to color the mortality statistics of the entire district with a decided excess of pulmonary diseases." (Page 24.)

The mortality statistics of industries carried on in closed rooms, as examined by the Board of Health in 1860 and 1861, show the following facts: The same number of men between the ages of 15 and 55, having a rate of 100 deaths from consumption and other pulmonary diseases in English agricultural districts, has a rate of 163 deaths from consumption in Coventry, 167 in Blackburn and Skipton, 168 in Congleton and Bradford, 171 in Leicester, 182 in Leek, 184 in Macclesfield, 190 in Bolton, 192 in Nottingham, 193 in Rochdale, 198 in Derby, 203 in Salford and Ashton-

under Lyne, 218 in Leeds, 220 in Preston, and 263 in Manchester. (Page 24.) The following table gives a still more convincing illustration.

DISTRICT.	MAIN INDUSTRY.	DEATHS FROM PULMONARY DISEASES BETWEEN THE AGES OF 15 AND 25, PER 100,000	
		MEN	WOMEN.
Berkhampstead	Straw plaiting done by women	219	578
Leighton Buzzard	Straw plaiting done by women	309	554
Newport Pagnell	Manufacture of laces by women	301	617
Towcester	Manufacture of laces by women	239	577
Yeovil	Manufacture of gloves, mainly by women	280	409
Leek	Silk-industry, mainly by women	437	856
Congleton	Silk-industry, mainly by women	566	790
Macclesfield	Silk-industry, mainly by women	593	890
Healthy country district	Agriculture	331	335

It shows the deaths from pulmonary diseases separately for both sexes, between the ages of 15 to 25, computed on every 100,000. The districts selected are those in which only the women are employed in the industry carried on in closed rooms, while the men are employed in all possible lines of work.

In the districts with silk-industries, in which the participation of men in factory work is greater, their death-rate is also higher. The death rate from consumption, etc., in both sexes reveals, according to the report, the atrocious sanitary conditions under which a large portion of our silk-industry is carried on." And this is the same silk-industry whose manufacturers, boasting of the exceptionally favorable and sanitary conditions in their establishments, demanded an exceptionally long labor-time for children under 13 years of age, and were granted permission in several instances. (Volume I, chapter X, 6.)

"None of the hitherto investigated industries will have presented a worse picture than that given by Dr. Smith of tailoring. The work rooms, he says, differ considerably in the matter of sanitation; but nearly all of them are overcrowded, badly ventilated, and to a high degree injurious to health...Such rooms are necessarily hot, as it is; but if the gas is lighted, for

instance during a fog in the daytime, or in winter in the evening, the heat rises to 80 or even 90 degrees Fahrenheit (27 to 33 degrees C.) and causes a dripping perspiration and a precipitation of vapor on the glass panes, so that water is continually trickling down or dropping down from the skylight, and the laborers are compelled to keep some windows open, although they inevitably catch cold thereby. — He gives the following description of 16 of the most important shops of the West end of London: The largest cubic space allotted in these badly ventilated rooms to one laborer is 270 cubic feet; the smallest is 105 feet, the average being 156 feet per man. In a certain shop, which has a gallery running all around its sides and which receives light only from above, from 92 to 100 people are employed and a large number of gas jets lighted; the toilets are next door, and the room does not give above 150 cubic feet to each man. In another shop, which can be called only a dog kennel in a yard lighted from above and which can be ventilated only by one small window in the roof, from 5 to 6 people work in a room of 112 cubic feet per man.” And “in these atrocious work rooms, described by Dr. Smith, the tailors work generally from 12 to 13 hours per day, and at certain periods work is continued for 14 to 16 hours.” (Pages 25, 26, 28.)

NUMBER OF PEOPLE EMPLOYED.	LINES OF INDUSTRY AND LOCALITY.	RATE OF MORTALITY PER 100,000 BETWEEN THE AGES OF		
		25-35	35-45	45-55
958,265	Agriculture, England and Wales	743	805	1195
22,301 men and 12,377 women	Tailoring, London	958	1262	2093
13,803	Typesetters and Printers, London	894	1747	2367

(Page 30.) It must be noted, and has in fact been noted by John Simon, the chief of the Medical Department, who issued the report, that the mortality of the tailors, typesetters, and printers of London, for the ages from 25 to 35 years, has been reported too low, because the London employers in both lines have a large number of young people (probably up to 30 years of age) from the country engaged as apprentices and “improvers,” that is to say, men who are being trained. These increase the number of employed on which the deathrates of London are computed. But they do not contribute at the same rate to the number of deaths in London, because their stay there is only temporary. If they get sick during this period, they return to their homes in the country to get well, and if they die there, they are registered in their

own district. This fact affects the earlier ages still more and renders the death-rate figures of London for these ages completely valueless as standards of industrial violations of sanitary laws. (Page 30.)

The case of the typesetters is similar to that of the tailors. In addition to lack of ventilation, poisoned air, etc., their condition is aggravated by night-work. Their regular working time lasts from 12 to 13 hours, sometimes from 15 to 16. "Great heat and suffocating air as soon as the gas is lighted....It is not a rare occurrence that the fumes of a foundry, or the smell of machinery or of cesspools, rise from lower floors and aggravate the evils of the upper floors. The hot air of the lower rooms heats the upper ones by warming the floors, and if the rooms are low and much gas is burned in them, it is a great nuisance. It is still worse in places where steam engines are installed in the lower rooms and fill the whole house with undesirable heat...In general it may be said that the ventilation is defective throughout and totally insufficient to remove the heat and the products of combustion of the gas after sundown, and that conditions in many shops, especially if they were formerly living rooms, are most deplorable." In some shops, particularly for weekly papers, where boys of 12 to 16 years are also employed, work is carried on almost uninterruptedly for two days and one night; while in other printing shops, which make a specialty of job work, the laborer does not get a rest even on Sunday, so that his days of work are 7 instead of 6 per week. (Page 26, 28.)

The milliners and dress makers occupied our attention also in volume I, chapter X, 3, so far as overwork was concerned. Their work rooms are described in the present report by Dr. Ord. Even if they are better during the day, they become overheated, foul, and unhealthy during the hours in which gas is burned. Dr. Ord found in 34 shops of the better sort that the average number of cubic feet per worker was as follows: "In four cases more than 500; in four other cases 400-500; in five cases 200-250; in four cases 150-200; and finally in nine cases only 100-150. Even the most favorable of these cases barely suffices for continued work, when the room is not perfectly ventilated...Even with good ventilation the workshops become very hot and stuffy after dark on account of the many gas jets needed." And here follows a remark of Dr. Ord concerning one of the minor workshops operated for the account of a middleman: "One room, containing 1,280 cubic feet; persons present, 14; space for every person, 91.5 cubic feet. The girls looked haggard and neglected. Their wages were said to be from 7 to 15 sh.

per week, aside from tea...The hours of labor from 8 A. M. to 8 P. M. The small room, in which these 14 persons were crowded together, was badly ventilated. There were two movable windows and a fireplace, which was, however, closed. There were no special appliances of any kind for ventilation.” (Page 27).

The same report states with reference to the overwork of the milliners and dress makers: “The overworking of young women in fashionable millinery stores prevails only for about 4 months in that monstrous degree which has elicited on many occasions the momentary surprise and indignation of the public. But during these months work is as a rule continued in the shop for fully 14 hours per day, and on accumulated rush-orders for days from 17 to 18 hours.” In other seasons work in the shop is carried on probably for 10 to 14 hours; those working at home are regularly engaged for 12 to 13 hours. In the making of ladies’ cloaks, capes, shirts, etc., including work with a sewing machine, the hours passed in the common work room are fewer, generally not more than 10 to 12, but, says Dr. Ord, “the regular hours of labor in certain houses, at various times, are subject to considerable extension by means of extra paid overtime, and in others work is taken home in order to be finished after the regular working time. We may add that either one of these methods of over-work is often compulsory.” (Page 28). John Simons remarks in a footnote to this page: “Mr. Redcliffe, the secretary of the Epidemiological Society, who had especially frequent opportunities to examine the health of milliners and dressmakers of the first firms, found among 20 girls who said of themselves that they were “quite well” only one in good health; the others showed different degrees of physical exhaustion, nervous debility, and numerous functional troubles arising therefrom. He names as causes, in the first instance, the length of the working hours, which he estimates at a minimum of 12 hours per day even in the dull season, and secondly, ‘overcrowding and bad ventilation of workrooms, air poisoned by gas lights, insufficient or bad food, and lack of provision for domestic comfort.’”

The conclusion at which the chief of the English Board of Health arrived, is that “it is practically impossible for laborers to insist on that which is theoretically their first sanitary right: the right of having their common labor freed from all needless conditions injurious to health, so far as may lie in the power of their employer, and at his expense, whatever may be the work to be

accomplished by them for their employer. And while the laborers themselves are actually not in a position to enforce this sanitary justice, neither can they expect any effective assistance from the officials responsible for the enforcement of the Nuisance Removal Acts, in spite of the presumable intention of the legislator.” (Page 29.)— “There will no doubt be some small technical difficulties in the way of determining the lowest limit where the employers shall be subject to regulation. But...in principle the claim to the protection of health is universal. And in the interest of myriads of working men and working women, whose lives are needlessly stunted and shortened by the infinite physical ills caused by their occupations, I venture to express the hope that the sanitary conditions of labor will just as universally be placed under fitting legal protection; at least sufficiently to safeguard an effective ventilation of all closed work rooms, and to restrict as much as possible the particular unsanitary influences naturally inherent in every dangerous line of industry.” (Page 63.)

Economies in the Generation of Power, Transmission of Power, and Buildings.

In his report for October, 1852, L. Horner quotes a letter of the famous engineer James Nasmyth of Patricroft, the inventor of the steam hammer, which contains substantially the following statements.

The public is little acquainted with the immense increase of motive power obtained through such changes of system and improvements (of steam engines) as he is mentioning. The machine power of the district of Lancashire was for almost forty years under the pressure of timid and prejudiced traditions. But now the engineers have been happily emancipated. During the last 15 years, but particularly in the course of the last 4 years (since 1848) a few important changes have taken place in the operation of condense steam engines. The result was that the same machines accomplished far more work, and that the consumption of coal was considerably decreased at the same time. For many years, since the introduction of steam power in the factories of this district, the velocity which was considered safe for condense steam engines, was about 220 feet of piston lift per minute, that is to say, a machine with a piston lift of 5 feet was limited by regulation to 22 revolutions of the shaft. It was not considered appropriate to drive the machine faster. And since the entire installation was adapted to this velocity of 220 feet of piston lift per minute, this slow and senselessly restricted motion prevailed in the factories for

many years. But finally, either through a lucky unfamiliarity with this regulation, or for better reasons of some daring innovator, a greater velocity was tried, and, since the result was very favorable, this example was followed by others. The machine was given full rein, as the saying was, and the main wheels of the transmission gear were changed in such a way that the steam engine could make 300 feet per minute and more, while the machinery was kept at its former speed. This acceleration of the steam engine had become general, because it had been demonstrated that more available power was gained from the same machine, and that the movements were much more regular on account of the greater impetus of the driving wheel. The same steam pressure and the same vacuum in the condenser produced more power by means of a simple acceleration of the piston lift. For instance, if by appropriate changes we can accomplish that a machine yielding 40 horse power with 200 feet per minute makes 400 feet with the same steam pressure and vacuum, we shall secure exactly double that power, and since the steam pressure and the vacuum are the same in both cases, the strain on the various individual parts of the machine, and thus the danger of accidents, will not materially increase with an increase of speed. The whole difference is that we consume more steam in comparison to the accelerated movement of the piston, or at least approximately so; and furthermore, there is a somewhat more rapid wear of the bearings, or friction parts, but this is hardly worth mentioning. But in order to obtain more power with the same machine by speeding up the piston, more coal must be burned under the same steam boiler, or a boiler of a larger volume of evaporation must be employed, in short, more steam must be generated. This was accomplished, and boilers with a greater volume were installed with the old "accelerated" machines. These accomplished consequently as much as 100% more work. About 1842, the extraordinarily cheap generation of power with steam engines in the mines of Cornwall began to attract attention. The competition in cotton spinning compelled the manufacturers to seek the main source of their profits in economies. The remarkable difference in the consumption of coal per hour and horse-power shown by the Cornish machines, and likewise the extraordinarily economical performances of the Woolf Double Cylinder Machines, brought the question of fuel into the foreground, also in Nasmyth's district. The Cornish and the double cylinder machines furnished one horse-power per hour for every 3½ or 4 pounds of coal, while the machines in the cotton districts generally consumed 8 or 12 pounds per

horse-power an hour. Such a marked difference induced the manufacturers and machine builders of Nasmyth's district to accomplish by similar means just such extraordinary economies as were then the rule in Cornwall and France, where the high prices of coal had compelled the manufacturers to restrict this expensive branch of their business as much as possible. This led to some very important results. In the first place, many boilers, one-half of whose surface remained exposed to the cold outer air in the time of high profits, were then covered with thick layers of felt, or bricks and mortar, and other material, by which the radiation of the heat, which had been generated at such high cost, was prevented. Steam pipes were protected in the same way, and the cylinders were also surrounded by felt and wood. In the second place, high pressure came into use. Hitherto the safety-valve had been weighted only so slightly that it opened at 4, 6, or 8 pounds of steam pressure per square inch. Then it was discovered that considerable coal could be saved by raising the pressure to 14 or 20 pounds. In other words, the work of a factory was accomplished by a considerably lower consumption of coal. Those who had the means and the enterprise carried the system of increased pressure to its full extension and employed judiciously constructed steam-boilers, which furnished steam at a pressure of 30, 40, 60, or 70 pounds per square inch, which would have scared an engineer of the old school to death. But as the economic result of this increased steam-pressure soon made itself felt in the unmistakable form of so many pounds sterling, shillings, and pence, the high pressure boilers for condensing machines became very common. Those who carried out the reform radically used the Woolf machines, and this took place in most of the recently built machines. These were the Woolf machines with two cylinders, in one of which the steam from the boiler furnishes power by means of the excess of pressure over that of the atmosphere, whereupon, instead of escaping as formerly after each stroke of the piston into the open air, it passes into a low pressure cylinder of about four times the volume of the other and, after accomplishing there some more expansion, goes to the condenser. The economic result obtained by such a machine is the performance of one horse-power per hour for every 3½ or 4 pounds of coal, while the machines of the old style required from 12 to 14 pounds for this purpose. A clever device permitted the adaption of the Woolf system with double cylinders, that is to say, the high and low pressure machine, to already existing machines and thus the increase of their performance and at the same time a

reduction in the consumption of coal. The same result was obtained during the last 8 or 10 years by a combination of a high pressure machine with a condensing machine in such a way that the steam used in the former passed into the latter and drove it. This system is useful for many purposes. It would not be easily possible to obtain any accurate statistics of the increased performances of the same identical steam-engines supplied with some or all of these new improvements. But it is certain that the same weight of steam machinery now performs 50% more service on an average, and that in many cases the same steam-engine, which yielded 50 horse-powers at the time of the limited speed of 220 feet per minute, yields now more than 100 horse-powers. The highly economical results of the employment of high pressure steam in condensing machines, and the far greater demands made upon the old machines for the purposes of business expansion, have led in the last three years to the introduction of pipe boilers, by which the cost of steam generation is again considerably reduced. (Rep. Fact., Oct., 1852, pages 23 to 27.)

What applies to power generating, also applies to power transmitting and working machinery. According to Redgrave's report, on page 58 of the above-cited document, the rapid steps made in the development of improvements in machinery during the last years have enabled the manufacturers to expand production without additional motive power. The more economical employment of labor has become necessary through the shortening of the working day, and in most well-managed factories means are always considered by which production may be increased, and expenses decreased. Redgrave has before him a calculation, which he owes to the courtesy of a very intelligent gentleman in his district, referring to the number and age of the laborers employed in his factory, the machines operated in it, and the wages paid from 1840 to date. In October, 1840, his firm employed 600 laborers, of whom 200 were less than 13 years old. In October, 1852, they employed only 350 laborers, of whom only 60 were less than 13 years old. The same number of machines, with very few exceptions, were in operation, and the same amounts were paid in wages, in both years...

These improvements of machinery do not show their full effects until they are used in new and judiciously built factories.

According to the testimony of a cotton spinner in the factory reports for 1863, page 110, great progress has been made in the building of factories in which such improved machinery is to be installed. In the basement of his

factory he twines all his yarn, and for this purpose alone he installs 29,000 doubling spindles. In this room and in the shed alone he saves at least 10% in labor. This is not so much the result of improvements in the doubling system, as of the concentration of machinery under one gearing. He can drive the same number of spindles with one single driving shaft, and thus he saves from 60 to 80% for gearing as compared to other firms. This furthermore results in a great saving of oil, grease, etc. In short, with perfected installations in his factory and improved machinery he had saved at least 10% in labor, not to mention great economies in power, coal, oil, grease, transmission belts and shafts.

#### Utilisation of the Excrements of Production.

With the advance of capitalist production the utilisation of the excrements of production and consumption is extended. We mean by the former the refuse of industry and agriculture, and by the latter either the excrements, such as issue from the natural circulation of matter in the human body, or the form in which objects of consumption are left after being used. Excrements of production, for instance in chemical industries, are such by-products as are wasted in production on a smaller scale; iron filings collected in the manufacture of machinery and carried back into the production of iron as raw material, etc. Excrements of consumption are the natural discharges of human beings, remains of clothing in the form of rags, etc. The excrements of consumption have the most value for agriculture. So far as their utilisation is concerned, the capitalist mode of production wastes them in enormous quantities. In London, for instance, they find no better use for the excrements of four and a half million human beings than to contaminate the Thames with it at heavy expense.

The raising of the price of raw materials naturally leads to the utilisation of waste products.

The general requirements for the re-employment of these excrements are: A great quantity of such excrements, such as is only the result of production on a large scale; improvements in machinery by which substances formerly useless in their prevailing form are given another useful in reproduction; progress of science, especially of chemistry, which discovers the useful qualities of such waste. It is true, that great economies of this sort are also observed in small agriculture carried on like gardening, for instance in Lombardy, southern China, and Japan. But on the whole the productivity of

agriculture under this system is obtained by great prodigality in human labor-power, which is drawn from other spheres of production.

The so-called waste plays an important role in almost every industry. The factory report for December, 1863, mentions as one of the principal reasons why farmers in many parts of England and Ireland do not like to grow flax, or do so but rarely, the great waste occurring in the preparation of flax by small scutch-mills driven by water. The waste is relatively small in cotton, but very considerable in flax. Good treatment in soaking and mechanical scutching may reduce this disadvantage considerably. In Ireland flax is frequently scutched in a very slovenly manner, so that from 28 to 30% are lost. All this might be avoided by the use of better machinery. So much tow fell by the side in the preparation of flax that the factory inspector reports having heard it said of some of the scutching mills in Ireland that the laborers carry the waste home and burn it in their fire-places, although it is very valuable. (Page 140 of the above report.) We shall speak of cotton later, in discussing the fluctuations of prices of raw materials.

The wool industry was carried on more intelligently than the preparation of flax. The same report states on page 107 that it was formerly the custom to veto the preparation of waste wool and woollen rags for renewed use, but this prejudice has been entirely dropped so far as the shoddy trade is concerned, which has become an important branch of the wool district of Yorkshire. It is doubtless expected that the trade with cotton waste will soon occupy the same rank as a line of business meeting a long felt want. Thirty years previous to 1863, woollen rags, that is to say pieces of all-wool cloth, etc., were worth on an average about 4 p.st. 4 sh. per ton. But a few years before 1863 they had become worth as much as 44 p.st. per ton. And the demand for them had risen to such an extent that mixed stuffs of wool and cotton were also used, means having been found to destroy the cotton without injuring the wool. And thousands of laborers were employed in 1863 in the manufacture of shoddy, and the consumer benefited thereby, being enabled to buy cloth of good quality at very reasonable prices. The shoddy so rejuvenated constituted in 1862 as much as one-third of the entire consumption of wool in English industry, according to the factory report of October, 1862, page 81. The truth about the "benefit" for the "consumer" is that his shoddy clothes wear out in one-third of the time which good woollen clothes used to last, and become threadbare in one-sixth of this time.

The English silk industry moved on the same inclined plane. From 1839 to 1862 the consumption of genuine raw silk had somewhat decreased, while that of silk waste had doubled. By the help of improved machinery it was possible to make this otherwise rather worthless stuff into a silk useful for many purposes.

The most striking instance of the utilisation of waste was furnished by the chemical industry. It utilises not only its own waste in new ways, but also that of many other industries. For instance it converts the formerly almost useless gas-tar into aniline colors, alizarin, and more recently even into drugs.

This economy through the re-employment of excrements of production must be distinguished from economies through the prevention of waste, that is to say, the reduction of excrements of production to a minimum and the maximum utilisation at first hand of all raw and auxiliary materials required in production.

The reduction of waste depends in part on the quality of the machinery in use. Oil, soap, etc., are saved to the extent that the parts of a machine are constructed accurately and polished. This refers to auxiliary materials. In part, however, and this is the most important part, it depends on the quality of the employed machines and tools whether a large or small portion of raw material is converted into waste in the process of production. Finally it depends on the quality of the raw material itself. This in turn is conditioned on the development of the extract industry and agriculture producing the raw material (the progress of civilisation strictly so called), and on the improvement of processes through which the raw materials pass before their entry into manufacture.

“Parmentier proved that the art of grinding grain was very materially improved in France in recent times, for instance since the time of Louis XIV, so that the new mills, compared to the old, can make as high as twice as much bread from the same amount of grain. In fact, the annual consumption of an inhabitant of Paris was at first placed at 4 setiers of grain, then at 3, finally at 2, while nowadays it is only 1½ setier, or about 342 lbs. per capita....In the Perche, in which I lived for a long time, the crude mills of granite and trap rock have been rebuilt according to the rules of advanced mechanics as understood for the last 30 years. They have been provided with good mill stones from La Ferté, the grain has been ground twice, the milling sack has been given a circular motion, and the output of flour has increased

by one-sixth for the same amount of grain. I can easily explain the enormous discrepancy between the daily consumption of grain among the Romans and among us. It is due simply to the imperfect method of milling and bread making. In this connection I must explain a peculiar fact mentioned by Pliny, XVIII, c. 20, 2:...'The flour was sold in Rome, according to quality, at 40, 48, or 96 as per modius.' These prices, so high in proportion to the contemporaneous prices of grain, are due to the imperfect state of the mills of that period, and the resulting heavy cost of milling." (Dureau de la Malle, *Economie Politique des Romains*. Paris, 1840, I, page 280.)

#### Economies Due to Inventions.

These economies in the utilisation of fixed capital, we repeat, are due to the application of the requirements of labor on a large scale, in short, are due to the fact that these requirements serve as the first conditions of direct co-operative and social production, a co-operation within the primary process of production. On the one hand, this is the indispensable requirement for the application of mechanical and chemical inventions without increasing the price of commodities, and this is always the first consideration. On the other hand, only production on a large scale permits those economies which are derived from co-operative productive consumption. Finally, it is only the experience of combined laborers which discovers the where and how of economies, the simplest methods of applying the experience gained, the way to overcome practical frictions in carrying out theories, etc.

Incidentally it should be noted that there is a difference between universal labor and co-operative labor. Both kinds play their role in the process of production, both flow one into the other, but both are also differentiated. Universal labor is scientific labor, such as discoveries and inventions. This labor is conditioned on the co-operation of living fellow-beings and on the labors of those who have gone before. Co-operative labor, on the other hand, is a direct co-operation of living individuals.

The foregoing is corroborated by frequent observation, to-wit:

The great difference in the cost of the first building of a new machine and that of its reproduction, on which see Ure and Babbage.

The far greater cost of operating an establishment based on a new invention as compared to later establishments arising out of the ruins of the first one, as it were. This is carried to such an extent that the first leaders in a new enterprise are generally bankrupted, and only those who later buy the buildings, machinery, etc., cheaper, make money out of it. It is, therefore,

generally the most worthless and miserable sort of money-capitalists who draw the greatest benefits out of the universal labor of the human mind and its co-operative application in society.

## CHAPTER VI. THE EFFECT OF FLUCTUATIONS IN PRICE.

Fluctuations in the Price of Raw Materials, and their Direct Effects on the Rate of Profit.

THE assumption in this case, as in previous ones, is that no change takes place in the rate of surplus-value. This assumption is necessary in order that this case may be analysed in its pure state. However, it would be possible that a certain capital, whose rate of surplus-value remains unchanged, might employ an increasing or decreasing number of laborers, in consequence of contraction or expansion caused by fluctuations in the price of raw materials such as we are about to analyse here. In that case, the mass of surplus-value might vary, while the rate of surplus-value remained the same. Still, it will be convenient to set aside also such a case as a side-issue. If improvements of machinery and changes in the price of raw materials simultaneously influence either the number of laborers employed by a certain capital, or the level of wages, one has but to tabulate 1) the effect caused by the variations of constant capital in the rate of profit, and 2) the effect caused by variations in wages on the rate of profit. The result then becomes apparent of itself.

But in general, it should be noted here, as in previous cases: If variations take place, either in consequence of economies in the constant capital, or in consequence of fluctuations in the price of raw materials, they always affect the rate of profit, even though they may leave the wages, and therefore the mass and rate of surplus-value, untouched. They change the magnitude of the  $C$  in  $s' v/C$ , and thus the value of the whole fraction. It is therefore immaterial, in this case, in contradistinction to what we found to be the case in our analysis of surplus-value, in which sphere of production these variations take place, whether the lines of production affected by them produce articles of food for laborers, or constant capital for the production of such articles, or not. The deductions made here apply just as well if these variations occur in the production of articles of luxury, and by the production of articles of luxury I mean all production not serving for the reproduction of labor-power.

In the raw materials we include here also the auxiliary substances, such as indigo, coal, gas, etc. Furthermore, so far as machinery falls under this head, its own substance consists of iron, wood, leather, etc. Its own price is therefore affected by fluctuations in the prices of raw materials used in its construction. To the extent that its price is raised through fluctuations, either in the price of the raw materials of which it consists, or of the auxiliary substances consumed in its operation, the rate of profit is lowered. And vice versa.

In the following analysis it will be necessary to confine ourselves to fluctuations in the price of raw materials, not so far as they go to make up the raw materials of machinery serving as means of production, or as raw materials in auxiliary substances applied in the operation of machinery, but in so far as they are raw materials contributing to the process in which commodities are produced. We make only this remark: The wealth of nature in iron, coal, wood, etc., which are the principal elements used in the construction and operation of machinery, presents itself here as a natural fertility of capital and becomes an element in determining the rate of profit, independently of the highness or lowness of wages.

Since the rate of profit is represented by  $s/C$ , or  $s/(c+v)$ , it is evident that everything which causes a variation of the magnitude of  $c$ , and thereby of  $C$ , must also bring about a variation in the rate of profit, even if  $s$  and  $v$ , and their mutual proportions, remain unaltered. Now, raw materials constitute one of the principal portions of constant capital. Even in industries which consume no raw material, in the strict meaning, it enters as auxiliary material, or as a component part of machinery, etc., and fluctuations in its price influence to that extent the rate of profit. If the price of raw material falls by the amount  $d$ , then  $s/C$ , or  $s/(c+v)$ , become  $s/(C-d)$ , or  $s/((c-d)+v)$ , in other words, the rate of profit rises. On the other hand, if the price of raw material rises, then  $s/C$ , or  $s/(c+v)$ , become  $s/(C+d)$ , or  $s/((c+d)+v)$ , in other words, the rate of profit falls. Other circumstances remaining unchanged, the rate of profit falls and rises, therefore, inversely as the price of raw material. This shows, among other things, how important the low price of raw material is for industrial countries, even if fluctuations in the price of raw materials were not accompanied by variations in the selling sphere of the product, that is to say, quite aside from the relation of demand to supply. It follows furthermore that foreign trade influences the rate of profit, even aside from its influence on wages through the cheapening of the necessities

of life, for it affects the prices of raw or auxiliary materials consumed in industry or agriculture. It is due to the imperfect understanding of the nature of the rate of profit and its specific difference from the rate of surplus-value that economists (like Torrens) give a wrong explanation of the marked influence of the prices of raw material on the rate of profit, as demonstrated by experience, and that on the other hand economists like Ricardo, who cling to general principles, misapprehend the influence of such factors as the world's trade on the rate of profit.

We may realise, then, the great importance of the abolition or reduction of tariffs on raw materials for industry. Already the first rational development of the protective system made the utmost reduction of import duties on raw materials one of its cardinal principles. This, and the abolition of the duty on corn, was the main object of the English free traders, who took also, above all, care to have the duty on cotton abolished.

The use of flour in the cotton industry may serve as an illustration of the importance of a reduction in the price of an article, which, although not strictly raw material, is an auxiliary and, of course, at the same time one of the principal elements of food. As long ago as 1837, R. H. Greg calculated that the 100,000 power looms and 250,000 hand looms then operated in the cotton mills of Great Britain consumed 41 million lbs. of flour in the smoothing of chains. To this was added a third of this quantity for bleaching and other processes. The total value of the flour so consumed was placed by him at 342,000 p.st. per year for the preceding ten years. A comparison with the prices of flour on the continent showed that the raise in the price of flour forced upon the manufacturers by the corn-laws amounted alone to 170,000 p.st. per year. For 1837, Greg estimated it at a minimum of 200,000 p.st., and he mentions the fact that one firm had to pay 1,000 p.st. more per year for flour. In consequence of this "Large manufacturers, careful and calculated business men, declared that 10 hours of labor per day would be enough, if the corn-laws were repealed." (Rep. Fact., Oct. 1848, page 98.) The corn-laws were repealed. Also the duties on cotton and other raw materials. But no sooner had this been accomplished than the opposition of the manufacturers to the Ten Hours Bill became more violent than ever. And when the ten hour day in factories nevertheless became a law soon after, the first result was an attempt to reduce wages all around.

The value of the raw materials and auxiliary substances passes entirely, and all at one time, into the value of the product in whose creation they are

consumed, while the elements of fixed capital transfer their value only gradually to the product in proportion as they are worn away. It follows that the price of the product is influenced to a far higher degree by the price of raw materials than by that of fixed capital, although the rate of profit is determined by the total value of the capital, regardless of how much of this capital is consumed in the product. But it is evident — although we mention this merely incidentally, since we are still assuming that commodities are sold at their values, so that fluctuations of price caused by competition do not concern us here — that the expansion or restriction of the market depends on the price of the individual commodity and is inversely proportioned to the rise or fall of this price. For this reason we note in reality that a rise in the price of raw material is not accompanied by a corresponding rise of the price of the product, nor a fall in the price of the raw material by a corresponding fall of that of the product. Consequently the rate of profit falls lower in one case, and rises higher in the other, than it would if products were sold at their value.

Furthermore, the mass and value of the employed machinery grows with the development of the productivity of labor, but not in the same proportion as this productivity, in other words, not in the same proportion as the machine increases its output. Those lines of industry, which consume raw materials, so that the objects on which they expend their labor are themselves products of previous labor, express the growing productivity of labor precisely by the proportion in which a certain increased portion of raw material absorbs a definite quantity of labor. In other words, this increasing productivity is measured by the increasing amount of raw material converted into products, worked up into commodities, for instance, in one hour. To the extent, then, that the productivity of labor is developed, the value of raw material forms an ever growing component of the value of the product in commodities, not only because it passes wholly into them, but also because every aliquot part of the aggregate product contains an ever decreasing share of that portion which represents the wear of machinery and that other which represents newly added labor. In consequence of this falling tendency the other portion of value which represents raw material increases correspondingly, unless this growth is counterbalanced by a proportionate decrease in the value of the raw material due to a growing productivity of the labor required for its production.

Again, we know that the raw materials and auxiliary substances, the same as wages, form parts of the circulating capital and must be continually reproduced in their entirety through the sale of the product, while the machinery is renewed only to the extent that it wears out, a reserve fund being accumulated for that purpose. And it is not so essential that each individual sale should contribute its share to this reserve fund, so long as the total annual sales contribute their annual share. We see, then, once more that a rise in the price of raw material can curtail or clog the entire process of reproduction, since the price realised by the sale of the commodities may not suffice to reproduce all the elements of these commodities. Or, it may render a continuation of the process on a scale fitting for its technical basis impossible, so that either a portion of the machinery remains idle, or the whole machinery works only a part of the usual time.

Finally, the expense due to waste varies in direct proportion to the fluctuations in the price of raw material, rises and falls with them. Of course, there is a limit also in this case. In 1850 it was still reported, in the factory reports for April, 1850, page 17, that one source of considerable losses through the raising of the price of raw material would hardly be noticed by any one who is not a practical spinner, namely losses through waste. The reporting inspector had been informed that a rise in the price of cotton implied a greater rise in the expenses of the spinner than is indicated by the difference in price. The waste in the spinning of coarse yarns amounts to fully 15%. If this percentage causes a loss of  $\frac{1}{2}$  d. per lb. when cotton is worth  $3\frac{1}{2}$  d., then the loss increases to 1 d. per lb. as soon as cotton rises to 7 d. per lb. But when, as a result of the American Civil War, cotton rose to a height not equalled in almost a century, the report read differently. We learn from the factory reports of October, 1863, page 106, that the price then paid for cotton waste, and the return of the waste to the factory as raw material, offered some compensation for the difference in the loss through waste between Indian and American cotton. This difference amounted to  $12\frac{1}{2}\%$ . The loss in working up Indian cotton is 25%, so that really this cotton costs the spinner one-fourth more than he paid for it. The loss through waste was not so important while American cotton was quoted at 5 or 6 d. per lb., for it did not exceed  $\frac{3}{4}$  d. per lb. But it became a matter for serious consideration, when cotton cost 2 sh. per lb. and the loss through waste amounted to 6d.

### Appreciation, Depreciation, Release, and Tie-up of Capital.

The phenomena analysed in this chapter require for their full development the credit-system and competition on the world-market, the latter being the basis and vital element of capitalist production. These more concrete forms of capitalist production can be comprehensively presented only after the general nature of capital is understood. Moreover, such a presentation lies outside of the scope of this work and belongs in its eventual continuation. Nevertheless, the phenomena mentioned in the title of this chapter may be discussed at this stage in a general way. They are interrelated among themselves, and at the same time touch upon the rate and mass of profits. They are entitled to consideration right here for the further reason that they create the impression that not only the rate, but also the mass of profit — which is actually identical with the mass of surplus-value — could increase or decrease independently of the movements of surplus-value, whether it be its mass or its rate.

Are we to consider the release and tie-up of capital on one side, its appreciation or depreciation on the other, as different phenomena?

The question is first: What do we mean by the release and tie-up of capital? Appreciation and depreciation explain themselves. They do not signify anything but that a certain given capital grows or declines in value as a result of general economic conditions of some sort, for we do not discuss any particular fate of some individual capital. They indicate, in short, that the value of the capital invested in production rises or falls, aside from the question of its self-expansion by means of the surplus-labor employed by it.

By the tie-up of capital we mean that a certain portion of the total value of the product must be reconverted into the elements of constant and variable capital, if production is to proceed on the same scale. By the release of capital we mean that a portion of that part of the total value of the product which had to be reconverted into constant or variable capital up to a certain time becomes disposable and superfluous, provided production is to continue on the same scale. This release or tie-up of capital is different from the release or tie-up of revenue. If the annual surplus-value of a certain capital  $C$  is equal to  $x$ , then a reduction in the price of commodities consumed by the capitalists would suffice to procure the same enjoyments as before by means of  $x - a$ . In other words, a portion of the revenue equal to  $a$  is released, and may serve either for the extension of consumption or

the reconversion into capital (for the purpose of accumulation). Vice versa, if  $x + a$  is needed in order to continue the same scale of living, then this scale must either be reduced or a portion of revenue equal to  $a$  and previously accumulated must be drawn upon as revenue.

The appreciation or depreciation may strike either the constant, or the variable capital, or both. In the case of the constant capital it may affect either the fixed, or the circulating portion, or both.

In the case of the constant capital we have to consider the raw materials and auxiliary substances, including half-wrought articles, all of which we comprise here under the term raw materials, furthermore, machinery and other fixed capital.

We referred in the preceding analysis especially to variations in the price, or the value, of raw materials, and to their influence on the rate of profit. And we announced the general law that, other circumstances remaining the same, the rate or profit is inversely proportioned to the value of the raw materials. This is unconditionally true of a capital newly invested in any business enterprise, where the investment of capital, that is to say the conversion of money into productive capital, is just taking place.

But aside from this capital in process of new investment, a large portion of the already functioning capital is engaged in the sphere of circulation, while another portion is busy in the sphere of production. One portion exists on the market in the shape of commodities waiting to be converted into money; another exists in the shape of money of some kind waiting to be reconverted into elements of production, finally, a third portion exists in the sphere of production, either in the primitive form of means of production (raw materials, auxiliary substances, half-wrought articles purchased on the market, machinery and other fixed capital), or as products in process of manufacture. The effect of appreciation or depreciation of any of these depends in a large measure on the relative proportions of these things. Let us leave aside, for the sake of simplicity, all fixed capital, and let us consider only that portion of constant capital which consists of raw materials, auxiliary substances, partly wrought articles, and commodities in the making or in a finished state.

If the price of raw material, for instance of cotton, rises, then the price of those cotton goods which were made while cotton was cheaper — both half-wrought articles like yarn, and finished goods like cotton fabric — rises along with that of the rest. So does the value of the cotton held in stock

and waiting to be worked up and that of the cotton in process of being worked. This last-named cotton then represents by indirection more labor-time than was incorporated in it, and consequently it adds more value than its own original one to the product which it goes to make up, and more than the capitalist paid for it.

If, then, a rise in the price of raw materials finds on the market a considerable quantity of finished commodities, whatever may be the state of their perfection, the value of these commodities rises, and consequently the value of the existing capital is enhanced. The same is true for the supply of raw materials in the hands of the producers. This appreciation of value may indemnify the individual capitalist, or even an entire sphere of capitalist production, for the loss caused by a fall in the rate of profit incidental to a rise in the price of raw materials, or it may even more than make good that loss. Without entering into the details of the effects of competition, we may state for the sake of completeness that, in the first place, when the supplies of raw material held in stock are considerable, they tend to oppose a rise in the price of raw materials at the place where they are produced; and in the second place, when the half-wrought articles and finished goods press very heavily upon the market, they prevent the price of these things from rising in proportion to the price of their raw materials.

The reverse takes place when there is a fall in the price of raw materials. Other circumstances remaining the same, it increases the rate of profit. The commodities on the market, the articles in the making, and the supplies of raw material depreciate in value and thereby counteract the accompanying rise in the rate of profit.

The effect of a variation in prices of raw materials becomes so much more marked, the smaller a quantity of supplies exists in the sphere of production and on the market, for instance at the close of a business year, when great masses of raw materials are delivered anew, as happens in agriculture after the harvest.

We start in this entire analysis from the supposition that a rise or a fall in prices are the expressions of actual variations in value. But since we are here concerned in the effects of such variations in price on the rate of profit, it matters little what is at the bottom of them. The present statements apply just as well in the case that prices rise or fall, not on account of variations in value, but of the influence of the credit-system, competition, etc.

Seeing that the rate of profit is the expression of the excess of the value of the product over the value of the total capital advanced, a rise of the rate of profit due to a depreciation of the advanced capital would be accompanied by a loss in the value of capital. And a lowering of the rate of profit due to an appreciation of the advanced capital might be accompanied by gains.

As for the other portion of constant capital, such as machinery, and fixed capital in general, the appreciation of values taking place in them, and referring mainly to buildings, real estate, etc., they cannot be discussed without an understanding of the theory of ground rent, and do not belong in this chapter, for this reason. But they have a general importance for the question of depreciation.

There are, in the first place, constant improvements which lower relatively the use-value, and therefore the exchange-value, of existing machinery, factory equipments, etc. This process has a dire effect especially during the first epoch of newly introduced machinery, before it has reached a certain stage of maturity, when it becomes continually antiquated before it has had time to reproduce its own value. This is one of the reasons for the irrational prolongation of the working time customary at such periods, of working with day and night shifts, in order that the value of the machinery may be reproduced in a shorter time without having to place the figures for wear and tear too high. On the other hand, if a short period of effectiveness of machinery (its short term of life compared to anticipated improvements) is not compensated in this way, then it yields too much of its value to the product by moral wear, so that it cannot compete even against hand-labor.

When machinery, equipment of buildings, and fixed capital in general have reached a certain maturity, so that they remain unaltered in their basic construction, at least for an ordinary length of time, then a similar depreciation takes place in consequence of improvements in the methods of reproduction of this fixed capital. The value of machinery, etc., falls in that case, not because this machinery is rapidly crowded out and depreciated to a certain degree by new and more productive machinery, etc., but because it can be reproduced more cheaply. This is one of the reasons why large enterprises frequently do not flourish until they pass into the second hand, after their first proprietors have been bankrupted, so that their successors, who buy them cheaply, are enabled to begin with a smaller investment of capital at the very outset.

In the case of agriculture it is evident that the same causes which raise the price of the product or lower it must also raise or lower the value of capital, since this capital consists to a large degree of this product, such as grain, cattle, etc.

There still remains the variable capital for our consideration.

To the extent that the value of labor-power rises on account of a rise in the price of the means of existence required for its reproduction, or falls on account of a reduction of the value of these means of existence — and a rise or fall in the value of variable capital are but expressions of these two cases — a rise in surplus-value corresponds to such depreciation and a fall in surplus-value to such appreciation, assuming the length of the working-day to remain the same. But other circumstances — a release or tie-up of capital — may accompany such cases, and as we did not analyse them so far, we may briefly mention them now.

If wages fall in consequence of a depreciation of the value of labor-power (which may be accompanied even by a rise in the actual price of labor), then a portion of the capital hitherto invested in wages, is released. Variable capital is set free. For new investments of capital, this signifies a working with a higher rate of surplus-value. It takes less money than before to set in motion the same amount of labor, and in this way the unpaid portion of labor increases at the expense of the paid portion. But in the case of already invested capital not only the rate of surplus-value is raised, but a portion of the capital previously invested in wages is also released. It had been tied up until this time and formed a regular portion which had to be deducted from the proceeds of the product and advanced for wages, in order to perform the functions of variable capital, provided the business was to continue on its former scale. Now this portion becomes disposable and may be used for a new investment, either in the extension of the same business, or to perform a function in some other sphere of production.

Let us assume, for instance, that 500 p.st. were required at first to employ 500 laborers per week, and that now only 400 p.st. are needed for the same purpose. If the mass of value produced in either case was 1,000 p.st., then the mass of surplus-value produced per week in the first case was 500 p.st., and the rate of surplus-value  $500/500$ , or 100%. But after the reduction of wages the mass of surplus-value will be  $1,000-400$ , or 600 p.st., and its rate  $600/400$ , or 150%. And this raising of the rate of profit is the only effect produced for any one who starts a new enterprise in this

sphere of production with a variable capital of 400 p.st. and a corresponding constant capital. But in a business already existing when this takes place, the depreciation of the variable capital does not only increase the rate of surplus-value from 500 to 600 p.st., and the rate of surplus-value from 100 to 150%, but 100 p.st. of the variable capital are released and enabled to exploit more labor. The same amount of labor is then not alone advantageously exploited, but the release of 100 p.st. makes it possible to exploit more laborers with those 500 p.st. at the increased rate.

Now take the opposite case. Take it that the original proportion of division, with 500 laborers, was  $400 v + 600 s$ , making 1,000, so that the rate of surplus-value was 150%. The laborer, in that case, received  $\frac{4}{5}$  p.st., or 16 shillings per week. Now, if in consequence of an appreciation of variable capital 500 laborers cost 500 p.st. per week, then each one of them will receive 1 p.st. per week, and 400 p.st. can employ only 400 laborers. If the same number of laborers as before is to be employed, then we must have  $500 v + 500 s$ , or 1,000. The rate of surplus-value would have fallen from 150 to 100%, which is by one-third. If some new capital were now to be invested, the only effect felt by it would be this lower rate of surplus-value. Other circumstances remaining the same, the rate of profit would also have fallen, although not to the same extent. For instance, if  $c$  equals 2,000, we should have in the one case  $2,000 c + 400 v + 600 s = 3,000$ . The rate of surplus-value would be 150%, the rate of profit  $600/2400$ , or 25%. In the second case we should have  $2,000 c + 500 v + 500 s = 3,000$ . The rate of surplus-value would be 100%, the rate of profit  $500/2500$ , or 20%. However, for a capital already invested there would be a twofold effect. Only 400 laborers could be employed with 400 p.st., at a rate of surplus-value amounting to 100%. They would then produce only 400 p.st. of surplus-value. Furthermore, since a constant capital of 2,000 p.st. requires 500 laborers for its operation, 400 laborers could operate only a constant capital of 1,600 p.st. If production is to continue on the same scale as before and one-third of the machinery prevented from remaining idle, then the variable capital must be increased by 100 p.st., in order that 500 laborers may still be employed. And this can be accomplished only by tying up a hitherto disposable capital, so that a portion of the accumulation intended for an extension of production serves then merely for stopping a gap, or a portion reserved for revenue is added to the old capital. A variable capital increased by 100 p.st. produces then 100 p.st. less of surplus-value. More

capital is required to employ the same number of laborers, and the surplus-value yielded up by each laborer is at the same time reduced.

The advantages resulting from a release, and the disadvantages resulting from a tie-up of variable capital, affect only capital already engaged and reproducing itself under certain determined conditions. So far as newly invested capital is concerned, the advantage on the one, or the disadvantage on the other side, are limited to a raising or lowering of the rate of surplus-value and a variation of the rate of profit accordingly, if not always in the same proportion.

The release and tie-up of variable capital, analysed in the foregoing, is the result of a depreciation or appreciation of the elements of variable capital, that is to say, of the cost of reproduction of labor-power. However, variable capital might also be released, if the development of the productivity, with the rate of wages unchanged, results in the possibility of getting along with fewer laborers for the operation of the same amount of constant capital. Vice versa, additional variable capital may be formed, if the productive power declines and more laborers are needed to operate the same mass of constant capital. On the other hand, if a portion of capital formerly employed in the capacity of variable capital is transferred to the constant capital, so that there is merely a different distribution between the components of the same capital, this has its influence on the rate of surplus-value and of profit, but does not belong in this discussion of the release and tie-up of capital.

We have already seen that constant capital may be released or tied up by a depreciation or appreciation of its component elements. Aside from this, it can be tied up only in the case that the productive power of labor increases (not to mention the case in which a portion of the variable is transferred to the constant capital), so that the same amount of labor creates a greater product and therefore operates a larger constant capital. The same may occur under certain circumstances when the productive power decreases, for instance in agriculture, so that the same quantity of labor requires more means of production, such as seeds, manure, drainage, etc., in order to produce the same output. Constant capital may be released without depreciation, when improvements, the harnessing of natural powers, etc., enable a constant capital of smaller value to perform the same technical services as those formerly performed by a constant capital of greater value.

We have seen in volume II that once that the commodities have been converted into money, sold, a certain portion of this money must be reconverted into the material elements of constant capital, and this in proportion to the technical nature of any given sphere of production. In this respect, the most important element in all lines — aside from wages, or variable capital — is the raw material, including the auxiliary substances, which are particularly important, in all lines of production that do not use any raw materials in the strict meaning of the term, for instance in mining and extractive industries in general. That portion of the price which has to make good the wear and tear of machinery plays mainly an ideal role in calculation, so long as the machine is at all in workable condition. It does not matter greatly whether it is paid and replaced by money to-day or to-morrow, or in any other section of the period of turn-over of the capital. It is different with the raw material. If the price of raw material rises, it may be impossible to make it good fully out of the price of the commodities after deducting the wages. Violent fluctuations of price therefore cause interruptions, great collisions, or even catastrophies in the process of reproduction. It is especially the products of agriculture, raw materials taken from organic nature, which are subject to such fluctuations of value in consequence of changing yields, etc., leaving aside altogether the question of the credit-system, for the present. The same quantity of labor may, in consequence of uncontrollable natural conditions, the favor or disfavor of seasons, etc., be incorporated in very different quantities of use-values, and a definite quantity of these use-values may have very different prices. If the value  $x$  is represented by 100 lbs. of the commodity  $a$ , then the price of one lb. of  $a$  equals  $x/100$ . If it is represented by 1,000 lbs., the price of one lb. is  $x/1000$ , etc. This is one of the elements in the fluctuations of the price of raw materials. A second element, which is mentioned at this point only for the sake of completeness, since competition and the credit-system are still outside of the scope of our analysis, is this: It is in the nature of the thing that vegetable and animal substances, which are dependent on certain laws of time for their growth and production, cannot be suddenly augmented in the same degree as, for instance, machines and other fixed capital, or coal, ore, etc., whose augmentation, assuming the natural requirements to be present, can be accomplished in a very short time in an industrial country. It is therefore impossible, and under a developed system of capitalist production even inevitable, that the production and augmentation of that

portion of the constant capital which consists of fixed capital, machinery, etc., should run ahead of that portion which consists of organic raw materials, so that the demand for these last materials grows more rapidly than their supply, and their price rises in consequence. This rising of prices carries with it the following results: 1) A shipping of raw materials from great distances, seeing that the rising price covers greater freight rates; 2) an increase in their production, which, however, for natural reasons, will not be felt until the following year; 3) a using up of various hitherto unused accessories, and a better economising of waste. If this rise of prices begins to exert a marked influence on production and supply, the turning point has generally arrived at which the demand lets up on account of the protracted rise of the raw material and of all commodities made up of it, so that a reaction in the price of raw material takes place. Aside from convulsions due to the depreciation of capital in various forms, this reaction is also accompanied by other circumstances which will be mentioned immediately.

So much is evident from the foregoing: To the extent that capitalist production is developed, and with it the means of suddenly and permanently increasing that portion of the constant capital which consists of machinery, etc., and to the extent that accumulation is accelerated (as it is particularly in times of prosperity), to that extent does the relative over-production of machinery and other fixed capital increase, the relative underproduction of vegetable and animal raw materials become more frequent, the above described rise of their prices and the subsequent reaction more marked. And the revulsions increase correspondingly in frequency, so far as they are due to this violent fluctuation of one of the main elements of the process of reproduction.

Now, if these high prices collapse, because their rise had caused partly a falling off in the demand, partly an extension of production here, an importation of goods from remote and hitherto little noted or neglected regions of production in another place, and with them an excess of the supply over the demand, especially if this excess comes in with the old prices, then we have a result which offers various points of view. The sudden collapse of the price of raw materials checks their reproduction, and consequently the monopoly of the original producing countries, which are favored by the best conditions, is restored. It may be restored with certain limitations but still it is restored. The reproduction of the raw materials proceeds indeed, after the first impulse has been given, on an enlarged

scale, especially in countries which have more or less of a monopoly of this production. But the basis on which production takes place after the extension of machinery, etc., and which, after some fluctuations, has to serve as the new point of departure, is very much enlarged by the occurrences of the last cycle of turn-over. At the same time the barely increased reproduction has been considerably checked in the secondary countries of supply. For instance, it can be easily shown by a reference to the export tables that, during the last thirty years (up to 1865) the production of cotton grows in India, whenever there has been a falling off in the American, and that there is after awhile a sudden drop and falling off in the Indian. During the period in which raw materials are high, the industrial capitalists get together in associations for the purpose of regulating production. So they did, for instance, after the rise of cotton prices in 1848, in Manchester, and a similar move was made in the production of flax in Ireland. But as soon as the immediate impulse has worn off, and the principle of competition reigns once more supreme, according to which one must "buy in the cheapest market" (instead of stimulating production in the most favored countries, as those associations attempt to do, without regard to the monetary price at which those countries may just happen to supply their product), the regulation of the supply is left once more to "prices." All thought of a common, far-reaching, circumspect control of the production of raw materials gives way once more to the belief that demand and supply will mutually regulate one another. And it must be admitted that such a control is on the whole irreconcilable with the laws of capitalist production, and remains for ever a platonic desire, or is limited to exceptional co-operation in times of great stress and helplessness. The superstition of the capitalists in this respect is so crude that even the factory inspectors lift their hands in surprise, in their reports. The variation of good and bad years, of course, leads at times to the production of cheaper raw materials. Aside from the direct effect of this on the extension of the demand, an added stimulant is found in the previously mentioned influence on the rate of profit. Thereupon the aforesaid process of a gradual overtaking of the production of raw materials by that of machinery, etc., is repeated on a larger scale. An actual improvement of raw materials in such a way that not only their quantity, but also their quality would come up to expectations, for instance supplying cotton of American quality from Indian fields, would necessitate a long continued, progressively growing, and steady European

demand (quite aside from the economic conditions under which the Indian producer labors in his country). As it is, the sphere of production of raw materials is extended only convulsively, being now suddenly enlarged, and then violently contracted. All this, and the spirit of capitalist production in general, may be very well studied in the cotton crisis of 1861-65, which was further aggravated by the fact that raw materials were at times entirely missing which are one of the principal factors of reproduction. The price may also rise while there is an abundant supply, namely in the case that this abundance takes place under difficult conditions. Or, there may be an actual shortage of raw material. It was the last condition which originally prevailed in the cotton crisis.

The closer we approach in the history of production to our own times, so much more regularly do we find, especially in the essential lines of industry, the ever recurring fluctuation between a relative appreciation and the resulting depreciation of raw materials purloined from organic nature. The preceding statements will be verified by the following illustrations from reports of factory inspectors.

The moral of this story, which may also be deduced from other observations in agriculture, is that the capitalist system works against a rational agriculture, or that a rational agriculture is irreconcilable with the capitalist system, although technical improvements in agriculture are promoted by capitalism. But under this system, agriculture needs either the hands of the self-employing small farmer, or the control of associated producers.

We present now the following illustrations from the English factory reports.

According to R. Baker, factory reports for October, 1858, pages 56-61, the condition of business was then better. But the cycle of good and bad times was shortened with the increase of machinery, and to the extent that the demand for raw materials increases, the fluctuation in the conditions of business occur more frequently. For the time being confidence had been restored after the panic of 1857, and the panic itself seemed almost forgotten. Whether this improvement would be lasting, depended, in Baker's opinion, to a large extent on the price of raw materials. He saw indications that the maximum had already been reached, beyond which manufacture becomes less and less profitable, and finally ceases altogether

to yield any profits. Taking the prosperous years in the worsted business, 1849 and 1850, it will be seen that the price of English carded wool was 13 d., and of Australian, 14 to 17 d. per lb., and that the average price of English wool, for the decade from 1841 to 1850, never exceeded 14 d., nor that of Australian 17 d. But at the beginning of the disastrous year 1857, Australian wool was quoted at 23 d. It fell in December, at the time of the worst panic, to 18 d., but rose once more in the course of the year 1858 to 21 d. English wool likewise began in 1857 with 20 d., rose in April and September to 21 d., fell in January, 1858 to 14 d., and rose subsequently to 17 d., so that it stood 3 d. per lb. higher than the average of the aforementioned 10 years. This shows, in Mr. Baker's opinion, that either the failures of 1857, which were due to similar prices, have been forgotten, or that barely enough wool is produced to keep the existing spindles running. Or the prices of fabrics may experience a lasting rise. But he has seen in his experience that spindles and frames multiplied in an incredibly short time, not only in numbers, but also in speed; that the English wool export to France rose at almost the same rate, while the average age of sheep in England and other countries was steadily reduced, since the population was rapidly increasing and breeders were trying to turn their stock into money as quickly as possible. He often was seriously alarmed, when he saw people, ignorant of these facts, invest their ability and their capital in enterprises whose success depended on the supply of a product which can be increased only according to certain organic laws. The conditions of supply and demand of all raw materials seems to explain to Mr. Baker many fluctuations in the cotton business as well as the condition of the English wool market in the fall of 1857 and the subsequent commercial crisis.

The most flourishing time of the worsted industry of the West-Riding of Yorkshire was from 1849 to 50. This industry employed 29,246 persons in 1838, 37,000 persons in 1843, 48,097 in 1845, 74,891 in 1850. (Factory Reports, 1850, page 60.) This prosperity of the carded wool industry began to excite certain forebodings in October, 1850. In his report for April, 1851, sub-inspector Baker says in regard to Leeds and Bradford that the condition of business is very unsatisfactory. The carded wool spinners are rapidly losing the profits of 1850, and the majority of the weavers do not make much progress. He believes that more wool machinery is momentarily standing idle than ever before, and the flax spinners are likewise discharging laborers and stopping machinery. The cycles of the textile

industry are very uncertain, and he thinks that people will soon realise that no proportion is observed between the productivity of the spindles, the quantity of raw materials, and the increase of population. (Page 52.)

The same is true of the cotton industry. In the same report for October, 1858, we read that, since the fixing of the hours of labor in factories, the amounts of raw material consumed, of production, and of wages in all textile industries have been reduced to a simple rule of three. The inspector quotes from a recent lecture by Mr. Payns, who was then mayor of Blackburn, on the cotton industry, in which the industrial statistics of that region were very accurately compiled. The mayor said in substance that every actual horse-power operates 450 self-actor spindles with preparatory spinning machinery, or 200 throstle spindles, or 15 looms for cloth 40 inches wide, with machinery for reeling, warping and smoothing. Every horse-power employs two and a half laborers in spinning, or 10 in weaving. Their average wages are fully 10½ shillings per capita per week. The worked up average numbers are Nos. 30-32 for the warp and Nos. 34-36 for the woof. Assuming the product of one week's spinning to be 13 ounces per spindle, the weekly output of yarn would be 824,700 lbs., which imply a consumption of 970,000 lbs., or 2,300 bales of cotton valued at 28,300 p.st. In a circle of five miles around Blackburn the weekly consumption of cotton amounted to 1,530,000 lbs., or 3,650 bales, at a cost-price of 44,625 p.st. This is one-eighteenth of the entire cotton spun in the United Kingdom, and one-sixteenth of the entire mechanical weaving.

The inspector says that according to the calculations of Mr. Payns the total number of cotton spindles in the United Kingdom would be 28,800,000, and it would require 1,432,080,000 lbs. of cotton to keep them going at full speed. But the cotton imports, after deducting the exports, amounted in 1856 and 1857 only to 1,022,576,832 lbs. so that there must have been a shortage of 409,503,168 lbs. Mr. Payns, who had the kindness to discuss this point with the inspector, held that a computation of the annual consumption of cotton, based on the consumption of the Blackburn district, would total up too high, on account of the difference, not only of the numbers spun, but also of the excellence of the machinery. He estimated the total consumption of cotton per year in the United Kingdom at 1,000 million lbs. But if he is correct, and there is actually a surplus-import of 22½ million lbs., then the inspector thinks that demand and supply are

nearly balanced, without taking into account the additional spindles and looms which are about to be erected in Mr. Payns' own district, according to him, and the same applies probably to other districts as well. (Pages 59, 60.)

General Illustration. The Cotton Crisis of 1861-1865.

Preliminary History, 1845-1860

1845. Prosperity of cotton industry. Price of cotton very low. L. Horner says on this point that he has not witnessed a more active period of business than that of the last summer and fall. Especially in the spinning of cotton. Throughout the entire six months he received every week reports of new investments of capital in factories. Now new factories were being built, now the few vacant ones had found new renters, now factories which were in operation were extended, new and stronger steam engines installed and more working machinery added. (Factory Reports, November, 1845, page 13.)

1845. The complaints are beginning. For some time the inspector hears general complaints among the manufacturers over the depressed state of their business. During the last six weeks, he says, various factories have begun working short time, generally 8 hours instead of 12. This seemed to become general. There had been a great rise in the price of cotton, while the price of the products had not alone not risen, but fallen to a lower figure than that before the rise in cotton. The great increase in the number of cotton factories during the preceding four years must have caused a strong increase in the demand for raw material and a large supply of products on the market. Both of these things must have operated to depress profits, so long as the supply of raw material and the demand for the product remained unchanged. But they actually had a far stronger influence, because the supply of cotton had recently been insufficient, and the demand for the product had let up in various inland and foreign markets. (Factory Reports, December, 1846, page 10.)

The rising demand for raw materials went, of course, hand in hand with the overstocking of the market with products. By the way, at that period the expansion of industry and the subsequent stagnation were not confined to the cotton districts. The carded wool district of Bradford contained in 1836 only 318 factories, but 490 in 1846. And these figures do not by any means express the actual extension of production, since the existing factories were at the same time considerably enlarged. This was especially true of the flax

mills. According to the factory report, November, 1846, page 30, all of them had contributed more or less, during the preceding 10 years, to that overstocking of the market which was to blame for the stagnation of business at the time being. The depression in business followed naturally after such a rapid expansion of factories and machinery.

1847. In October, a money panic. Discount 8%. This was preceded by a collapse of railroad speculation, and of jobbing with East-Indian bills of exchange.

The factory report for October, 1847, page 30, states that Mr. Baker presented very interesting details concerning the rise in the demand for cotton, wool, and flax, in recent years, caused by the expansion of these industries. He held that the increased demand for these raw materials, particularly at a time when their supply had fallen far below the average, was sufficient to explain the prevailing depression in those lines of business, without reference to the insecurity of the money-market. This view was fully supported by the personal experience of the writer of the report, and by statements made to him by experts in business. All these various lines of business had been very much depressed, when discounts were still practicable at 5% and less. On the other hand, the supply of raw silk was abundant, prices reasonable, and the business correspondingly brisk until a few weeks previously, when doubtless the money-panic affected not only the dealers in raw silk, but still more their principal customers, the manufacturers of custom made goods. A glance at the published official reports showed that the cotton industry had increased by almost 27% during the preceding three years. As a result, cotton had risen in round figures from 4 d. to 6 d. per lb., while yarn, thanks to the increased supply, stood only a trifle above its former price. The wool industry commenced to expand in 1836. Since then it had grown by 40% in Yorkshire, and still more in Scotland. The increase in the worsted industry was still larger. The calculations showed in its case, for the same length of time, an expansion of more than 74%. The consumption of raw wool had, therefore, been very large. The linen industry showed since 1839 an increase of about 25% in England, 22% in Scotland, and almost 90% in Ireland, the consequence of this, and of the failure of flax crops, was that the price of the raw material rose by 10 p.st. per ton, while the price of yarn had fallen by 6 d. per bundle.

1849. Beginning with the last months of 1848, business revived. According to factory reports, 1849, pages 30, 31, the price of flax, which was so low that it guaranteed a reasonable profit under all possible future circumstances, induced manufacturers to push their business steadily. The wool manufacturers were very busy for a time in the beginning of the year. The writer of the report feared, however, that consignments of woolen goods often took the place of real demand, and that periods of seeming prosperity, that is to say, of full employment, did not always coincide with periods of legitimate demand. The worsted business was particularly good for some months. In the beginning of this period, wool stood especially low. The mill-owners had stocked them-selves at advantageous prices, and no doubt in considerable quantities. When the price of wool rose with the spring auctions, the mill-owners had the advantage, and they retained it, since the demand for goods became strong and irresistible.

On page 42 of the factory report for April, 1849, we read that, considering the fluctuations in the conditions of business, which had taken place in the factory districts for three or four years, it must be admitted that there is somewhere some great disturbing cause. May not the productive power of the increased machinery have become a new element?

In November, 1848, in May, summer, and up to October, 1849, business became more and more flourishing. The same report states on pages 42 and 43, that this applies particularly to the manufacture of goods from worsted yarn, which centers in Bradford and Halifax. At no previous time did this business approximate the extension which it had then. The speculation in raw materials, and the uncertainty of its probable supply, has always caused greater excitement and more frequent fluctuations in the cotton industry than in any other line of business. For the time being there was an accumulation of supplies of the coarser grades of cotton goods, which worried the small mill-owners and placed them at a disadvantage, so that some of them were working short time.

1850. April. Business continued brisk. Exception, according to factory report, April, 1850, page 54: There is a great depression in a portion of the cotton industry as a result of insufficient supplies of raw material precisely for coarse grades of yarn and heavy textures. It is feared that the increased machinery lately installed in the worsted business may bring about a similar reaction. Mr. Baker calculates that alone in the year 1849, the product of the

looms in this business has grown by 40%, and that of the spindles by 25 to 30%, and the expansion is still continuing at the same rate.

1850. October. The factory report for October states on page 15 that the price of cotton continues to cause considerable depression in this line of industry, especially for such goods as require a considerable portion of the cost of production to be spent for raw material. The great rise in the price of raw silk has led to an aggravation of the situation in many instances, also in this line. And on page 33 of the same report we learn that the committee of the Royal Association for Flax Culture in Ireland was of the opinion that the high price of flax, together with the low level of prices of other agricultural products, had safeguarded a considerable increase in the production of flax for the ensuing year.

1853. April. Great prosperity. L. Horner says in the factory report for April, 1853, page 19, that at no time during the 17 years, in which he took official notice of the condition of the factory districts of Lancashire, has he seen such general prosperity. The activity in all lines was extraordinary.

1853. October. Depression in the cotton industry. Overproduction. (Factory Report, October, 1853, page 15.)

1854. April. The factory report for 1854, page 37, states that the wool business, while not brisk, furnished full employment for all factories. The same held good of the cotton industry. The worsted business was irregular throughout the entire preceding half year. There was a disturbance in the linen industry in consequence of the reduced supply of flax and hemp from Russia, on account of the war in the Crimea.

1859. According to the factory report for April, 1859, page 19, business was still depressed in the Scotch linen industry, because the raw material was scarce and dear. The low quality of the preceding crop in the Baltic countries, from which came the main supply, was expected to exert an injurious influence on the business of this district. On the other hand, jute, which displaced flax for many coarse goods, was neither uncommonly dear nor scarce. About one-half of the machinery in Dundee was spinning jute. The factory report for October, 1859, states on page 30, that in consequence of the high price of raw material, flax spinning is not yet profitable, and while all other factories are running on full time, there are various instances of idle flax machinery. The jute mills are in a satisfactory condition, since recently this material has fallen to a reasonable figure.

1861-64. American Civil War. Cotton Famine. The Greatest Illustration of an Interruption in the Process of Production through Scarcity and Dearth of Raw Material.

1860. April. The reporting inspector says in substance in factory report, April, 1860: I am pleased to be able to inform you that, in spite of the high price of raw materials, all textile industries, with the exception of silk, have been well employed during the last half year. In some of the cotton districts, laborers were advertised for, and secured by immigration from Norfolk and other rural counties. There seems to be a great lack of raw materials in all branches of industry. It is alone this lack which holds us back. In the cotton business, the number of factories erected, the extension of already existing ones, and the demand for laborers, has probably never been so great. Raw materials are sought on all sides.

1860. October. The factory report for October, 1860, states on page 37, that the condition of business in the cotton, wool, and flax districts has been good. It is reported to have been very good in Ireland, for more than a year, and would have been still better but for the high price of raw materials. The flax mills seem to be waiting with more impatience than ever for the opening of the resources of India by railroads, and for a corresponding development of its agriculture, in order to secure at last a supply of flax sufficient for their requirements.

1861. April. The factory report for April, 1861, states on page 33 that the condition of business for the time being was depressed. A few cotton goods factories were working short time, and many silk factories were running only a part of the time. Raw materials were dear. In almost every textile branch raw materials were quoted above the price at which they could be worked by the mass of the consumers.

It now became evident that the cotton industry had produced too much in 1860. The effect of this made itself felt for the next few years. The factory report for December, 1863, page 127, states that it took between two and three years for the world-market to absorb the overproduction of 1860. And the factory report for October, 1862, pages 28 and 29, says in so many words: The depressed condition of the markets for cotton goods in Eastern Asia, in the beginning of 1860, had a corresponding influence on the business in Blackburn, where on an average of 30,000 mechanical looms are almost exclusively engaged in the production of goods for this market. The demand for labor was, therefore, already restricted at this point many

months before the effects of the blockade made themselves felt. Fortunately, many factories were thereby saved from ruin. The supplies rose in value so long as they were held in stock, and this prevented the appalling depreciation which is otherwise inevitable in such a crisis.

1861. October. According to the factory report for October, 1861, page 19, the business has been depressed for some time. It is not at all improbable that many factories will materially reduce their working time during the winter months. However, this was to be anticipated; quite aside from the causes which have interrupted the ordinary supply of cotton from America and the English exports, it would have been necessary to reduce the hours of labor during the coming winter, on account of the strong increase of production in the preceding three years, and the disturbance of the Indian and Chinese markets.

Cotton Waste. East Indian Cotton. (Surat.) Influence on the Wages of Laborers. Improvement of Machinery. Substitution of Starch Flour and Minerals for Cotton. Effect of this Starch Flour Ingredient on the Laborers. Manufacturers of Fine Grades of Yarn. Fraud on the Part of the Manufacturers.

An inspector writes in the factory report for October, 1863, page 63: A manufacturer thinks that, so far as the estimate of the cotton consumption per spindle is concerned, I did not sufficiently appreciate the fact that, when a cotton is dear, every manufacturer of ordinary yarns (say up to No. 40, mainly from 12 to 32) spins as fine grades as he possibly can, that is to say, he will spin No. 16 instead of 12, or 22 instead of 16, etc. And the weaver who works up these fine yarns, will raise his calico to the regular weight by adding so much more glue. This expedient is now used to a shameful degree. I have it on good authority that there are ordinary shirtings for export weighing 8 lbs. per piece, of which 2 lbs. were glue. Textures of other kinds are often given as much as 50% of glue, so that that manufacturer does not lie by any means who boasts of becoming a rich man by selling his fabrics at less money per pound than he paid for the yarn of which they are made.

We read furthermore in the same place: I have also been told that the weavers ascribe the growth of disease among themselves to the glue used in the woof of East-Indian Cotton and not merely consisting of flour, as heretofore. This substitute for flour is said to have the very great advantage of increasing the weight of fabrics considerably, so that 15 lbs. of yarn, after

being woven, weigh 20 lbs. (This substitute was ground talcum, called China clay, or gypsum, called French chalk.) The wages of the weavers (meaning the laborers) have been very much reduced by the employment of substitutes for flour in the making of weaver's glue. This glue renders the yarn heavier, but also stiff and brittle. Every thread of the yarn passes in the loom through the bobbin, whose strong threads keep the woof in position. The stiffly glued woof continually causes breaks in the thread of the bobbin. Every break causes a loss of five minutes to the weaver for repairs. The weavers have to repair such breaks ten times as often as formerly, and the loom naturally turns out so much less during working hours. (Pages 42 and 43.)

In Ashton, Stalybridge, Oldham, etc., the working hours have been reduced by at least one-third, and are reduced still more every week. This reduction of the hours of labor is in many instances accompanied by a reduction of wages. (Page 13.) In the beginning of 1861, a strike took place among the mechanical weavers in some parts of Lancashire. Several manufacturers had announced a reduction of wages by 5 to 7.5%. The laborers insisted that the scale of wages should be maintained and the hours of labor reduced. This was not granted, and a strike was called. After one month, the laborers had to give in. But then they got both. Aside from a reduction of wages which the laborers finally accepted they also worked short time in many factories. (Factory Report, April, 1863, page 23.)

1862. April. The sufferings of the laborers had considerably increased since the last report was made. But at no time in the history of this industry have so sudden and so grievous ills been borne with so much quiet resignation and such patient self-respect. (Factory Report, April, 1862, page 10.) The proportion of the temporarily totally unemployed laborers does not seem to be much larger than in 1848, when there was an ordinary panic, which, however, was of sufficient force to induce the worried manufacturers to compile a similar statistics on the cotton industry as that now given out weekly. In May, 1848, 15% of all the cotton employes of Manchester were idle, 12% worked short time, while more than 70% worked on full time. On May 28, 1862, there were 15% idle, 35% working on short time, and 49% on full time. In the neighboring places, for instance at Stockport, the percentage of the idle and partly employed is higher, that of the fully employed lower, because coarser numbers are spun there than in Manchester. (Page 16.)

1862. October. According to the last official statistics, there were in the United Kingdom 2,887 cotton factories, of which 2,109 were in the districts of Lancashire and Cheshire. The reporting inspector knew well enough that a very large number of the 2,109 factories in his district were small establishments, which employed but a few laborers. But he was surprised when he found how large was the number of these. There were 392, or 19%, which had less than 10 horse-power motors (steam or water); 345, or 16%, had between 10 and 20 horse-powers; 1,372 had 20 horse-powers or more. A very large portion of the small manufacturers, more than one-third, had been laborers not very long ago. They are men without a command of capital. The main burden would fall upon the other two-thirds. (Factory Reports, October, 1862, pages 18, 19.)

According to the same report, 40,146, or 11.3% of the cotton employes of Lancashire and Cheshire, were then working full time; 134,767, or 38%, were working a part of the time; 197,721, or 50.7%, were unemployed. If we deduct from these figures the data referring to Manchester and Bolton, where mainly fine numbers were spun, a line little affected by the cotton famine, then the matter looks still more unfavorable, namely fully employed 8.5%, partly employed 38%, unemployed 53.3%. (Pages 19 and 20.)

It makes an essential difference for the laborers whether good or bad cotton is worked up. In the first months of the year, when the manufacturers sought to keep their factories going by using up all the cotton bought at cheap prices, much bad cotton went into factories that usually worked only with good cotton. The difference in the wages of the laborers was so great that many strikes took place because no living wage could be made at the old piece wages. In a few instances the difference due to the employment of bad cotton amounted to one-half of the total wages, even at full time. (Page 27.)

1863. April. In the course of this year, not more than about one-half of the cotton employes will work on full time. (Factory Report, April, 1863, page 14.)

A very serious inconvenience in the employment of East-Indian cotton, such as the factories must use at this time, is that the speed of the machinery must be considerably reduced with it. During the last years, everything has been tried to increase the speed, so that the same machinery might do more work. However, the reduced speed hits the laborer as much as the

manufacturer. For the majority of the laborers are paid by the piece, the spinners receiving so much per lb. of yarn spun, the weavers so much per piece woven. And even the others, who work on weekly wages, will suffer a reduction through the restriction of production. According to the researches of the inspector, and the data received by him, referring to the wages of the cotton employes during the year, there is an average reduction of 20% in some cases as much as 50%, compared to the wages which were in vogue in 1861. (Page 13.) The amount earned depends on the quality of the material worked up. The condition of the laborers, so far as earnings are concerned, is much better now (October, 1863) than at the same time last year. The machinery has been improved, the raw material is better known, and the laborers overcome the difficulties better with which they had to struggle in the beginning. In the previous spring, the inspector was in a sewing school in Preston (a charity institution for unemployed). Two young girls, who had been sent to a weaving establishment on the strength of a promise that they would be able to make 4 shillings per week, asked to be readmitted to the school and complained that they could not make 1 shilling per week. The inspector has had information concerning self-acting minders, that is to say, men who operate a few self-actors, who had earned 8 sh. 11d. after 14 days of full employment, and their house-rent was deducted from this sum. The manufacturer returned one-half of this rent to them as a gift. (How generous!) The minders carried home the amount of 6 sh. 11 d. In some places the self-acting minders earned from 5 to 9 sh. per week, the weavers from 2 to 6 sh. per week, during the last months of 1862. At the time of the report there was a healthier condition of things, although even then the earnings in most districts had decreased still more. Other conditions contributed to the scanty earnings, aside from the shorter staple of East-Indian cotton and its impurity. For instance, it had become the custom to mix plenty of cotton waste with the Indian cotton, and this increases, of course, the difficulties for the spinner. Owing to the shortness of the fiber, the threads break more easily in drawing out the mule and twisting the yarn, and the mule cannot be kept going so regularly. Furthermore, one girl frequently can watch but one loom, because she must pay more attention to the threads. But few of them have more than two looms. In many cases the wages of the laborers have been reduced by 5, 7.5, and 10%. In the majority of cases the laborer must handle his raw material as best he may, and try to make wages at the ordinary scale to the best of his power. Another difficulty

with which the weavers have sometimes to struggle is that they are supposed to make good fabrics out of bad materials, and are fined by deductions from their wages, if the work is not all that is desired. (Factory reports, October, 1863, pages 41-43.)

Wages were miserable, even in places where full time was worked. The cotton employes willingly offered themselves for all public labors, drainage, road building, stone breaking, street paving, which they did in order to get their keep from the authorities (although this amounted practically to an assistance for the manufacturers. See volume I, chapter XXV, 3.) The whole bourgeoisie stood guard over the laborers. If the worst of a dog's wages were offered, and the laborer refused to accept them, then the Assistance Committee struck him from their list. It was in a way a golden age for the manufacturers, for the laborers had either to starve or work at any price profitable for the bourgeois. The Assistance Committees acted as watch-dogs. At the same time the manufacturers, in secret agreement with the government, hindered emigration as much as possible, either for the purpose of having their capital, invested in the flesh and blood of laborers, ready at hand, or of safeguarding the squeezing of rent out of the laborers.

The Assistance Committees acted with great severity in this matter. If work was offered, the laborers to whom it was offered were stricken from the lists and compelled to accept. If they refused to begin work, the reason was that their earnings were but nominal, while the work was extraordinarily hard. (Page 97.)

The laborers were willing to perform any work for which they were employed in consequence of the Public Work Acts. The principles according to which industrial occupations were assigned, varied considerably in different cities. But even in places where work in the open air was not absolutely regarded as a labor test, this labor was either compensated with the bare ordinary charity sum, or so insignificantly better that it actually became a labor test. (Page 69.) The Public Works Act of 1863 was to remedy this evil and to enable the laborer to earn his wages as an independent day laborer. The purpose of this Act was threefold: 1) To enable local authorities to borrow money from the loan treasury commissioners (with the consent of the president of the state's central poor boards; 2) to facilitate improvements in the cities of the cotton districts; 3) to secure work and remunerative wages for the unemployed laborers. Up to the end of 1863, loans to the amount of 883,700 p.st. had been granted

under this Act. (Page 70.) The enterprises started were mainly canalisation, road building, street paving, reservoirs for water works, etc.

Mr. Henderson, president of the committee of Blackburn, wrote with reference to this to factory inspector Redgrave, that in his entire experience in the course of this period of suffering and misery nothing had struck him more emphatically or given him so much pleasure as the serene willingness with which the unemployed laborers of his district accepted the work offered to them by the city council of Blackburn pursuant to the Public Works Act. A greater contrast could hardly be imagined than that between the cotton spinner, who formerly worked as a skilled man in the factory, and the day-laborer, who now works in a depth of 14 or 18 feet on a drainage canal. (They earned thereby about 4 to 12 sh. per week, according to the size of their families, and this last enormous amount had to provide sometimes for a family of eight. The gentlemen of the bourgeoisie derived a double profit from this. In the first place, they secured money for the improvement of their smoky and neglected cities at exceptionally low interest. In the second place, they paid wages to the laborers at a scale far below the ordinary.) Mr. Henderson thinks that this ready willingness on the part of the laborers to accept the offered employment implied great self-denial and consideration, and deserved all honor, since they were accustomed to an almost tropical temperature, to work in which skill and accuracy counted for more than muscular strength, and to wages which were double, or sometimes treble, of what they could earn now. In Blackburn the men were tried at all possible kinds of labor in the open air. They dug through a stiff and heavy clay soil to a considerable depth, they did drainage work, broke stones, built roads, made excavations for street canals to a depth of 14, 16, and sometimes 20 feet. Frequently they stood in mud and water from 10 to 12 inches deep, and they were exposed to a climate whose wet cold was not exceeded, or perhaps not equalled, in any other district of England. (Pages 91 and 92.) The attitude of the laborers has been almost faultless, their willingness to accept work in the open air and to get along on it. (Page 69.)

1864. April. Occasionally complaints about lack of laborers are heard in various districts, especially in certain branches, for instance weaving. But these complaints are due as much to the low wages which the laborers may earn in consequence of the bad kinds of yarn as to an actual scarcity of laborers in this particular line. Numerous disputes over wages took place

during the preceding month between some manufacturers and their laborers. The inspector regrets that strikes occurred far too frequently. The effect of the Public Works Act is now resented by the manufacturers as a competition, and as a result the local committee of Bacup has suspended its activity. For although all the factories are not yet running, there has already been a lack of laborers. (Factory Report, April, 1864, pages 9 and 10.) It was indeed high time for the manufacturers to act. In consequence of the Public Works Act the demand for laborers grew so much that many a factory hand was making 4 to 5 shillings per day in the quarries of Bacup. And so the public works were gradually suspended; this new edition of the *Ateliers nationaux* of 1848, which had this time been opened in the interests of the bourgeoisie.

#### Trying it on the Dog

Although the very reduced wages (of the fully employed), the actual earnings of the laborers in the different factories, have been given, it does not follow that they earn the same amount week after week. The laborers are exposed to great fluctuations at this place, in consequence of the continual experiments made by the manufacturers with different kinds and proportions of cotton and waste in the same factory. The "Mixtures," as they are called, are frequently changed, and the earnings of the laborers rise and fall with the quality of cotton mixtures. At times they earned only 15% of their former wages, and in one or a couple of weeks wages fell to 50 or 60%. Inspector Redgrave, who makes this report, then proceeds to figures of wages selected from practical life. The following examples may suffice:

A, weaver, family of 6 persons, employed 4 days in the week, 6 sh. 8.5 d.; B, twister, 4.5 days per week, 6 sh.; C, weaver, family of 4, 5 days per week, 5 sh. 1 d.; D, slubber, family of 6, employed 4 days per week, 7 sh. 10 d.; E, weaver, family of 7, employed 3 days, 5 sh., etc. Redgrave continues in substance: These data deserve attention, for they prove that labor would become a misfortune in some families, since it reduces not only the earnings, but depresses them so low that they become totally insufficient to satisfy anything but a small part of a family's absolute necessities, unless additional assistance were given in cases where the earnings of a family do not reach the amount which would be granted to them if all of them were unemployed. (Factory Reports, October, 1863, pages 50-53.)

In no week since June 5, 1863, has the average total employment of all laborers been more than 7 hours and some minutes. (Page 121.)

From the beginning of the crisis to March 23, 1863, nearly three million pounds sterling were expended by the poor boards, the central committee of charity, and the London Mansion House committee. (Page 13.)

In one district, in which perhaps the finest yarn is spun, the spinners suffer an indirect reduction of wages of 15% as a result of passing from Sea Island to Egyptian cotton.

In one extended district, in which cotton waste is used in large quantities as an admixture to Indian cotton, the spinners have had their wages reduced by 5%, and lost besides from 20 to 30% by working up Surat and waste. The weavers have dropped from four looms to two. In 1860 they made 5 sh. 7 d. on each loom, but in 1863 only 3 sh. 4 d. The fines, which amounted to from 3 to 6 d. per spinner on American cotton, now run as high as 1 sh. to 3 sh. 6 d. In one district, in which Egyptian cotton was used, mixed with East-Indian, the average earnings of the mule spinners in 1860 was from 18 to 25 sh., while it is only from 10 to 18 sh. now. This not exclusively due to deteriorated cotton, but also to the decreased speed of the mule, in order to give to the yarn a stronger twist, for which extra payment according to the wage scale would have been made in ordinary times. (Pages 43, 44, 45-50.) Although East-Indian cotton may have been worked here and there at a profit for the manufacturers, the wage list on page 53 shows that the laborers suffer from it, compared with 1861. If the use of Surat becomes a settled fact, the laborers would demand the same wages as in 1857. But this would seriously affect the profits of the manufacturers, unless it would be balanced by the price of either the cotton or the products. (Page 105.)

House-Rent. The house-rent of the laborers living in cottages belonging to the manufacturers, is frequently deducted from their wages, even if only short time is worked. Nevertheless the value of these buildings has fallen, and the cottages are now from 25 to 50% cheaper than formerly. A cottage which formerly rented from 3 sh. 6 d. per week, may now be had for 2 sh. 4d., and sometimes for less. (Page 57.)

Emigration. The employers were, of course, opposed to the emigration of the laborers, in the first place because they wished, in the expectation of better times in the cotton industry, to keep the means at hand for the profitable operation of their factories. In the second place some employers are owners of cottages in which their employes are to live, and at least some of them calculate without fail to collect at least a portion of the rent due them. (Page 96.)

Mr. Bernall Osborne says in a speech to his parliamentary constituents, on October 22, 1864, that the laborers of Lancashire had behaved like ancient stoic philosophers. Perhaps they acted like sheep?

## CHAPTER VII. ADDITIONAL REMARKS.

TAKE it, in accordance with the assumption on which this section is based, that the mass of profit appropriated in any particular sphere of production is equal to the sum of the surplus-values produced by the total capital invested in this sphere. Nevertheless the bourgeois will not consider his profit as identical with the surplus-value, that is to say, with unpaid surplus-labor. And he will do so, for the following reasons.

He forgets the process of production in the process of circulation. He is of the opinion that surplus-value is made by his realisation on the value of commodities, which includes realisation on their surplus-value. [There is a blank at this place, indicating that Marx intended to dwell in detail on this point. — F. E.]

Assuming a uniform degree of exploitation, we have seen that the rate of profit may differ considerably according to the relative cheapness or dearness of raw materials and the experience of the buyer, according to the relative productivity, efficacy, and cheapness of the machinery employed, according to the greater or lesser perfection of the general equipment of the various stages of the productive process, the simplicity and effectiveness of the management, etc.; all this without reference to any modifications due to the credit-system, to the mutual cheating of the capitalists among themselves, to any favorable choice of the market. In short, given the surplus-value for a certain capital, it depends still very much on the individual business ability of the capitalist, or of his managers and salesmen, whether this same surplus-value realises a greater or smaller rate of profit and thus yields a greater or smaller mass of profit. The same surplus-value of 1,000 p.st., a product of 1,000 p.st. of wages, may be calculated in the business of A on 9,000 p.st., in the business of B on 11,000 p.st. of constant capital. In the case of A we have then  $p' = 1000/10,000$ , or 10%. In the case of B we have  $p' = 1000/12,000$ , or 8 1/3%. The total capital produces relatively more profit in the business of A than in that of B, although the variable capital advanced in either case is 1,000 p.st., and the surplus-value produced by it likewise 1,000 p.st., so that there is in both cases the same degree of exploitation of the same number of laborers. This difference in the materialisation of the same mass of surplus-value, or the difference in the rates of profit, may also be due to other causes. Still, it

may be due wholly to a difference in business ability in both establishments. And this fact leads the capitalist to the conviction that his profits are due, not to the exploitation of labor, but at least, in part, to other circumstances independent of that exploitation, particularly to his individual activity.

The analyses of this part of the work demonstrate the erroneousness of the view (Rodbertus) according to which (in distinction from ground-rent, in the case of which the area of real-estate is said to remain the same and yet to produce a higher rent) a change in the magnitude of a certain capital is said to have no influence on the proportion of profit to capital, and thus on the rate of profit, on the assumption that the mass of capital, on which profits are calculated, grows simultaneously with the mass of profits, and vice versa.

This is true only in two cases. In the first place, it is true, assuming all other circumstances, especially the rate of surplus-value, to remain unchanged, if there is a change in the value of that commodity which is a money-commodity. (The same occurs in the case of a merely nominal change of value, the rise or fall of mere tokens of value while other circumstances remain the same.) Take it that the total capital amounts to 100 p.st., with a profit of 20 p.st., so that the rate of profit is 20%. Now, if gold rises or falls by 50%, the same capital, in the first eventuality, will be worth 150 p.st., which was previously worth only 100 p.st., and the profit will be worth 30 p.st., that is to say, it will be worth that much in money instead of 20 p.st., as before. In the second eventuality, the capital of 100 p.st. will be worth only 50 p.st., and the profit will be represented by the value of 10 p.st. But in either case  $150 : 30 = 50 : 10 = 100 : 20 = 20\%$ . But in all these cases there would have been no actual change in the magnitude of capital-value, but only in the money-expression of the same value and the same surplus-value. For this reason  $s/C$ , or the rate of profit, could not be affected.

The second case is that in which an actual change of magnitude takes place in the value, but without being accompanied by a change in the proportion of  $v$  to  $c$ , in other words, when the rate of surplus-value remains the same and the proportion of the variable capital invested in labor-power (considered as an index of the amount of labor-power set in motion) to the constant capital invested in means of production remains the same. Under these circumstances, we may have  $C$ , or  $nC$ , or  $C/n$ , for instance 1,000, or 2,000, or 500. If the rate of profit is 20%, the profit will be 200 in the first

case, 400 in the second, and 100 in the third. But  $200 : 1,000 = 400 : 2,000 = 100 : 500 = 20\%$ , that is to say the rate of profit remains unchanged, because the composition of capital remains the same and is not effected by its change of magnitude. An increase or decrease in the mass of profit shows therefore merely an increase or decrease in the magnitude of the invested capital.

In the first case, then, there is but seemingly a change in the magnitude of the employed capital, while in the second case there is an actual change of magnitude, but no change in the organic composition of the capital, that is to say, in the relative proportions of the variable and constant portions. With the exception of these two cases, a change in the magnitude of the employed capital is either the result of a preceding change of value in one of the components of capital, and therefore of a change in the relative magnitudes of these components (unless the surplus-value itself varies with the variable capital); or, this change of magnitude (for instance in the case of enterprises on a large scale, the introduction of new machinery, etc.) is the cause of a change in the relative magnitudes of the organic components of capital. In all these cases, other circumstances remaining unchanged, a change in the magnitude of the employed capital must be accompanied simultaneously by a change in the rate of profit.

An increase in the rate of profit is always due to a relative or absolute increase of the surplus-value in proportion to its cost of production, for instance to the advanced total capital, or to a decrease in the difference between the rate of profit and the rate of surplus-value.

Fluctuations in the rate of profit, independently of changes in the organic components of capital, or of the absolute magnitude of the capital, may occur through a rise or fall of the value of the advanced capital, whether it be fixed or circulating, caused by a prolongation or reduction of the working time required for its reproduction, this change in the working time taking place independently of already existing capital. The value of every commodity, including the commodities of which capital consists, is determined, not by the necessary labor-time contained in it individually, but by the social labor-time necessary for its reproduction. This reproduction may take place under aggravating or under propitious circumstances, which differ from the conditions of original production. If it takes under altered conditions double the time, or half as much time, to reproduce the same material capital, and if the value of money remained unchanged, then a

capital formerly worth 100 p.st. would be worth 200 p.st. or 50 p.st. If this appreciation or depreciation were to affect all parts of capital uniformly, then the profit would also be expressed correspondingly in double, or half, the amount of money. But if appreciation or depreciation imply a change in the organic composition of capital, if they imply a raising or lowering of the proportion between the variable and constant portions of capital, then the rate of profit, other circumstances remaining the same, will grow with a relatively growing, and fall with a relatively falling, variable capital. If only the money-value of the advanced capital rises or falls (in consequence of a change in the valuation of money) then the money-value of the surplus-value rises or falls in the same proportion. The rate of profit remains unchanged.

**PART II. CONVERSION OF PROFIT INTO  
AVERAGE PROFIT.**

## **CHAPTER VIII. DIFFERENT COMPOSITION OF CAPITALS IN DIFFERENT LINES OF PRODUCTION AND RESULTING DIFFERENCES IN THE RATES OF PROFIT.**

IN the preceding part we demonstrated among other things that the rate of profit may vary, may rise or fall, while the rate of surplus-value remains the same. In the present chapter we assume that the intensity of exploitation, and therefore the rate of surplus-value and the length of the working day, are the same in all spheres of production into which the social labor of a certain country is divided. Adam Smith has already shown explicitly that many differences in the exploitation of labor in different spheres of production balance one another by many actual causes, or causes regarded as such by prevailing prejudices, so that they are mere evanescent distinctions and are of no moment in this calculation. Other differences, for instance those in the scale of wages, rest largely on the difference between simple and complicated labor, mentioned in the beginning of volume I, which do not affect the intensity of exploitation in the different spheres of production, although they render the conditions of the laborers in those spheres very unequal. For instance, if the labor of a goldsmith is paid better than that of a day-laborer, the surplus-labor of the goldsmith produces correspondingly more surplus-value than that of the day-laborer. And while the compensation of wages and working days, and thereby of the rates of surplus-value, between different spheres of production, or even different investments of capital in the same sphere of production, is checked by many local obstacles, it is nevertheless accomplished at an increasing degree with the advance of capitalist production and the subordination of all economic conditions under this mode of production. The study of such frictions, while quite important for any special work on wages, may be dispensed with as being accidental and unessential in a general analysis of capitalist production. In such a general analysis it is always assumed that the actual conditions correspond to the terms used to express them, or, in other words, that actual conditions are represented only to the extent that they are typical of their own case.

The difference in the rates of surplus-value in different countries, and consequently in the degree of national exploitation of labor, is immaterial for our present analysis. For we desire to analyse precisely the way in which a general rate of profit is brought about in a certain country. It is evident, however, that a comparison of the various national rates of profit requires but a collation of previous analyses with that which is to follow. First consider the differences in the national rates of surplus-value, then compare on this basis the differences in the national rates of profit. Those differences which are not due to differences in the national rates of surplus-value, must be due to circumstances in which the surplus-value is assumed to be universally the same, constant, as it is in the analysis of this chapter.

We demonstrated in the preceding chapter that, assuming the rate of surplus-value to be constant, the rate of profit may rise or fall in consequence of circumstances which raise or lower the value of one or the other parts of constant capital, and so affect the proportion between the variable and constant components of capital in general. We observed, furthermore, that circumstances which prolong or reduce the time of turnover of a certain capital may also influence the rate of profit in a similar manner. Since the mass of profits is identical with the mass of surplus-value, the surplus-value itself, it was also seen that the mass of profits, in distinction from the rate of profits, was not touched by the aforementioned fluctuations of value. These fluctuations modified merely the rate through which a certain surplus-value, and therefore a profit of a given magnitude, express themselves, in other words, they indicate the relative magnitude of surplus-value, or profits, as compared with the magnitude of the advanced capital. To the extent that capital was released or tied up by such fluctuations of value, it was not only the rate of profit, but the profit itself, which could be affected by this indirect route. However, this always applied only to such capital as was already engaged, not to new investments about to be made. Besides, the increase or reduction of profit always depended on the extent to which the same capital could set in motion more or less labor in consequence of such fluctuations of value, in other words, the extent to which the same capital, with the same rate of surplus-value, could obtain a larger or smaller amount of surplus-value. So far from contradicting the general rule, or being an exception from it, this seeming exception was really but a special case in the application of the general rule.

It was seen in the preceding part, that the rate of profit varied, when the degree of exploitation was constant while the value of the component parts of constant capital, and the time of turn-over of capital, changed. The obvious conclusion from this was that the rates of profit of different spheres of production existing simultaneously side by side had to differ, when, other circumstances remaining unchanged, the time of turn-over of the invested capitals differed, or when the proportions of the values of the organic components of these capitals were different in the different lines of production. That which we previously regarded as changes occurring successively in the same capital will now be considered as simultaneous differences of contemporaneous investments of capital in different spheres of production.

Under these circumstances we shall have to analyse: 1) The differences in the organic composition of capitals. 2) The differences in their times of turn-over.

The natural premise in this entire analysis is that, in speaking of the composition, or of the turn-over, of a capital in a certain line of production, we always mean the average normal proportions of the capital invested in this line, or, more generally, of the average of the total capital invested in this sphere, not of the temporary differences of the individual capitals in it.

Since our assumption is, furthermore, that the rate of surplus-value and the working day are constant, and since this assumption implies also the constancy of wages, it follows that a certain quantity of variable capital expresses a definite quantity of exploited labor-power and therefore a definite quantity of materialised labor. In other words, if 100 p.st. represent the weekly wages of 100 laborers, indicating 100 actual labor-powers, then  $n$  times 100 p.st. indicates the labor-powers of  $n$  times 100 laborers, and  $100/n$  p.st. those of  $100/n$  laborers. The variable capital serves here, as is always the case when the wages are given, as an index of the amount of labor set in motion by a definite total capital. Differences in the magnitude of the employed variable capitals serve, therefore, as indices of the differences in the amount of labor-power set in motion. If 100 p.st. indicate 100 laborers per week, representing 6,000 working hours, if the weekly working time is 60 hours, then 200 p.st. indicate 12,000, and 50 p.st. indicate 3,000 working hours.

By the composition of capital we mean, as we have stated in volume I, the proportions of its active and passive parts, of variable and constant

capital. Two proportions require consideration under this heading. They are not equally important, although they may produce the same effects under certain circumstances.

The first proportion rests on a technical basis, and must be considered as existing at a certain stage of development of the productive forces. A definite quantity of labor-power, represented by a definite number of laborers, is required for the purpose of producing a definite quantity of products, for instance in one day, and thereby to consume productively, by setting in motion, a definite quantity of means of production, machinery, raw materials, etc. A definite number of laborers corresponds to a definite quantity of means of production, so that a definite quantity of living labor corresponds to a definite quantity of materialised labor in means of production. This proportion differs a great deal in different spheres of production, and frequently even in different branches of one and the same industry. On the other hand, it may occasionally be entirely or approximately the same in widely separated lines of industry.

This proportion forms the technical composition of capital and is the primary basis of its organic composition.

However, it is possible that this first proportion may be the same in different lines of industry, provided that the variable capital is merely an index of labor-power, and the constant capital merely an index of the mass of means of production set in motion by the labor-power. For instance, certain work in copper and iron may be conditioned on the same proportional composition between labor-power and the mass of means of production. But since copper is more expensive than iron, the proportion of value between variable and constant capital may be different in either case, and then the composition of the value of the total capitals is, of course, likewise different. The difference between the technical composition and the composition of values is manifested by each branch of industry by the fact that the proportion of the values of the two parts of capital may vary while the technical composition is constant, and the proportion of values may remain the same while the technical composition varies. This last eventuality will, of course, be possible only if the change in the proportion of the employed masses of means of production and labor-power is compensated by an opposite change in their values.

The composition of the values of capital, which is determined by, and reflects, its technical composition, is called the organic composition of

capital.

We assume, then, that the variable capital is the index of a definite quantity of laborers, or of labor-power, or a definite quantity of living labor set in motion. We saw in the preceding part that a change in the magnitude of the value of variable capital might eventually indicate nothing but a higher or lower price of the same mass of labor. But here, where the rate of surplus-value and the working day have been assumed to be constant, and the wages for a definite working time are given, this is out of the question. On the other hand, a difference in the magnitude of the constant capital may likewise be an index of a change in the mass of means of production set in motion by a definite quantity of labor-power. Still, it may also be due to a difference in value between the means of production set in motion in one sphere and those of another. Both points of view must be considered here.

Finally, the following essential facts must be taken into account:

Take it that 100 p.st. are the weekly wages of 100 laborers. Take it that the working hours are 60 per week. Take it, furthermore, that the rate of surplus-value is 100%. In that case, the laborers work 30 of the 60 hours for themselves, and 30 hours gratis for the capitalist. In fact, those 100 p.st. of wages represent only 30 working hours of those 100 laborers, or a total of 3,000 working hours, while the other 3,000 hours worked by the laborers are incorporated in the 100 p.st. of surplus-value, or as profit, pocketed by the capitalist. Although the wages of 100 p.st. do not express the value in which the weekly labor of those 100 laborers is materialised, still they indicate (since the length of the working day and the rate of surplus-value are given) that this capital set in motion 100 laborers for 6,000 working hours. The capital of 100 p.st. indicates this, first, because it indicates the number of laborers set in motion, since one pound sterling stands for one laborer per week, and 100 p.st. for 100 laborers per week; and in the second place, because every laborer set in motion performs twice the work for which his wages pay, at the given rate of surplus-value of 100%, so that one pound sterling, his wages, the expression of half a week of labor, actually set in motion one whole week's labor, and in the same way 100 p.st., although they pay only for 50 weeks of labor, set in motion 100 weeks of labor. There is, then, an essential difference between variable capital so far as its value, invested as a wages-capital, represents a certain sum of wages, a definite quantity of materialised labor, and variable capital so far as its value is a mere index of the quantity of living labor set in motion by it. This

last-named labor is always greater than that incorporated in the variable capital, and is, therefore, represented by a greater value than that of the variable capital. This greater value is determined on one hand by the number of laborers set in motion by the variable capital, and on the other by the quantity of surplus-labor performed by them.

This mode of looking upon variable capital leads to the following conclusions:

When a capital invested in the sphere of production A expends only 100 in variable capital for each 700 of total capital, leaving 600 for constant capital, while a capital invested in the sphere of production B expends 600 for variable and only 100 for constant capital, then the capital of 700 in A will set in motion only 100 of labor-power, or, in terms of our previous assumption, 100 weeks of labor, or 6,000 hours of living labor, while the same amount of capital in B will set in motion 600 weeks of labor or 36,000 hours of living labor. The capital in A would then appropriate only 50 weeks of labor, or 3,000 hours of surplus-labor, while the same amount of capital in B would appropriate 300 weeks of labor, or 18,000 hours. The variable capital is the index, not only of the labor embodied in it, but also, when the rate of surplus-value is known, of the labor set in motion over and above that embodied in itself, in other words, of the surplus-labor. With the same intensity of exploitation, the profit in the first case would be  $100/700$ , or  $1/7$ , or  $14\frac{2}{7}\%$ , and in the second case  $600/700$ , or  $6/7$ , or  $85\frac{5}{7}\%$ , six times the rate of profit of the first. In this case, the profit itself would actually be six times that of A, 600 in B as against 100 in A, because the same capital set in motion six times the quantity of living labor, which, with the same degree of exploitation, means six times as much surplus-value and thus six times as much profit.

If the capital invested in A were not 700, but 7,000 p.st., while that invested in B were only 700 p.st., and the organic composition of both were to remain the same, then the capital in A would expend 1,000 p.st. of the 7,000 as variable capital, that is to say, it would employ 1,000 laborers per week at 60,000 hours of living labor, of which 30,000 would be surplus-labor. But yet each 700 p.st. of the capital in A would continue to set in motion only one-sixth of the surplus-labor of the capital in B, and produce only one-sixth of the profit of this capital. If we consider the rate of profit, then  $1000/7000$ , or  $100/700$ , or  $14\frac{2}{7}\%$ , would be the rate of the capital in

A, compared with  $600/700$ , or  $85\frac{5}{7}\%$ , of the capital in B. Taking equal amounts of capital for comparison, the rates of profit differ here, because the masses of surplus-value, and thus of profits, differ, although the rates of surplus-value are the same, owing to the different masses of living labor set in motion.

The same result follows, if the technical conditions are the same in both spheres of production, while the value of the elements of constant capital is greater or smaller in the one than in the other. Let us assume that both invest 100 p.st. in variable capital and employ 100 laborers per week, which set in motion the same quantity of machinery and raw materials. But let the last-named elements of production be more expensive in B than in A. For instance, let the 100 p.st. of variable capital in A set in motion 200 p.st. of constant capital, and in B 400 p.st. of constant capital. With the same rate of surplus-value, 100%, the surplus-value produced is in either case 100 p.st. Hence the profit is also 100 p.st. But the rate of profit in A is  $100/200 \text{ c } 100 \text{ v}$ , or  $1/3$ , or  $33\frac{1}{3}\%$ , while in B it is  $100/400 \text{ c } 100 \text{ v}$ , or  $1/5$ , or 20%. In fact, if we select a certain aliquot part of the total capital from either side, we find that every 100 p.st. in B sets aside only 20 p.st., or one-fifth, for variable capital, while every 100 p.st. in A sets aside  $33\frac{1}{3}\%$  p.st., or one-third, for this purpose. B produces less profit to each 100 p.st., because it sets in motion less living labor than A. The difference in the rates of profits resolves itself once more, in this case, into a difference of the masses of surplus-value, and thus masses of profit, produced per each 100 of capital invested.

The difference of this second example from the first is just this: The compensation between A and B, in the second case, would require only a change in the value of the constant capital of either A or B, provided the technical basis remained the same. But in the first case, the technical basis itself is different, and would have to be revolutionised in order to consummate a compensation.

The different organic composition of various capitals, then, is independent of their absolute magnitude. It is always but a question of what part of every 100 is variable and what part constant.

Capitals of different magnitude, calculated in percentages, or, what amounts to the same in this case, capitals of the same magnitude, working with the same working time and the same degree of exploitation, may produce considerably different amounts of surplus-value, and thus of profit,

for the reason that a difference in the organic composition of capital in different spheres of production implies a difference in their variable parts, and thus a difference in the quantities of living labor set in motion by them, which implies a difference in the quantities of surplus-labor appropriated by them. And this surplus-labor is the substance of surplus-value and of profit. Equal portions of the total capital in the various spheres of production comprise the sources of unequal portions of surplus-value, and the only source of surplus-value is living labor. With the same degree of labor-exploitation the mass of labor set in motion by a capital of 100, and consequently the mass of surplus-value appropriated by it, depend on the magnitude of its variable component. If a capital, consisting of percentages of  $90\ c + 10\ v$ , produced as much surplus-value, or profit, with the same degree of exploitation, as a capital consisting of percentages of  $10\ c + 90\ v$ , then it would be as plain as daylight that the surplus-value, and value in general, must have an entirely different source than labor, and that political economy would then be without a rational basis. If we assume continually that one pound sterling stands for the weekly wages of a laborer working 60 hours, and that the rate of surplus-value is 100%, then it is evident that the total product in values which one laborer can supply in one week, is 2 p.st. Then 10 laborers cannot supply more than 20 p.st. And since 10 p.st. of the 20 reproduce the wages, those 10 laborers cannot produce any more surplus-value than 10 p.st. On the other hand the 90 laborers, whose total product is 180 p.st., and whose wages amount to 90 p.st., produce a surplus-value of 90 p.st. The rate of profit in the one case would be 10%, in the other 90%. If matters were different, then value and surplus-value would be something else than materialised labor. Seeing, then, that capitals in different spheres of production, calculated in percentages — or capitals of equal magnitude — are differently divided into variable and constant capital, so that they set in motion unequal quantities of living labor and produce different surplus-values, and profits, it follows that the rate of profit, which consists precisely of the calculation of the percentage of surplus-value on the total capital, must also differ.

Now, if capitals in different spheres of production, calculated in percentages, in other words, capitals of equal magnitude, produce unequal profits in different spheres of production, in consequence of their different organic composition, then it follows that the profits of unequal capitals in different spheres of production cannot be proportional to the magnitude of

their respective capitals, or, in slightly different words, profits in different spheres of production are not proportional to the magnitude of the respective capitals invested in them. For if profits were to grow at the rate of the investment of capital, it would mean that the percentage of profits was the same, so that capitals of equal magnitude in different spheres of production would have equal rates of profit, in spite of their different organic composition. Only within the same sphere of production, in which the organic composition of capital is known, or in different spheres of production with the same organic composition of capitals, do the masses of profits stand in direct ratio to the masses of capitals invested. To say that the profits of capitals of different magnitude are proportional to their magnitudes is only another way of saying that capitals of equal magnitude yield equal profits, or that the rate of profits is the same for all capitals, whatever may be their organic composition and their magnitude.

These statements hold good on the assumption that the commodities are sold at their values. The value of a commodity is equal to the value of the constant capital contained in it, plus the value of the variable capital reproduced in it, plus the increment of this variable capital, which increment is the surplus-value. With the same rate of surplus-value, its mass evidently depends on the mass of the variable capital. The value of the product of a capital of 100 is in the one case  $90 c + 10 v + 10 s$ , or 110, in the other  $10 c + 90 v + 90 s$ , or 190. If the commodities are sold at their values, then the first product is sold at 110, of which 10 represent surplus-value, or unpaid labor; the second product is sold at 190, of which 90 represent surplus-value, or unpaid labor.

This is especially important when international rates of profit are compared with one another. Let us assume that the rate of surplus-value in some European country is 100%, so that the laborer works one-half of the working day for himself and the other half for his employer. Let us assume, furthermore, that the rate of profit in some Asiatic country is 25%, so that the laborer works four-fifths of the working day for himself, and one-fifth for his employer. Let the composition of the national capital in the European country be  $84 c + 16 v$ , that of the national capital of the Asiatic country, where little machinery, etc., is used, and a given quantity of labor-power consumes relatively little raw material productively in a given time,  $16 c + 84 v$ . Then we have the following calculation:

In the European country: Value of product  $84 c + 16 v + 16 s$ , or 116; rate of profit  $16/100$ , or 16%.

In the Asiatic country: Value of product  $16 c + 84 v + 21 s$ , or 121; rate of profit  $21/100$ , or 21%.

The rate of profit in the Asiatic country is higher by more than 25% than in the European country, although the rate of surplus-value is four times smaller in the former than in the latter. Men like Carey, Bastiat, and others, would come to the opposite conclusion.

By the way, different national rates of profit will generally be based on different national rates of surplus-value. But we compare in this chapter unequal rates of profit resting on the same rate of surplus-value.

Aside from differences of organic composition of capitals, which imply different masses of labor, and consequently, other circumstances remaining the same, of surplus-labor, which set in motion capitals of the same magnitude in different spheres of production, there is still another source for the inequality of rates of profit. This is the different length of the time of turn-over of capital in different spheres of production. We have seen in chapter IV that, other circumstances being the same, the rates of profits of capitals of the same organic composition are proportioned inversely as their times of turn-over. We have also seen that the same variable capital, if turned over in different periods of time, produces unequal masses of annual surplus-value. The difference of the times of turn-over, then, is another reason why capitals of the same magnitude in different spheres of production do not produce equal profits in equal times, and why the rates of profit in these different spheres differ.

On the other hand, the proportional composition of capitals as to fixed and circulating capital does not in itself affect the rate of profit. It can affect this rate only in the case that this difference in composition either coincides with a different proportion of the variable and constant parts so that the difference in the rate of profit is due to this difference in organic composition, and not to the different proportions between fixed and circulating capital; or, if the difference in the proportion of fixed and circulating capital is responsible for a difference in the time of turn-over, during which a certain profit is realised. If capitals are divided into fixed and circulating capital in different proportions, it will, of course, always have an influence on the time of turn-over and cause differences in it. But this does not imply that the time of turn-over, in which the same capitals

realise certain profits, is different. For instance, A may have to convert the greater part of its product continually into raw materials, etc., while B may use the same machinery, etc., for a longer time, and need less raw material, but both A and B have a part of their capital engaged so long as they are producing; the one in raw materials, that is to say circulating capital, the other in machinery, etc., or fixed capital. The capitalist in A continually converts a portion of his capital from commodities into money, and this into raw materials, while the capitalist in B employs a portion of his capital for a longer time as an instrument of labor without any such conversions. If both of them employ the same amount of labor, they will sell masses of products of unequal value during the year, but both masses of products will contain the same amount of surplus-value, and their rates of profit, calculated on the entire capital invested, will be the same, although their proportional composition of fixed and circulating capital, and their times of turn-over, are different. Both capitals realise equal profits in equal times, although they are turned over in different periods of time. The difference in the time of turn-over has in itself no importance except so far as it affects the mass of surplus-value which may be appropriated and realized by the same capital in a certain time. Seeing that a different distribution of the fixed and circulating capital of A and B does not necessarily imply a different time of turn-over, which would in its turn imply a different rate of profit, it is evident, if there is such a difference in the rates of profit of A and B, that it is not due to a difference in the proportions of fixed and circulating capital as such, but rather to the fact that these different proportions indicate an inequality in the times of turn-over affecting the rates of profit.

It follows, then, that a difference in the composition of capitals in various lines of production, referring to their fixed and circulating portions, has in itself no bearing on the rate of profit, since it is the proportion between the constant and variable capital which decides this question, and since the value of the constant capital, and its relative magnitude as compared to that of the variable, is quite independent of the fixed or circulating nature of its components. But it will be found — and this is one of the causes of wrong conclusions — that whenever fixed capital is considerably developed, it is but an expression of the fact that production is carried on at a large scale, so that the constant capital far outweighs the variable, or the living labor-power employed is trifling compared to the mass of the means of production set in motion by it.

We have demonstrated, that different lines of industry may have different rates of profit, corresponding to differences in the organic composition of capitals, and, within the limits indicated, also corresponding to different times of turn-over; the law (as a general tendency) that profits are proportioned as the magnitudes of the capitals, or that capitals of equal magnitude yield equal profits in equal times, applies only to capitals of the same organic composition, with the same rate of surplus-value, and the same time of turn-over. And these statements hold good on the assumption, which has been the basis of all our analyses so far, namely that the commodities are sold at their values. On the other hand there is no doubt that, aside from unessential, accidental, and mutually compensating distinctions, a difference in the average rate of profit of the various lines of industry does not exist in reality, and could not exist without abolishing the entire system of capitalist production. It would seem, then, as though the theory of value were irreconcilable at this point with the actual process, irreconcilable with the real phenomena of production, so that we should have to give up the attempt to understand these phenomena.

It follows from the first part of this volume that the cost-prices are the same for the products of different spheres of production, in which equal portions of capital have been invested for purposes of production, regardless of the organic composition of such capitals. The cost-price does not show the distinction between variable and constant capital to the capitalist. A commodity for which he must advance 100 p.st. in production cost him the same amount, whether he invests  $90\text{ c} + 10\text{ v}$ , or  $10\text{ c} + 90\text{ v}$ . He always spends 100 p.st. for it, no more, no less. The cost-prices are the same for investments of the same amounts of capital in different spheres, no matter how much the produced values and surplus-values may differ. The equality of cost-prices is the basis for the competition of the invested capitals, by which an average rate of profit is brought about.

# CHAPTER IX. FORMATION OF A GENERAL RATE OF PROFIT (AVERAGE RATE OF PROFIT) AND TRANSFORMATION OF THE VALUES OF COMMODITIES INTO PRICES OF PRODUCTION

THE organic composition of capital depends at each stage on two circumstances: First, on the technical relation of the employed labor-power to the mass of the employed means of production; secondly, on the price of these means of production. We have seen that this composition must be considered according to its percentages. We express the organic composition of a certain capital, consisting of four-fifths of constant, and one-fifth of variable capital, by the formula  $80\ c + 20\ v$ . We furthermore assume in this comparison that the rate of surplus-value is unchangeable. Let it be, for instance, 100%. The capital of  $80\ c + 20\ v$  then produces a surplus-value of  $20\ s$ , and this is equal to a rate of profit of 20% on the total capital. The magnitude of the actual value of the product of this capital depends on the magnitude of the fixed part of the constant capital, and on the amount of it passing by wear and tear over to the product. But as this circumstance is immaterial so far as the rate of profit and the present analysis are concerned, we assume for the sake of simplicity that the constant capital is transferred everywhere uniformly and entirely to the annual product of the capitals named. It is further assumed that these capitals realise equal quantities of surplus-value in the different spheres of production, proportional to the magnitude of their variable parts. In other words, we disregard for the present the difference which may be produced in this respect by the different lengths of the periods of turn-over. This point will be discussed later.

Let us compare five different spheres of production, and let the capital in each one have a different organic composition, as follows:

Capitals		Rate of Surplus Value	Surplus Value	Value of Product	Rate of Profit
I.	80 c 20 v	100%	20	120	20%
II.	70 c 30 v	100%	30	130	30%
III.	60 c 40 v	100%	40	140	40%
IV.	85 c 15 v	100%	15	115	15%
V.	95 c 5 v	100%	5	100	5%

Here we have considerably different rates of profit in different spheres of production with the same degree of exploitation, corresponding to the different organic composition of these capitals.

The grand total of the capitals invested in these five spheres of production is 500; the grand total of the surplus-value produced by them is 110; the total value of all commodities produced by them is 610. If we consider the amount of 500 as one single capital, and capitals I to V as its component parts (about analogous to the different departments of a cotton mill which has different proportions of constant and variable capital in its carding, preparatory spinning, spinning, and weaving rooms, on the basis of which the average proportion for the whole factory is calculated), then we should put down the average composition of this capital of 500 as  $390 c + 110 v$ , or, in percentages, as  $78 c + 22 v$ . In other words, if we regard each one of the capitals of 100 as one-fifth of the total capital, its average composition would be  $78 c + 22 v$ ; and every 100 would make an average surplus-value of 22. The average rate of profit would, therefore, be 22%, and, finally, the price of every fifth of the total product produced by the capital of 500 would be 122. The product of each 100 of the advanced total capital would have to be sold, then, at 122.

But in order not to arrive at entirely wrong conclusions, it is necessary to assume that not all cost-prices are equal to 100.

With a composition of  $80 c + 20 v$ , and a rate of surplus-value of 100, the total value of the commodities produced by the first capital of 100 would be  $80 c + 20 v + 20 s$ , or 120, provided that the whole constant capital is transferred to the product of the year. Now, this may happen under certain circumstances in some spheres of production. But it will hardly be the case where the proportion of  $c$  to  $v$  is that of four to one. We must, therefore, remember in comparing the values produced by each 100 of the different capitals, that they will differ according to the different composition of  $c$  as to fixed and circulating parts, and that the fixed portions of different capitals will wear out more or less rapidly, thus transferring unequal quantities of value to the product in equal periods of time. But this is immaterial so far as the rate of profit is concerned. Whether the  $80 c$  transfer the value of 80, or 50, or 5, to the annual product, whether the annual product is consequently  $80 c + 20 v + 20 s = 120$ , or  $50 c + 20 v + 20 s = 90$ , or  $5 c + 20 v + 20 s = 45$ , in all of these cases the excess of the value of the product over its cost-price is 20, and in every case these 20 are calculated on a capital of 100 in

ascertaining the rate of profit. The rate of profit of capital I is, therefore, in every case 20%. In order to make this still plainer, we transfer in the following table different portions of the constant capital of the same five capitals to the value of their product.

Capitals	Rate of Surplus Value	Surplus Value	Rate of Profit	Used Up c	Value of Commodities	Cost Price	
I. 80 c + 20 v	100%	20	20%	50	90	70	
II. 70 c + 30 v	100%	30	30%	51	111	81	
III. 60 c + 40 v	100%	40	40%	51	131	91	
IV. 85 c + 15 v	100%	15	15%	40	70	55	
V. 95 c + 5 v	100%	5	5%	10	20	15	
390 c + 110 v		110	100%				Total
78 c + 22 v		22	22%				Average

Now, if we consider capitals I to V once more as one single total capital, it will be seen that also in this case the composition of the sums of these five capitals amounts to 500, being 390c + 110 v, so that the average composition is once more 78 c + 22 v. The average surplus-value also remains 22%. If we allot this surplus-value uniformly to capitals I to V, we arrive at the following prices of the commodities:

Capitals	Surplus Value	Value	Cost Price of commodities	Price of Commodities	Rate of Profit	Deviation of Price From Value
I. 80 c + 20 v	20	90	70	92	22%	+ 2
II. 70 c + 30 v	30	111	81	103	22%	+ 8
III. 60 c + 40 v	40	131	91	113	22%	+ 18
IV. 85 c + 15 v	15	70	55	77	22%	+ 7
V. 95 c + 5 v	5	20	15	27	22%	+ 17

Summing up, we find that the commodities are sold at 2 + 7 + 17 = 26 above, and 8 + 18 + 26 below their value, so that the deviations of prices from values mutually balance one another by the uniform distribution of the surplus-value, or by the addition of the average profit of 22 per 100 of advanced capital to the respective cost-prices of the commodities of I to V. One portion of the commodities is sold in the same proportion above in which the other is sold below their values. And it is only their sale at such prices which makes it possible that the rate of profit for all five capitals is uniformly 22%, without regard to the organic composition of these capitals. The prices which arise by drawing the average of the various rates of profit in the different spheres of production and adding this average to the cost-prices of the different spheres of production, are the prices of production. They are conditioned on the existence of an average rate of profit, and this,

again, rests on the premise that the rates of profit in every sphere of production, considered by itself, have previously been reduced to so many average rates of profit. These special rates of profit are equal to  $s/C$  in every sphere of production, and they must be deduced out of the values of the commodities, as shown in volume I. Without such a deduction an average rate of profit (and consequently a price of production of commodities), remains a vague and senseless conception. The price of production of a commodity, then, is equal to its cost-price plus a percentage of profit apportioned according to the average rate of profit, or in other words, equal to its cost-price plus the average profit.

Since the capitals invested in the various lines of production are of a different organic composition, and since the different percentages of the variable portions of these total capitals set in motion very different quantities of labor, it follows that these capitals appropriate very different quantities of surplus-labor, or produce very different quantities of surplus-value. Consequently the rates of profit prevailing in the various lines of production are originally very different. These different rates of profit are equalised by means of competition into a general rate of profit, which is the average of all these special rates of profit. The profit allotted according to this average rate of profit to any capital, whatever may be its organic composition, is called the average profit. That price of any commodity which is equal to its cost-price plus that share of average profit on the total capital invested (not merely consumed) in its production which is allotted to it in proportion to its conditions of turn-over, is called its price of production. Take, for instance, a capital of 500, of which 100 are fixed capital, and let 10% of this wear out during one turn-over of the circulating capital of 400. Let the average profit for the time of this turn-over be 10%. In that case the cost-price of the product created during this turn-over will be  $10 c$  (wear) +  $400 (c + v)$ , circulating capital, or a total of 410, and its price of production will be 410 (cost-price) plus 10% of average profit on 500, or a total of 460.

While the capitalists in the various spheres of production recover the value of the capital consumed in the production of their commodities through the sale of these, they do not secure the surplus-value, and consequently the profit, created in their own sphere by the production of these commodities, but only as much surplus-value, and profit, as falls to the share of every aliquot part of the total social capital out of the total social surplus-value, or social profit produced by the total capital of society in all

spheres of production. Every 100 of any invested capital, whatever may be its organic composition, draws as much profit during one year, or any other period of time, as falls to the share of every 100 of the total social capital during the same period. The various capitalists, so far as profits are concerned, are so many stockholders in a stock company in which the shares of profit are uniformly divided for every 100 shares of capital, so that profits differ in the case of the individual capitalists only according to the amount of capital invested by each one of them in the social enterprise, according to his investment in social production as a whole, according to his shares. That portion of the price of commodities which buys back the elements of capital consumed in the production of these commodities, in other words, their cost-price, depends on the investment of capital required in each particular sphere of production. But the other element of the price of commodities, the percentage of profit added to this cost-price, does not depend on the mass of profit produced by a certain capital during a definite time in its own sphere of production, but on the mass of profit allotted for any period to each individual capital in its capacity as an aliquot part of the total social capital invested in social production.

A capitalist selling his commodities at their price of production recovers money in proportion to the value of the capital consumed in their production and secures profits in proportion to the aliquot part which his capital represents in the total social capital. His cost-prices are specific. But the profit added to his cost-prices is independent of his particular sphere of production, for it is a simple average per 100 of invested capital.

Let us assume that the five different investments of capital named I to V in the foregoing illustrations belong to one man. The quantity of variable and constant capital consumed for each 100 of the invested capitals in the production of commodities would be known, and these portions of the value of the commodities of I to V would make up a part of their price, since at least this price is required to recover the consumed portions of the invested capital. These cost-prices would be different for each class of the commodities I to V, and the owner would therefore mark them differently. But the different masses of surplus-value, or profit, produced by capitals I to V might easily be regarded by the capitalist as profits of his aggregate capital, so that each 100 would get its proportional quota. The cost-prices of the commodities produced in the various departments I to V would be different; but that portion of their selling price which comes from the

addition of the profit for each 100 of capital would be the same for all these commodities. The aggregate price of the commodities of I to V would be equal to their aggregate value, that is to say, it would be equal to the sum of the cost-prices of I to V plus the sum of the surplus-values, or profits, produced in I to V. It would actually be the money-expression of the total quantity of past and present labor incorporated in the commodities of I to V. And in the same way the sum of all the prices of production of all commodities in society, comprising the totality of all lines of production, is equal to the sum of all their values.

This statement seems to be contradicted by the fact that under capitalist production the elements of productive capital are, as a rule, bought on the market, so that their prices include profits which have already been realised. Accordingly, the price of production of one line of production passes, with the profit contained in it, over into the cost-price of another line of production. But if we place the sum of the cost-prices of the whole country on one side, and the sum of its surplus-values, or profits, on the other, it is evident that the calculation must come out right. For instance, take a certain commodity A. Its cost-price may contain the profits of B, C, D, etc., or the cost-prices of B, C, D, etc., may contain the profits of A. Now, if we make our calculation, the profits of A will not be included in its cost-price, nor will the profits of B, C, D, etc., be figured in with their own cost-prices. No one figures his own profit in his own cost-price. If there are  $n$  spheres of production, and every one of them makes a profit of  $p$ , then the aggregate cost-price of all of them is equal to  $k - np$ . Taking the calculation as a whole we see that the profits of one sphere which pass into the cost-prices of another have been placed on one side of the account showing the total price of the ultimate product, and so cannot be placed a second time on the profit side. If any do appear on this side, it can be only because this particular commodity was itself the ultimate product, so that its price of production did not pass into the cost-price of some other commodity.

If an amount equal to  $p$ , expressing the profits of the producers of means of production, passes into the cost-price of a commodity, and if a profit equal to  $p'$  is added to this cost-price, then the aggregate profit  $P$  is equal to  $p + p'$ . The aggregate cost-price of a commodity, after deducting all amounts for profit, is in that case its own cost-price minus  $P$ . If this cost-price is called  $k$ , then it is evident that  $k + P = k + p + p'$ . We have seen in volume I, chapter IX, 2, that the product of every capital may be treated as though a part of it

reproduced only capital, while the other part represented only surplus-value. Applying this mode of calculation to the aggregate product of society, it is necessary to make some rectifications. For, looking upon society as a whole, it would be a mistake to figure, say, the profit contained in the price of flax twice. It should not be counted as a portion of the price of linen and at the same time as the profit of the producers of flax.

To the extent that the surplus-value of A passes into the constant capital of B, there is no difference between surplus-value and profit. It is quite immaterial for the value of the commodities, whether the labor contained in them is paid or unpaid. We see merely that B pays for the surplus-value of A. But the surplus-value of A cannot be counted twice in the total calculation.

The essential difference is this: Aside from the fact that the price of a certain product, for instance the product of capital B, differs from its value, because the surplus-value realized in B may be greater or smaller than the profit of others contained in the product of B, the same fact applies also to those commodities which form the constant part of its capital, and which indirectly, as necessities of life for the laborers, form its variable part. So far as the constant part is concerned, it is itself equal to the cost-price plus surplus-value, which now means cost-price plus profit, and this profit may again be greater or smaller than the surplus-value in whose place it stands. And so far as the variable capital is concerned, it is true that the average daily wage is equal to the values produced by the laborers in the time which they must work in order to produce their necessities of life. But this time is in its turn modified by the deviation of the prices of production of the necessities of life from their values. However, this always amounts in the end to saying that one commodity receives too little of the surplus-value while another receives too much, so that the deviations from the value shown by the prices of production mutually compensate one another. In short, under capitalist production, the general law of value enforces itself merely as the prevailing tendency, in a very complicated and approximate manner, as a never ascertainable average of ceaseless fluctuations.

Since the average rate of profit is formed by the average of the various rates of profit for each 100 of the invested capital during a definite period of time, say one year, it follows that the difference brought about by the various periods of turn-overs of different capitals is also effaced by this means. But these differences play a leading role in the different rates of profit of the

various spheres of production whose average forms the average rate of profit.

In the preceding illustration we assumed each capital in every sphere of production helping to make up the average rate of profit to be equal to 100, and we did so in order to show the differences in the rates of profit by percentages and incidentally the difference in the values of commodities produced by equal amounts of capital. But it is understood that the actual masses of surplus-value produced in each sphere of production depend on the magnitude of the invested capitals, since the composition of each capital is determined by each sphere of production. But the particular rate of profit of any individual sphere of production is not affected by the circumstance that a capital of 100, or  $m$  times 100, or  $xm$  times 100 may be invested. The rate of profit remains 10%, whether the total profit is as 10 to 100, or 1,000 to 10,000.

However, since the rates of profit differ in the various spheres of production, seeing that considerably different masses of surplus-value, or profit, are produced in them according to the proportion of the variable to the total capital, it is evident that the average profit per 100 of the social capital, and consequently the average, or general, rate of profit, will differ considerably according to the respective magnitudes of the capitals invested in the various spheres. Take, for instance, four capitals A, B, C, D. Let the rate of surplus-value be 100% for all of them. Let the variable capital for each 100 of total capital be 25 in A, 40 in B, 15 in C, and 10 in D. In that case every 100 of the total capital would make a surplus-value, or profit, of 25 in A, 40 in B, 15 in C, and 10 in D. This would make a total of 90, and if these four capitals are of the same magnitude, the average rate of profit would be  $90/4$ , or 22.5%.

Now take it that the amounts of the total capitals are as follows: A equals 200, B, 300, C, 1,000, D, 4,000. The profits produced in that case would be 50, 120, 150, and 400. Lumping these four capitals together into one total capital of 5,500, its profit would be 720, and its average rate of profit  $13\frac{1}{11}\%$ .

The masses of the total value produced differ according to the magnitudes of the total capitals invested in A, B, C, D, respectively. The question of the formation of an average rate of profit is therefore not merely a matter of drawing simply the average of the different rates of profit in the various spheres of production, but quite as much one of the relative weight which

these different rates of profit carry in the formation of the average. This depends on the relative magnitude of the capital invested in each particular sphere, or on the aliquot part which the capital invested in each particular sphere forms in the aggregate social capital. There will naturally be a very great difference according to whether a large or a small part of the total capital yields more or less of a rate of profit. And this, again, depends on the fact whether much or little capital is invested in those spheres in which the variable capital is relatively small or large compared to the total capital. It is the same with the average interest which a usurer draws who lends different amounts of capital at different rates of interest; for instance at 4, 5, 6, 7%, etc. The average rate of his interest will depend entirely on the relative magnitudes of the various capitals put out by him at different rates of interest.

We see, then, that the average rate of profit is determined by two factors:

By the organic composition of the capitals in the different spheres of production, and consequently by the different rates of profit of the individual spheres.

2) By the allotment of the social total capital to these different spheres, in other words, by the relative magnitude of the capitals invested in each particular sphere and the special rate of profit attendant to it; or, to express it still differently, by the relative share of the total social capital absorbed by each sphere of production.

In volumes I and II we were dealing only with the values of the commodities. Now we have dissected this value on the one hand into a cost-price, and on the other we have developed out of it another form, that of the price of production of commodities.

Take it that the composition of the average social capital is  $80c + 20v$ , and that the annual rate of surplus-value,  $s'$ , is 100%. In that case the average annual profit for a capital of 100 would be 20, and the average annual rate of profit 20%. Whatever may be the cost-price  $k$  of the commodities annually produced by a capital of 100, their price of production will be  $k + 20$ . In those spheres of production, in which the composition of capital would be  $(80-x)c + (20+x)v$ , the actually produced surplus-value, or the annual profit produced in this sphere, would be  $20 + x$ , that is to say greater than 20, and the value of the produced commodities  $k + 20 + x$ , that is to say greater than  $k + 20$ , greater than their price of production. On the other hand, in

those spheres, in which the composition of the capital would be  $(80 + x) c + (20-x) v$ , the annually produced surplus-value, or profit, would be  $20-x$ , or smaller than 20, and consequently the value of the commodities  $k + 20-x$ , smaller than the price of production, which is  $k + 20$ . Aside from eventual differences in the periods of turn-over, the price of production of the commodities would be equal with their value only in those spheres, in which the composition would happen to be  $80 c + 20 v$ .

The specific development of the social productivity of labor varies more or less in each particular sphere of production in proportion as the quantity of means of production set in motion in a given working day by a given number of laborers is large, and consequently the quantity of labor required for a definite quantity of means of production small. Hence we call capitals of higher composition such capitals as contain a larger percentage of constant and a smaller percentage of variable capital than the average social capital; and vice versa, capitals of lower composition those capitals which give relatively more room to the variable, and relatively less to the constant capital, than the average social capital. Finally, we call capitals of average composition those capitals which have the same composition as the average social capital. If the average social capital is composed of  $80 c + 20 v$ , then a capital of  $90 c + 10 v$  stands above, and a capital of  $70 c + 30 v$  below the social average. Generally speaking, if the composition of the average social capital is  $mc + nv$ ,  $m$  and  $n$  being constant magnitudes and  $m + n$  being equal to 100, the formula  $(m + x) c + (n-x) v$  represents the higher composition, and  $(m-x) c + (n + x) v$  the lower composition, of some individual capital or group of capitals. The following tabulation shows the way in which these capitals perform their functions after an average rate of profit has been established, assuming one turn-over per year. In this tabulation, I shows the average composition, in which the average rate of profit is 20%.

I).  $80 c + 20 v + 20 s$ . Rate of profit 20%. Price of product 120. Value of product 120.

II).  $90 c + 10 v + 10 s$ . Rate of profit 20%. Price of product 120. Value of product 110.

III).  $70 c + 30 v + 30 s$ . Rate of profit 20%. Price of product 120. Value of product 130.

The value of the commodities produced by capital II would, therefore, be smaller than their price of production, while the price of production of the

commodities of III would be smaller than their value. Value and price of production would be equal only in the case of capital I and others like it in the various lines of production. By the way, in applying these terms to any particular cases it must be borne in mind whether a deviation of the proportion between  $c$  and  $v$  is not due simply to a change in the value of the elements of constant capital, instead of a difference in the technical composition.

The foregoing statements are indeed a modification of our original assumption concerning the determination of the cost-price of commodities. We had originally assumed that the cost-price of a commodity is equal to the value of the commodities consumed in its production. Now, the price of production of a certain commodity is its cost-price for the buyer, and this price may pass into other commodities and become an element of their prices. Since the price of production may vary from the value of a commodity, it follows that the cost-price of a commodity containing this price of production may also stand above or below that portion of its total value which is formed by the value of the means of production consumed by it. It is necessary to remember this modified significance of the cost-price, and to bear in mind that there is always the possibility of an error, if we assume that the cost-price of the commodities of any particular sphere is equal to the value of the means of production consumed by it. Our present analysis does not necessitate a closer examination of this point. It remains true, nevertheless, that the cost-price of a commodity is always smaller than its value. For no matter how much the cost-price of a commodity may differ from the value of the means of production consumed by it, a previous mistake in this respect is immaterial for the capitalist. The cost-price of a certain commodity has been previously determined, it is a premise independent of the production of our capitalist, while the result of his production is a commodity containing surplus-value, which is an addition to its cost-price. For all other purposes, the statement that the cost-price is smaller than the value of a commodity is now practically changed into the statement that the cost-price is smaller than the price of production. So far as the total social capital is concerned, in the case of which the price of production is equal to the value, this statement is still identical with the former, namely that the cost-price is smaller than the value of a commodity. And while this state of things is modified in the individual spheres of production, still the fundamental fact always remains that, from the point of

view of the total social capital, the cost-price of the commodities produced by it is smaller than their value, or smaller than their price of production, which in the case of the total mass of social commodities is identical with their value. The cost-price of a commodity refers only to the quantity of paid labor contained in it, while its value refers to all the paid and unpaid labor contained in it. The price of production refers to the sum of the paid labor plus a certain quantity of paid labor determined by conditions which are independent of the individual sphere in which this particular commodity was produced.

The formula that the price of production of a commodity is equal to  $k + p$ , equal to its cost-price plus profit, is now more precisely modified by the explanation that  $p$  equals  $kp'$  ( $p'$  meaning the average rate of profit), so that the price of production is equal to  $k + kp'$ . If  $k$  is 300 and  $p'$ , 15%, then the price of production, being  $k + kp'$ , is  $300 + 300 \times 15/100$ , or 345.

The price of production of the commodities in any particular sphere may alter its magnitude in the following cases:

If the average rate of profit is changed through conditions which are independent of this particular sphere, assuming the value of commodities to remain the same (so that the same quantities of dead and living labor are consumed in their production as before).

2) If there is a change of value, either in this particular sphere in consequence of technical changes, or in consequence of a change in the value of the commodities which form elements of the constant capital of this sphere, while the average rate of profit remains unchanged.

3) If the two aforementioned eventualities combine their effects.

In spite of the great changes occurring continually, as we shall see, in the rates of profit of the individual spheres of production, there is on the other hand no rapid change in the average rate of profit, unless it is brought about exceptionally by extraordinary economic events. A change in the average rate of profit is as a rule the belated work of a long series of fluctuations extending over very long periods of time, fluctuations which require much time before they will consolidate and compensate one another so as to bring about a change in the average rate of profit. In all short periods of time (quite aside from fluctuations of market prices), a change in the prices of production is, therefore, always traceable to actual changes in the value of

commodities, that is to say, to changes in the total amount of labor-time required for their production. As a matter of course, mere changes in the money-expression of the same values are not at all considered here.

On the other hand it is evident that, from the point of view of the total social capital, the value of the commodities produced by it (or, expressed in money, their price) is equal to the value of the constant capital plus the value of the variable capital plus the surplus-value. Assuming the degree of labor-exploitation to be constant, the rate of profit cannot change so long as the mass of surplus-value remains the same, unless either the value of the constant capital changes, or the value of the variable capital, or the value of both, so that  $C$  is changed and thereby  $s/C$ , the general rate of profit. In every event, then, a change in the average rate of profit is conditioned on a change in the value of the commodities which form the elements of the value of the constant, or variable capital, or of both.

Or, the average rate of profit may change, if the degree of labor-exploitation changes, while the value of the commodities remains the same.

Or, if the degree of labor-exploitation remains the same, the average rate of profit may change through a relative change in the labor employed in comparison to the constant capital, as a result of technical changes in the labor-process. But such technical changes must always find expression in a change of value of the commodities, and be accompanied by it, since their production will then require either more or less labor than before.

We saw in part I that the mass of profit and surplus-value were identical. But the rate of profit was from the first distinguished from the rate of surplus-value, and this appeared to be due, at first sight, to a mere difference of calculation. But at the same time this way of looking at the question served from the outset to obscure and mystify the actual origin of surplus-value, since the rate of profit could rise or fall, while the rate of surplus-value remained the same, and vice versa, and since the capitalist had a practical interest only in the rate of profit. But there was an actual difference of magnitude only between the rates of surplus-value and of profit, not between the masses of surplus-value and of profit. Since the surplus-value was calculated on the total capital in figuring up the rate of profit, and this total capital was regarded as the standard of measurement, the surplus-value itself seemed to have its origin in the total capital and to proceed from all its parts uniformly, so that the organic difference between constant and variable capital was obliterated. In its disguise of profit, the surplus-value had

actually concealed its origin, lost its character, and become unrecognizable. However, hitherto the distinction between profit and surplus-value referred only to a change of quality, or form, and there was no real difference of magnitude between the masses of surplus-value and profit, but only between the rates of surplus-value and profit, in this first stage of their metamorphosis.

But this is changed, as soon as a general rate of profit, and, by means of it, an average mass of profit corresponding to the magnitude of the capitals invested in the various spheres of production, have been established.

After that it is but accidentally that the surplus-value actually produced in any particular sphere of production, and thus the profit, is identical with the profit contained in the selling price of the commodities. It then becomes the rule, that not only the rates of surplus-value and profit are the expression of different magnitudes, but also the masses of surplus-value and of profit. Assuming a certain degree of exploitation to exist, the mass of the surplus-value produced in any particular sphere of production is now more important for the average profit of the total social capital, and thus for the capitalist class in general, than for the individual capitalist in any individual line of production. It has any importance for the individual capitalist only to the extent that the quantity of surplus-value produced in his line plays a determining role in regulating the average profit. But this is a process which takes place behind his back, which he does not see, nor understand, and which indeed does not interest him at all. The actual difference of magnitude between profit and surplus-value — not merely between the rate of profit and of surplus-value — in the various spheres of production now conceals completely the true nature and origin of profit, not only for the capitalist, who has a special interest in deceiving himself on this score, but also for the laborer. By the transformation of values into prices of production, the basis of the determination of value is itself removed from direct observation. Finally, seeing that the mere transformation of surplus-value into profit separates that portion of the value of commodities which forms the profit from that portion which forms the cost-price of commodities, it is natural that the capitalist should lose the meaning of the term value at this juncture. For he is not confronted with the total labor put into the production of the commodities, but only with that portion of the total labor which he has paid in the shape of means of production, whether they be alive or dead, so that his profit appears to him as something outside of the immanent value of the

commodities. And now this conception is fully endorsed, fortified, and ossified by the fact that, from the point of view of his particular sphere of production, the profit is not determined by the limits drawn for the formation of value within his own circle, but by outside influences.

The fact that the actual state of things is here revealed for the first time; that political economy up to the present time, as we shall see in the following and in volume IV, made either forced abstractions of the distinctions between surplus-value and profit, and their rates, in order to be able to retain the determination of value as a basis, or gave up the determination of value and with it all safeguards of scientific procedure, in order to cling to the obvious phenomena of these differences — this confusion of the theoretical economists demonstrates most strikingly the utter incapacity of the capitalist, when blinded by competition, to penetrate through the outward disguise into the internal essence and the inner form of the capitalist process of production.

In fact, all the laws concerning the rise and fall of the rate of profit, as analysed in part I, have the following double meaning:

On the one hand, they are the laws of the average rate of profit. In view of the many different causes which bring about a rise or a fall in the rate of profit, one would think that the average rate of profit would change every day. But a certain movement in one sphere will counterbalance that of another, their effects cross and paralyze one another. We shall examine later on toward which side these fluctuations gravitate ultimately. But they are slow. The suddenness, multiplicity, and different duration of the fluctuations in the individual spheres of production tend to compensate them mutually in the order of their succession in time, so that a fall in prices follows after a rise, and vice versa, limiting these fluctuations to local, individual, spheres. As a result, the various local fluctuations ultimately neutralise one another. Changes take place within each individual sphere of production, deviations from the average rate of profit, which on the one hand, balance one another after a certain time and thus do not react upon the average rate of profit, and which, on the other hand, do not react upon it, because they are balanced by other simultaneous fluctuations in other local spheres. Since the average rate of profit is determined, not only by the average profits of each sphere, but also by the allotment of the total social capital to the different individual spheres, and since this allotment is continually changing, this is another continuous cause of changes in the average rate of profit. But it is a cause of

changes which largely paralyzes itself, owing to its interrupted and many sided nature.

Within each sphere, there is a certain playroom for a space of time in which the local rate of profit may fluctuate, before this fluctuation of rise and fall consolidates sufficiently to gain time for exerting an influence on the average rate of profit and assuming more than a local importance. Within these limits of space and time, the laws of the rate of profit, as developed in Part I of this volume, likewise remain applicable.

The theoretical conception, referring to the first transformation of surplus-value into profit, according to which every part of the capital yields uniformly the same profit, expresses a practical fact. Whatever may be the composition of the industrial capital, whether it sets in motion one quarter of dead labor and three quarters of living labor, or three quarters of dead labor and one quarter of living labor, whether it absorbs three times as much surplus-labor, or produces three times as much surplus-value, in one case than in another, it yields the same profit in either case, always assuming the degree of labor-exploitation to be the same, and leaving aside individual differences, which disappear for the reason that we are dealing in either case with the average composition of the entire sphere of production. The individual capitalist, whose outlook is limited, or even all the capitalists in each individual sphere of production, justly believe that their profits are not derived solely from the labor employed in their own individual sphere. This is quite true so far as their average profit is concerned. To what extent this profit is due to the universal exploitation of labor by means of the total social capital, that is to say, by all his capitalist colleagues, this connection of things is a complete mystery for the individual capitalist. And it is all the more so, since no bourgeois economist has so far cleared it up for him. A saving of labor — not only of labor necessary for the production of a certain product, but also of the number of laborers employed — and the employment of more dead labor (constant capital), appear as very correct operations from an economic point of view, and do not seem to exert the least influence on the average rate of profit and the average profit. How, then, could living labor be the exclusive source of profit, seeing that a reduction in the quantity of labor required for production does not only seem to exert no injurious influence on profit, but even seems, under certain circumstances, to be the first cause for an increase of profits, at least for the individual capitalist?

If there is a rise or fall, in any particular sphere of production, in that portion of the cost-price which represents the value of the constant capital, it is a portion coming out of the circulation and passes from the outset into the process of production of the commodities in its enlarged or reduced state. If, on the other hand, the same number of laborers produces more or less in the same time, so that the quantity of labor required for the production of a definite quantity of commodities varies while the number of laborers remains the same, it may be that that portion of the cost-price, which represents the value of the variable capital, may remain the same and contribute the same amount to the cost-price of the total product. But every individual commodity, whose sum makes up the total product, shares in more or less labor (paid and unpaid), and shares therefore in the greater or smaller outlay for this labor, a larger or smaller portion of the wages. The total wages paid by the capitalist remain the same, but the calculation for each individual commodity is different. To that extent there would be a change in the cost-price of the commodities. But no matter whether the cost-price of the individual commodities rises or falls, either as a result of such changes of value in this same commodity, or of changes of value in its elements (or, perhaps, the cost-price of the total amount of commodities produced by a capital of a given magnitude), if the average profit is, say, 10%, it remains 10%. Still, 10%, from the point of view of the individual commodity, may represent very different amounts, according to the change of magnitude in the cost-price of the individual commodities called forth by such changes of value as we have assumed.

So far as the variable capital is concerned — and this is the more important, because it is the source of surplus-value, and because anything which conceals its relation to the accumulation of wealth by the capitalist serves to mystify the entire system — the matter assumes a coarser form. It appears to the capitalist in this light: A variable capital of 100 p.st. employs, perhaps, 100 laborers per week. If these 100 laborers produce 200 pieces of commodities or 200 C, per week in a given working time, then 1 C — leaving aside the question of that portion of its cost-price which is added by the constant capital, costs 10 shillings, for 100 p.st. pay for 200 c, and therefore 1 C costs 100/200 p.st. Now take it that a change takes place in the productive power of labor. Perhaps it is doubled, so that the same number of laborers now produces twice 200 C in the same time in which they used to produce once 200 C. In that case 1 C costs 5 shillings (always speaking only

of that portion of the cost-price which consists of wages), for since 100 p.st. now pay for 400 C, 1 C costs  $100/400$  p.st. On the other hand, if the productive power were to decrease by one-half, then the same labor would produce only  $(200/2)$  C. And since 100 p.st. pay for  $(200/2)$  C, 1 C would cost  $200/200$  p.st., or 1 p.st. The changes in the labor-time required for the production of the commodities, and thus the changes in their values, thus appear with reference to the cost-price and the price of production as different allotments of the same wages to more or fewer commodities, according to the greater or smaller quantity of commodities produced in the same working time for the same wages. The capitalist, and consequently his political economist, see that the aliquot part of the paid labor falling to the share of each individual commodity changes with the productivity of labor, and that the value of these commodities also changes accordingly. But they do not see that the same is true of the unpaid labor contained in every individual commodity, and they see it so much less since the average profit is but accidentally determined by the unpaid labor absorbed in the sphere of the individual capitalist. Only in this vague and meaningless form are we still reminded of the fact that the value of the commodities is determined by the labor contained in them.

## **CHAPTER X. COMPENSATION OF THE AVERAGE RATE OF PROFIT BY COMPETITION. MARKET PRICES AND MARKET VALUES. SURPLUS-PROFIT.**

ONE portion of the spheres of production has an average composition of their capitals, that is to say, their capitals have exactly or approximately the composition of the average social capital.

In these spheres of production, the price of production of the produced commodities coincides exactly or approximately with their values as expressed in money. If there is no other way of reaching a mathematical limit, this would be the one. Competition distributes the social capital in such a way between the various spheres of production that the prices of production of each sphere are formed after the model of the prices of production in these spheres of average composition, which is  $k + kp'$ , cost-price plus the average rate of profit multiplied by the cost-price. Now, this average rate of profit is nothing else but the percentage of profit in that sphere of average composition, in which the profit is identical with the surplus-value. Hence the rate of profit is the same in all spheres of production, for it is apportioned according to that one of the average spheres of production in which the average composition of capitals prevails. Consequently the sum of the profits of all spheres of production must be equal to the sum of surplus-values, and the sum of the prices of production of the total social product equal to the sum of its values. But it is evident that the balance between the spheres of production of different composition must tend to equalise them with the spheres of average composition, no matter whether this average composition is exact or only approximate. Again, there are tendencies toward equalisation between the more or less similar spheres, and these tendencies seek to bring about the ideal average, which does not really exist, so that there is a trend toward crystallisation around the ideal. In this way the tendency necessarily prevails to make of the prices of production merely changed forms of value, or to make of profits but mere portions of surplus-value, which are assigned, however, not in proportion to the surplus-value produced in each special sphere of

production, but in proportion to the mass of capital employed in each sphere of production, so that equal masses of capital, whatever may be their composition, receive equal aliquot shares of the total surplus-value produced by the total social capital.

In the case of capitals of average, or approximately average, composition, the price of production coincides exactly, or approximately with the value, and the profit with the surplus-value produced by them. All the other capitals, of whatever composition, tend toward this average under the pressure of competition. But since the capitals of average composition are of the same, or approximately the same, structure as the average social capital, all capitals have the tendency, regardless of the surplus-value produced by them, to realise in the prices of their commodities the average profit, instead of their own surplus-value, in other words, to realise the prices of production.

On the other hand it may be said that whenever an average profit, and a general rate of profit, are brought about, no matter by what means, such as average profit cannot be anything else but the profit on the average social capital, the sum of these average profits being equal to the sum of surplus-values produced by the average social capitals, and that the prices brought about by adding this average profit to the cost-prices cannot be anything else but the values transformed into prices of production. It would not alter matters, if certain capitals in certain spheres of production would not submit to the process of equalisation for some reason or other. In that case the average profit would be computed on that portion of the social capital which takes part in the process of equalisation. It is evident that the average profit cannot be anything else but the total mass of surplus-values allotted to the various masses of capital in the different spheres of production in proportion to their magnitudes. The average profit is the total amount of realised unpaid labor, and this total mass of unpaid labor, the same as the paid, dead or living, labor, is materialised in the total mass of commodities and money falling to the share of the capitalists.

The real difficulty lies in the question: How is this equalisation of profits into an average rate of profit brought about, seeing that it is evidently a result, not a point of departure?

It is obvious that an estimate of the values of the commodities, for instance in money, can not be made until they have been exchanged. If we assume such an estimate, we must regard it as the outcome of an actual

exchange of commodity-value for commodity-value. But how should such an exchange of commodities at their real values have come about?

Let us assume that all commodities in the different lines of production are sold at their real value. What would be the outcome? According to our foregoing analyses, the rates of profit in the various spheres of production would differ considerably. It is quite obvious that we are dealing with two different things, whether on the one hand commodities are sold at their values (that is to say, sold in proportion to the value contained in them, or exchanges with one another at the price of their values), or whether, on the other hand, they are sold at such prices that their sale yields equal amounts of profits on equal masses of the respective capitals advanced for their production.

If capitals employing unequal amounts of living labor are to produce unequal amounts of surplus-value, it must be assumed, at least to a certain degree, that the intensity of exploitation, or the rate of surplus-value, are the same, or that any existing differences in them are balanced by real or imaginary (conventional) elements of compensation. This would presuppose a competition among the laborers and an equilibration by means of their continual emigration from one sphere of production to another. Such a general rate of surplus-value — as a tendency, like all other economic laws — has been assumed by us for the sake of theoretical simplification. But in reality it is an actual premise of the capitalist mode of production, although it is more or less obstructed by practical frictions causing more or less considerable differences locally, such as the settlement laws for English farm laborers. But in theory it is the custom to assume that the laws of capitalist production evolve in their pure form. In reality, however, there is always but an approximation. Still, this approximation is so much greater to the extent that the capitalist mode of production is normally developed, and to the extent that its adulteration and amalgamation with remains of former economic conditions is outgrown.

The whole difficulty arises from the fact that commodities are not exchanged simply as commodities, but as products of capitals, which claim equal shares of the total amount of surplus-value, if they are of equal magnitude, or shares proportional to their different magnitudes. And this claim is to be satisfied by the total price realised by a certain capital on the commodities produced by it within a certain space of time. This total price,

again, is but the sum of the prices of the individual commodities produced by this capital.

The essential point will become most visible, when we look upon the matter in this way: Let us assume that the laborers themselves are in possession of their respective means of production and exchange their commodities with one another. In that case these commodities would not be products of capital. The value of the various instruments of labor and raw materials would differ according to the technical nature of the labors performed in the different lines of production. Furthermore, aside from the unequal value of the means of production employed by them, they would require different quantities of means of production for given quantities of labor, according to whether a certain commodity can be finished in one hour, another in one day, and so forth. Let us assume, also, that these laborers work on an average equal lengths of time, allowing for compensations due to different intensities of labor. In that case, two laborers, both working one day, would have in the commodities produced by them, first, an equivalent for their outlay, the cost-prices of the means of production consumed by their labor. These would differ according to the technical nature of their lines of production. In the second place, both of them would have created equal amounts of new value, namely the working day added by them to the means of production. This would comprise their wages plus the surplus-value, the last representing surplus-labor exceeding their necessary wants, the product of which would belong to them. If we were to use capitalist terms, we should say that both of them receive the same wages plus the same profit, or the same value expressed, say, by the product of a working day of ten hours. But in the first place, the values of their commodities would differ. The commodities of I, for instance, might contain more value for each portion of the consumed means of production than the commodities of II. And, to introduce all possible differences, we may assume right now that the commodities of I absorb more living labor, and consequently require more labor-time for their production, than the commodities of II. Then the value of the commodities of I and II, we repeat, differs considerably. So do the sums of the values of their commodities, which represent the product of the labor performed by laborers I and II in a certain time. The rates of profit would also differ considerably for I and II, assuming that we call rate of profit, in this case, the proportion of the surplus-value to the total value of the invested means of production. The

means of subsistence daily consumed by I and II during production, which take the place of wages, will form that part of the invested capital which we would call variable capital under different circumstances. But the surplus-values would be the same for I and II, or, to express it more accurately, since both I and II receive the value of the product of one day's labor, both of them receive equal values after the value of the invested "constant" capital has been deducted, and we may regard one portion of this remaining value as an equivalent for the means of subsistence consumed during production, and the other as surplus-value. If laborer I has higher expenses, they are made good by a greater portion of the value of his commodities replacing this "constant" part, and he has to reconvert a larger portion of the total value of his product into the material elements of this constant part, while laborer II, if he receives less for this purpose, has to reconvert so much less. Under these circumstances a difference in the rates of profit would be of no concern, just as it is immaterial for the wage-laborer to-day what rate of profit may express the amount of surplus-value filched from him, and just as in international commerce the difference in the various national rates of profit is immaterial for the exchange of their commodities.

The exchange of commodities at their values, or approximately at their values, requires, therefore, a much lower stage than their exchange at their prices of production, which requires a relatively high development of capitalist production.

Whatever may be the way in which the prices of the various commodities are first fixed or mutually regulated, the law of value always dominates their movements. If the labor time required for the production of these commodities is reduced, prices fall; if it is increased, prices rise, other circumstances remaining the same.

Aside from the fact that prices and their movements are dominated by the law of value, it is quite appropriate, under these circumstances, to regard the value of commodities not only theoretically, but also historically, as existing prior to the prices of production. This applies to conditions, in which the laborer owns his means of production, and this is the condition of the land-owning farmer and of the craftsman in the old world as well as the new. This agrees also with the view formerly expressed by me that the development of product into commodities arises through the exchange between different communes, not through that between the members of the same commune. It applies not only to this primitive condition, but also to

subsequent conditions based on slavery or serfdom, and to the guild organisation of handicrafts, so long as the means of production installed in one line of production cannot be transferred to another line except under difficulties, so that the various lines of production maintain, to a certain degree, the same mutual relations as foreign countries or communistic groups.

In order that the prices at which commodities are exchanged with one another may correspond approximately to their values, no other conditions are required but the following: 1) The exchange of the various commodities must no longer be accidental or occasional, 2) So far as the direct exchange of commodities is concerned, these commodities must be produced on both sides in sufficient quantities to meet mutual requirements, a thing easily learned by experience in trading, and therefore a natural outgrowth of continued trading, 3) So far as selling is concerned, there must be no accidental or artificial monopoly which may enable either of the contracting sides to sell commodities above their value or compel others to sell below value. An accidental monopoly is one which a buyer or seller acquires by an accidental proportion of supply to demand.

The assumption that the commodities of the various spheres of production are sold at their value implies, of course, only that their value is the center of gravity around which prices fluctuate, and around which their rise and fall tends to an equilibrium. We shall also have to note a market value, which must be distinguished from the individual value of the commodities produced by the various producers. Of this more anon. The individual value of some of these commodities will be below the market-value, that is to say, they require less labor-time for their production than is expressed in the market-value, while that of others will be above the market-value. We shall have to regard the market-value on one side as the average value of the commodities produced in a certain sphere, and on the other side as the individual value of commodities produced under the average conditions of their respective sphere of production and constituting the bulk of the products of that sphere. It is only extraordinary combinations of circumstances under which commodities produced under the least or most favorable conditions regulate the market-value, which forms the center of fluctuation for the market-prices, which are the same, however, for the same kind of commodities. If the ordinary demand is satisfied by the supply of commodities of average value, that is to say, of a value midway between

the two extremes, then those commodities, whose individual value stands below the market-value, realise an extra surplus-value, or surplus-profit, while those, whose individual value stands above the market-value cannot realise a portion of the surplus-value contained in them.

It does not do any good to say that the sale of the commodities produced under the most unfavorable conditions proves that they are required for keeping up the supply. If the price in the assumed case were higher than the average market-value, the demand would be greater. At a certain price, any kind of commodities may occupy so much room on the market. This room does not remain the same in the case of a change of prices, unless a higher price is accompanied by a smaller quantity of commodities, and a lower price by a larger quantity of commodities. But if the demand is so strong that it does not let up when the price is regulated by the value of commodities produced under the most unfavorable conditions, then these commodities determine the market-value. This is not possible unless the demand exceeds the ordinary, or the supply falls below it. Finally, if the mass of the produced commodities exceeds the quantity which is ordinarily disposed of at average market-values, then the commodities produced under the most favorable conditions regulate the market value. These commodities may be sold exactly or approximately at their individual values, and in that case it may happen that the commodities produced under the least favorable conditions do not realise even their cost prices, while those produced under average conditions realise only a portion of the surplus-value contained in them. The statements referring to market-value apply also to the price of production, if it takes the place of market-value. The price of production is regulated in each sphere, and this regulation depends on special circumstances. And this price of production is in its turn the center of gravity around which the daily market-prices fluctuate and tend to balance one another within definite periods. (See Ricardo on the determination of the price of production by those who produce under the least favorable conditions.)

No matter what may be the way in which prices are regulated, the result always is the following:

The law of value dominates the movements of prices, since a reduction or increase of the labor-time required for production causes the prices of production to fall or to rise. It is in this sense that Ricardo (who doubtless realised that his prices of production differed from the value of

commodities) says that “the inquiry to which he wishes to draw the reader’s attention relates to the effect of the variations in the relative value of commodities, and not in their absolute value.”

The average profit which determines the prices of production must always be approximately equal to that quantity of surplus-value, which falls to the share of a certain individual capital in its capacity as an aliquot part of the total social capital. Take it that the average rate of profit, and therefore the average profit, are expressed by an amount of money of a higher value than the money-value of the actual average surplus-value. So far as the capitalists are concerned in that case, it is immaterial whether they charge one another a profit of 10 or of 15%. The one of these percentages does not cover any more actual commodity-value than the other, since the overcharge in money is mutual. But so far as the laborer is concerned (the assumption being that he receives the normal wages, so that the raising of the average profit does not imply an actual deduction from his wages, in other words, does not express something entirely different from the normal surplus-value of the capitalist), the rise in the price of commodities due to a raising of the average profit must be accompanied by a corresponding rise of the money-expression for the variable capital. As a matter of fact, such a general nominal raising of the rate of profit and the average profit above the limit provided by the proportion of the actual surplus-value to the total invested capital is not possible without carrying in its wake an increase of wages, and also an increase in the prices of the commodities which constitute the constant capital. The same is true of the opposite case, that of a reduction of the rate of profit in this way. Now, since the total value of the commodities regulates the total surplus-value, and this the level of the average profit and the average rate of profit — always understanding this as a general law, as a principle regulating the fluctuations — it follows that the law of value regulates the prices of production.

Competition first brings about, in a certain individual sphere, the establishment of an equal market-value and market-price by averaging the various individual values of the commodities. The competition of the capitals in the different spheres then results in the price of production which equalises the rates of profit between the different spheres. This last process requires a higher development of capitalist production than the previous process.

In order that commodities of the same sphere of production, the same kind, and approximately the same quality, may be sold at their value, the following two requirements must be fulfilled:

The different individual values must have been averaged into one social value, the above-named market-value, and this implies a competition between the producers of the same kind of commodities, and also the existence of a common market, on which they offer their articles for sale. In order that the market-price of identical commodities, which however are produced under different individual circumstances, may correspond to the market-value, may not differ from it by exceeding it or falling below it, it is necessary that the different sellers should exert sufficient pressure upon one another to bring that quantity of commodities on the market which social requirements demand, in other words, that quantity of commodities whose market-value society can pay. If the quantity of products exceeds this demand, then the commodities must be sold below their market-value; vice versa, if the quantity of products is not large enough to meet this demand, or, what amounts to the same, if the pressure of competition among the sellers is not strong enough to bring this quantity of products to market, then the commodities are sold above their market-value. If the market-value is changed, then there will also be a change in the conditions under which the total quantity of commodities can be sold. If the market-value falls, then the average social demand increases (always referring to the solvent demand) and can absorb a larger quantity of commodities within certain limits. If the market-value rises, then the solvent social demand for commodities is reduced and smaller quantities of them are absorbed. Hence if supply and demand regulate the market-price, or rather the deviations of market-prices from market-values, it is true, on the other hand, that the market-value regulates the proportions of supply and demand, or the center around which supply and demand cause the market-prices to fluctuate.

If we look closer at the matter, we find that the conditions determining the value of some individual commodity become effective, in this instance, as conditions determining the value of the total quantities of a certain kind. For, generally speaking, capitalist production is from the outset a mass-production. And even other, less developed, modes of production carry small quantities of products, the result of the work of many small producers, to market as co-operative products, at least in the main lines of production,

concentrating and accumulating them for sale in the hands of relatively few merchants. Such commodities are regarded as co-operative products of an entire line of production, or of a greater or smaller part of this line.

We remark by the way that the “social demand,” in other words, that which regulates the principle of demand, is essentially conditioned on the mutual relations of the different economic classes and their relative economic positions, that is to say, first, on the proportion of the total surplus-value to the wages, and secondly, on the proportion of the various parts into which surplus-value is divided (profit, interest, ground-rent, taxes, etc.). And this shows once more that absolutely nothing can be explained by the relation of supply and demand, unless the basis has first been ascertained, on which this relation rests.

Although both commodity and money represent units of exchange-value and use-value, we have already seen in volume I, chapter I, 3, that in buying and selling both of these functions are polarised at the two extremes, the commodity (seller) representing the use-value, and the money (buyer) the exchange-value. It was one of the first conditions for the sale of a commodity that it should have a use-value and satisfy some social need. The other essential condition was that the quantity of labor contained in a certain commodity should represent socially necessary labor, so that its individual value (and what amounts to the same under the present assumption, its selling price) should coincide with its social value.

Now let us apply this to the mass of commodities on the market, which represent the product of a whole sphere of production. The matter will be most easily explained by regarding this whole mass of commodities, coming from one line of production, as one single commodity, and the sum of the prices of the many identical commodities as one price. In that case the statements made in regard to one individual commodity apply literally to the mass of commodities sent to the market by one entire line of production. The postulate that the individual value of a commodity should correspond to its social value has then the significance that the total quantity of commodities contains the quantity of social labor necessary for its production, and that the value of this mass is equal to its market-value.

Now let us assume that the bulk of these commodities has been produced under approximately the same normal conditions of social labor, so that this social value is at the same time identical with the individual value of the individual commodities constituting this mass. In that case, a relatively

small portion of these commodities may have been produced below, and another above, these conditions, so that the individual value of the one portion is greater, and that of the other smaller, than the average value of the bulk of the commodities, but in such proportions that these extremes balance one another. The average value of the commodities in these extremes is then equal to the average value of the great bulk of average commodities. Under such circumstances, the market-value is determined by the value of the commodities produced under average conditions. The value of the entire mass of commodities is equal to the actual sum of the values of all individual commodities combined, no matter whether they were produced under average conditions, or under conditions above or below the average. In this case, the market-value, or the social value, of the mass of commodities — the necessary labor time contained in them — is determined by the value of the average bulk.

Let us assume, on the other hand, that the total mass of commodities brought to market remains the same, while the value of the commodities produced under the least favorable conditions is not balanced by the value of the commodities produced under the most favorable conditions, so that the mass of commodities produced under the least favorable conditions constitutes a relatively large quantity, compared to the average mass as well as to the other extreme. In that case the mass produced under the least favorable conditions determines the market-value, or social value.

Take it, finally, that the mass of commodities produced under the most favorable conditions is considerable in excess of the mass produced under the least favorable conditions, and is large even compared with the average mass. Then the mass produced under the most favorable conditions determines the market-value. We leave aside the question of a transfer of the market, whenever the mass of commodities produced under the most favorable conditions regulates the market-price. We are not dealing here with the market-price in so far as it differs from the market-value, but with the various modes of determining the market-value itself.

In fact, assuming the strictest case (which, or course, is realised only approximately and with a thousand modifications) of our first illustration, the market-value regulated by the average values of the total mass of commodities is equal to the sum of their individual values, although this market-value is forced as an average value upon the commodities produced at the extremes. Those who produce under the worst conditions must then

sell their commodities below their individual values; those producing under the best conditions sell them above their individual values.

In the second case, the two lots of commodities produced as the two extremes do not balance one another. The lot produced under the worst conditions decides the question. Strictly speaking, the average price, or the market-value, of every individual commodity, or of every aliquot part of the total mass, would now be determined by the total value of the mass as ascertained by the addition of the values of the commodities produced under different conditions, and by the aliquot part of this total value falling to the share of the individual commodity. The market-value thus ascertained would be above the individual value, not only of the commodities belonging to the most favorable extreme, but also of those belonging to the average lot. But still it would be below the individual value of the commodities produced at the most unfavorable extreme. The extent to which this market-value would approach the individual value of this extreme, or coincide with it, would depend entirely on the volume occupied in that sphere of commodities by the lot of commodities produced at the unfavorable extreme. If the demand exceeds the supply but slightly, then the individual value of the unfavorably produced commodities regulates the market-price.

Finally, if the lot of commodities produced at the most favorable extreme occupies the greatest space, as it does in the third case, compared not only to the other extreme, but also to the average lot, then the market-value falls below the average value. The average value, computed by the addition of the sum of values of the two extremes and of the middle, stands here below that of the middle, and approaches it or recedes from it, according to the relative space occupied by the favorable extreme. If the demand is weak compared to the supply, then the favorably situated part, whatever may be its size, makes room for itself forcibly by contracting its price down to its individual value. The market-value cannot coincide with this individual value of the commodities produced under the most favorable conditions, except when the supply far exceeds the demand.

This mode of determining market-values, which we have here outlined abstractly, is promoted on the real market by competition among the buyers, provided that the demand is just large enough to absorb the quantity of commodities at the values fixed in this manner. And this brings us to the second point.

To say that a commodity has a use-value is merely to say that it satisfies some social want. So long as we were dealing simply with individual commodities, we could assume that the demand for any one commodity — its price implying its quantity — existed without inquiring into the extent to which this demand required satisfaction. But this question of the extent of a certain demand becomes essential, whenever the product of some entire line of production is placed on one side, and the social demand for it on the other. In that case it becomes necessary to consider the amount, the quantity, of this social demand.

In the foregoing statements referring to market-value, the assumption was that the mass of the produced commodities remains the same given quantity, and that a change takes place only in the proportions of the elements constituting this mass and produced under different conditions, so that the market-value of the same mass of commodities is differently regulated. Let us suppose that this mass is of a quantity equal to the ordinary supply, leaving aside the possibility that a portion of the produced commodities may be temporarily withdrawn from the market. Now, if the demand for this mass also remains the same, then this commodity will be sold at its market-value; no matter which one of the three aforementioned cases may regulate this market-value. This mass of commodities does not only satisfy a demand, but satisfies it to its full social extent. On the other hand, if the quantity is smaller than the demand for it, then the market-prices differ from the market-values. And the first differentiation is that the market-value is always regulated by the commodity produced under the least favorable circumstances, if the supply is too small, and by the commodity produced under the most favorable conditions, if the supply is too large. In other words, one of the extremes determines the market-value, in spite of the fact that the proportion of the masses produced under different conditions ought to bring about a different result. If the difference between demand and supply of the product is very considerable, then the market-price will likewise differ considerably from the market-value in either direction. Now, the difference between the quantity of the produced commodities and the quantity of commodities which fixes their sale at their market-value may be due to two reasons. Either the quantity itself varies, by decreasing or increasing, so that there would be a reproduction on a different scale than the one which regulated a certain market-value. If so, then the supply changes while the demand remains unchanged, and we have

a relative overproduction or underproduction. Or, the reproduction, and the supply, remain the same, while the demand is reduced or increased, which may take place for several reasons. If so, then the absolute magnitude of the supply is unchanged, while its relative magnitude, compared to the demand, has changed. The effect is the same as in the first case, only it acts in the opposite direction. Finally, if changes take place on both sides, either in opposite directions, or, if in the same direction, not to the same extent, in other words, if changes take place on both sides which alter the former proportion between these sides, then the final result must always lead to one of the two above mentioned cases.

The real difficulty in determining the meaning of the concepts supply and demand is that they seem to amount to a tautology. Consider first the supply, either the product on the market, or the product which can be supplied to the market. In order to avoid useless details, we shall consider only the mass annually reproduced in every given line of production and leave out of the question the varying faculty of some commodities to withdraw from the market and go into storage for consumption at a later time, for instance next year. This annual reproduction is expressed in a certain quantity, in weight or numbers, according to whether this mass of commodities is measured continuously or discontinuously. They represent not only use-value satisfying human wants, but these use-values are on the market in definite quantities. In the second place, this quantity of commodities has a definite market-value, which may be expressed by a multiple of the market-value of the individual commodity, or of the measure, which serve as units. There is, then, no necessary connection between the quantitative volume of the commodities on the market and their market-value, since many commodities have, for instance, a high specific value, others a low specific value, so that a given sum of values may be represented by a very large quantity of some, and a very small quantity of other commodities. There is only this connection between the quantity of articles on the market and the market-value of these articles: Given a certain basis for the productivity of labor in every particular sphere of production, the production of a certain quantity of articles requires a definite quantity of social labor time; but this proportion differs in different spheres of production and stands in no internal relation to the usefulness of these articles or the particular nature of their use-values. Assuming all other circumstances to be equal, and a certain quantity of some commodity to

cost  $b$  labor time, a quantity  $na$  of the same commodity will cost  $nb$  labor-time. Furthermore, if society wants to satisfy some demand and have articles produced for this purpose, it must pay for them. Since the production of commodities is accompanied by a division of labor, society buys these articles by devoting to their production a portion of its available labor-time. Society buys them by spending a definite quantity of the labor-time over which it disposes. That part of society, to which the division of labor assigns the task of employing its labor in the production of the desired article, must be given an equivalent for it by other social labor incorporated in articles which it wants. There is, however, no necessary, but only an accidental, connection between the volume of society's demand for a certain article and the volume represented by the production of this article in the total production, or the quantity of social labor spent on this article, the aliquot part of the total labor-power spent by society in the production of this article. True, every individual article, or every definite quantity of any kind of commodities, contains, perhaps, only the social labor required for its production, and from this point of view the market-value of this entire mass of commodities of a certain kind represents only necessary labor. Nevertheless, if this commodity has been produced in excess of the temporary demand of society for it, so much of the social labor has been wasted, and in that case this mass of commodities represents a much smaller quantity of labor on the market than is actually incorporated in it. (Only when production will be under the conscious and prearranged control of society, will society establish a direct relation between the quantity of social labor time employed in the production of definite articles and the quantity of the demand of society for them.) The commodities must then be sold below their market-value, and a portion of them may even become unsaleable. The opposite takes place, if the quantity of social labor employed in the production of a certain kind of commodities is too small to meet the social demand for them. But if the quantity of social labor spent in the production of a certain article corresponds to the social demand for it, so that the quantity produced is that which is the ordinary on that scale of production and for that same demand, then the article is sold at its market-value. The exchange, or sale, of commodities at their value is the rational way, the natural law of their equilibrium. It must be the point of departure for the explanation of deviations from it, not vice versa the deviations the basis on which this law is explained.

Now let us look at the other side, the demand.

Commodities are bought either as means of production or means of subsistence, in order to be used for productive or individual consumption. It does not alter matters that some commodities may serve both ends. There is, then, a demand for them on the part of the producers (who are capitalists in this case, since we have assumed that the means of production have been transformed into capital) and on the part of the consumers. It appears at first sight as though these two sides ought to have a corresponding quantity of social demands offset by a corresponding quantity of social supplies in the various lines of production. If the cotton industry is to accomplish its annual reproduction on a given scale, it must produce the usual quantity of cotton and an additional quantity determined by the annual extension of reproduction through the necessities of accumulating capital, always assuming other circumstances to remain the same. This is also true of means of subsistence. The working class must find at least the same quantity of necessities on hand, if it is to continue living in the accustomed way, although these necessities may be of different kinds and differently distributed. And there must be an additional quantity to allow for the annual increase of population. This applies with more or less modification to the other classes.

It would seem, then, that there is on the side of demand a definite magnitude of social wants which require for their satisfaction a definite quantity of certain articles on the market. But the quantity demanded by these wants is very elastic and changing. Its fixedness is but apparent. If the means of subsistence were cheaper, or money-wages higher, the laborers would buy more of them, and a greater "social demand" would be manifested for this kind of commodities, leaving aside the question of paupers, whose "demand" is even below the narrowest limits of their physical wants. On the other hand, if cotton were cheaper, the demand of the capitalists for it would increase, more additional capital would be thrown into the cotton industry, etc. It must never be forgotten that the demand for productive consumption is a demand of capitalists, under our assumption, and that its essential purpose is the production of surplus-value, so that commodities are produced only to this end. Still this does not argue against the fact that the capitalist as a buyer, for instance of cotton, represents the demand for this cotton. Moreover it is immaterial to the seller of cotton, whether the buyer converts it into shirting or into guncotton, or

whether he intends to make it into wads for his and the world's ears. But it does exert a considerable influence on the way in which the capitalist acts as a buyer. His demand for cotton is essentially modified by the fact that he disguises thereby his real demand, that of making profits. The limits within which the need for commodities on the market, the demand, differs quantitatively from the actual social need, varies naturally considerably for different commodities; in other words, the difference between the demanded quantity of commodities and that quantity which would be demanded, if the money-prices of the commodities, or other conditions concerning the money or living of the buyers, were different.

Nothing is easier than to realise the inequalities of demand and supply, and the resulting deviation of market-prices from market-values. The real difficulty consists in determining what is meant by balancing supply and demand.

Demand and supply balance one another, when their mutual proportions are such that the mass of commodities of a definite line of production can be sold at their market-value, neither above nor below it. That is the first thing we hear.

The second is this: If the commodities are sold at their market-values, then supply and demand balance.

If demand and supply balance, then they cease to have any effect, and for this very reason commodities are sold at their market-values. If two forces exert themselves equally in opposite directions, they balance one another, they have no influence at all on the outside, and any phenomena taking place at the same time must be explained by other causes than the influence of these forces. If demand and supply balance one another, they cease to explain anything, they do not affect market-values, and therefore leave us even more in the dark than before concerning the reasons for the expression of the market-value in just a certain sum of money and no other. It is evident that the essential fundamental laws of production cannot be explained by the interaction of supply and demand (quite aside from a deeper analysis of these two motive forces of social production, which would be out of place here). For these laws cannot be observed in their pure state, until the effects of supply and demand are suspended, are balanced. As a matter of fact supply and demand never balance, or, if they do, it is by mere accident, it is scientifically rated at zero, it is considered as not happening. But political economy assumes that supply and demand balance

one another. Why? For no other reason, primarily, than to be able to study phenomena in their fundamental relations, in that elementary form which corresponds to their conception, that is to say, to study them unhampered by the disturbing interference of supply and demand. The other reason is to find the actual tendencies of economic movements and to fix them, as it were. For the inequalities are of an antagonistic nature, and since they continually follow one after another, they balance one another by their opposite movements, by their opposition. Since supply and demand never balance each other in any given case, their differences follow one another in such a way that supply and demand are always balanced only when looking at them from the point of view of a greater or smaller period of time. For the result of a deviation in one direction is a deviation in the opposite direction. Such a balance is only an average of past movements, a result of a continual movement in contradictions. By this means the market-prices differing from the market-values reduce one another to the average of market-values and balance the different plus and minus in their divergencies. And this average figure has not merely a theoretical, but also a practical, value for capital, since its investment is calculated on the fluctuations and compensations of more or less fixed periods of time.

The relation of demand and supply explains, therefore, on the one hand only the deviations of market-prices from market-values, and on the other the tendency to balance these deviations, in other words, to suspend the effect of the relation of demand and supply. (Such exceptions as commodities having prices without having any value are not considered here.) Demand and supply may bring about a balance in the effect caused by their inequalities in many different ways. For instance, if the demand, and consequently the market-price, fall, capital may be withdrawn and the supply reduced. But instead it may happen that the market-value itself is reduced and balanced with the market-price through inventions, which reduce the necessary labor time. Vice versa, if the demand increases, and consequently the market-price rises above the market-value, too much capital may flow into this line of production and production may be increased to such an extent, that the market-price finally falls below the market-value. Or, it may lead to a rise of prices which cuts down the demand. It may also bring about a rise in the market-value itself for a shorter or longer time, in some lines of production, in which a portion of the

desired products must be produced under more unfavorable conditions during this period.

If demand and supply determine the market-price, so does the market-price, and in the further analysis the market-value determine demand and supply. This is obvious in the case of demand, which moves in opposition to price, rising when prices fall, and falling when prices rise. But it may also be noted in the case of supply. For the prices of the means of production which are incorporated in the supplied commodities determine the demand for these means of production, and thus the supply of the commodities whose supply implies the demand for these means of production. The prices of cotton are determining elements for the supply of cotton goods.

This confusion of a determination of prices by demand and supply, and at the same time a determination of supply and demand by prices, is worse confounded by the determination of the supply by the demand, and the demand by supply, of the market by production, and of production by the market.

Even the ordinary economist (see our foot-note) recognizes that the proportion between supply and demand may vary in consequence of a change in the market-value of commodities, without a change in the demand of supply by external circumstances. The author of the Observations continues after the passage quoted in the foot-note: "This proportion" (between demand and supply) "however, if we still mean by 'demand' and 'natural price' what we meant just now, when referring to Adam Smith, must always be a proportion of equality; for it is only when the supply is equal to the effectual demand, that is, to that demand, which will pay neither more nor less than the natural price, that the natural price is in fact paid; consequently there may be two very different natural prices, at different times, for the same commodity, and yet the proportion which the supply bears to the demand, be in both cases the same, namely the proportion of equality." It is admitted, then, that with two different natural prices of the same commodity at different times demand and supply may balance one another and must balance one another, if the commodity is to be sold at its natural price in both instances. Since there is no difference in the proportion of supply and demand in either case, but only a difference in the magnitude of the natural price itself, it follows that this price is

determined independently of demand and supply, and cannot very well be determined by them.

In order that a commodity may be sold at its market-value, that is to say, in proportion to the necessary social labor contained in it, the total quantity of social labor devoted to the total mass of this kind of commodities must correspond to the quantity of the social demand for them, meaning the solvent social demand. Competition, the fluctuations of market-prices which correspond to the fluctuations of demand and supply, tend continually to reduce the total quantity of labor devoted to each kind of commodities to this scale.

The proportion of supply and demand repeats, in the first place, the relation of the use-value and exchange-value of commodities, of commodity and money, of buyer and seller; in the second place, the relation of producer and consumer, although both of them may be represented by third merchants. In studying buyers and sellers, it is sufficient to confront them individually, in order to set forth their relations. Three individuals suffice for the complete metamorphosis of commodities, and therefore for the complete transactions of sale and purchase. A converts his commodity into the money of B, to whom he sells his commodity, and he reconverts his money into commodities which he buys for it from C. The whole transaction takes place between these three. Furthermore: In the study of money it had been assumed that the commodities are sold at their values, because there was no reason to take into consideration any divergence of prices from values, it being a question of changes of form experienced by the commodities in their transformation into money and their reversion from money into commodities. As soon as a commodity has been sold and a new commodity bought with the receipts, we have the entire metamorphosis before us, and for the consideration of this process it is immaterial whether the price of the commodity stands above or below its value. The value of the commodity is essential as a basis, because the concept of money cannot be developed on any other foundation but this one, and because price, in its general meaning, is but value in the form of money. Of course, it is assumed in the study of money as a medium of circulation that more than one metamorphosis of a certain commodity takes place. It is the social interrelation of these metamorphoses which is studied. Only by this means do we arrive at the circulation of money and at the development of its function as a medium of circulation. While this connection of the matter is

very important for the transition of money into its function of a circulating medium, and for its resulting change of form, it is of no moment for the transaction between the individual buyer and seller.

In a question of supply and demand, however, the supply means the sum of the sellers, or producers, of a certain kind of commodities, and the demand the sum of the buyers, or consumers, of the same kind of commodities (both productive and individual consumers). These two bodies react on one another as units, as aggregate forces. The individual counts here only as a part of a social power, as an atom of some mass, and it is in this form that competition enforces the social character of production and consumption.

That side of competition, which is momentarily the weaker, is also that in which the individual acts independently of the mass of his competitors and often works against them, whereby the dependence of one upon the other is impressed upon them, while the stronger side always acts more or less unitedly against its antagonist. If the demand for this particular kind of commodities is larger than the supply, then one buyer outbids another, within certain limits, and thereby raises the price of the commodity for all of them above the market-price, while on the other hand the sellers unite in trying to sell at a high price. If, vice versa, the supply exceeds the demand, some one begins to dispose of his goods at a cheaper rate and the others must follow, while the buyers unite in their efforts to depress the market-price as much as possible below the market-value. The common interest is appreciated only so long as each gains more by it than without it. And common action ceases, as soon as this or that side becomes the weaker, when each one tries to get out of it by his own devices with as little loss as possible. Again, if some one produces more cheaply and can sell more goods, thus assuming more room on the market by selling below the current market-price, or market-value, he does it, and thereby he begins an action which gradually compels the others to introduce the cheaper mode of production and which reduces the socially necessary labor to a new, and lower, level. If one side has the advantage, every one belonging to it gains. It is as though they had exerted their common monopoly. If one side is the weaker, then every one may try on his own hook to be the stronger (for instance, any one working with lower costs of production), or at least to get off as easily as possible, and in that case he does not care in the least for his

neighbor, although his actions affect not only himself, but also all his fellow strugglers.

Demand and supply imply the transformation of values into market-prices, and to the extent that they proceed on a capitalist basis, to the extent that the commodities are products of capital, they are based on capitalist processes, that is, on quite different and more complicated conditions than the mere purchase and sale of goods. In these capitalist processes it is not a question of the formal conversion of the value of commodities, into prices, not a question of a mere change of form. It is a matter of definite differences in quantity between market-prices and market-values, and, further, prices of production. In simple purchases and sales, it is enough to consider merely the producers of articles as such. But supply and demand, in a wider analysis, imply the existence of different classes and sections of classes which divide the total revenue of society among themselves and consume it as revenue among themselves, which, therefore, constitute the demand in the form of revenue. On the other hand, the attempt to grasp the question of the supply and demand among the producers as such requires an analysis of the total conformation of the capitalist process of production.

Under capitalist production it is not a question of merely throwing a certain mass of values into circulation and exchanging that mass for equal values in some other form, whether of money or other commodities, but it is also a question of advancing capital in production and realising on it as much surplus-value, or profit, in proportion to its magnitude, as any other capital of the same or of other magnitudes in whatever line of production. It is a question, then, of selling the commodities at least at prices which will yield the average profit, in other words, at prices of production. Capital comes in this form to a realisation of the social nature of its power, in which every capitalist participates in proportion to his share in the total social capital.

In the first place, capitalist production is essentially indifferent to the particular use-value, or the peculiarity, of any commodity produced by it. In every sphere of production it is the sole purpose of production to secure surplus-value, to appropriate in the product of labor a certain quantity of unpaid labor. And it is likewise the nature of the wage-labor subject to capital to be indifferent to the specific character of its labor, to transform itself in accord with the requirements of capital, and to submit to being transferred from one sphere of production to another.

In the second place, one sphere of production is now as good or as bad as another. Every one of them yields the same profit, and every one of them would be useless, if the commodities produced by them did not satisfy some social need.

Now, if the commodities are sold at their values, then, as we have shown, considerably different rates of profit arise in the various spheres of production, according to the different organic composition of the masses of capital invested in them. But capital withdraws from spheres with low rates of profit and invades others which yield a higher rate. By means of this incessant emigration and immigration, in one word, by its distribution among the various spheres in accord with a rise of the rate of profit here, and its fall there, it brings about such a proportion of supply to demand that the average profit in the various spheres of production becomes the same, so that values are converted into prices of production. This equilibration is accomplished by capital in a more or less perfect degree to the extent that capitalist development is advanced in a certain nation, in other words, to the extent that conditions in the respective countries are adapted to the capitalist mode of production. As capitalist development proceeds, it develops also its own peculiar conditions and subjects to its specific character and its immanent laws all the social requirements on which the process of production is based.

The incessant equilibration of the continual differences is accomplished so much quicker, 1), the more movable capital is, the easier it can be shifted from one sphere and one place to another; 2) the quicker labor-power can be transferred from one sphere to another and from one local point of production to another. The first condition implies complete freedom of trade in the interior of society and the removal of all monopolies with the exception of those which naturally arise out of the capitalist mode of production. It implies, furthermore, the development of the credit-system, which concentrates the inorganic mass of the disposable social capital instead of leaving it in the hands of individual capitalists. Finally it implies a subordination of the various spheres of production to the control of capitalists. This last implication is of itself included in the assumption that it is a question of a transformation of values into prices of production in all capitalistically exploited spheres of production. But this equilibration meets great obstacles, whenever numerous and large spheres of production, which are not operated on a capitalistic basis (such as farming by small farmers),

are interpolated between the capitalist spheres and interrelated with them. A great density of population is also a requirement. — The second condition implies the abolition of all laws which prevent the laborers from moving from one sphere of production to another and from one local center of production to another; an indifference of the laborer to the nature of his labor; the greatest possible reduction of labor in all spheres of production to simple labor; the elimination of all craft prejudices among laborers; and last, not least, a subjugation of the laborer under the capitalist mode of production. More detailed statements concerning these points belong in a special analysis of competition.

It follows from the foregoing that the individual capitalist as well as the capitalists as a whole in each particular sphere of production are participants in the exploitation of the total working class by the total capital, and in the degree of that exploitation, not only out of general class sympathy, but also for direct economic reasons, because, assuming all other conditions, among them the value of the advanced constant capital, to be given, the average rate of profit depends on the intensity of exploitation of the total labor by the total capital.

The average profit coincides with the average surplus-value produced for each 100 of capital, and so far as the surplus-value is concerned, the foregoing statements apply as a matter of course. In the determination of the rate of profit, the value of the advanced capital becomes an additional element. In fact, the direct interest taken by the capitalist, or the capital, of any individual sphere of production in the exploitation of the laborers directly employed by him, or it, is limited to the endeavor to make an extra gain, a profit exceeding the average, either by exceptional overwork, or by a reduction of wages below the average, or by an exceptional productivity of labor. Aside from this, a capitalist who would not employ any variable capital, and therefore no laborers (an exaggerated assumption), would be as much interested in the exploitation of the working class by capital, and would derive his profit quite as much from unpaid surplus-labor, as a capitalist who would employ only variable capital (another exaggeration), and who would invest his entire capital in wages. The degree of exploitation of labor depends on the average intensity of labor, if the working day is given, and on the length of the working day, if the average intensity of exploitation is given. The degree of exploitation of labor determines the size

of the rate of surplus-value, and therefore the size of the mass of surplus-value for a given total mass of variable capital, and consequently the magnitude of the profit. The individual capitalist, as distinguished from his sphere, has the same special interest in the exploitation of the laborers personally employed by him that the capital of a certain sphere, as distinguished from the total social capital, has in the exploitation of the laborers directly employed by it.

On the other hand, every particular sphere of capital, and every individual capitalist, has the same interest in the productivity of the social labor employed by the total capital. For two things depend on this productivity: In the first place, the mass of use-values by which the average profit is expressed; and this is doubly important, where this average profit serves as a fund for the accumulation of new capital and as a fund for revenue to be spent in enjoyment. In the second place, the amount of the value of the total capital invested (constant and variable), which, with a given amount of surplus-value, or profit, for the whole capitalist class, determines the rate of profit, or the profit on a certain percentage of capital. The special productivity of labor in any particular sphere, or in any individual business of this sphere, interests only those capitalists who are directly engaged in it, since it enables that particular sphere, or that individual capitalist, to make an extra profit over that of the total capital.

Here, then, we have the mathematically exact demonstration, how it is that the capitalists form a veritable freemason society arrayed against the whole working class, however much they may treat each other as false brothers in the competition among themselves.

The price of production includes the average profit. We call it price of production. It is, as a matter of fact, the same thing which Adam Smith calls natural price, Ricardo price of production, or cost of production, and the physiocrats *prix nécessaire*, because it is in the long run a prerequisite of supply, of the reproduction of commodities in every individual sphere. But none of them has revealed the difference between price of production and value. We can well understand, then, why these same economists, who always resist a determination of the value of commodities by labor-time, by the quantity of labor contained in them, always speak of prices of production as centers, around which market-prices fluctuate. They can afford to do that, because the price of production is an utterly external and, at first glance, meaningless form of the value of commodities, a form as

seen in competition and thus reflected in the mind of the vulgar capitalist, and consequently in that of the vulgar economists.

Our analysis resulted in the discovery that the market-value (and everything said concerning it applies with the necessary modifications to the price of production) implies a surplus-profit for those who produce in any particular sphere of production under the most favorable conditions. With the exception of crises, and of over-production in general, this applies to all market-prices, no matter how much they may deviate from market-values or market-prices of production. For the market-price signifies that the same price is paid for commodities of the same kind, although they may have been produced under very different individual conditions and may have considerably different cost-prices. (We do not speak at this point of any surplus-profits due to monopolies in the strict meaning of the term, whether they are artificial or natural.)

A surplus-profit may also arise, when certain spheres of production are in a position to evade the conversion of the values of their commodities into prices of production, and thus a reduction of their profits to the average profit. We shall devote more attention to the further modifications of these two forms of surplus-profit in the part dealing with ground-rent.

## CHAPTER XI. EFFECTS OF GENERAL FLUCTUATIONS OF WAGES ON PRICES OF PRODUCTION.

LET the average composition of social capital be  $80 c + 20 v$ , with a profit of 20%. The rate of surplus-value is then 100%. A general increase of wages, all other things remaining the same, is a reduction of the rate of surplus-value. In the case of the average capital, profit and surplus-value are identical. Let wages rise by 25%. Then the same quantity of labor, which was formerly set in motion with 20, costs 25. Instead of  $80 c + 20 v + 20 p$ , we have then for the value of one turn-over  $80 c + 25 v + 15 p$ . The labor set in motion by the variable capital still produces a value of 40, the same as before. If  $v$  rises from 20 to 25, then the surplus  $p$ , or  $s$ , amounts only to 15. The profit of 15 on a capital of 105 is  $14 \frac{2}{7}\%$ , and this would be the new average rate of profit. Since the price of production of commodities produced by the average capital coincides with their value, the price of production of these commodities would remain unchanged. The raising of wages would have brought about a reduction of profits, but no change in the value and price of the commodities.

Formerly, so long as the average profit was 20%, the price of production of the commodities produced in one period of turn-over was equal to their cost-price plus a profit of 20% on this cost-price, in other words  $k + kp' = k + 20 k/100$ . In this formula  $k$  is a variable magnitude, changing according to the value of the means of production which are incorporated in the commodities, and according to the amount of wear transferred from the fixed capital to the product. Now the price of production would amount to  $k + (14 \frac{2}{7} k)/100$ .

Now let us first select a capital, whose composition is lower than the original composition of the average social capital of  $80 c + 20 v$  (which has now been transformed into  $76 \frac{4}{21} c + 23 \frac{17}{21} v$ ), for instance a capital of  $50 c + 50 v$ . In this case, the price of production of the annual product, assuming for the sake of simplicity that the entire fixed capital passes through wear into the product and that the time of turn-over is the same as that in the first case, would have been  $50 c + 50 v + 20 p$ , or 120, before the raising of wages. A raising of wages by 25% means for the same quantity of

labor a rising of the variable capital from 50 to  $62\frac{1}{2}$ . If the annual product were sold at the former price of production of 120, then we should have the formula  $50 c + 62\frac{1}{2} v + 7\frac{1}{2} p$ , or a rate of profit of  $6\frac{2}{3}\%$ . But the new average rate of profit is  $14\frac{2}{7}\%$ , and since we assume all other circumstances to remain the same, this capital of  $50 c + 62\frac{1}{2} v$  will also have to make this profit. Now, a capital of  $112\frac{1}{2}$  makes a round profit of  $16\frac{1}{12}$  at a rate of profit of  $14\frac{2}{7}\%$ . Therefore the price of production of the commodities produced by this capital is now  $50 c + 62\frac{1}{2} v + 16\frac{1}{12} p = 128\frac{7}{12}$ . In consequence of a raise in wages of 25%, the price of production of the same quantity of the same commodities has risen from 120 to  $128\frac{7}{12}$ , or more than 7%.

Vice versa, let us select a sphere of production of a higher composition than the average capital, for instance a capital of  $92 c + 8 v$ . The original average profit in this case would still be 20, and if we assume once more that the entire fixed capital passes into the annual product, and that the time of turn-over is the same as in the first and second case, the price of production of the commodities is also 120.

In consequence of the rise of wages by 25% the variable capital for the same quantity of labor rises from 8 to 10, the cost-price of the commodities from 100 to 102, while the average rate of profit has fallen from 20% to  $14\frac{2}{7}\%$ . Now  $100 : 14\frac{2}{7} = 102 : 14\frac{4}{7}$  (approximately). The profit now falling to the share of 102 is  $14\frac{4}{7}$ . Therefore the total product sells at  $k + kp'$ , or  $102 + 14\frac{4}{7}$ , or  $116\frac{4}{7}$ . The price of production has fallen from 120 to  $116\frac{4}{7}$ , or more than 3%.

Consequently, if wages are raised by 25%,

the price of production of the commodities of a capital of average composition is not changed;

- 2) the price of production of the commodities of a capital of lower composition rises, but not in the same proportion in which the profit falls;
- 3) the price of production of the commodities of a capital of higher composition falls, but not as much as the profit.

Since the price of production of the commodities of the average capital remains the same and equal to the value of the product, it follows that the sum of the prices of production of the products of all capitals remain the same and equal to the sum of the values produced by the total social capital.

The increase on one side is balanced by the decrease on the other and the level of the average social capital maintained for the total social capital.

Seeing that the price of production in the second illustration rises, while it falls in the third, it is evident from these opposite effects brought about by a fall in the rate of surplus-value or by a general rise of wages that there is no prospect of any compensation in the price for the rise in wages, since the fall of the price of production in No. III cannot very well compensate the capitalist for the fall in the profit, and since the rise of the price in No. II does not prevent a fall in profit. On the contrary, in either case, whether the price rises or falls, the profit remains the same as that of the average capital whose price remains unchanged. It is the same average profit, which has fallen by  $5\frac{5}{7}$ , or about 25%, in the case of II as well as III. It follows from this, that if the price did not rise in II and fall in III, II would have to sell below and III above the new, recently reduced, average profit. It is quite evident that a rise of wages must affect a capitalist who has invested one-tenth of his capital in wages differently from one who has invested one-fourth or one-half, according to whether 50, 25, or 10 per hundred of capital are advanced for wages. An increase in the price of production on one side, and a fall on the other, according to whether a capital is below or above the average social composition, is effected only by leveling to the new reduced average profit.

Now, how would a general fall of wages, and a corresponding general rise of the rate of profit, and thus of the average profit, affect the prices of production of commodities produced by capitals diverging in opposite directions from the average social composition? We have but to reverse the foregoing statements, in order to find the answer (which Ricardo did not analyse).

Average capital  $80\ c + 20\ v = 100$ ; rate of surplus-value 100%; price of production = value of commodities =  $80\ c + 20\ v + 20\ p = 120$ ; rate of profit 20%. Let wages fall by one-fourth. Then the same constant capital is set in motion by  $15\ v$ , instead of  $20\ v$ . We have then as the value of commodities  $80\ c + 15\ v + 25\ p = 120$ . The quantity of labor employed by  $v$  remains the same, only the newly created value is differently distributed between the capitalist and the laborers. The surplus-value increases from 20 to 25, and the rate of surplus-value from  $20/20$  to  $25/15$ , in other words, from 100% to  $166\frac{2}{3}\%$ . The profit on 95 is now 25, so that the rate of

profit per 100 is  $26 \frac{6}{19}$ . The composition of the capital in percentages is now  $84 \frac{4}{19} + 15 \frac{15}{19} = 100$ .

Lower composition. Original composition, as above,  $50 c + 50 v$ . By the fall of wages by one-fourth  $v$  is reduced to  $37\frac{1}{2}$ , and consequently the advanced total capital to  $50 c + 37\frac{1}{2} v = 87\frac{1}{2}$ . Applying to this the new rate of profit of  $26 \frac{6}{19}\%$ , we get  $100 : 26 \frac{6}{19} = 87\frac{1}{2} : 23 \frac{1}{38}$ . The same mass of commodities which formerly cost 120, now costs  $87\frac{1}{2} + 23 \frac{1}{38} = 100 \frac{10}{19}$ . A fall in prices of almost 10%.

Higher composition. Original composition  $92 c + 8 v = 100$ . The fall in wages by one-fourth reduces  $8 v$  to  $6 v$ , and the total capital to 98. Consequently  $100 : 26 \frac{6}{19} = 98 : 25 \frac{15}{19}$ . The price of production of the commodities, formerly  $100 + 20 = 120$ , is now, after the fall in wages,  $98 + 25 \frac{15}{19} = 123 \frac{15}{19}$ . A rise by almost 4%.

We see, then, that we have but to follow the preceding development in the opposite direction with the necessary, modifications; that a general fall of wages carries with it a general rise of surplus-value, of the rate of surplus-value, and, other circumstances remaining the same, also of the rate of profit, although expressed by different proportions; a fall in the prices of production for the commodities produced by capitals of lower composition, a rise in the prices of production for commodities produced by capitals of higher composition. The result is just the reverse of that following a general rise of wages. In both cases, whether of a rise or a fall, the assumption is that the working day remains the same, also the prices of the means of subsistence. Under these circumstances, a fall in wages is possible only, if wages stood higher than the normal price of labor, or if they are depressed below this price. The way in which this condition is modified, if the rise or fall of wages is due to a change in value, and consequently in the price of production of commodities usually consumed by the laborer, will be to a certain extent analysed in the part dealing with ground-rent. At this place we make for once and all the following statements:

If a rise or fall in wages is due to a change in the value of the necessities of life, then a modification of the above findings can take place only to the extent that the commodities, whose variation of price raises or lowers the variable capital, pass also as constituent elements into the constant capital and consequently do not affect wages alone. But to the extent that they affect only wages, the above analysis contains all that needs to be said.

In this entire chapter, it is assumed as a fact that there are in existence a general rate of profit, an average profit, and a conversion of values into prices of production. The question was merely in what manner a general rise or fall in wages affected the prices of production of commodities, which were assumed to exist. This is but a very secondary question compared with the important points analysed in this part. But it is the only relevant question treated by Ricardo, and we shall see that he treated even this but onesidedly and imperfectly.

## CHAPTER XII. SOME AFTER REMARKS.

Causes Implying a Variation of the Price of Production.

THE price of production of a commodity can vary only from two causes:

The average rate of profit varies. This can be due only to a change in the average rate of surplus-value, or, if the average rate of surplus-value remains the same, by a change in the proportion of the sum of the appropriated surplus-values to the sum of the advanced total capital of society.

Unless a variation of the rate of surplus-value is due to a depression of wages below normal, or their rise above normal, — and such movements must be considered as mere oscillations — it can take place only for two reasons: Either the value of labor-power may have risen or fallen. The one eventuality is as impossible as the other without a change in the productivity of that labor which produces means of subsistence, in other words, without a change in the value of the commodities which are consumed by the laborer. Or, the proportion of the sum of appropriated surplus-values to the advanced total capital of society varies. Since the variation in this case is not due to the rate of surplus-value, it must be due to the total capital, or rather to its constant part. The mass of this part, technically speaking, increases or decreases in proportion to the quantity of labor-power bought by the variable capital, and the mass of its value increases or decreases with the increase or decrease of its own mass. Its mass of value, then, increases or decreases likewise in proportion to the mass of the value of the variable capital. If the same labor sets more constant capital in motion, labor has become more productive. If less, less productive. There has then been a change in the productivity of labor, and a change must have taken place in the value of certain commodities.

The following rule, then, applies to both cases: If the price of production of a certain commodity changes in consequence of a change in the average rate of profit, its own value may have remained unchanged, but a change must have taken place in the value of other commodities.

The average rate of profit remains unchanged. In that case the price of production of a commodity cannot change, unless its own value has changed. This may be due to the fact that more or less labor is required to produce this commodity, either because the productivity of that labor varies,

which produces this commodity in its final form, or of that labor which produces the commodities consumed in its production. Cotton yarn may vary in its price of production, either because cotton is produced at a lower figure, or because the labor of spinning has become more productive in consequence of improved machinery.

As we have seen before, the price of production is equal to  $k + p$ , equal to cost-price plus profit. This implies  $k + kp'$ , and  $k$ , cost-price, stands here for a variable magnitude, which changes according to different spheres of production, but is everywhere equal to the value of the constant and variable capital consumed in the production of commodities, while  $p'$  stands for the percentage of the average rate of profit. If  $k = 200$ , and  $p' = 20\%$ , the price of production  $k + kp'$  is equal to  $200 + 200 \cdot 20/100 = 200 + 40 = 240$ . It is evident that this price of production may remain the same, although the value of the commodities may change.

All changes in the price of production of commodities reduce themselves in the last analysis to changes in value. But not every change in the value of commodities needs to find expression in a change of the price of production. For this price is not determined merely by the value of any particular commodity, but by the aggregate value of all commodities. A change in commodity A may eventually be balanced by an opposite change of commodity B, so that the general proportion remains the same.

Price of Production of Commodities of Average Composition.

We have seen that a deviation of the prices of production from the values may be brought about by the following means:

By adding to the cost-price of a commodity, not the surplus-value contained in it, but the average profit.

2) By transferring a price of production, which thus differs from the value of some particular commodity, to the cost-price of some other commodity which consumes the first commodity as one of its elements, so that the cost-price of a certain commodity may already contain a deviation from the value of the means of production consumed by it, quite aside from the deviation, which it may still experience on its own account through a difference between the average profit and the surplus-value.

It is therefore possible that the cost-price may differ from the sum of the values of those elements which make up this portion of the price of

production, even in the case of commodities produced by capitals of average composition. Take it that the average composition is  $80 c + 20 v$ . Now it is possible that in the actual capitals of this composition  $80 c$  may be greater or smaller than the value of  $c$ , the constant capital, because this  $c$  may be made up of commodities whose price of production differs from their value. In the same way  $20 v$  might differ from its value, if the laborer consumes commodities whose price of production differs from their value, in which case the laborer would work a longer or shorter time for their reproduction, and would thus perform more or less necessary labor, then would be required, if the price of production of the necessities of life coincided with their value.

However, this possibility does not alter the correctness of the rules laid down for commodities of average composition. The quantity of profit falling to the share of these commodities is equal to the quantity of surplus-value contained in them. For instance, the most important point in a capital of the above composition,  $80 c + 20 v$ , so far as the determination of surplus-value is concerned, is not whether these figures are expressions of actual values, but whether this represents their actual proportion to one another, in other words, whether  $v$  is one-fifth, and  $c$  four-fifths, of the total capital. Whenever this is actually the case, as was assumed above, then the surplus-value produced by  $v$  is equal to the average profit. On the other hand, seeing that this surplus-value is equal to average profit, the price of production, or cost-price plus profit,  $k + p$ , is equal to  $k + s$ , that is, practically equal to the value of these commodities. This implies that a rise or a fall in wages would not change the price of production,  $k + p$ , any more than it would change the value of these commodities. It would merely effect a corresponding opposite movement on the side of profit, a fall or a rise. For if a rise or a fall of wages were to bring about a change in the price of commodities of average composition, then the rate of profit in these spheres of average composition would rise above, or fall below, the level it holds in other spheres. The sphere of average composition maintains the same level of profit as the other spheres only so long as the price remains unchanged. The practical result in the case of this sphere of average composition is the same as though its products were sold at their value. For if commodities are sold at their actual values, it is evident that, other circumstances remaining equal, a rise or a fall in wages will cause a corresponding fall or rise in profits, but no change in the value of commodities, and that under all

circumstances a rise or a fall in wages can never affect the value of commodities, but only the magnitude of the surplus-value.

Fluctuations for which the Capitalist makes Allowance.

It has been said that competition levels the rates of profit of the different spheres of production into an average rate of profit and thereby transforms the values of the products of these different spheres into prices of production. This is accomplished by continually transferring capital from one sphere to another, in which the profit happens to stand above the average for the moment. The fluctuations of profit due to the cycle of fat and lean years, following each other in any given line of industry during given periods, must be taken into consideration, of course. These incessant emigrations and immigrations of capital, which take place between the different spheres of production, create rising and falling movements of the rate of profit. These movements balance one another more or less and thereby create a tendency to reduce the rate of profit everywhere to the same common and universal level.

This movement of capitals is caused primarily by the stand of the market-prices, which lift profits above the level of the universal average in one place and depress them below it in another. We leave out of consideration, for the present, merchant's capital. We know from the sudden paroxysms of speculation in certain favorite articles that this merchants' capital can draw masses of capital from a certain line of business with extraordinary rapidity and throw them with equal rapidity into another. But we have nothing to do with merchants' capital at this place. So far as the sphere of actual production is concerned, that is, industries, agriculture, mining, etc., the transfer of capital from one sphere to another offers considerable difficulty, particularly on account of the existing fixed capital. Moreover, experience demonstrates that, if a certain line of industry, for instance the cotton industry, yields extraordinary profits at one period, it suffers losses, or makes very little profit, at some other period, so that the average profit within a certain cycle of years is pretty much the same as in other lines. And capital soon learns to take this experience into account.

What competition does not show is the way in which value is determined and the movement of production dominated by this determination. It does not show the values that stand behind the prices of production and determine them in the last instance. Competition does show, on the other hand, the following things: 1) The average profits independent of the

organic composition of capital in the different spheres of production, and therefore also independent of the mass of living labor appropriated by any given capital in any particular sphere of exploitation. 2) A rise and fall of prices of production as a result of changes in the level of wages, a phenomenon which flatly contradicts at first sight the law of value of commodities. 3) The fluctuations of market-prices, which reduce the average market-price of commodities in a given period of time, not to the market-value, but to a market-price of production differing considerably from this market-value. All these phenomena seem to contradict the determination of value by labor-time as much as the fact that surplus-value consists of unpaid surplus-labor. Everything appears upside down in competition. The existing conformation of economic conditions, as seen in reality on the surface of things, and consequently in the conceptions which the leading human agents of these conditions form in trying to understand them, are not only different from the internal and disguised essence of these conditions, and from the conceptions corresponding to this essence, but actually opposed to them, or their reverse.

Furthermore, as soon as capitalist production has reached a certain degree of development, the reduction of the different rates of profit of the individual spheres to the level of the average rate of profit no longer proceeds solely by virtue of the play of attraction and repulsion, by which the market prices attract or repel capital. After the average prices, and the market-prices corresponding to them, have become stable for a time, the capitalists become conscious of the fact that this leveling process balances definite differences. And then they allow for these differences in their mutual calculations. The differences exist in the consciousness of the capitalists and are taken into consideration as fluctuations for which allowance must be made.

At the bottom of all conceptions lies that of the average profit, to-wit, that capitals of the same magnitude must yield the same profits in the same time. This, again, is based on the assumption that the capital of each sphere of production shares in the total profit squeezed out of the laborers by the total social capital in proportion to its magnitude; or, that every individual capital should be regarded merely as a part of the total social capital, and every capitalist as a shareholder in the total social enterprise, each sharing in the total profit in proportion to the magnitude of his share of capital.

These conceptions serve as a basis for the calculations of the capitalist, for instance the assumption that a capital which is turned over more slowly than another, because its commodities require a longer time for their production, or because they must be sold in more remote markets, should nevertheless charge the profit it loses in this way and reimburse itself by putting up the price. Another idea is that capitals invested in lines which are exposed to considerable danger, for instance in shipping, should be compensated by a raise in prices. As soon as capitalist production, and the insurance business, are developed, the danger is equalised for all spheres of production (see Corbett); but the capitals invested in more than ordinarily dangerous enterprises have to pay higher insurance rates and recover them in the prices of their commodities. All this amounts in practice to saying that every circumstance (and all of them are considered equally necessary within certain limits), which renders one line of production profitable, and another less, are calculated as legitimate grounds for compensation, without requiring the ever renewed action of competition to demonstrate the justification of such claims. The capitalist simply forgets, or rather he does not see, because competition does not show it to him, that all these claims for compensation mutually advanced by the capitalists in the calculation of the prices of commodities of different lines of production repeat in another way the idea that all capitalists are entitled, in proportion to the magnitude of their respective capitals, to equal shares of the common loot, the total surplus-value. They are rather under the impression, seeing that the profit pocketed by them differs from the surplus-value appropriated by them, that those grounds for compensation do not equalise their participation in the total surplus-value, but that they rather create the profit itself, which is supposed to originate in an addition to the price of their commodities, for which they advance different excuses.

In other respects the statements made in chapter VII concerning the assumptions of the capitalists as to the source of surplus-value apply also in this instance. The present case differs a little from those in chapter VII, but only to the extent that a saving in cost-price depends on individual ability, attention to business, etc., assuming the market-price of commodities and the degree of exploitation of labor to be given.

# **PART III. THE LAW OF THE FALLING TENDENCY OF THE RATE OF PROFIT.**

## CHAPTER XIII. THE THEORY OF THE LAW.

WITH a given wage and working day, a certain variable capital, for instance of 100, represents a certain number of employed laborers. It is the index of this number. For instance, let 100 p.st. be the wages of 100 laborers for one week. If these laborers perform the same amount of necessary as of surplus-labor, in other words, if they work daily as much time for themselves as they do for the capitalist, or, in still other words, if they require as much time for the reproduction of their wages as they do for the production of surplus-value for the capitalist, then they would produce a total value of 200 p.st., and the surplus-value would amount to 100 p.st. The rate of surplus-value,  $s/V$ , would be 100%. But we have seen that this rate of surplus-value would express itself in considerably different rates of profit, according to the different volumes of constant capitals  $c$  and consequently of total capitals  $C$ . For the rate of profit is calculated by the formula  $s/C$ .

Take it that the rate of surplus-value is 100%. Now, if

$c = 50$ , and  $v = 100$ , then  $p' = 100/150$ , or  $66 \frac{1}{3}\%$ .  $c = 100$ , and  $v = 100$ , then  $p' = 100/200$ , or  $50\%$ .  $c = 200$ , and  $v = 100$ , then  $p' = 100/300$ , or  $33 \frac{1}{3}\%$ .  $c = 300$ , and  $v = 100$ , then  $p' = 100/400$ , or  $25\%$ .  $c = 400$ , and  $v = 100$ , then  $p' = 100/500$ , or  $20\%$ .

In this way, the same rate of surplus-value, with the same degree of labor exploitation, would express itself in a falling rate of profit, because the material growth of the constant capital, and consequently of the total capital, implies their growth in value, although not in the same proportion.

If it is furthermore assumed that this gradual change in the composition of capital is not confined to some individual spheres of production, but occurs more or less in all, or at least in the most important ones, so that they imply changes in the organic average composition of the total capital of a certain society, then the gradual and relative growth of the constant over the variable capital must necessarily lead to a gradual fall of the average rate of profit, so long as the rate of surplus-value, or the intensity of exploitation of labor by capital, remain the same. Now we have seen that it is one of the laws of capitalist production that its development carries with it a relative decrease of variable as compared with constant capital, and consequently as compared to the total capital, which it sets in motion. This is only another way of saying that the same number of laborers, the same quantity of labor-power set in motion by a variable capital of a given value, consume in

production an ever increasing quantity of means of production, such as machinery and all sorts of fixed capital, raw and auxiliary materials, and consequently a constant capital of ever increasing value and volume, during the same period of time, owing to the peculiar methods of production developing within the capitalist system. This progressive relative decrease of the variable capital as compared to the constant, and consequently to the total, capital is identical with the progressive higher organic composition of the average social capital. It is, in another way, but an expression of the progressive development of the productive powers of society, which is manifested by the fact that the same number of laborers, in the same time, convert an ever growing quantity of raw and auxiliary materials into products, thanks to the growing application of machinery and fixed capital in general, so that less labor is needed for the production of the same, or of more, commodities. This growing value and volume of constant capital corresponds to a progressive cheapening of products, although the increase in the value of the constant capital indicates but imperfectly the growth in the actual mass of use-values represented by the material of the constant capital. Every individual product, taken by itself, contains a smaller quantity of labor than the same product did on a lower scale of production, in which the capital invested in wages occupies a far greater space compared to the capital invested in means of production. The hypothetical series placed at the beginning of this chapter expresses, therefore, the actual tendency of capitalist production. This mode of production produces a progressive decrease of the variable capital as compared to the constant capital, and consequently a continuously rising organic composition of the total capital. The immediate result of this is that the rate of surplus-value, at the same degree of labor-exploitation, expresses itself in a continually falling average rate of profit. (We shall see later why this fall does not manifest itself in an absolute form, but rather as a tendency toward a progressive fall.) This progressive tendency of the average rate of profit to fall is, therefore, but a peculiar expression of capitalist production for the fact that the social productivity of labor is progressively increasing. This is not saying that the rate of profit may not fall temporarily for other reasons. But it demonstrates at least that it is the nature of the capitalist mode of production, and a logical necessity of its development, to give expression to the average rate of surplus-value by a falling rate of average profit. Since the mass of the employed living labor is continually on the decline

compared to the mass of materialised labor incorporated in productively consumed means of production, it follows that that portion of living labor, which is unpaid and represents surplus-value, must also be continually on the decrease compared to the volume and value of the invested total capital. Seeing that the proportion of the mass of surplus-value to the value of the invested total capital forms the rate of profit, this rate must fall continuously.

Simple as this law appears from the foregoing statements, all of political economy has so far tried in vain to discover it, as we shall see later on. The economists saw the problem and cudged their brains in tortuous attempts to interpret it. Since this law is of great importance for capitalist production, it may be said to be that mystery whose solution has been the goal of the entire political economy since Adam Smith. The difference between the various schools since Adam Smith consists in their different attempts to solve this riddle. If we consider, on the other hand, that political economy up to the present has been tinkering with the distinction between constant and variable capital without ever defining it accurately; that it never separated surplus-value from profit, and never even considered profit in its purely theoretical form, that is, separated from its different subdivisions, such as industrial profit, commercial profit, interest, ground rent; that it never thoroughly analyzed the differences in the organic composition of capital, and for this reason never thought of analyzing the formation of an average rate of profit; if we consider all this, we no longer wonder at its failure to solve the riddle.

We intentionally analyze first this law, before we pass on to a consideration of the different independent categories into which profit is subdivided. The fact that this analysis is made independently of the subdivisions of profit, which fall to the share of different categories of persons, shows in itself that this law, in its general workings, is independent of those subdivisions and of the mutual relations of the resulting categories of profit. The profit to which we are here referring is but another name for surplus-value itself, which is merely observed in its relation to the total capital, instead of its relation to the variable capital from which it arises. The fall in the rate of profit therefore expresses the falling relation of surplus-value itself to the total capital, and is for this reason independent of any division of this profit among various participants.

We have seen that a certain stage of capitalist development, in which the organic composition of capital,  $c : v$  shows the proportion of 50 : 100, expresses a rate of surplus-value of 100% by a rate of profit of  $66 \frac{2}{3}\%$ , and that a higher stage, in which  $c : v$  shows the proportion 400:100, expresses the same rate of surplus-value by a rate of profit of only 20%. What is true of different successive stages in the same country, is also true of different contemporaneous stages of development in different countries. In an undeveloped country, in which the first-named composition of capital is the rule, the average rate of profit would be  $66 \frac{2}{3}\%$ , while in a country with the other, higher, stage of development, the average rate of profit would be 20%.

The difference between two national rates of profit might be eliminated, or even reversed, if labor were less productive in the less developed country, so that a larger quantity of labor would be incorporated in a smaller quantity of the same commodities, a larger exchange-value represented by a smaller use-value, so that the laborer would consume a larger portion of his time in the reproduction of his own means of subsistence, or of their value, and have less time to spare for the production of surplus-value, and consequently would perform less surplus-labor, so that the rate of surplus-value would be lower. For instance, if the laborer of the less developed country were to work two-thirds of the working day for himself, and one-third for the capitalist, then, referring to the above illustration, the same labor-power would be paid with  $133 \frac{1}{3}$  and would furnish a surplus of only  $66 \frac{2}{3}$ . A constant capital of 50 would correspond to a variable capital of  $133 \frac{1}{3}$ . The rate of surplus-value would then amount to  $133 \frac{1}{3} : 66 \frac{2}{3} = 50\%$ , and the rate of profit to  $183 \frac{1}{3} : 66 \frac{2}{3} =$  about  $36\frac{1}{2}\%$ .

Since we have not analysed the different subdivisions of profit, so that they do not exist for the present so far as we are here concerned, we make the following preliminary remarks merely in order to prevent misunderstanding: It would be a mistake to measure the level of the national rate of profit by, say, the level of the national rate of interest, when comparing countries in different stages of development, especially when comparing countries with a developed capitalist production to countries, in which labor has not yet been fully subjected to capital, although the laborer may already be exploited by the capitalist, as happens, for instance, in India, where the ryot manages his farm as an independent producer, whose production, strictly so called, is not yet under the complete sway of capital,

although the usurer may not only rob him of his entire surplus-labor by means of interest, but also curtail his wages, to use a capitalist term. For the interest of such stages comprises all of the profit, and more than the profit, instead of merely expressing an aliquot part of the produced surplus-value, or profit, as it does in countries with a developed capitalist production. On the other hand, the rate of interest in capitalist countries is overwhelmingly determined by conditions (loans granted by usurers to owners of large estates who draw ground-rent) which have nothing to do with profit, but which merely indicate to what extent usury appropriates ground-rent.

In countries with capitalist production in different stages of development, and consequently with capitals of different organic composition, a country with a short normal working day may have a higher rate of surplus-value (the one factor which determines the rate of profit) than a country with a long normal working day. In the first place, if the English working day of 10 hours, on account of its higher intensity, is equal to an Austrian working day of 14 hours, then dividing the working day equally in both instances, 5 hours of English surplus-labor may represent a greater value on the world-market than 7 hours of Austrian surplus-labor. In the second place, a larger portion of the English working day may represent surplus-labor than of the Austrian working day.

The law of the falling tendency of the rate of profit, which is the expression of the same, or even of a higher, rate of surplus-value, says in so many words: If you take any quantity of the average social capital, say a capital of 100, you will find that an ever larger portion of it is invested in means of production, and an ever smaller portion in living labor. Since, then, the aggregate mass of the living labor operating the means of production decreases in comparison to the value of these means of production, it follows that the unpaid labor, and that portion of value in which it is expressed, must decline as compared to the value of the advanced total capital. Or, an ever smaller aliquot part of the invested total capital is converted into living labor, and this capital absorbs in proportion to its magnitude less and less surplus-labor, although the proportion of the unpaid part of the employed labor may simultaneously grow as compared with the paid part. The relative decrease of the variable, and the relative increase of the constant, capital, while both parts may grow absolutely in magnitude, is but another expression for the increased productivity of labor.

Let a capital of 100 consist of  $80c + 20v$ , and let the  $20v$  stand for 20 laborers. Let the rate of surplus-value be 100%, that is to say, the laborers work one-half of the day for themselves and the other half for the capitalist. Now take a less developed country, in which a capital of 100 is composed of  $20c + 80v$ , and let these  $80v$  stand for 80 laborers. But let these laborers work two-thirds of the day for themselves, and only one-third for the capitalists. Assuming all other things to be equal, the laborers in the first case will produce a value of 40, while those in the second case will produce a value of 120. The first capital produces  $80c + 20v + 20s = 120$ ; rate of profit 20%. The second capital produces  $20c + 80v + 40s = 140$ ; rate of profit 40%. In other words, the rate of profit in the second case is double that of the first case, and yet the rate of surplus-value in the first case is 100%, while it is only 50% in the second case. But a capital of the same magnitude appropriates in the first case the surplus-labor of only 20 laborers, while it appropriates that of 80 laborers in the second case.

The law of the falling tendency of the rate of profit, or of the relative decline of the appropriated surplus-labor compared to the mass of materialised labor set in motion by living labor does not argue in any way against the fact that the absolute mass of the employed and exploited labor set in motion by the social capital, and consequently the absolute mass of the surplus-labor appropriated by it, may grow. Nor does it argue against the fact that the capitals controlled by individual capitalists may dispose of a growing mass of labor and surplus-labor, even though the number of the laborers employed by them may not grow.

Take for illustration's sake a certain population of working people, for instance, two millions. Assume, furthermore, that the length and intensity of the average working day, and the level of wages, and thereby the proportion between necessary and surplus-labor, are given. In the case the aggregate labor of these two millions, and their surplus-labor expressed in surplus-value, represent always the same magnitude of values. But with the growth of the mass of the constant (fixed and circulating) capital, which this labor manipulates, the proportion of this produced quantity of values declines as compared to the value of this total capital. And the value of this capital grows with its mass, although not in the same proportion. This proportion, and consequently the rate of profit, falls in spite of the fact that the same mass of living labor is controlled as before, and the same amount of surplus-labor absorbed by the capital. This proportion changes, not because

the mass of living labor decreases, but because the mass of the materialised labor set in motion by living labor increases. It is a relative decrease, not an absolute one, and has really nothing to do with the absolute magnitude of the labor and surplus-labor set in motion. The fall of the rate of profit is not due to an absolute, but only to a relative decrease of the variable part of the total capital, that is, its decrease as compared with the constant part.

The same thing which applies to any given mass of labor and surplus-labor, applies also to a growing number of laborers, and thus under the above assumptions, to any growing mass of the controlled labor in general and to its unpaid part, the surplus-labor, in particular. If the laboring population increases from two million to three million, if, furthermore, the variable capital invested in wages also rises to three million from its former amount of two million, while the constant capital rises from four million to fifteen million, then the mass of surplus-labor, and of surplus-value, under the above assumption of a constant working day and a constant rate of surplus-value, rises by 50%, that is, from two million to three million. Nevertheless, in spite of this growth in the absolute mass of surplus-labor and surplus-value by 50%, the proportion of the variable to the constant capital would fall from 2 : 4 to 3 : 15, and the proportion of the surplus-value to the total capital, expressed in millions, would be

$4c + 2v + 2s; C = 6, p' = 33 \frac{1}{3}\%$ . II.  $15c + 3v + 3s; C = 18, p' = 16 \frac{2}{3}\%$ .

While the mass of surplus-value has increased by one-half, the rate of profit has fallen by one-half. However, the profit is only the surplus-value calculated on the total social capital, so that its absolute magnitude, socially considered, is the same as the absolute magnitude of the surplus-value. In this case, the absolute magnitude of the profit would have grown by 50%, in spite of its enormous relative decrease compared to the advanced total capital, or in spite of the enormous fall of the average rate of profit. We see, then, that in spite of the progressive fall of rate of profit, there may be an absolute increase of the number of laborers employed by capital, an absolute increase of the labor set in motion by it, an absolute increase of the mass of surplus-labor absorbed, a resulting absolute increase of the produced surplus-value, and consequently an absolute increase in the mass of the produced profit. And this increase may be progressive. And it may not only be so. On the basis of capitalist production, it must be so, aside from temporary fluctuations.

The capitalist process of production is essentially a process of accumulation. We have shown that the mass of values, which must be simply reproduced and maintained, increases progressively with the development of capitalist production to the extent that the productivity of labor grows, even if the employed labor-power should remain constant. But the development of social productivity carries with it a still greater increase of the produced use-values, of which the means of production form a part. And the additional labor, whose appropriation reconverts this additional value into capital, does not depend on the value, but on the mass of these means of production (including the means of subsistence), because the laborer in the productive process is not operating with the exchange-value, but with the use-value of the means of production. Accumulation itself, however, and the concentration of capital that goes with it, is a material means of increasing the productive power. Now, this growth of the means of production includes the increase of the laboring population, the creation of a laboring population which corresponds to the surplus-capital or even exceeds its general requirements, leading to an overpopulation of working people. A momentary excess of the surplus-capital over the laboring population controlled by it would have a twofold effect. It would, on the one hand, mitigate the conditions, which decimate the offspring of the laboring class and would facilitate marriages among them, by raising wages. This would tend to increase the laboring population. On the other hand, it would employ the methods by which relative surplus-value is created (introduction and improvement of machinery) and thereby create still more rapidly an artificial relative overpopulation, which in its turn would be a hothouse for the actual propagation of its numbers, since under capitalist production poverty propagates its kind. The nature of the capitalist process of accumulation, which process is but an element in the capitalist process of production, implies as a matter of course that the increased mass of means of production, which is to be converted into capital, must always find on hand a corresponding increase, or even an excess, of laboring people for exploitation. The progress of the process of production and accumulation must, therefore, be accompanied by a growth of the mass of available and appropriated surplus-labor, and consequently by a growth of the absolute mass of profit appropriated by the social capital. But the same laws of production and accumulation increase the volume and value of the constant capital in a more rapid progression than those of the variable

capital invested in living labor. The same laws, then, produce for the social capital an increase in the absolute mass of profit and a falling rate of profit.

We leave out of consideration the fact that the same amount of values represents a progressively increasing mass of use-values and enjoyments to the extent that the capitalist process of production carries with it a development of the productive power of social labor, a multiplication of the lines of production, and an increase of products.

The development of capitalist production and accumulation lifts the processes of labor to a higher scale and gives them greater dimensions, which imply larger investments of capital for each individual establishment. A growing concentration of capitals (accompanied by a growing number of capitalists, though not to the same extent) is therefore one of the material requirements of capitalist production as well as one of the results produced by it. Hand in hand with it, and mutually interacting, goes a progressive expropriation of the more or less direct producers. It is, then, a matter of course for the capitalists that they should control increasing armies of laborers (no matter how much the variable capital may relatively decrease in comparison to the constant capital), and that the mass of surplus-value, and of profit, appropriated by them, should grow simultaneously with the fall of the rate of profit, and in spite of it. The same causes which concentrate masses of laborers under the control of capitalists, are precisely those which also swell the mass of fixed capital, auxiliary and raw materials in a growing proportion as compared to the mass of the employed living labor.

It requires but a passing notice at this point, that, given a certain laboring population, the mass of surplus-value, and therefore the absolute mass of profit, must grow if the rate of surplus-value increases by a prolongation or intensification of the working day, or by a lowering of the value of wages through a development of the productive power of labor, and must do so in spite of the relative decrease of the variable capital compared to the constant.

The same development of the productive power of social labor, the same laws, which express themselves in a relative fall of the variable as compared to the total capital and in a correspondingly hastened accumulation, while this accumulation in its turn becomes the starting point of a further development of the productive power and of a further relative fall of the variable capital, this same development manifests itself, aside

from temporary fluctuations, by a growing increase of the employed total labor-power, a growing increase of the absolute mass of surplus-value, and consequently of profits.

Now, in what form must this two-faced law with the same causes for a decrease of the rate of profits and a simultaneous increase of the absolute mass of profits show itself? A law based on the fact that under certain conditions the appropriated mass of surplus-labor, and consequently of surplus-value, increases, and that, so far as the total capital is concerned, or the individual capital as an aliquot part of the total capital, profit and surplus-value are identical magnitudes?

Take that aliquot part of capital which is the basis of our calculation of the rate of profit, for instance 100. These 100 illustrate the average composition of the total capital, say  $80 c + 20 v$ . We have seen in the second part of this volume, that the average rate of profit is determined, not by the particular composition of individual capital, but by the average composition of social capital. If the variable capital decreases as compared to the constant, or to the total capital, then the rate of profit, or the relative magnitude of surplus-value calculated on the total capital, falls even though the intensity of exploitation were to remain the same, or even to increase. But it is not this relative magnitude alone which falls. The magnitude of the surplus-value or profit absorbed by the total capital of 100 also falls absolutely. At a rate of surplus-value of 100%, a capital of  $60 + 40$  produces a mass of surplus-value and profit amounting to 40; a capital of  $70 c + 30 v$  a mass of profit of 30; a capital of  $80 c + 20 v$  produces only 20 of profit. This fall refers to the mass of surplus-value and thus of profit, and is due to the fact that the total capital of 100, with the same intensity of labor exploitation, employs less living labor, sets in motion less labor-power, and therefore produces less surplus-value. Taking any aliquot part of the social capital, this is, of capital of average composition, as a standard by which to measure surplus-value — and this is done in all calculations of profit — a relative fall of surplus-value is identical with its absolute fall. The rate of profit sinks in the above cases from 40% to 30% and 20%, because the mass of surplus-value, and of profit, produced by the same capital falls absolutely from 40 to 30 and 20. Since the magnitude of the value of capital, by which the surplus-value is measured, is given as 100, a fall in the proportion of surplus-value to this given magnitude can be only another expression for the fact that surplus-value and profit decrease absolutely.

This is, of course, a tautology. But we have demonstrated that the nature of the capitalist process of production brings about this decrease.

On the other hand, the same causes which bring about an absolute decrease of surplus-value and profit on a given capital, and consequently in the percentage of the rate of profit, produce an increase of the absolute mass of surplus-value and profit appropriated by the total capital (that is, by the capitalists as a whole). How can this be explained, and what is the only way in which this can be explained, or what are the conditions on which this apparent contradiction is based?

While any aliquot part, any 100 of the social capital, any 100 of average social composition, is a given magnitude, for which a fall in the rate of profit implies a fall in the absolute magnitude of profit, just because the capital which serves as a standard of measurement is a constant magnitude, the magnitude of the social capital, on the other hand, as well as that of the capital in the hands of individual capitalists, is variable, and in keeping with our assumptions it must vary inversely to the decrease of its variable portion.

In our former illustration, when the percentage of composition was  $60 c + 40 v$ , the corresponding surplus-value and profit was 40, and the rate of profit 40%. Take it that the total capital in this stage of composition was one million. In that case the total surplus-value, and total profit, amounted to 400,000. Now, if the composition changes later to  $80 c + 20 v$ , while the degree of labor exploitation remains the same, then the surplus-value and profit for each 100 is 20. But as we have demonstrated that the absolute mass of surplus-value and profit increases in spite of the fall of the rate of profit, in spite of the decrease in the production of surplus-value by a capital of 100, that it grows, say, from 400,000 to 440,000, there is no other way in which this could be brought about than by a growth of the total capital to 2,200,000 to the extent that this new composition developed. The mass of the total capital set in motion has risen by 220%, while the rate of profit has fallen by 50%. If the total capital had only been doubled, it could have produced no more surplus-value and profit with a rate of profit of 20% than the old capital of 1,000,000 at a rate of 40%. If it had grown to less than twice its old size, it would have produced less surplus-value or profit than the old capital of 1,000,000 which, with its former composition, would have had to grow from 1,000,000 to no more than 1,100,000, in order to raise its surplus-value from 400,000 to 440,000.

We meet here once more the previously analysed law, that the relative decrease of the variable capital, or the development of the productive power of labor, requires an increasing mass of total capital for the purpose of setting in motion the same quantity of labor-power and absorbing the same quantity of surplus-labor. Consequently the possibility of a relative surplus of laboring people develops to the extent that capitalist production advances, not because the productive power of social labor decreases, but because it increases. Relative overpopulation does not arise out of an absolute disproportion between labor and means of subsistence, or of means for the production of these means of existence, but out of a disproportion due to the capitalist exploitation of labor, a disproportion between the growing increase of capital and its relatively decreasing demand for an increase of population.

A fall in the rate of profit by 50% means its fall by one-half. If the mass of profit is to remain the same, the capital must be doubled. In order that the mass of profit made at a declining rate of profit may remain the same as before, the multiplier indicating the growth of the total capital must be equal to the divisor indicating the fall of the rate of profit. If the rate of profit falls from 40 to 20, the total capital must rise at the rate of 20 to 40, in order that the result may remain the same. If the rate of profit had fallen from 40 to 8, the capital would have to increase at the rate of 8 to 40, or five times its value. A capital of 1,000,000 at a rate of 40% produces 400,000, and a capital of 5,000,000 at a rate of 8% likewise produces 400,000. This applies, so long as the result is to remain the same. But if the result is to be higher, then the capital must grow at a faster rate than the rate of profit falls. In other words, in order that the variable portion of the total capital may not only remain the same, but may also increase absolutely, although its percentage in the total capital falls, the total capital must grow at a higher rate than the percentage of the variable capital falls. It must grow at such a rate that it requires in its new composition not merely the same old variable capital, but more than it for the purchase of labor-power. If the variable portion of a capital of 100 falls from 40 to 20, the total capital must rise higher than 200, in order to be able to employ a larger variable capital than 40.

Even if the mass of the exploited laboring population were to remain constant, and only the length and intensity of the working day to increase, the mass of the invested capital would have to increase, since it must rise

for the mere purpose of employing the same mass of labor under the old conditions of exploitation as soon as the composition of capital varies.

In short, the same development of the social productivity of labor expresses itself in the course of capitalist production on the one hand in a tendency to a progressive fall of the rate of profit, and on the other hand in a progressive increase of the absolute mass of the appropriated surplus-value, or profit; so that on the whole a relative decrease of variable capital and profit is accompanied by an absolute increase of both. This twofold effect, as we have seen, can express itself only in a growth of the total capital at a ratio more rapid than that expressed by the fall in the rate of profit. In order that an absolutely increased variable capital may be employed in a capital of higher composition, that is, a capital in which the constant capital has relatively increased still more than the variable, the total capital must not only grow in proportion to its higher composition, but even still more rapidly. It follows, then, that an ever larger quantity of capital is required in order to employ the same, and still more an increased amount of labor-power, to the extent that the capitalist mode of production develops. The increasing productivity of labor thus creates necessarily and permanently an apparent overpopulation of laboring people. If the variable capital forms only one-sixth of the total capital instead of one-half, as before, then the total capital must be trebled in order to employ the same amount of labor-power. And if the labor-power to be employed is doubled, then the total capital must be multiplied by six.

Political economy has so far been unable to explain the law of the falling tendency of the rate of profit. So it pointed as a consolation to the increasing mass of profit, the increase in the absolute magnitude of profit for the individual capitalist as well as for the social capital, but even this consolation was based on mere commonplaces and probabilities.

It is simply a tautology to say that the mass of profit is determined by two factors, namely first the rate of profit, and secondly by the mass of capital invested at this rate. It is therefore but a corollary of this tautology to say that there is a possibility for the increase of the mass of profit even though the rate of profit may fall at the same time. This does not help us to get one step farther, since there is also a possibility that the capital may increase without resulting in an increase of the mass of profit, and that it may even increase while the mass of profit is already falling. For 100 at 25% make 25, while 400 at 5% make only 20. But if the same causes, which bring

about a fall in the rate of profit, promote the accumulation, that is, the formation of additional capital, and if each additional capital employs additional labor and produces additional surplus-value; when, on the other hand, the mere fall in the rate of profit implies the fact that the constant capital, and with it the total old capital, have increased, then this process ceases to be mysterious. We shall see later, to what falsifications of calculations some people have recourse in order to deny the possibility of an increase in the mass of profits while the rate of profits is simultaneously decreasing.

We have shown that the same causes, which bring about a tendency of the average rate of profits to fall, necessitate also an accelerated accumulation of capital and consequently an increase in the absolute magnitude, or total mass, of the surplus-labor (surplus-value, profit) appropriated by it. Just as everything is reversed in competition, and thus in the consciousness of its agents, so is also this law, this internal and necessary connection between two apparent contradictions. It is evident, within the proportions indicated above, that a capitalist disposing of a large capital will receive a larger mass of profits than a small capitalist making apparently high profits. A superficial observation of competition shows furthermore that under certain circumstances, when the greater capitalist wishes to make more room for himself on the market by pushing aside the smaller ones, as happens in times of commercial crises, he makes a practical use of this, that is, he lowers his rate of profit intentionally in order to crowd the smaller ones off the field. Particularly merchant's capital, as we shall show at length later on, shows symptoms, which seem to attribute the fall in profits to an expansion of the business, and thus of capital. We shall later on give a scientific expression for this false conception. Similar superficial observations result from the comparison of rates of profit made in some particular lines of business, according to whether they are subject to free competition or to monopoly. The utterly shallow conception existing in the heads of the agents of competition is found in our Roscher, namely the idea that a reduction of the rate of profits is "more prudent and humane." The fall in the rate of profit is in this case attributed to an increase of capital, it appears as a consequence of this increase, and of the resultant calculation of the capitalist that the mass of profits to be pocketed by him will be greater at a smaller rate of profits. This entire conception (with the exception of that of Adam Smith, which we shall mention later) rests on the

utter misapprehension of what the average rate of profit represents and on the crude idea that prices are indeed determined by adding a more or less arbitrary amount of profit to the actual value of the commodities. Crude as these ideas are, they arise necessarily out of the inverted aspect which the immanent laws of capitalist production represent under competition.

The law that the fall in the rate of profit due to the development of the productive powers is accompanied by an increase in the mass of profit expresses itself furthermore in the fact that a fall in the price of commodities produced by capital is accompanied by a relative increase of the masses of profit contained in them and realised by their sale.

Since the development of the productive powers and the higher composition of capital corresponding to it set in motion an ever increasing quantity of means of production with an ever decreasing quantity of labor, every aliquot part of the total product, every single commodity, or every particular quantity of commodities in the total mass of products absorbs less living labor, and also contains less materialised labor, both as to the wear and tear of fixed capital and to the raw and auxiliary materials consumed. Every single commodity, then, contains a smaller amount of labor materialised in means of production and of labor newly added during production. Hence the price of the individual commodity falls. The mass of profits contained in the individual commodities may nevertheless increase, if the rate of the absolute or relative surplus-value grows. The commodity then contains less newly added labor, but its unpaid portion grows over its paid portion. However, this is the case only within certain limits. In the course of the development of production, with the enormously growing absolute decrease of the amount of living labor newly embodied in the individual commodities, the mass of unpaid labor contained in them will likewise decrease absolutely, however much it may have grown as compared to their paid portion. The mass of profit on each individual commodity will decrease considerably with the development of the productive power of labor, in spite of the increase of the rate of surplus-value. And this reduction, the same as the fall in the rate of profits, is only delayed by the cheapening of the elements of constant capital and the other circumstances mentioned in the first part of this volume, which increase the rate of profit at a stable, or even falling, rate of surplus-value.

To say that the price of the individual commodities falls, which together make up the total product of the capital, is simply to say that a certain

quantity of labor is realised in a larger quantity of commodities, so that each individual commodity contains less labor than before. This is the case even if the price of one of the parts of constant capital, such as raw material, etc., should rise. With the exception of a few cases (for instance, if the productive power of labor cheapens all the elements of constant and variable capital uniformly) the rate of profit will fall in spite of the increased rate of surplus-value, 1), because even a larger unpaid portion of the smaller total amount of newly added labor is smaller than a smaller aliquot portion of unpaid labor was in the former large amount of total labor, and 2), because the higher composition of the capital is expressed through the individual commodity by the fact that that portion of its value, in which newly added labor is materialised, decreases as compared to that portion of its value, which represents raw material, auxiliary material, and wear and tear of fixed capital. This change in the proportions of the various component parts of the price of the individual commodities, the decrease of that portion of their price, in which newly added labor is materialised, and the increase of that portion, in which formerly materialised labor is represented, is that form which expresses through the price of the individual commodities the decrease of the variable capital as compared to the constant capital. To the extent that this decrease is absolute for a certain amount of capital, for instance 100, it is also absolute for every individual commodity as an aliquot part of the reproduced capital. However, the rate of profit, if calculated merely on the elements of the price of the individual commodity, would be different from what it actually is. The reason for this is as follows:

[The rate of profit is calculated on the total capital invested, but only for a definite time, in fact, for one year. The rate of profit is the proportion of the surplus-value, or profit, made and realised on the total capital and calculated in percentages. It is, therefore, not necessarily equal to a rate of profit, whose calculation was not based on one year, but on the period of turn-over of the invested capital. These two things do not coincide, unless the capital is turned over exactly in one year.

On the other hand, the profit made in the course of one year is merely the sum of the profits on the commodities produced and sold during the same year. Now, if we calculate the profit on the cost-price of the commodities, we obtain a rate of profit =  $p/k$ , in which  $p$  stands for the profit realised during one year, and  $k$  for the sum of the cost-prices of the commodities

produced and sold during that year. It is evident that this rate of profit  $p/k$  will not coincide with the actual rate of profit  $p/c$ , or mass of profit divided by the total capital, unless  $k = C$ , that is, unless the capital is turned over in exactly one year.

Let us take three different conditions of some industrial capital.

I. — A capital of 8,000 p.st. produces and sells annually 5,000 pieces of commodities, at 30 sh. per piece, making an annual turn-over of 7,500 p.st. It makes a profit of 10 sh. on each piece, or 2,500 p.st. per year. Every piece, then, contains 20 sh. of capital advance, and 10 sh. of profit, so that the rate of profit per piece is  $10/20 = 50\%$ . The turned-over sum of 7,500 p.st. contains 5,000 p.st. of advanced capital and 2,500 p.st. of profits. Rate of profit for one turn-over,  $p/k$ , likewise 50%. But the rate of profit calculated on the total capital is the rate of profit  $p/c = 2500/8000 = 31\frac{1}{4}\%$ .

II. — Let the capital increase to 10,000 p.st. Owing to an increased productivity of labor, let it be enabled to produce annually 10,000 pieces of commodities at a cost-price of 20 sh. per piece. Let these commodities be sold at a profit of 4 sh., in other words, at 24 sh. per piece. In that case the price of the annual product is 12,000 p.st., of which 10,000 p.st. is advanced capital and 2,000 p.st. profits. The rate of profit  $p/k$  is  $4/20$  per piece and  $2000/10,000$  for the annual turn-over, or in both cases  $= 20\%$ . And since the total capital is equal to the sum of the cost-prices, namely 10,000 p.st., it follows that  $p/c$ , the actual rate of profit, is in this case also 20%.

III. — Let the capital increase to 15,000 p.st., owing to a further growth of the productive power of labor, and let it produce annually 30,000 pieces of commodities at a cost-price of 13 sh. per piece, each piece being sold at a profit of 2 sh., or at 15 sh. per piece. The annual turn-over amounts in that case to  $30,00 \times 15$  sh.,  $= 22,500$  p.st., of which 19,500 are advanced capital and 3,000 p.st. profits. The rate of profit  $p/k$  is then  $2/13 = 3000/19,500 = 15\frac{5}{13}\%$ . But the actual rate of profit  $p/c = 3000/15,000 = 20\%$ .

We see, then, that only in case II, where the turned-over capital-value is equal to the total capital, is the rate of profit per piece, or per total amount turn-over, the same as the rate of profit calculated on the total capital. In case I, where the amount of the turn-over is smaller than the total capital, the rate of profit calculated on the cost-price of the commodities is higher. In case III, where the total capital is smaller than the amount of the turn-over, the rate of profit calculated on the cost-price of commodities is

smaller than the actual rate calculated on the total capital. This is a general rule.

In commercial practice the turn-over is generally calculated inaccurately. It is assumed that the capital has been turned over once, as soon as the sum of the realised commodity-prices equals the sum of the invested total capital. But the capital can complete one whole turn-over only in the case that the sum of the cost-prices of the realised commodities equals the sum of the total capital. — F. E.]

This demonstrates once more how important it is under the capitalist mode of production that the individual commodities or the commodity-product of a certain period should not be considered as isolated by themselves, as mere commodities, but as products of advanced capital and in their relation to the total capital, which produces them.

Although the rate of profit must be calculated by measuring the mass of the produced and realised surplus-value by the consumed portion of capital reappearing in the commodities as well as by the sum of this portion plus that portion of capital which, though not consumed, is employed and continues to serve in production, the mass of profit cannot be equal to anything but the mass of profit, or surplus-value, contained in the commodities themselves and to be realised by their sale.

If the productivity of industry increases, the prices of the individual commodities fall. There is less paid and unpaid labor contained in them. Let the same labor produce, say, thrice, its former product. Then the individual product requires two-thirds less labor. And since the profit can constitute but a portion of the amount of labor congealed in the individual commodities, the mass of profit in the individual commodities must decrease. And this must hold good, within certain limits, even if the rate of surplus-value should rise. In any case, the mass of profits on the total product does not fall below the original mass of profits so long as the capital employs the same number of laborers at the same degree of exploitation. (This may also take place, if fewer laborers are employed at a higher rate of exploitation.) For to the same extent that the mass of profit on the individual product decreases does the number of products increase. The mass of profits remains the same, only it is distributed differently over the total amount of commodities. Nor does this alter the division of the amount of value created by newly added labor between the laborers and capitalists. The mass of profit cannot increase, so long as same amount of labor is

employed, unless the unpaid surplus-labor increases, or, supposing the intensity of exploitation to remain the same, unless the number of laborers grows. Or, both of these causes may, of course, combine to produce this result. In all these cases, which, however, according to our assumption, presuppose an increase of the constant capital as compared to the variable and an increase in the magnitude of the total capital, the individual commodity contains a smaller mass of profit and the rate of profit falls even if it is calculated on the individual commodity. A given quantity of additional labor is materialised in a larger quantity of commodities. The price of the individual commodities falls. Abstractly speaking, the rate of profit may remain the same, even though the price of the individual commodity may fall as a result of an increase in the productivity of labor and a simultaneous increase in the number of these cheaper commodities, for instance, if the increase in the productivity of labor extended its effects uniformly and simultaneously to all the elements of the commodities, so that the total price of the commodities would fall in the same proportion in which the productivity of labor would increase, while on the other hand the mutual relations of the different elements of the price of commodities would remain the same. The rate of profit might even rise, if a rise in the rate of surplus-value were accompanied by a considerable reduction in the value of the elements of constant, and particularly of fixed, capital. But in reality, as we have seen, the rate of profit will fall in the long run. In any case, a fall in the price of any individual commodity does not by itself give a clue to the rate of profit. Everything depends on the magnitude of the total capital invested in its production. For instance, if the price of one yard of fabric falls from 3 sh. to  $1\frac{2}{3}$  sh.; if we know that it contained before this reduction in price  $1\frac{2}{3}$  sh. worth of constant capital, yarn, etc.,  $\frac{2}{3}$  sh. wages, and  $\frac{1}{3}$  sh. profit, while it contains after this reduction 1 sh. of constant capital,  $\frac{1}{3}$  sh. of wages, and  $\frac{1}{3}$  sh. of profit, we cannot tell whether the rate of profit has remained the same or not. This depends on the question, whether the advanced total capital has increased, and how much, and how many yards of fabric more it produces in a given time.

This phenomenon arising from the nature of the capitalist mode of production, namely, that an increase in the productivity of labor implies a fall in the price of the individual commodity, or of a certain mass of commodities, an increase in the number of commodities, a reduction of the mass of profit in the individual commodity and of the rate of profit on the

aggregate of commodities, an increase of the mass of profit in the total quantity of commodities, this phenomenon shows itself on the surface only in a reduction of the mass of profit in the individual commodities, in a fall of their prices, in an increase of the mass of profits in the augmented number of commodities as a whole, which have been produced by the total capital of society or by that of the individual capitalist. It is then imagined that the capitalist adds less profits to the price of the individual commodities on his own free volition and makes up for it by the returns on a greater number of commodities produced by him. This conception rests upon the idea of profit upon alienation, which in its turn is deduced from the ideas of merchant's capital.

We have seen previously, in parts four and seven of Book I, that the growth in the mass of commodities resulting from the productivity of labor and the consequent cheapening of the commodities as such (unless these commodities become determining elements in the price of labor-power) do not affect the proportion between paid and unpaid labor in the individual commodities, in spite of the fall in price.

Since everything appears inverted under competition, the individual capitalist may imagine: 1) That he is reducing his profit on the individual commodity by cutting its price, but still making a greater profit on account of the larger quantity of commodities which he is selling; 2) that he is fixing the price of the individual commodities and determining the price of the total product by multiplication, while the original process is really one of division (see Book I, chapter XII) and the multiplication is correct only in a secondary way, being based on that division. The vulgar economist does practically no more than to translate the queer concepts of the capitalists, who are in the thralls of competition, into a more theoretical and generalising language and to attempt a vindication of the correctness of those conceptions.

Practically, a fall in the prices of commodities and a rise in the mass of profits contained in the augmented mass of these cheapened commodities is but another expression for the law of the falling rate of profit with a simultaneous increase in the mass of profits.

The analysis of the extent to which a falling rate of profit may coincide with rising prices does not belong in this chapter any more than that of the point previously discussed in volume I, chapter XII, concerning relative surplus-value. A capitalist working with improved methods of production

that have not yet become general sells below the market-price, but above his individual price of production. In this way his rate of profit rises until competition levels it down. During this leveling period the second requisite puts in its appearance, namely the expansion of the invested capital. According to the degree of this expansion the capitalist will be enabled to employ a part of his former laborers under the new conditions, and eventually all of them or more, in other words, he will be enabled to produce the same or a greater mass of profits.

## CHAPTER XIV. COUNTERACTING CAUSES.

IF we consider the enormous development of the productive powers of labor, even comparing but the last 30 years with all former periods; if we consider in particular the enormous mass of fixed capital, aside from machinery in the strict meaning of the term, passing into the process of social production. as a whole, then the difficult, which has hitherto troubled the vulgar economists, namely that of finding an explanation for the falling rate of profit, gives way to its opposite, namely to the question; How is it that this fall is not greater and more rapid? There must be some counteracting influences at work, which thwart and annul the effects of this general law, leaving to it merely the character of a tendency. For this reason we have referred to the fall of the average rate of profit as a tendency to fall.

The following are the general counterbalancing causes:

Raising the Intensity of Exploitation.

The rate at which labor is exploited, the appropriation of surplus-labor and surplus-value, is raised by a prolongation of the working day and an intensification of labor. These two points have been fully discussed in volume I as incidents to the production of absolute and relative surplus-value. There are many ways of intensifying labor, which imply an increase of the constant capital as compared to the variable, and consequently a fall in the rate of profit, for instance setting a laborer to watch a larger number of machines. In such cases — and in the majority of manipulations serving to produce relative surplus-value — the same causes, which bring about an increase in the rate of surplus-value, may also imply a fall in the mass of surplus-value, looking upon the matter from the point of view of the total quantities of invested capital. But there are other means of intensification, such as increasing the speed of machinery, which although consuming more raw material, and, so far as the fixed capital is concerned, wearing out the machinery so much faster, nevertheless do not affect the relation of its value to the price of labor set in motion by it. It is particularly the prolongation of the working day, this invention of modern industry, which increases the mass of appropriated surplus-labor without essentially altering the proportion of the employed labor-power to the constant capital set in motion by it, and which tends to reduce this capital relatively, if anything. For the rest, we have already demonstrated — what constitutes the real secret of the

tendency of the rate of profit to fall — that the manipulations made for the purpose of producing relative surplus-value amount on the whole to this: That on one side as much as possible of a certain quantity of labor is transformed into surplus-value, and that on the other hand as little labor as possible is employed in proportion to the invested capital, so that the same causes, which permit the raising of the intensity of exploitation, forbid the exploitation of the same quantity of labor by the same capital as before. These are the warring tendencies, which, while aiming at a raise in the rate of surplus-value, have at the same time a tendency to bring about a fall in the mass of surplus-value, and therefore of the rate of surplus-value produced by a certain capital. It is furthermore appropriate to mention at this point the extensive introduction of female and child labor, in so far as the whole family must produce a larger quantity of surplus-value for a certain capital than before, even in case the total amount of their wages should increase, which is by no means general.

Whatever tends to promote the production of relative surplus-value by mere improvements in methods, for instance in agriculture, without altering the magnitude of the invested capital, has the same effect. While the constant capital does not increase relatively to the variable in such cases, taking the variable capital as an index of the amount of labor-power employed, the mass of the product does increase in proportion to the labor-power employed. The same takes place, when the productive power of labor (whether its product passes into the consumption of the laborer or into the elements of constant capital) is freed from obstacles of circulation, of arbitrary or other restrictions which become obstacles in course of time, in short, of fetters of all kinds, without touching directly the proportion between the variable and the constant capital.

It might be asked, whether the causes checking the fall of the rate of profit, but always hastening it in the last analysis, include the temporary raise in surplus-value above the average level, which recur now in this, now in that line of production for the benefit of those individual capitalists, who make use of inventions, etc., before they are generally introduced. This question must be answered in the affirmative.

The mass of surplus-value produced by a capital of a certain magnitude is the product of two factors, namely of the rate of surplus-value multiplied by the number of laborers employed at this rate. Hence it depends on the number of laborers, when the rate of surplus-value is given, and on the rate

of surplus-value, when the number of laborers is given. In short, it depends on the composite proportion of the absolute magnitudes of the variable capital and the rate of surplus-value. Now we have seen, that on an average the same causes, which raise the rate of relative surplus-value, lower the mass of the employed labor-power. It is evident, however, that there will be a more or less in this according to the definite proportion, in which the opposite movements exert themselves, and that the tendency to reduce the rate of profit will be particularly checked by a raise in the rate of absolute surplus-value due to a prolongation of the working day.

We saw in the case of the rate of profit, that a fall in the rate was generally accompanied by an increase in the mass of profit, on account of the increasing mass of the total capital employed. From the point of view of the total variable capital of society, the surplus-value produced by it is equal to the profit produced by it. Both the absolute mass and the absolute rate of surplus-value have thus increased. The one has increased, because the quantity of labor-power employed by society has grown, the other, because the intensity of exploitation of this labor-power has increased. But in the case of a capital of a given magnitude, for instance 100, the rate of surplus-value may increase, while the mass may decrease on an average; for the rate is determined by the proportion, in which the variable capital produces value, while its mass is determined by the proportional part which the variable capital constitutes in the total capital.

The rise in the rate of surplus-value is a factor, which determines also the mass of surplus-value and thereby the rate of profit, for it takes place especially under conditions, in which, as we have seen, the constant capital is either not increased at all relatively to the variable capital, or not increased in proportion. This factor does not suspend the general law. But it causes that law to become more of a tendency, that is, a law whose absolute enforcement is checked, retarded, weakened, by counteracting influences. Since the same causes, which raise the rate of surplus-value (even a prolongation of the working time is a result of large scale industry), also tend to decrease the labor-power employed by a certain capital, it follows that these same causes also tend to reduce the rate of profit and to check the speed of this fall. If one laborer is compelled to perform as much labor as would be rationally performed by two, and if this is done under circumstances, in which this one laborer can replace three, then this one will produce as much surplus-labor as was formerly produced by two, and to

that extent the rate of surplus-value will have risen. But this one will not produce as much as formerly three, and to that extent the mass of surplus-value will have decreased. But this reduction in mass will be compensated, or limited, by the rise in the rate of surplus-value. If the entire population is employed at a higher rate of surplus-value, the mass of surplus-value will increase, although the population may remain the same. It will increase still more, if the population increases at the same time. And although this goes hand in hand with a relative reduction of the number of laborers employed in proportion to the magnitude of the total capital, yet this reduction is checked or moderated by the rise in the rate of surplus-value.

Before leaving this point, we wish to emphasize once more that, with a capital of a certain magnitude, the rate of surplus-value may rise, while its mass is decreasing, and vice versa. The mass of surplus-value is equal to the rate multiplied by the number of laborers; however, this rate is never calculated on the total, but only on the variable capital, actually only for a day at a time. On the other hand, with a given magnitude of a certain capital, the rate of profit can never fall or rise, without a simultaneous fall or rise in the mass of surplus-value.

#### Depression of Wages Below their Value.

This is mentioned only empirically at this place, since it, like many other things, which might be enumerated here, has nothing to do with the general analysis of capital, but belongs in a presentation of competition, which is not given in this work. However, it is one of the most important causes checking the tendency of the rate of profit to fall.

#### Cheapening of the Elements of Constant Capital.

Everything that has been said in the first part of this volume about the causes, which raise the rate of profit while the rate of surplus-value remains the same, or independently of the rate of surplus-value, belongs here. This applies particularly to the fact that, from the point of view of the total capital, the value of the constant capital does not increase in the same proportion as its material volume. For instance, the quantity of cotton, which a single European spinning operator works up in a modern factory, has grown in a colossal degree compared to the quantity formerly worked up by a European operator with a spinning wheel. But the value of the worked-up cotton has not grown in proportion to its mass. The same holds good of machinery and other fixed capital. In short, the same development, which increases the mass of the constant capital relatively over that of the

variable, reduces the value of its elements as a result of the increased productivity of labor. In this way the value of the constant capital although continually increasing, is prevented from increasing at the same rate as its material volume, that is, the material volume of the means of production set in motion by the same amount of labor-power. In exceptional cases the mass of the elements of constant capital may even increase, while its value remains the same or even falls.

The foregoing bears upon the depreciation of existing capital (that is, of its material elements) which comes with the development of industry. This is another one of the causes which by their constant effects tend to check the fall of the rate of profit, although it may under certain circumstances reduce the mass of profit by reducing the mass of capital yielding a profit. This shows once more that the same causes, which bring about a tendency of the rate of profit to fall, also check the realisation of this tendency.

#### Relative Overpopulation.

The production of a relative surplus-population is inseparable from the development of the productivity of labor expressed by a fall in the rate of profit, and the two go hand in hand. The relative overpopulation becomes so much more apparent in a certain country, the more the capitalist mode of production is developed in it. This, again, is on the one hand a reason, which explains why the imperfect subordination of labor to capital continues in many lines of production, and continues longer than seems at first glance compatible with the general stage of development. This is due to the cheapness and mass of the disposable or unemployed wage laborers, and to the greater resistance, which some lines of production, by their nature, oppose to a transformation of manufacture into machine production. On the other hand, new lines of production are opened up, especially for the production of luxuries, and these lines take for their basis this relative overpopulation set free in other lines of production by the increase of their constant capital. These new lines start out with living labor as their predominating element, and go by degrees through the same evolution as the other lines of production. In either case the variable capital constitutes a considerable proportion of the total capital and wages are below the average, so that both the rate and mass of surplus-value are exceptionally high. Since the average rate of profit is formed by leveling the rates of profit in the individual lines of production, the same cause, which brings

about a falling tendency of the rate of profit, once more produces a counterbalance to this tendency and paralyses its effects more or less.

#### Foreign Trade.

To the extent that foreign trade cheapens partly the elements of constant capital, partly the necessities of life for which the variable capital is exchanged, it tends to raise the rate of profit by raising the rate of surplus-value and lowering the value of the constant capital. It exerts itself generally in this direction by permitting an expansion of the scale of production. But by this means it hastens on one hand the process of accumulation, on the other the reduction of the variable as compared to the constant capital, and thus a fall in the rate of profit. In the same way the expansion of foreign trade, which is the basis of the capitalist mode of production in its stages of infancy, has become its own product in the further progress of capitalist development through its innate necessities, through its need of an ever expanding market. Here we see once more the dual nature of these effects. (Ricardo entirely overlooked this side of foreign trade.)

Another question, which by its special nature is really beyond the scope of our analysis, is the following: Is the average rate of profit raised by the higher rate of profit, which capital invested in foreign, and particularly in colonial trade, realises?

Capitals invested in foreign trade are in a position to yield a higher rate of profit, because, in the first place, they come in competition with commodities produced in other countries with lesser facilities of production, so that an advanced country is enabled to sell its goods above their value even when it sells them cheaper than the competing countries. To the extent that the labor of the advanced countries is here exploited as a labor of a higher specific weight, the rate of profit rises, because labor which has not been paid as being of a higher quality is sold as much. The same condition may obtain in the relations with a certain country, into which commodities are exported and from which commodities are imported. This country may offer more materialised labor in goods than it receives, and yet it may receive in return commodities cheaper than it could produce them. In the same way a manufacturer, who exploits a new invention before it has become general, undersells his competitors and yet sells his commodities above their individual values, that is to say, he exploits the specifically higher productive power of the labor employed by him as surplus-value. By

this means he secures a surplus-profit. On the other hand, capitals invested in colonies, etc., may yield a higher rate of profit for the simple reason that the rate of profit is higher there on account of the backward development, and for the added reason, that slaves, coolies, etc., permit a better exploitation of labor. We see no reason, why these higher rates of profit realised by capitals invested in certain lines and sent home by them should not enter as elements into the average rate of profit and tend to keep it up to that extent. We see so much less reason for the contrary opinion, when it is assumed that such favored lines of investment are subject to the laws of free competition. What Ricardo has in mind as objections, is mainly this: With the higher prices realised in foreign trade, commodities are bought abroad and sent home. These commodities are sold on the home market, and this can constitute at best but a temporary advantage of the favored spheres of production over others. This aspect of the matter is changed, when we no longer look upon it from the point of view of money. The favored country recovers more labor in exchange for less labor, although this difference, this surplus, is pocketed by a certain class, as it is in any exchange between labor and capital. So far as the rate of profit is higher, because it is generally higher in the colonial country, it may go hand in hand with a low level of prices, if the natural conditions are favorable. It is true that a compensation takes place, but it is not a compensation on the old level, as Ricardo thinks.

However, this same foreign trade develops the capitalist mode of production in the home country. And this implies the relative decrease of the variable as compared to the constant capital, while it produces, on the other hand, an overproduction for the foreign market, so that it has once more the opposite effect in its further course.

And so we have seen in a general way, that the same causes, which produce a falling tendency in the rate of profit, also call forth counter-effects, which check and partly paralyse this fall. This law is not suspended, but its effect is weakened. Otherwise it would not be the fall of the average rate of profit, which would be unintelligible, but rather the relative slowness of this fall. The law therefore shows itself only as a tendency, whose effects become clearly marked only under certain conditions and in the course of long periods.

Before passing on to something new, we will, for the sake of preventing misunderstanding, repeat two statements, which we have substantiated at

different times.

The same process, which brings about a cheapening of commodities in the course of development of the capitalist mode of production, also causes a change in the organic composition of the social capital invested in the production of commodities, and thereby lowers the rate of profit. We must be careful, then, not to confound the reduction in the relative cost of an individual commodity, including that portion of its cost which represents wear and tear of machinery, with the relative rise in the value of the constant as compared to the variable capital, although vice versa every reduction in the relative cost of the constant capital, whose material elements retain the same volume or increase in volume, tends to raise the rate of profit, in other words, tends to reduce the value of the constant capital to that extent as compared with the shrinking proportions of the employed variable capital.

The fact that the additional living labor contained in the individual commodities, which together make up the product of capital, stands in a decreasing proportion to the materials and instruments of labor consumed by them; the fact, that an ever decreasing quantity of additional living labor is materialised in them, because their production requires less labor to the extent that the productive power of society is developed, — this fact does not touch the proportion, according to which the living labor contained in the commodities is divided into paid and unpaid labor. On the other hand, although the total quantity of additional living labor contained in them decreases, the unpaid portion increases over the paid portion, either by an absolute, or by a proportional reduction of the paid portion; for the same mode of production, which reduces the total quantity of the additional living labor in the commodities, is accompanied by a rise of the absolute and relative surplus-value. The falling tendency of the rate of profit is accompanied by a rising tendency of the rate of surplus-value, that is, in the rate of exploitation. Nothing is more absurd, for this reason, than to explain a fall in the rate of profit by a rise in the rate of wages, although there may be exceptional cases where this may apply. Statistics do not become available for actual analyses of the rates of wages in different epochs and countries, until the conditions, which shape the rate of profit, are thoroughly understood. The rate of profit does not fall, because labor becomes less productive, but because it becomes more productive. Both phenomena, the

rise in the rate of surplus-value and the fall in the rate of profit, are but specific forms through which the productivity of labor seeks a capitalistic expression,

#### The Increase of Stock Capital.

The foregoing five points may be supplemented by the following, which, however, cannot be more fully detailed for the present. A portion of capital serves only as interest-bearing capital, and is so calculated, to the extent that capitalist production makes progress and hastens accumulation. This term interest-bearing capital is not applied here to capital loaned by a capitalist who is satisfied with interest on it, while the industrial capitalist borrowing it pockets the investor's profit. This has no bearing upon the level of the average rate of profit, for this rate is concerned only with profit as composed of interest + profit of all sorts + ground rent, and the proportional division into these particular categories is immaterial for it. We speak here of interest-bearing capital in the sense that these capitals, although invested in large productive enterprises, yield only large or small amounts of interest, so-called dividends, after all costs have been paid. This is typical of railroads, for instance. These dividends do not help to level the average rate of profit, because they represent a lower than the average rate of profit. If they did help in this, then the average rate of profit would fall much lower. Theoretically such capitals may be included in the calculation, and in that case the result will be a lower rate of profit than that which actually seems to exist and determine the actions of the capitalists, since the constant capital is the largest as compared to the variable capital precisely in these enterprises.

# CHAPTER XV. UNRAVELING THE INTERNAL CONTRADICTIONS OF THE LAW.

General Remarks.

WE have seen in the first part of this volume, that the rate of profit expresses the rate of surplus-value always lower than it actually is. We have now seen, that even a rising rate of surplus-value has a tendency to express itself in a falling rate of profit. The rate of profit would be equal to the rate of surplus-value only if  $c = 0$ , that is, if the entire invested capital were paid out in wages. A falling rate of profit does not express a falling rate of surplus-value, unless the proportion of the value of the constant capital to the quantity of labor-power set in motion by it remains unchanged, or the amount of labor-power has increased relatively over the value of the constant capital.

Ricardo, under pretense of analysing the rate of profit, actually analyses only the rate of surplus-value, and he does so on the assumption that the working day is intensively and extensively a constant magnitude.

A fall in the rate of profit and a hastening of accumulation are in so far only different expressions of the same process as both of them indicate the development of the productive power. Accumulation in its turn hastens the fall of the rate of profit, inasmuch as it implies the concentration of labor on a large scale and thereby a higher composition of capital. On the other hand, a fall in the rate of profit hastens the concentration of capital and its centralisation through the expropriation of the smaller capitalists, the expropriation of the last survivors of the direct producers who still have anything to give up. This accelerates on one hand the accumulation, so far as mass is concerned, although the rate of accumulation falls with the rate of profit.

On the other hand, so far as the rate of self-expansion of the total capital, the rate of profit, is the incentive of capitalist production (just as this self-expansion of capital is its only purpose, its fall checks the formation of new independent capitals and thus seems to threaten the development of the process of capitalist production. It promotes overproduction, speculation, crises, surplus-capital along with surplus-population. Those economists

who, like Ricardo, regard the capitalist mode of production as absolute, feel nevertheless, that this mode of production creates its own limits, and therefore they attribute this limit, not to production, but to nature (in their theory of rent). But the main point in their horror over the falling rate of profit is the feeling, that capitalist production meets in the development of productive forces a barrier, which has nothing to do with the production of wealth as such; and this peculiar barrier testifies to the finiteness and the historical, merely transitory character of capitalist production. It demonstrates that this is not an absolute mode for the production of wealth, but rather comes in conflict with the further development of wealth at a certain stage.

It is true that Ricardo and his school considered only the industrial profit, which includes interest. But the rate of ground-rent has likewise a tendency to fall, although its absolute mass increases, and it may also increase proportionately more than the industrial profit. (See Ed. West, who developed the law of ground-rent before Ricardo.) If we consider the total social capital  $C$ , and use  $p''$  to indicate the industrial profit remaining after the deduction of interest and ground rent,  $i$  to indicate interest, and  $r$  to indicate ground-rent then  $s/C = p/C = (p'' + i + r)/C = p''/C + i/C + r/C$ . We have seen that, while  $s$ , the total amount of surplus-value, is continually increasing in the course of capitalist development, nevertheless  $s/C$  is just as steadily declining, because  $C$  grows still more rapidly than  $s$ . Therefore it is no contradiction, that  $p''$ ,  $i$ , and  $r$ , should be steadily increasing, each by itself, while  $s/C = p/C$  as well as  $p''/C$ ,  $i/C$ , and  $r/C$ , each by itself, should ever decline, or that  $p''$  should increase relatively more than  $i$ , or  $r$  more than  $p''$ , or, perhaps, more than  $p''$  and  $i$ . With a rise in the total surplus-value or profit  $s = p$ , but a simultaneous fall in the rate of profit  $s/C = p/C$ , the proportional magnitude of the parts  $p''$ ,  $i$ , and  $r$ , which make up  $s = p$ , may change at will within the limits set by the total amount of  $s$ , without thereby affecting the magnitude of  $s$  or  $s/C$ .

The mutual variation of  $p''$ ,  $i$  and  $r$  is but a varying distribution of  $s$  among different classes. Consequently  $p''/C$ ,  $i/C$ , and  $r/C$ , the rate of industrial profit, the rate of interest, and the rate of ground-rent to the total capital, may rise relatively to one another, while  $s/C$ , the average rate of profit, is falling. The only condition is that the sum of all three cannot exceed  $s/C$ . If the rate of profit falls from 50% to 25%, because the composition of a certain capital with a rate of surplus-value of 100% has

changed from  $50c + 50v$  to  $75c + 25v$ , then a capital of 1,000 will yield a profit of 500 in the first case, and a capital of 4,000 will yield a profit of 1,000 in the second case. We see that  $s$  or  $p$  have doubled, while  $p'$  has fallen by one-half. And if that 50% was formerly divided into 20 profit, 10 interest, 20 rent, then  $p''/C = 20\%$ ,  $i/C = 10\%$ , and  $r/C = 20\%$ . If conditions remained the same after the change from 50% to 25%, then  $p'/C$  would be 10%,  $i/C$  would be 5%, and  $r/C = 10\%$ . If, however,  $p'/C$  should fall to 3% and  $i/C$  to 4%, then  $r/C$  would rise to 13%. The proportional magnitude of  $r$  would have risen as against  $p''$  and  $i$ , but nevertheless  $p'$ , the rate of profit, would have remained the same. Under both assumptions, the sum of  $p''$ ,  $i$ , and  $r$  would have increased, because it would have been produced by a capital of four times the size of the former. By the way, Ricardo's assumption that the industrial profit (plus interest) originally pockets the entire profit, is historically and logically false. It is rather the progress of capitalist production which, 1), places the whole profit at first hand at the disposal of the industrial and commercial capitalists for further distribution, and, 2), reduces rent to the excess over the profit. On this capitalist basis, rent further increases, so far as it is a portion of profit (that is, of the surplus-value produced by the total capital), while the specific portion of the product, which the capitalist pockets, does not.

The creation of surplus-value, assuming the necessary means of production, or sufficient accumulation of capital, to be existing, finds no other limit but the laboring population, when the rate of surplus-value, that is, the intensity of exploitation, is given; and no other limit but the intensity of exploitation, when the laboring population is given. And the capitalist process of production consists essentially of the production of surplus-value, materialised in the surplus-product, which is that aliquot portion of the produced commodities, in which unpaid labor is materialised. It must never be forgotten, that the production of this surplus-value — and the reconversion of a portion of it into capital, or accumulation, forms an indispensable part of this production of surplus-value — is the immediate purpose and the compelling motive of capitalist production. It will not do to represent capitalist production as something which it is not, that is to say, as a production having for its immediate purpose the consumption of goods, or the production of means of enjoyment for capitalists. This would be overlooking the specific character of capitalist production, which reveals itself in its innermost essence.

The creation of this surplus-value is the object of the direct process of production, and this process has no other limits but those mentioned above. As soon as the available quantity of surplus-value has been materialised in commodities, surplus-value has been produced. But this production of surplus-value is but the first act of the capitalist process of production, it merely terminates the act of direct production. Capital has absorbed so much unpaid labor. With the development of the process, which expresses itself through a falling tendency of the rate of profit, the mass of surplus-value thus produced is swelled to immense dimensions. Now comes the second act of the process. The entire mass of commodities, the total product, which contains a portion which is to reproduce the constant and variable capital as well as a portion representing surplus-value, must be sold. If this is not done, or only partly accomplished, or only at prices which are below the prices of production, the laborer has been none the less exploited, but his exploitation does not realise as much for the capitalist. It may yield no surplus-value at all for him, or only realise a portion of the produced surplus-value, or it may even mean a partial or complete loss of his capital. The conditions of direct exploitation and those of the realisation of surplus-value are not identical. They are separated logically as well as by time and space. The first are only limited by the productive power of society, the last by the proportional relations of the various lines of production and by the consuming power of society. This last-named power is not determined either by the absolute productive power nor by the absolute consuming power, but by the consuming power based on antagonistic conditions of distribution, which reduces the consumption of the great mass of the population to a variable minimum within more or less narrow limits. The consuming power is furthermore restricted by the tendency to accumulate, the greed for an expansion of capital and a production of surplus-value on an enlarged scale. This is a law of capitalist production imposed by incessant revolutions in the methods of production themselves, the resulting depreciation of existing capital, the general competitive struggle and the necessity of improving the product and expanding the scale of production, for the sake of self-preservation and on penalty of failure. The market must, therefore, be continually extended, so that its interrelations and the conditions regulating them assume more and more the form of a natural law independent of the producers and become ever more uncontrollable. This internal contradiction seeks to balance itself

by an expansion of the outlying fields of production. But to the extent that the productive power develops, it finds itself at variance with the narrow basis on which the condition of consumption rest. On this self contradictory basis it is no contradiction at all that there should be an excess of capital simultaneously with an excess of population. For while a combination of these two would indeed increase the mass of the produced surplus-value, it would at the same time intensify the contradiction between the conditions under which this surplus-value is produced and those under which it is realised.

If a certain rate of profit is given, the mass of profit depends on the magnitude of the advanced capital. Accumulation is then determined by that portion of this mass, which is reconverted into capital. This portion, in its turn, being equal to the profit minus the revenue consumed by the capitalists, will depend not merely on the value of this mass, but also on the cheapness of the commodities which the capitalist can buy with it, commodities which pass partly into his individual consumption, partly into his constant capital. (Wages are here assumed to be a given quantity.)

The mass of capital which the laborer sets in motion, whose value he preserves by his labor and reproduces in his product, is quite different from the value which he adds to it. If the mass of the capital equals 1,000, and the added labor 100, then the reproduced capital equals 1,100. If the mass equals 100 and the added labor 20, then the reproduced capital equals 120. In the first case the rate of profit is 10%, in the second 20%. And yet more can be accumulated out of 100 than out of 20. And thus the river of capital rolls on (aside from its depreciation by an increase of the productive power), or its accumulation does, not in proportion to the level of the rate of profit, but in proportion to the impetus which it already has. A high rate of profit, so far as it is based on a high rate of surplus-value, is possible when the working day is very long, although labor may not be highly productive. This is possible, because the wants of the laborers are very insignificant, and therefore the average wages very low, although labor itself unproductive. The low level of wages will have for its counterpart a lack of energy among laborers. Capital then accumulates slowly, in spite of the high rate of profits. Population stagnates and the working time, which the product costs, is long, while the wages paid to the laborer are small.

The rate of profit sinks, not because the laborer is less exploited, but, because less labor is employed in proportion to the employed capital in

general.

If a falling rate of profit goes hand in hand with an increase in the mass of profits, as we have shown, then a larger portion of the annual product of labor is appropriated by the capitalist under the name of capital (as a substitute for consumed capital) and a relatively smaller portion under the name of profit. Hence the phantastic idea of the priest Chalmers, that the capitalists pocket so much more profits, the smaller the quantity of the annual product expended by them as capital. The state church then comes to their assistance in order to help them to consume the greater part of the surplus-product instead of capitalising it. The preacher confounds cause with effect. By the way, the mass of profits increases also at a small rate with the magnitude of the invested capital. However, this requires at the same time a concentration of capital, since the conditions of production then demand the employment of capital on a large scale. It likewise requires its centralisation, that is, a devouring of small capitalists by the great capitalists and decapitalisation of the former. It is but a second instance of separating the producers from their requirements of production, for these small capitalists still belong to the producers, since their own labor plays a role in this problem. Generally speaking, the labor of a capitalist stands in an inverse proportion to the size of his capital, that is, to his degree as a capitalist. This divorce of requirements of production here, and producers there, is inseparable from the nature of capital. It begins with the inauguration of primitive accumulation. (Vol. I, chap. XXVI), becomes a permanent process in the accumulation and concentration of capital, and expresses itself finally as a centralisation of already existing capitals in a few hands and a decapitalisation of many (a change in the method of expropriation). This process would soon bring about the collapse of capitalist production, if it were not for counteracting tendencies, which continually have a decentralising effect by the side of the centripetal ones.

Conflict between the Expansion of Production and the Creation of Values.

The development of the productive power of labor shows itself in two ways: First, in the magnitude of the already produced productive powers, in the volume of values and masses of requirements of production, under which new production is carried on, and in the absolute magnitude of the already accumulated productive capital: secondly, in the relative smallness of the capital invested in wages as compared to the total capital, that is, in

the relatively small quantity of living labor required for the reproduction and self-expansion of a given capital as compared to mass production. It is at the same time conditioned on the concentration of capital.

So far as the employed labor-power is concerned, the development of the productive powers shows itself once more in two ways: First, in the increase of surplus-labor, that is, the reduction of the necessary labor time required for the reproduction of labor-power; secondly, in the decrease of the quantity of labor-power (the number of laborers) employed in general for the purpose of setting in motion a given capital.

Both movements do not only go hand in hand, but are mutually conditioned on one another. They are different phenomena, through which the same law expresses itself. However, they affect the rate of profit in opposite ways. The total mass of profits is equal to the total mass of surplus-values, the rate of profit =  $s/C = (\text{surplus-value})/(\text{advanced total capital})$ . Now, surplus-value, as a total, is determined first by its rate, secondly by the mass of labor simultaneously employed at this rate, or what amounts to the same, by the magnitude of the variable capital. One of these factors, the rate of surplus-value, rises in one direction, the other factor, the number of laborers, falls in the opposite direction (relatively or absolutely). To the extent that the development of the productive power reduces the paid portion of the employed labor, it raises the surplus-value by raising its rate; but to the extent that it reduces the total mass of labor employed by a certain capital, it reduces the factor of numbers with which the rate of surplus-value is multiplied in order to calculate its mass. Two laborers, each working 12 hours daily, cannot produce the same mass of surplus-value as 24 laborers each working only 2 hours, even if they could live on air and did not have to work for themselves at all. In this respect, then, the compensation of the reduction in the number of laborers by means of an intensification of exploitation has certain impassible limits. It may, for this reason, check the fall of the rate of profit, but cannot prevent it entirely.

With the development of the capitalist mode of production, the rate of profit therefore falls, while its mass increases with the growing mass of the employed capital. Given the rate, the absolute increase in the mass of capital depends on its existing magnitude. But on the other hand, if this magnitude is given, the proportion of its growth, the rate of its increment, depends on the rate of profit. The increase in the productive power (which, we repeat, always goes hand in hand with a depreciation of the productive

capital) cannot directly increase the value of the existing capital, unless it increases, by raising the rate of profit, that portion of the value of the annual product which is reconverted into capital. So far as the productive power is concerned (since it has no direct bearing upon the value of the existing capital), it can accomplish this only by raising the relative surplus-value, or reducing the value of the constant capital, so that those commodities which enter either into the reproduction of labor-power or into the elements of constant capital are cheapened. Both of these things imply a depreciation of the existing capital, and both of them go hand in hand with a relative reduction of the variable as compared to the constant capital. Both things imply a fall in the rate of profit, and both of them check it. Furthermore, so far as an increased rate of profit causes a greater demand for labor, it tends to increase the working population and thus the material, whose exploitation gives to capital its real nature of capital.

Indirectly, however, the development of the productive power of labor contributes to the increase of the value of the existing capital, by increasing the mass and variety of use-values, in which the same exchange value presents itself and which form the material substance, the objective elements, of capital, the material objects of which the constant capital is directly composed and the variable capital at least indirectly. With the same capital and the same labor more things are produced, which may be converted into capital, aside from their exchange value. Things which may serve for the absorption of additional labor, and consequently of additional surplus-labor, and which therefore may become additional capital. The amount of labor, which a certain capital may command, does not depend on its value, but on the mass of raw and auxiliary materials, of machinery and elements of fixed capital, of necessities of life, of which it is composed, whatever may be their value. As the mass of the employed labor, and thus of surplus-labor, increases, so does the value of the reproduced capital and the surplus-value newly added to it grow.

These two elements playing their role in the process of accumulation should not, however, be observed in their quiet existence side by side, as Ricardo does. They imply a contradiction, which expresses itself in antagonistic tendencies and phenomena. These antagonistic agencies oppose each other simultaneously.

Together with the incentives for an actual increase of the laboring population, which originates in the augmentation of that portion of the total social product which serves as capital, there are the effects of other agencies, which create merely a relative over-population.

Together with the fall of the rate of profit grows the mass of capitals, and hand in hand with it goes a depreciation of the existing capitals, which checks this fall and gives an accelerating push to the accumulation of capital-values.

Together with the development of the productive power grows the higher composition of capital, the relative decrease of the variable as compared to the constant capital.

These different influences make themselves felt, now more side by side in space, now more successively in time. Periodically the conflict of antagonistic agencies seeks vent in crises. The crises are always but momentary and forcible solutions of the existing contradictions, violent eruptions, which restore the disturbed equilibrium for a while.

The contradiction, generally speaking, consists in this that the capitalist mode of production has a tendency to develop the productive forces absolutely, regardless of value and of the surplus-value contained in it and regardless of the social conditions under which capitalist production takes place; while it has on the other hand for its aim the preservation of the value of the existing capital and its self-expansion to the highest limit (that is, an ever accelerated growth of this value). Its specific character is directed at the existing value of capital as a means of increasing this value to the utmost. The methods by which it aims to accomplish this comprise a fall of the rate of profit, a depreciation of the existing capital, and a development of the productive forces of labor at the expense of the already created productive forces.

The periodical depreciation of the existing capital, which is one of the immanent means of capitalist production by which the fall in the rate of profit is checked and the accumulation of capital-value through the formation of new capital promoted, disturbs the existing conditions, within which the process of circulation and reproduction of capital takes place, and is therefore accompanied by sudden stagnations and crises in the process of production.

The relative decrease of variable capital as compared to the constant, which goes hand in hand with the development of the productive forces,

gives an impulse to the growth of the laboring population, while it continually creates an artificial over-population. The accumulation of capital, so far as its value is concerned, is checked by the falling rate of profit, in order to hasten still more the accumulation of its use-value, and this, in its turn, adds new speed to the accumulation of its value.

Capitalist production is continually engaged in the attempt to overcome these immanent barriers, but it overcomes them only by means which again place the same barriers in its way in a more formidable size.

The real barrier of capitalist production is capital itself. It is the fact that capital and its self-expansion appear as the starting and closing point, as the motive and aim of production; that production is merely production for capital, and not vice versa, the means of production mere means for an ever expanding system of the life process for the benefit of the society of producers. The barriers, within which the preservation and self-expansion of the value of capital resting on the expropriation and pauperisation of the great mass of producers can alone move, these barriers come continually in collision with the methods of production, which capital must employ for its purposes, and which steer straight toward an unrestricted extension of production, toward production for its own self, toward an unconditional development of the productive forces of society. The means, this unconditional development of the productive forces of society, comes continually into conflict with the limited end, the self-expansion of the existing capital. Thus, while the capitalist mode of production is one of the historical means by which the material forces of production are developed and the world-market required for them created, it is at the same time in continual conflict with this historical task and the conditions of social production corresponding to it.

#### Surplus of Capital and Surplus of Population.

With the fall of the rate of profit grows the lowest limit of capital required in the hands of the individual capitalist for the productive employment of labor, required both for the exploitation of labor and for bringing the consumed labor time within the limits of the labor time necessary for the production of the commodities, the limits of the average social labor time required for the production of the commodities. Simultaneously with it grows the concentration, because there comes a certain limit where large capital with a small rate of profit accumulates

faster than small capital with a large rate of profit. This increasing concentration in its turn brings about a new fall in the rate of profit at a certain climax. The mass of the small divided capitals is thereby pushed into adventurous channels, speculation, fraudulent credit, fraudulent stocks, crises. The so-called plethora of capital refers always essentially to a plethora of that class of capital which finds no compensation in its mass for the fall in the rate of profit — and this applies always to the newly formed sprouts of capital — or to a plethora of capitals incapable of self-dependent action and placed at the disposal of the managers of large lines of industry in the form of credit. This plethora of capital proceeds from the same causes which call forth a relative over-population. It is therefore a phenomenon supplementing this last one, although they are found at opposite poles, unemployed capital on the one hand, and unemployed laboring population on the other.

An overproduction of capital, not of individual commodities, signifies therefore simply an over-accumulation of capital — although the overproduction of capital always includes the overproduction of commodities. In order to understand what this over-accumulation is (its detailed analysis follows later), it is but necessary to assume it to be absolute. When would an overproduction of capital be absolute? When would it be an overproduction which would not affect merely a few important lines of production, but which would be so absolute as to extend to every field of production?

There would be an absolute overproduction of capital as soon as the additional capital for purposes of capitalist production would be equal to zero. The purpose of capitalist production is the self-expansion of capital, that is, the appropriation of surplus-labor, the production of surplus-value, of profit. As soon as capital would have grown to such a proportion compared with the laboring population, that neither the absolute labor time nor the relative surplus-labor time could be extended any further (this last named extension would be out of the question even in the mere case that the demand for labor would be very strong, so that there would be a tendency for wages to rise); as soon as a point is reached where the increased capital produces no larger, or even smaller, quantities of surplus-value than it did before its increase, there would be an absolute overproduction of capital. That is to say, the increased capital  $C+\Delta C$  would not produce any more profit, or even less profit, than capital  $C$  before its expansion by

8Delta;C. In both cases there would be a strong and sudden fall in the average rate of profit, but it would be due to a change in the composition of capital which would not be caused by the development of the productive forces, but by a rise in the money-value of the variable capital (on account of the increased wages) and the corresponding reduction in the proportion of surplus-labor to necessary labor.

In reality the matter would amount to this, that a portion of the capital would lie fallow completely or partially (because it would first have to crowd some of the active capital out before it could take part in the process of self-expansion), while the active portion would produce values at a lower rate of profit, owing to the pressure of the unemployed or but partly employed capital. Matters would not be altered in this respect, if a part of the additional capital were to take the place of some old capital crowding this into the position of additional capital. We should always have on one side the sum of old capitals, on the other that of the additional capitals. The fall in the rate of profit would then be accompanied by an absolute decrease in the mass of profits, since under the conditions assumed by us the mass of the employed labor-power could not be increased and the rate of surplus-value not raised, so that there could be no raising of the mass of surplus-value. And the reduced mass of profits would have to be calculated on an increased total capital. — But even assuming that the employed capital were to continue producing value at the old rate, the mass of profits remaining the same, this mass would still be calculated on an increased total capital, and this would likewise imply a fall in the rate of profits. If a total capital of 1,000 yielded a profit of 100, and after its increase to 1,500 still yielded 100, then 1,000 in the second case would yield only  $66 \frac{2}{3}$ . The self-expansion of the old capital would have been reduced absolutely. A capital of 1,000 would not yield any more under the new circumstances than formerly a capital of  $666 \frac{2}{3}$ .

It is evident that this actual depreciation of the old capital could not take place without a struggle, that the additional capital 8Delta;C could not assume the functions of capital without an effort. The rate of profit would not fall on account of competition due to the overproduction of capital. The competitive struggle would rather begin, because the fall of the rate of profit and the overproduction of capital are caused by the same conditions. The capitalists who are actively engaged with their old capitals would keep as much of the new additional capitals as would be in their hands in a

fallow state, in order to prevent a depreciation of their original capital and a crowding of its space within the field of production. Or they would employ it for the purpose of loading, even at a momentary loss, the necessity of keeping additional capital fallow upon the shoulders of new intruders and other competitors in general.

That portion of  $\Delta C$  which would be in new hands would seek to make room for itself at the expense of the old capital, and would accomplish this in part by forcing a portion of the old capital into a fallow state. The old capital would have to give up its place to the new and retire to the place of the completely or partially unemployed additional capital.

Under all circumstances, a portion of the old capital would be compelled to lie fallow, to give up its capacity of capital and stop acting and producing value as such. The competitive struggle would decide what part would have to go into this fallow state. So long as everything goes well, competition effects a practical brotherhood of the capitalist class, as we have seen in the case of the average rate of profit, so that each shares in the common loot in proportion to the magnitude of his share of investment. But as soon as it is no longer a question of sharing profits, but of sharing losses, every one tries to reduce his own share to a minimum and load as much as possible upon the shoulders of some other competitor. However, the class must inevitably lose. How much the individual capitalist must bear of the loss, to what extent he must share in it at all, is decided by power and craftiness, and competition then transforms itself into a fight of hostile brothers. The antagonism of the interests of the individual capitalists and those of the capitalist class as a whole then makes itself felt just as previously the identity of these interests impressed itself practically on competition.

How would this conflict be settled and the “healthy” movement of capitalist production resumed under normal conditions? The mode of settlement is already indicated by the mere statement of the conflict whose settlement is under discussion. It implies the necessity of making unproductive, or even partially destroying, some capital, amounting either to the complete value of the additional capital  $C$ , or to a part of it. But a graphic presentation of this conflict shows that the loss is not equally distributed over all the individual capitals, but according to the fortunes of the competitive struggle, which assigns the loss in very different proportions and in various shapes by grace of previously captured

advantages or positions, so that one capital is rendered unproductive, another destroyed, a third but relatively injured or but momentarily depreciated, etc.

But under all circumstances the equilibrium is restored by making more or less capital unproductive or destroying it. This would affect to some extent the material substance of capital, that is, a part of the means of production, fixed and circulating capital, would not perform any service as capital; a portion of the running establishments would then close down. Of course, time would corrode and depreciate all means of production (except land), but this particular stagnation would cause a far more serious destruction of means of production. However, the main effect in this case would be to suspend the functions of some means of production and prevent them for a shorter or longer time from serving as means of production.

The principal work of destruction would show its most dire effects in a slaughtering of the values of capitals. That portion of the value of capital which exists only in the form of claims on future shares of surplus-value of profit, which consists in fact of creditor's notes on production in its various forms, would be immediately depreciated by the reduction of the receipts on which it is calculated. One portion of the gold and silver money is rendered unproductive, cannot serve as capital. One portion of the commodities on the market can complete its process of circulation and reproduction only by means of an immense contraction of its prices, which means a depreciation of the capital represented by it. In the same way the elements of fixed capital are more or less depreciated. Then there is the added complication that the process of reproduction is based on definite assumptions as to prices, so that a general fall in prices checks and disturbs the process of reproduction. This interference and stagnation paralyses the function of money as a medium of payment, which is conditioned on the development of capital and the resulting price relations. The chain of payments due at certain times is broken in a hundred places, and the disaster is intensified by the collapse of the credit-system. Thus violent and acute crises are brought about, sudden and forcible depreciations, an actual stagnation and collapse of the process of reproduction, and finally a real falling off in reproduction.

At the same time still other agencies would have been at work. The stagnation of production would have laid off a part of the laboring class and thereby placed the employed part in a condition, in which they would have to submit to a reduction of wages, even below the average. This operation

has the same effect on capital as though the relative or absolute surplus-value had been increased at average wages. The time of prosperity would have promoted marriages among the laborers and reduced the decimation of the offspring. These circumstances, while implying a real increase in population, do not signify an increase in the actual working population, but they nevertheless affect the relations of the laborers to capital in the same way as though the number of the actually working laborers had increased. On the other hand, the fall in prices and the competitive struggle would have given to every capitalist an impulse to raise the individual value of his total product above its average value by means of new machines, new and improved working methods, new combinations, which means, to increase the productive power of a certain quantity of labor, to lower the proportion of the variable to the constant capital, and thereby to release some laborers, in short, to create an artificial over-population. The depreciation of the elements of constant capital itself would be another factor tending to raise the rate of profit. The mass of the employed constant capital, compared to the variable, would have increased, but the value of this mass might have fallen. The present stagnation of production would have prepared an expansion of production later on, within capitalistic limits.

And in this way the cycle would be run once more. One portion of the capital which had been depreciated by the stagnation of its function would recover its old value. For the rest, the same vicious circle would be described once more under expanded conditions of production, in an expanded market, and with increased productive forces.

However, even under the extreme conditions assumed by us this absolute overproduction of capital would not be an absolute overproduction in the sense that it would be an absolute overproduction of means of production. It would be an overproduction of means of production only to the extent that they serve as capital, so that the increased value of its increased mass would also imply a utilisation for the production of more value.

Yet it would be an overproduction, because capital would be unable to exploit labor to a degree required by the "healthy, normal" development of the process of capitalist production, a degree of exploitation, which would increase at least the mass of profit to the extent that the mass of the employed capital would grow; which would therefore exclude any possibility of the rate of profit falling to the same extent that capital grows, or of the rate of profits falling even more rapidly than capital grows.

Overproduction of capital never signifies anything else but overproduction of means of production — means of production and necessities of life — which may serve as capital, that is, serve for the exploitation of labor at a given degree of exploitation; for a fall in the intensity of exploitation below a certain point calls forth disturbances and stagnations in the process of capitalist production, crises, destruction of capital. It is no contradiction that this overproduction of capital is accompanied by a more or less considerable relative over-population. The same circumstances, which have increased the productive power of labor, augmented the mass of produced commodities, expanded the markets, accelerated the accumulation of capital both as concerns its mass and its value, and lowered the rate of profit, these same circumstances have also created a relative over-population, and continue to create it all the time, an over-population of laborers who are not employed by the surplus-capital on account of the low degree of exploitation at which they might be employed, or at least on account of the low rate of profit, which they would yield with the given rate of exploitation.

If capital is sent to foreign countries, it is not done, because there is absolutely no employment to be had for it at home. It is done, because it can be employed at a higher rate of profit in a foreign country. But such capital is absolute surplus-capital for the employed laboring population and for the home country in general. It exists as such together with the relative over-population, and this is an illustration of the way in which both of them exist side by side and are conditioned on one another.

On the other hand, the fall in the rate of profit connected with accumulation necessarily creates a competitive struggle. The compensation of the fall in the rate of profit by a rise in the mass of profit applies only to the total social capital and to the great capitalists who are firmly installed. The new additional capital, which enters upon its functions, does not enjoy any such compensating conditions. It must conquer them for itself, and so the fall in the rate of profit calls forth the competitive struggle among capitalists, not vice versa. This competitive struggle is indeed accompanied by a transient rise in wages and a resulting further fall of the rate of profit for a short time. The same thing is seen in the over-production of commodities, the overstocking of markets. Since the aim of capital is not to minister to certain wants, but to produce profits, and since it accomplishes this purpose by methods which adapt the mass of production to the scale of

production, not vice versa, conflict must continually ensue between the limited conditions of consumption on a capitalist basis and a production which forever tends to exceed its immanent barriers. Moreover, capital consists of commodities, and therefore the overproduction of capital implies an overproduction of commodities. Hence we meet with the peculiar phenomenon that the same economists, who deny the overproduction of commodities, admit that of capital. If it is said that there is no general overproduction, but that a disproportion grows up between various lines of production, then this is tantamount to saying that within capitalist production the proportionality of the individual lines of production is brought about through a continual process of disproportionality, that is, the interrelations of production as a whole enforce themselves as a blind law upon the agents of production instead of having brought the productive process under their common control as a law understood by the social mind. It amounts furthermore to demanding that countries, in which capitalist production is not yet developed, should consume and produce at the same rate as that adapted to countries with capitalist production. If it is said that overproduction is only relative, then the statement is correct; but the entire mode of production is only a relative one, whose barriers are not absolute, but have absoluteness only in so far as it is capitalistic. Otherwise, how could there be a lack of demand for the very commodities which the mass of the people want, and how would it be possible that this demand must be sought in foreign countries, in foreign markets, in order that the laborers at home might receive in payment the average amount of necessities of life? This is possible only because in this specific capitalist interrelation the surplus-product assumes a form, in which its owner cannot offer it for consumption, unless it first reconverts itself into capital for him. Finally, if it is said that the capitalists would only have to exchange and consume those commodities among themselves, then the nature of the capitalist mode of production is forgotten, it is forgotten, that the question is merely one of expanding the value of the capital, not of consuming it. In short, all these objections to the obvious phenomena of overproduction (phenomena which do not pay any attention to these objections) amounts to this, that the barriers of capitalist production are not absolute barriers of production itself and therefore no barriers of this specific, capitalistic, production. But the contradiction of this capitalist mode of production consists precisely in its tendency to an absolute development of productive forces, a development,

which comes continually in conflict with the specific conditions of production in which capital moves and alone can move.

It is not a fact that too many necessities of life are produced in proportion to the existing population. The reverse is true. Not enough is produced to satisfy the wants of the great mass decently and humanely.

It is not a fact that too many means of production are produced to employ the able bodied portion of the population. The reverse is the case. In the first place, too large a portion of the population is produced consisting of people who are really not capable of working, who are dependent through force of circumstances on the exploitation of the labor of others, or compelled to perform certain kinds of labor which can be dignified with this name only under a miserable mode of production. In the second place, not enough means of production are produced to permit the employment of the entire able bodied population under the most productive conditions, so that their absolute labor time would be shortened by the mass and effectiveness of the constant capital employed during working hours.

On the other hand, there is periodically a production of too many means of production and necessities of life to permit of their serving as means for the exploitation of the laborers at a certain rate of profit. Too many commodities are produced to permit of a realisation of the value and surplus-value contained in them under the conditions of distribution and consumption peculiar to capitalist production, that is, too many to permit of the continuation of this process without ever recurring explosions.

It is not a fact that too much wealth is produced. But it is true that there is periodical overproduction of wealth in its capitalistic and self-contradictory form.

The barrier of the capitalist mode of production becomes apparent:

In the fact that the development of the productive power of labor creates in the falling rate of profit a law which turns into an antagonism of this mode of production at a certain point and requires for its defeat periodical crises.  
2) In the fact that the expansion or contraction of production is determined by the appropriation of unpaid labor, and by the proportion of this unpaid labor to materialised labor in general, or, to speak the language of the capitalists, is determined by profit and by the proportion of this profit to the employed capital, by a definite rate of profit, instead of being determined by the relations of production to social wants to the wants of socially

developed human beings. The capitalist mode of production, for this reason, meets with barriers at a certain scale of production which would be inadequate under different conditions. It comes to a standstill at a point determined by the production and realisation of profit, not by the satisfaction of social needs.

If the rate of profit falls, there follows on one hand an exertion of capital, in order that the capitalist may be enabled to depress the individual value of his commodities below the social average level and thereby realise an extra profit at the prevailing market prices. On the other hand, there follows swindle and a general promotion of swindle by frenzied attempts at new methods of production, new investments of capital, new adventures, for the sake of securing some shred of extra profit, which shall be independent of the general average and above it.

The rate of profit, that is, the relative increment of capital, is above all important for all new offshoots of capital seeking an independent location. And as soon as the formation of capital were to fall into the hands of a few established great capitals, which are compensated by the mass of profits for the loss through a fall in the rate of profits, the vital fire of production would be extinguished. It would fall into a dormant state. The rate of profit is the compelling power of capitalist production, and only such things are produced as yield a profit. Hence the fright of the English economists over the decline of the rate of profit. That the bare possibility of such a thing should worry Ricardo, shows his profound understanding of the conditions of capitalist production. The reproach moved against him, that he has an eye only to the development of the productive forces regardless of “human beings,” regardless of the sacrifices in human beings and capital values incurred, strikes precisely his strong point. The development of the productive forces of social labor is the historical task and privilege of capital. It is precisely in this way that it unconsciously creates the material requirements of a higher mode of production. What worries Ricardo is the fact that the rate of profit, the stimulating principle of capitalist production, the fundamental premise and driving force of accumulation, should be endangered by the development of production itself. And the quantitative proportion means everything here. There is indeed something deeper than this hidden at this point, which he vaguely feels. It is here demonstrated in a purely economic way, that is, from a bourgeois point of view, within the

confines of capitalist understanding, from the standpoint of capitalist production itself, that it has a barrier, that it is relative, that it is not an absolute, but only a historical mode of production corresponding to a definite and limited epoch in the development of the material conditions of production.

Supplementary Remarks.

Seeing that the development of the productive power of labor proceeds very disproportionately in the various lines of industry, not only in degree, but also in at times in opposite directions, it follows that the mass of the average profit (= surplus-value) must be considerably below that level, which one would naturally assume according to the development of the productive forces in the most advanced lines of industry. The fact that the development of the productive forces in different lines of industry proceeds in considerably different rates, or even in opposite directions, is not due merely to the anarchy of competition and the peculiarity of the bourgeois mode of production. The productivity of labor is also conditioned on natural premises, which frequently become less productive to the extent that productivity, so far as it depends on social conditions, increases. This leads to opposite movements in these different spheres, progress here, retrogression there. Consider, for instance, the mere influence of the seasons, on which the greater part of the raw materials depends for its mass, the exhaustion of forests, coal and iron mines, etc.

While the circulating part of constant capital, such as raw material, etc., continually increases in mass to the extent that the productivity of labor grows, it is not so with the fixed capital, such as buildings, machinery, apparatus for lighting, heating, etc. Although a machine becomes absolutely dearer with the growth of its bodily mass, it becomes relatively cheaper. If five laborers produce ten times as many commodities as formerly, this does not increase the outlay for fixed capital tenfold; although the value of this part of the constant capital increases with the development of the productive forces, it does not increase by any means in the same proportion with them. We have frequently pointed out the difference in the proportions of the constant to the variable capital, as it expresses itself in the fall of the rate of profit, and the difference in the same proportions as expressed with the development of the productivity of labor with reference to the individual commodity and its price.

[The value of a commodity is determined by the total labor-time, whether past or living, incorporated in it. The increase in the productivity of labor consists precisely in this that the share of the living labor is reduced while that of the past labor is increased, but in such a way that the total quantity of labor incorporated in that commodity declines, so that the living labor decreases more than the past labor increases. The past labor — the constant part of capital — materialised in the value of a certain commodity consists partly of wear and tear of fixed, partly of circulating constant capital entirely consumed by that commodity, such as raw and auxiliary materials. That portion of value which comes from raw and auxiliary materials must decrease with the productivity of labor, because this productivity seeks expression through these materials by reducing their value. On the other hand, it is precisely characteristic of the rising productivity of labor, that the fixed part of the constant capital is strongly augmented and with it that portion of value which is transferred by wear and tear to the commodities. In order that a new method of production may turn out to be a real increase in productivity, it must transfer in wear and tear a smaller portion of the value of fixed capital than is deducted from it through a saving of living labor, in short, it must reduce the value of the commodity. It must do so as a matter of course, even if an additional value is transferred to the commodity through an increase in the quantity or value of raw and auxiliary materials, as may sometimes happen. All additions of value must be more than compensated by the reduction in value resulting from a decrease in living labor.

This reduction of the total quantity of labor incorporated in a certain commodity seems to be the essential mark of an increase in the productive power of labor, no matter under what sort of social conditions production is carried on. There is no doubt that the productivity of labor would be measured by this standard in a society, in which the producers would regulate their production according to a preconceived plan, or even under a simple production of commodities. But how is this under capitalist production?

Take it, for instance, that a certain line of capitalist industry produces an average normal commodity of its sphere under the following conditions: The wear and tear of fixed capital amounts to  $\frac{1}{2}$  shilling per piece; raw and auxiliary materials are transferred into it at the rate of  $17\frac{1}{2}$  shillings per piece; in wages, 2 shillings, and surplus-value 2 shillings, the rate of

surplus-value being 100%. Total value 22 shillings. We assume for the sake of simplicity that the capital in this line of production has the composition of the average social capital, so that the price of production of the commodities is identical with the value and the profit of the capitalist with the created surplus-value. In that case the cost-price of the commodity is  $\frac{1}{2} + 17\frac{1}{2} + 2 = 20$  sh., the average rate of profit  $2/20 = 10\%$ , and the price of production of one individual commodity 22 sh., equal to its value.

Now let us assume that a machine is invented, which reduces the living labor required for each individual commodity by one-half, but at the same time trebles that portion of the commodity's value which is due to the wear and tear of fixed capital. In that case, the calculation is modified in this way: Wear and tear  $1\frac{1}{2}$  sh., raw and auxiliary materials the same as before,  $17\frac{1}{2}$  sh., wages 1 sh., surplus-value 1 sh., together 21 sh. The commodity has then fallen 1 sh. in value: The new machine has certainly increased the productivity of labor. From the point of view of the capitalist, the matter has now the following aspect: His cost-price is now  $1\frac{1}{2}$  sh. for wear,  $17\frac{1}{2}$  sh. for raw and auxiliary materials, 1 sh. for wages, total 20 sh., as before. Since the rate of profit is not at once altered by the new machine, he will receive 10% more than his cost-price, that is, 2 sh. The price of production, then, remains unaltered at 22 sh., as before, but it is 1 sh. above the value of these commodities. So far as a society producing under capitalist conditions is concerned, the commodity has not become any cheaper, the new machine signifies no improvement. The capitalist is therefore not interested in the introduction of this new machine. And since its introduction would make his present and not yet worn-out machinery simply worthless, would make old iron of it, would mean a positive loss for him, he takes good care not to commit such a utopian mistake.

The law of increased productive power, then, does not apply absolutely to capital. So far as capital is concerned, the productive power is not increased by the enhancement of productive labor in general, but only by saving more in the unpaid portion of living labor than is expended in past labor, as we have already indicated in volume I, chapter XV, 2. Here the capitalist mode of production falls into another contradiction. Its historical mission is the ruthless development in geometrical progression, of the productivity of human labor. It becomes disloyal to its mission, whenever it puts a check upon the development of productivity, as it does here. Thus it

demonstrates once again that it is becoming weak with age and more and more outliving its usefulness.]

Under competition, the increase in the minimum of capital required for the successful operation of an independent industrial establishment in keeping with the increase in productivity assumes the following aspect: As soon as the new and more expensive equipment has become universally established, smaller capitals are henceforth excluded from these enterprises. Smaller capitals can carry on an independent activity in such lines only during the incipient stage of mechanical inventions. On the other hand, very large enterprises, such as railroads, with an extraordinarily high relative proportion of constant capital, do not yield any average rate of profit, but only a portion of it, interest. Otherwise the rate of profit would fall still lower. At the same time, this offers direct employment to large aggregations of capital in the form of stocks.

An increase of capital, or accumulation of capital, does not imply a fall in the rate of profit, unless this growth is accompanied by the aforementioned alterations in the proportions of the organic constituents of capital. Now it so happens that in spite of the continual and daily revolutions in the mode of production, now this, now that, greater or smaller portion of the total capital continues for certain periods to accumulate on the basis of a given average proportion of those constituents, so that its growth does not imply any organic change, and consequently no fall in the rate of profit. This continual expansion of capital, and consequently expansion of production on the basis of the old method of production, which proceeds quietly while the new methods are already developing by its side, is another reason, why the rate of profit does not decrease in the same degree in which the total capital of society grows.

The increase of the absolute number of laborers, in spite of the relative decrease of the variable as compared to the constant capital, does not take place in all lines of production, and not uniformly in those in which it does proceed. In agriculture, the decrease of the element of living labor may be absolute.

By the way, it is but a requirement of the capitalist mode of production that the number of wage workers should increase absolutely, in spite of its relative decrease. Under this mode, labor-powers become superfluous as soon as it is no longer compelled to employ them for 12 to 15 hours per day. A development of the productive forces which would diminish the absolute

number of laborers, that is, which would enable the entire nation to accomplish its total production in a shorter time, would cause a revolution, because it would put the majority of the population upon the shelf. In this the specific barrier of capitalist production shows itself once more, proving that capitalist production is not an absolute form for the development of the productive powers and creation of wealth, but rather comes in collision with this development at a certain point. This collision expresses itself partly through periodical crises, which arise from the circumstance that now this, now that, portion of the laboring population is rendered superfluous in its old mode of employment. The barrier of capitalist production is the superfluous time of the laborers. The absolute spare time gained by society does not concern Capitalism. The development of the productive powers concerns it only to the extent that it increases the surplus labor time of the working class, not to the extent that it decreases the labor time for material production in general. Thus capitalist production moves in contradictions.

We have seen that the growing accumulation of capital implies its growing concentration. Thus the power of capital, the personification of the conditions of social production in the capitalist, grows over the heads of the real producers. Capital shows itself more and more as a social power, whose agent the capitalist is, and which stands no longer in any possible relation to the things which the labor of any single individual can create. Capital becomes a strange, independent, social power, which stands opposed to society as a thing, and as the power of capitalists by means of this thing. The contradiction between capital as a general social power and as a power of private capitalists over the social conditions of production develops into an ever more irreconcilable clash, which implies the dissolution of these relations and the elaboration of the conditions of production into universal, common, social conditions. This elaboration is performed by the development of the productive powers under capitalist production, and by the course which this development pursues.

No capitalist voluntarily introduces a new method of production, no matter how much more productive it may be, and how much it may increase the rate of surplus-value, so long as it reduces the rate of profit. But every new method of production of this sort cheapens the commodities. Hence the capitalist sells them originally above their prices of production, or, perhaps, above their value. He pockets the difference, which exists between these prices of production and the market-prices of the other commodities

produced at higher prices of production. He can do this, because the average labor time required socially for the production of these other commodities is higher than the labor time required under the new methods of production. His method of production is above the social average. But competition generalises it and subjects it to the general law. Then follows a fall in the rate of profit — perhaps first in this sphere of production, which gradually brings the others to its level — which is, therefore, wholly independent of the will of the capitalist.

It must be noted here, that this same law rules also those spheres of production, whose product passes neither directly nor indirectly into the consumption of the laborers or into the conditions under which their necessities are produced; it applies, therefore, also to those spheres of production, in which no cheapening of commodities can increase the relative surplus-value or cheapen labor-power. (It is true that a cheapening of constant capital may increase the rate of profit in all these lines while the exploitation of the laborer remains the same.) As soon as the new mode of production begins to expand, and thereby to furnish the tangible proof that these commodities can actually be produced more cheaply, the capitalists working under the old methods of production must sell their product below their full prices of production, because the value of these commodities has fallen, because the labor time required by these capitalists for the production of these commodities is longer than the social average. In one word — this appears as the effect of competition — these capitalists are compelled to introduce the new method of production, under which the proportion of the variable to the constant capital has been reduced.

All circumstances, which bring about the cheapening of commodities by the employment of improved machinery amount in the last analysis to a reduction of the quantity of labor absorbed by the individual commodities; in the second place, to a reduction of the wear and tear portion of machinery transferred to the value of the individual commodity. To the extent that the wear and tear of machinery is less rapid, it is distributed over more commodities and displaces more living labor during its period of reproduction. In both cases the quantity and value of the fixed constant capital are increased over those of the variable capital.

“All other things being equal, the power of a nation to save from its profits varies with the rate of profits, is great when they are high, less, when low; but as the rate of profit declines, all other things do not remain

equal....A low rate of profit is ordinarily accompanied by a rapid rate of accumulation, relatively to the numbers of the people, as in England...a high rate of profit by a slower rate of accumulation, relatively to the numbers of the people.” Examples: Poland, Russia, India, etc. (Richard Jones, An Introductory Lecture on Political Economy, London, 1833, ff.) Jones emphasises correctly that in spite of the falling rate of profit the inducements and faculties to accumulate are augmented; first, on account of the growing relative overpopulation; secondly, because the growing productivity of labor is accompanied by an increase in the mass of use-values produced by the same exchange value, that is, an increase in the material elements of capital, thirdly, because the lines of production become more varied; fourthly, because the credit system, lock companies, etc., are developed, and with them the facility of converting money into capital without becoming an industrial capitalist; fifthly, because the wants and the greed for wealth increase; sixthly, because the mass of investments in fixed capital grows; etc.

The following three principal facts of capitalist production must be kept in mind:

Concentration of means of production in a few hands, whereby they cease to appear as the property of the immediate laborers and transform themselves into social powers of production. It is true, they first become the private property of capitalists. These are the trustees of bourgeois society, but they pocket the proceeds of their trusteeship.

2) Organisation of labor itself into social labor, by social co-operation, division of labor, and combination of labor with natural sciences.

In both directions, the capitalist mode of production abolishes private property and private labor, even though it does so in contradictory forms.

3) Creation of the world market.

The stupendous productive power developing under the capitalist mode of production relatively to population, and the increase, though not in the same proportion, of capital values (not their material substance), which grow much more rapidly than the population, contradict the basis, which, compared to the expanding wealth, is ever narrowing and for which this immense productive power works, and the conditions, under which capital augments its value. This is the cause of crises.

**PART IV. TRANSFORMATION OF  
COMMODITY-CAPITAL AND MONEY-  
CAPITAL INTO COMMERCIAL CAPITAL AND  
FINANCIAL CAPITAL (MERCHANT'S  
CAPITAL).**

## CHAPTER XVI. COMMERCIAL CAPITAL.

MERCHANT'S capital, or trading capital, consists of two subdivisions, namely commercial capital and financial capital, which we shall now proceed to define more in detail, so far as is necessary for the analysis of capital in its innermost structure. This is so much the more needed, as modern political economy, even in its best representatives, indiscriminately mixes trading capital with industrial capital and wholly over looks the characteristic peculiarities of the former.

The movements of commodity-capital have been analysed in volume II. The total capital of society exists always in part in commodities on the market about to be converted into money, and this part is naturally made up of ever changing elements and is continually changing in quantity. Another part exists as money on the market, ready to be converted into commodities. These portions of the total capital are perpetually passing through these metamorphoses. To the extent that this function of capital in the process of circulation becomes a special function of independent capital and becomes an established service assigned by division of labor to some particular species of capitalists, the commodity-capital becomes commercial or financial capital.

In volume II, chapter VI, under the head of cost of circulation, 2 and 3, we have explained to what extent the transportation industry, the storage and distribution of commodities in a distributable form, may be regarded as processes of production continuing within the process of circulation. These incidents in the circulation of commodity-capital are sometimes confounded with the peculiar functions of commercial or financial capital. It is true that the peculiar functions of these last-named forms of capital are sometimes practically combined with those incidental ones, but with the advancing development of social division of labor the functions of merchant's capital evolve into a distinct type and are separated from those real functions connected with those incidents in circulation. For our present purpose, which is to define the specific difference of this special form of capital, we must leave aside those other functions as irrelevant. So far as capital employed only in the process of circulation, such as commercial capital, combines at times those other functions with its specific ones, it does not

appear in its typical form. We do not get its pure type, until we strip it of all incidental functions.

We have seen that the existence of capital in the shape of commodity-capital and the metamorphoses through which it passes within the sphere of circulation in its capacity as commodity-capital on the market — a series of metamorphoses expressed by buying and selling, conversion of commodity-capital into money-capital and money-capital into commodity-capital — form a phase in the process of reproduction of industrial capital, that is, a phase in its process of production as a whole. But we have also seen at the same time that it is distinguished in its function as capital of circulation from its function as productive capital. These are two different and separate forms of existence of the same capital. One portion of the total social capital is continually on the market in the form of capital of circulation, passing through those metamorphoses. For each individual capital, however, its existence as commodity-capital, and its metamorphoses in this form, represent merely ever vanishing and ever renewed points of transition, stages of transition in the continuity of its process of production. And the elements of commodity-capital on the market vary continually, being perpetually withdrawn from the market and just as perpetually returned to it as new products of the process of production.

Commercial capital is nothing else but a changed form of a portion of this capital of circulation, which exists continually on the market in the process of its metamorphoses within the sphere of circulation. We say explicitly, a portion, because a portion of the selling and buying of commodities takes place between the industrial capitalists themselves. We leave this portion entirely out of consideration in this analysis, because it contributes nothing to the definition of the concept, or to the understanding of the specific nature, of merchant's capital. Moreover, it has been exhaustively treated in volume II.

The dealer in commodities, as a capitalist, appears first on the market as the representative of a certain sum of money, which he advances in his capacity as a capitalist. He desires to transform this sum of money from its original value  $x$  into  $x + \delta x$ , that is, the original sum plus his profit. But it is evident that his capital must first enter the market in the shape of money, not only on account of his capacity as a capitalist in general, but also as a trader in commodities in particular. For he does not produce any commodities. He merely trades in them, he acts as middleman in their

movements, and in order to be able to trade in them, he must first buy them, must be the owner of money-capital.

Take it that a trader in commodities owns 3,000 p.st., which he invests as a trading capital. He buys with these 3,000 p.st., say, 30,000 yards of linen from some linen manufacturer, at 2 sh. per yard. Then he sells his 30,000 yards. If the annual average rate of profit is 10%, and if he makes a profit of 10% after deducting all incidental expenses, then he has converted his 3,000 p.st. into 3,300 p.st. at the end of one year. How he makes this profit is a question which we shall discuss later. At this place we merely intend to observe the form, which the movements of his capital take. He continually buys with his 3,000 p.st. linen and sells this linen; he continually repeats this operation of buying for the purpose of selling,  $M - C - M'$ , the simple form of capital confined entirely to the sphere of circulation and not interrupted by the intervention of the process of production, which lies outside of its own movement and function.

What, then, is the relation of this commercial capital to the commodity-capital representing a mere passing phase of industrial capital? So far as the linen manufacturer is concerned, he has realised the value of his linen with the money of the merchant. He has thereby completed the first phase in the metamorphosis of commodity-capital, its conversion into money, and he can now, provided that circumstances remain the same, proceed to reconvert this money into yarn, coal, wages, etc., or into means of existence, etc., for the consumption of his revenue. Leaving aside the spending of his revenue, he can continue his process of production.

But while the sale of the linen, its metamorphosis into money, has taken place so far as its direct producer is concerned, it has not yet taken place so far as the linen itself is concerned. It is still on the market as a commodity-capital and awaits the completion of its first metamorphosis, awaits its sale. Nothing has happened to this linen but a change in the person of its owner. From the point of view of its own destination, of its position in the process, it is still a commodity-capital, a saleable commodity; only, it is now in the hands of the merchant instead of those of the manufacturer. The function of selling it, of serving as an agent in the first phase of its metamorphosis, has been transferred from the manufacturer to the merchant, has been converted into the particular business of the merchant, while it used to be a function, which the producer had to perform after completing the process of its production.

Now let us assume that the merchant would not succeed in disposing of those 30,000 yards of linen during the interval, which the linen manufacturer requires for the production of another lot of 30,000 yards and its marketing at 3,000 p.st. In that case, the merchant cannot buy this new lot, because he still has the old stock of 30,000 yards on hand, which he has not yet reconverted into money-capital. A stagnation then ensues, an interruption of reproduction. Of course, the linen manufacturer might have some additional money-capital in reserve, which he might convert into productive capital independently of the sale of those 30,000 yards of linen, in order to continue his process of production. But this assumption would not alter the matter. So far as the capital tied up in the 30,000 yards of linen is concerned, its process of reproduction is and remains interrupted. Here we see indeed very clearly, that the operations of the merchant are really nothing but operations which must be performed under all circumstances in order to convert the commodity-capital of the producer into money-capital, operations, which promote the functions of the commodity-capital in the process of circulation and reproduction. If a clerk of the producer were to attend exclusively to the sale, and also with the purchase, instead of an independent merchant, this connection would not be obscured for a moment.

Commercial capital, then, is nothing but the commodity-capital of the producer, which has to pass through its transformation into money and to perform its function of commodity-capital on the market. The difference is only that this incidental function of the producer is now established as the exclusive business of a special kind of capitalists, of merchants, and becomes the independent business of a special investment of capital.

This is furthermore shown in the specific form of the circulation of commercial capital. The merchant buys a commodity and then sells it:  $M — C — M'$ . In the simple circulation of commodities, or even in the circulation of commodities as it appears when a process of circulation of industrial capital,  $C' — M — C$ , circulation is promoted by the circumstance that every piece of money changes hands twice. The linen manufacturer sells his commodity, the linen, converts it into money; the money of the buyer passes into his hands. With this money he buys yarn, coal, labor, etc., he spends the same money for the purpose of reconverting the value of linen into those commodities which form the elements of production of linen. The commodity which he buys is not the same kind of

commodity which he sells. He has sold products and bought means of production. But it is different with the movements of commercial capital. With his 3,000 p.st., the linen merchant buys 30,000 yards of linen. He sells the same linen for the purpose of recovering his money-capital (increased by profits) from the circulation. It is not the same pieces of money which here change places twice, but the same commodities; the linen passes from the seller into the hands of the buyer, and from the hands of the buyer, who becomes a seller, into those of another buyer. It is sold twice, and it may be sold still oftener, if a series of other merchants intervenes. And it is precisely through this repeated sale, this twofold change of place of the same commodity, that the money advanced by its first buyer for its purchase is recovered, its reflux to him promoted. In the case of  $C' - M - C$  the twofold change of place of the same money assists in the sale of one form of commodities and the purchase of another form. In the other case,  $M - C - M'$ , the twofold change of place of the same commodity assists in the recovery of the advanced money from the circulation. This shows that the commodity has not been definitely sold, when it has passed from the hands of the producer into those of the merchant, and that the latter merely continues the operation of selling — or promotes the functions of commodity-capital. But it shows at the same time that the operation  $C - M$ , which represents for the productive capitalist a mere function of his capital in its transient form of commodity-capital, constitutes for the merchant the movement  $M - C - M'$ , that is, a specific utilisation of his advanced money-capital. A phase in the metamorphosis of commodities here shows itself, with reference to the merchant, in the form of  $M - C - M'$ , that is, as the evolution of a separate kind of capital.

The merchant sells his commodity, in this case the linen, definitely to the consumer, whether it be a productive consumer (for instance, a bleacher), or an individual consumer who uses the linen for his private needs. By this means the merchant recovers his advanced capital (with a profit), and he can then repeat his operation. If the money had served merely as a means of payment, when the merchant bought the linen from the manufacturer, for instance, if the merchant would not have had to make payment until after six weeks, he might be able to pay the manufacturer without even advancing any money-capital of his own. But if he should not have sold the goods at the end of six weeks, he would have to advance his 3,000 p.st. on the date of the expiration, instead of advancing them on delivery of the

linen. And if a fall in the market-price should have compelled him to sell below his purchase price, he would have to make good the loss out of his own capital.

Now, what is it that lends to commercial capital the character of an independently operating capital, while in the hands of the producer who does his own selling, it is obviously merely a special form of his capital in some particular phase of his process of reproduction, during its sojourn in the sphere of circulation?

It is, in the first place, the fact that the commodity-capital completes its definite conversion into money, its first metamorphosis, its function on the market in its capacity as commodity-capital, in the hands of another agent than the producer, and that this function of commodity-capital is promoted by the operations of the merchant, by his buying and selling, so that these transactions constitute themselves into a separate and independent business distinct from the other functions of industrial capital. Through it a portion of a function, which used to be performed in circulation as a special phase of the process of reproduction, is molded into the exclusive function of an independent agent of the circulation distinct from the producer. But this alone would not be enough to give to this special business the aspect of a function of an independent capital distinct from the industrial capital in process of self-expansion. In fact, it does not assume this aspect in cases where the trade in commodities is carried on by traveling agents, or by other direct agents of the industrial capitalist. Another element is necessary to complete its special character.

This second element is introduced by the fact that the independent agent of circulation, the merchant, advances money-capital (his own or borrowed) in this position. The transaction which amounts for the industrial capital in process of reproduction merely to  $C — M$ , to a conversion of commodity-capital into money-capital, to a mere sale, assumes for the merchant the form  $M — C — M'$ , purchase and sale of the same commodity, and thus to a reflux, by means of a sale, of the money-capital expended in a purchase.

It is always  $C — M$ , the conversion of commodity-capital into money, which assumes for the merchant the form of  $M — C — M$ , whenever he advances money for the purchase of commodities from their producers; it is always the first metamorphosis of commodity-capital, although the same transaction may amount for a producer, or for industrial capital in process of reproduction, to  $M — C$ , a reconversion of money into commodities (means

of production), the second phase of this metamorphosis. For the linen producer, the first metamorphosis was  $C — M$ , the conversion of commodity-capital into money-capital. This transaction amounts for the merchant to  $M — C$ , the conversion of his money-capital into commodity-capital. Now, if he sells this linen to a bleacher, it means  $M — C$ , conversion of money-capital into productive capital, for the bleacher, which represents the second metamorphosis of his commodity-capital; while it means  $C — M$ , the sale of the linen, for the merchant. Actually the commodity-capital manufactured by the producer has now been definitely sold. This transaction,  $M — C — M$ , on the part of the merchant represents but the action of a middleman for the transaction  $C — M$  between two producers. Or let us assume, that the linen manufacturer buys with a portion of the value of the sold linen some yarn from a yarn dealer. This is  $M — C$  for him. For the merchant selling the yarn it is  $C — M$ , resale of the yarn. So far as the yarn itself is concerned, in its capacity of commodity-capital, it amounts to its definite sale, its transition from the sphere of circulation into the sphere of production by means of  $C — M$ , the definite conclusion of its first metamorphosis. Whether the merchant buys from the industrial capitalist, or sells to him, the circulation of his merchant's capital,  $M — C — M$ , always expresses but the same thing, which constitutes, from the point of view of the commodity-capital itself, a form of transition of the industrial capital in process of reproduction,  $C — M$ , the mere completion of its first metamorphosis. The  $M — C$  of the merchant's capital amounts only for the industrial capitalist to  $C — M$ , but not for the commodity-capital produced by him. It is but the transfer of the commodity-capital from the hands of the industrial capitalist to those of the agent of circulation; Not until the merchant's capital closes the transaction  $C — M$  does commodity-capital as such perform its final  $C — M$ .  $M — C — M$  amounts merely to two times  $C — M$  on the part of the same commodity-capital, two successive sales of it, which promote its last and final sale.

It is evident, then, that commodity-capital assumes in commercial capital the form of an independent class of capital through the fact that the merchant advances money-capital. This money-capital serves its purpose as capital only by attending exclusively to the conversion of commodity-capital into money-capital, and it accomplishes this by the continual purchase and sale of commodities. This is its exclusive work. This promotion of the process of circulation of industrial capital is the exclusive

function of the money-capital with which the merchant operates. By means of this function he converts his money into money-capital, molds his M into  $M - C - M'$ , and by the same process he converts commodity-capital into commercial capital.

So long and so far as commercial capital exists in the form of commodity-capital, from the point of view of the process of reproduction of the total social capital, it is obviously nothing else but that portion of the industrial capital in process of metamorphosis, which is still on the market and serves as commodity-capital. It is therefore only the money-capital advanced by the merchant, which is exclusively destined for purchase and sale and for this reason never assumes any other form but that of commodity-capital and money-capital, always remaining confined to the sphere of circulation. It is only this money-capital which is now to be analysed with reference to the entire process of reproduction of capital.

As soon as the producer, the linen manufacturer has sold his 30,000 yards of linen to the merchant for 3,000 p.st., he buys with the money so obtained the necessary means of production, and his capital re-enters the process of production; his process of production continues without interruption. So far as he is concerned, the conversion of his commodity into money has been accomplished. But we have already seen that the linen itself has not yet closed its metamorphosis. It has not yet been definitely reconverted into money, it has not yet passed as a use-value into productive or individual consumption. The linen merchant now represents on the market the same commodity-capital, which the linen manufacturer represented originally. So far as the manufacturer is concerned, the process of transformation has been abbreviated, but only to be continued through the hand of the merchant.

If the linen producer had to wait, until his linen had really ceased being a commodity, until it had actually passed into the hands of its final purchaser for productive or individual consumption, his process of reproduction would be interrupted. Or, if he did not wish to interrupt it, he would have had to restrict his operations, to transform a smaller portion of the value of his linen into yarn, coal, labor, etc., in short, into the elements of productive capital, and to hold back a larger portion of it as a money-reserve. While one portion of his capital would then be on the market in the shape of commodities, another would be enabled to continue in the process of production. In this way, one portion would return in the shape of money,

while another would be going to market in the form of commodities. This division of capital of the individual producer is not abolished by the intervention of the merchant. But without it that portion of the capital of circulation which is held as a money reserve would have to be always greater in proportion than the portion employed as productive capital, and the scale of production would have to be restricted accordingly. Instead of that, the producer is now enabled to employ a larger portion of his capital continually in the process of production itself, and a smaller portion as a money reserve.

This is offset on the other hand by the fact that another portion of the social capital, in the shape of merchant's capital, is held continually within the sphere of circulation. It is employed for no other purpose but that of buying and selling. There seems then to have been no other change but that of the persons who hold this capital in their hands.

If the merchant, instead of buying 3,000 p.st.'s worth of linen with the intention of selling it again, were to employ these 3,000 p.st. productively himself, then the productive capital of society would be increased. It is true, that the linen producer would then have to hold back a larger portion of his capital as a money reserve, and likewise the merchant who has now been transformed into an industrial capitalist. On the other hand, if the merchant were to remain a merchant the producer would save time in selling which he could employ for the supervision of the process of production, while the merchant would have to devote his whole time to selling.

If the merchant's capital does not exceed its necessary proportions, it may be assumed

that as a result of division of labor, the capital devoted exclusively to buying and selling (and this includes not only the money required for the purchase of commodities, but also the money which must be invested in the labor required for running the business of the merchant, in the constant capital of the merchant, store rooms, transportation, etc.) is smaller than it would be, if the industrial capitalist had to carry on the entire commercial part of his business himself;

that the exclusive occupation of the merchant with this business enables the producer to convert his commodities more rapidly into money, and permits the commodity-capital itself to pass more quickly through its metamorphosis, than it would in the hands of the producer;

that looking upon the entire merchant's capital in proportion to the industrial capital, one turn-over of the merchant's capital may represent not only the turn-overs of many capitals in one sphere of production, but the turn-overs of a numbers of capitals in different spheres of production. The first is the case when the linen merchant, after buying with his 3,000 p.st. the product of some linen producer, sells it before the same producer can bring another lot of the same quantity to market, so that the linen merchant has to buy the product of another, or several other, linen manufacturers. When he sells this, he promotes the turn-overs of different capitals in the same sphere of production. The second is the case, if the merchant, after selling his linen, buys, for instance, some silk. In this way he promotes the turn-overs of capitals in different spheres.

In general it may be noted that the turn-over of the industrial capital is not limited merely by the time of circulation, but also by the time of production. The turn-over of merchant's capital, so far as it deals in one sort of commodities, is limited, not merely by the turn-over of one industrial capital, but by the turn-overs of all industrial capitals in the same line of production. After the merchant has bought and sold the linen of one producer, he can buy and sell that of another, before the first can bring another lot of his product on the market. The same merchant's capital may, therefore, promote successively the different turn-overs of the industrial capitals invested in a certain line of production. Its turn-over is therefore not identified with the turn-overs of one sole industrial capital, but with the turn-overs of many, and it does not take the place of but one money reserve, which one single industrial capitalist would have to hold back. The turn-over of the merchant's capital in one sphere of production is naturally determined by the total production of that sphere. But it is not determined by the limits of production or the time of turn-over of any single capital of the same sphere, so far as its time of turn-over is determined by its time of production. For instance, let us assume that A supplies a commodity, which requires three months for its production. After the merchant has bought and sold it, say, in one month, he can buy and sell the same product of some other producer. Or, after he has sold, say, the corn of some farmer, he can buy with the same money that of another and another, etc. The turn-over of his capital is limited by the mass of corn, which he can buy successively in a certain time, for instance, in one year, while the capital of the farmer is

limited in its turn-over, aside from the time of circulation, by the time of production, which lasts one year.

However, the turn-over of the same merchant's capital may promote equally well the turn-overs of capitals in different lines of production.

To the extent that the same merchant's capital serves in different turn-overs to transform different commodity-capitals successively into money, buying and selling them one after another, it performs in its capacity as money-capital the same function with regard to the commodity-capital, which money in general performs by means of its turn-overs within a certain period with regard to commodities.

The turn-over of merchant's capital is not identical with the turn-over or with one single reproduction of one industrial capital of the same size; it is rather equal to the sum of the turn-overs of a number of such capitals, either in the same, or in different spheres of production. The quicker merchant's capital is turned over, the smaller is that portion of the total money-capital, which serves as merchant's capital; the slower it is turned over, the larger is that same portion. The more undeveloped production is, the larger is the sum of merchant's capital as compared to the sum of the commodities thrown into circulation; but so much smaller is it absolutely, or compared with more developed conditions. Vice versa, the opposite holds good. In such undeveloped conditions the greater part of the strict money-capital is in the hands of the merchants, whose wealth constitutes the money wealth as compared to the wealth of others.

The velocity of the circulation of the money-capital advanced by the merchant depends: 1) on the velocity with which the process of production is renewed and the different processes of production are linked together; 2) on the velocity of consumption.

It is not necessary that merchant's capital should pass merely through the above mentioned turn-over, by first buying commodities to its full amount and then selling them. The merchant may make both movements at the same time. His capital is then divided into two parts. One of them consists of commodity-capital, the other of money-capital. Here he buys and converts his money into commodities. There he sells and converts another part of his commodity-capital into money. On one side, his capital returns in the shape of money-capital, on the other it returns in the shape of commodity-capital. The larger the portion assuming one shape, the smaller the portion assuming another. This alternates and balances itself. If money

is not employed merely as a medium of circulation, but also as a means of payment and in conjunction with the credit system, which develops along with it, then the money portion of the merchant's capital is reduced still more in proportion to the volume of the transactions promoted by the merchant's capital. If I buy 1,000 p.st.'s worth of wine on three months' credit, and sell all the wine for cash before the expiration of the three months, then I do not need to advance one penny for these transactions. In this case it is quite obvious that the money-capital, which here serves as merchant's capital, is nothing but industrial capital itself in the shape of money-capital, in process of reflux to itself in the shape of money. (The fact that the producer who sold 1,000 p.st.'s worth of wine on three months' credit may discount his note, which is a certificate of indebtedness of the buyer, at some bank does not alter the matter and has nothing to do with the capital of the merchant.) If market-prices should fall in the mean time by 1/10, the merchant would not only make no profit, but would recover only 2,700 p.st. instead of 3,000 p.st. He would then have to put up 300 p.st. out of his own pocket. These 300 p.st. serve merely as a reserve for balancing the difference in price. But the same applies to the producer. If he had sold at falling prices, he would likewise have lost 300 p.st., and could not begin production on the same scale without reserve capital.

The linen merchant buys 3,000 p.st.'s worth of linen from the manufacturer. The manufacturer uses 2,000 p.st. of the 3,000 to buy yarn. He buys this yarn from a yarn dealer. The money with which the manufacturer pays the yarn dealer does not belong to the linen dealer. For the latter has received commodities to this amount. It is the money-form of the manufacturer's own capital. In the hands of the yarn dealer these 2,000 p.st. now appear as returned money-capital. But to what extent are they so, in what respect do they differ from the 2,000 p.st. representing the discarded money-form of the linen and the assumed money-form of the yarn? If the yarn dealer bought on credit and sold for cash before the expiration of his time, then these 2,000 p.st. do not contain one penny of merchant's capital as distinguished from the money-form, which the industrial capital itself assumes in the course of its circulation. The commercial capital then, so far as it is not a mere form of industrial capital, held in the hands of the merchant in the shape of commodity-capital or money-capital, is nothing but that portion of the money-capital which belongs to the merchant himself and is circulated by the purchase and sale of commodities. This portion

represents on a reduced scale that part of the capital advanced for production, which must always be in the hands of the industrial as a money reserve, medium of purchase, and which would always have to circulate as money-capital. This portion, in a reduced scale, is now in the hands of capitalist merchants, and performs its functions only in the process of circulation. It is that portion of the total capital which, aside from expenditures of revenue, must continually circulate on the market as a medium of purchase in order to maintain the continuity of the process of reproduction. This portion is so much smaller in comparison to the total capital, the more rapidly the process of reproduction takes place, and the more developed the function of money as a means of payment, that is, of the credit-system.

Merchant's capital is simply capital performing its functions in the sphere of circulation. The process of circulation is a phase of the total process of reproduction. But no value is produced in the process of circulation, and, therefore, no surplus-value. Nothing takes place there but changes of form of the same mass of values. In fact, nothing occurs there but the metamorphosis of commodities, and this has nothing to do either with the creation or with the transformation of values. If surplus-value is realised by the sale of the produced commodities, it is only because that surplus-value already existed in them. In the second act, the reconversion of money-capital into commodities (elements of production), the buyer does not realise any surplus-value. He merely inaugurates the production of surplus-value by the exchange of his money for means of production and labor-power. So far as these metamorphoses cost time of circulation — a time, during which capital is not producing at all, least of all surplus-value — they limit the creation of values, and the surplus-value will express itself through the rate of profit precisely in an inverse ratio to the duration of the time of circulation. Merchant's capital, therefore, does not create any value or surplus-value, at least not directly. If it contributes toward shortening the time of circulation, it may help indirectly to increase the surplus-value produced by the industrial capitalists. To the extent that it helps to expand the market and promotes the division of labor between capitals, thereby enabling capital to work on a larger scale, its function enhances the productivity of the industrial capital and the accumulation of this capital. Inasmuch as it may shorten the time of circulation, it raises the ratio of

surplus-value to the advanced capital, that is, the rate of profit. And to the extent that it confines a smaller portion of capital in the form of money-capital to the sphere of circulation, it increases that portion of capital which is engaged directly in production.

## CHAPTER XVII. COMMERCIAL PROFIT.

WE have seen in volume II, that the mere functions of capital in the sphere of circulation — the operations which the industrial capitalist must perform, first, in order to realise the value of his commodities, and secondly, in order to reconvert this value into elements of production, operations which promote the metamorphosis of the commodity-capital  $C' — M — C$ , the acts of selling and buying — produce neither value nor surplus-value. It was rather seen that the time required for this purpose, objectively so far as the commodities, subjectively so far as the capitalist is concerned, creates barriers to the production of value and surplus-value. What is true of the metamorphosis of commodity-capital in general, is, as a matter of course, not in the least altered by the fact that a part of it may assume the shape of commercial capital, or that the operations, by which the metamorphosis of commodity-capital is promoted, may become the particular business of a special class of capitalists, or the exclusive function of a portion of the money-capital. If selling and buying of commodities — and that is what the metamorphosis of the commodity-capital  $C' — M — C$  amounts to — by the industrial capitalists themselves do not create any value or surplus-value, they will certainly not become creators of value by being transferred from the industrial capitalists to other persons. Furthermore, if that portion of the total social capital, which must be continually on hand in order that the process of reproduction, instead of being interrupted, may proceed continuously — if this money-capital does not create any value or surplus-value, then it cannot acquire the faculty to do so by being continually thrown into circulation for the performance of its function by some other section of the capitalists than the industrial capitalists. We have already indicated to what extent merchant's capital may be indirectly productive, and we shall discuss this point more at length later on.

Commercial capital, then — stripped of all heterogeneous functions, such as storing, expressing, transporting, distributing, arranging, which may be connected with its true function of buying in order to sell — creates neither value nor surplus-value, but promotes only their realisation and thereby the actual exchange of commodities, their transfer from one hand to the other, the social circulation of matter. Nevertheless, since the circulating phase of industrial capital is as much a phase of the process of reproduction

as production is, the capital performing its functions independently in the process of circulation must yield the average annual profit just as well as the capital performing its functions in the different lines of production. If merchant's capital were to yield a higher percentage of average profit than industrial capital, then a portion of the industrial capital would transform itself into merchant's capital. If this capital were to yield a lower average profit, then the opposite process would take place. A portion of the merchant's capital would transform itself into industrial capital. No species of capital enjoys a greater facility to change its occupation than merchant's capital.

Seeing that merchant's capital itself does not produce any surplus-value, it is evident that surplus-value appropriated by it in the shape of average profit must be a portion of the surplus-value produced by the total productive capital. But the question is now: How does the merchant's capital manage to appropriate its share of the surplus-value or profit produced by the productive capital?

It is only outward semblance that commercial profit is a mere addition to, a nominal raise of the prices of commodities above their value.

It is evident that the merchant can draw his profit only out of the price of the commodities sold by him, more even, that this profit, which he makes by the sale of his commodities, must be equal to the difference between his purchase price and his selling price, equal to the excess of the latter over the former.

It is possible, that additional costs (costs of circulation) may enter into the commodities after their purchase and before their sale, and it is also possible, that this may not happen. If such costs should be added, it is evident that the excess of the selling price over the purchase price does not represent merely profit. In order to simplify the analysis, we assume first, that no such costs are added.

For the industrial capitalist, the difference between the selling price and the purchase price of his commodities is equal to the difference between their price of production and their cost-price, or, looking upon the matter from the point of view of the total social capital, equal to the difference between the value of the commodities and their cost-price for the capitalists, and this again resolves itself into the difference between the total quantity of labor incorporated in them and the quantity of the paid labor incorporated in them. Before the commodities bought by the industrial capitalist are

taken back to market as saleable commodities, they pass through the process of production, in which that portion of their price which shall be realised as profit must be created. But it is different with the trading merchant. The commodities are in his hands only so long as they are in the process of circulation. He merely continues their sale, the realisation of their price begun by the productive capitalist, and therefore he does not cause them to pass through any intermediate process, in which they can once more absorb new surplus-value. While the industrial capitalist merely realises the previously produced surplus-value or profit by means of the circulation, the merchant must not only realise his profit in and by the circulation, but he must first make it there. This seems possible in no other way than that of selling the commodities bought by him from the industrial capitalist at their prices of production, or, from the point of view of the total commodity-capital, their values, above their prices of production, by making a nominal addition to these prices, in other words by selling the total commodity-capital above its value and pocketing this excess of their nominal value over their real value. In short, it seems that he would be selling them for more than they are worth.

This method of raising prices seems easy to grasp. For instance, one yard of linen costs 2 sh. If I want to make 10% profit on my sales, I must add  $\frac{1}{10}$  to the price, I must sell one yard of linen at 2 sh.  $2\frac{2}{5}$ d. The difference between its actual price of production and its selling price is then  $2\frac{2}{5}$ d. and this represents a profit of 10% on 2 sh. This amounts to my selling one yard of linen to the buyer at a price which is in reality the price of  $1\frac{1}{10}$  yard. Or, what amounts to the same, it is as though I sold to the buyer only  $\frac{10}{11}$  of one yard for 2 sh. and kept  $\frac{1}{11}$  for myself. In fact, I might buy back  $\frac{1}{11}$  of one yard for  $2\frac{2}{5}$  d., if the price of one yard is 2 sh.  $2\frac{2}{5}$ d. This would be but a round-about way of sharing in the surplus-value and surplus-product by a nominal raise in the price of commodities.

This is the realisation of commercial profit by raising the price of commodities, as it appears at first glance on the surface. And it is indeed a fact that this whole conception of the rise of profit from a nominal raise in the price of commodities, or from their sale above their value, has its origin in the point of view of commercial capital.

But on closer inspection it is quickly seen that this is a mere semblance, and that, assuming capitalist production to be the prevailing mode, commercial profit cannot be realised in this manner. (It is here always a

question of averages, not of exceptions.) Why do we assume that the dealer in commodities can realise his profit of 10% on his commodities only by selling them 10% above their price of production? Because we had assumed that the producer of these commodities, the industrial capitalist (who impersonates The producer before the outside world as the personification of industrial capital), had sold them to the dealer at their prices of production. If the prices paid by the dealer for commodities are equal to their prices of production, so that the price of production, or in the last instance the value, represents the cost-price for the merchant, then the excess of the latter's selling price over his purchase price — and only this difference constitutes his profit — must indeed be an excess of their commercial price over their price of production, so that in the last analysis the merchant would be selling all commodities above their values. But why did we assume that the industrial capitalist sells his commodities to the merchant at their prices of production? Or rather, what was the premise of that assumption? It was that the commercial capital did not share in the formation of the average rate of profit (and as yet we are dealing with merchant's capital only in so far as it is commercial capital.) We started necessarily from this premise in the discussion of the average rate of profit, first, because the commercial capital as such did not exist for us at that time; and secondly, because the average profit, and thus the average rate of profit, had to be first developed out of a mutual leveling of profits, or surplus-values, actually produced by the industrial capitals of the different spheres of production. But in the case of merchant's capital we are dealing with a capital which shares in the profit without participating in its production. Hence it now becomes necessary, to supplement our former presentation at this point.

Let us suppose that the total industrial capital advanced for one year is  $720 c + 180 v = 900$  (say million p.st.), and that  $s' = 100\%$ . The product is then valued at  $720 c + 180 v + 180 s$ . Now let us call this product, the produced commodity-capital, C. Its value, or its price of production (both are identical for the total social commodity-capital), is then 1080, and the rate of profit for the total social capital of 900 is 20%. These 20% constitute, according to our previous analyses, the average rate of profit, since the surplus-value is not calculated in this instance on this or that capital of some particular composition, but on the average composition of the total industrial capital. In short,  $C = 1,080$ , and the rate of profit = 20%.

Now let us further assume that aside from these 900 of industrial capital, there are invested 100 of merchant's capital, which share in the profit, just as the industrial capital does, in proportion to their magnitude. According to our assumption, the total capital consists of 900 industrial + 100 commercial = 1,000, so that the commercial capital is 1/10 of the whole. Therefore it participates to the extent of 1/10 in the total surplus-value of 180, and by this means secures a profit at the rate of 18%. Actually, then, the profit remaining to be distributed among the other 9/10 of the total capital is only 162, which amounts likewise to 18% on the total capital of 900. In other words, the price at which C is sold by the owners of the industrial capital of 900 to the dealers is  $720 c + 180 v + 162 s = 1,062$ . Now, if the dealer adds his average profit of 18% on his capital of 100, he sells the commodities at  $1,062 + 18 = 1,080$ , which is their price of production, or, from the point of view of the total commodity-capital, their value, although he makes his profit only in and by the circulation, and only by an excess of his selling price over his purchase price. But nevertheless he does not sell the commodities above their value, nor above their price of production, just because he had bought them from the industrial capitalist below their value, or below their price of production.

The merchant's capital, then, plays a determining role in the formation of the average rate of profit in proportion to its pro rata magnitude in the total capital. Hence if we say in the cited case that the average rate of profit is 18%, it would be 20%, were it not for the fact that 1/10 of the total capital is merchant's capital, which implies a reduction of the rate of profit by 1/10.

This requires also a more precise and detailed definition of the price of production. By price of production we mean, now as before, that price of the commodities, which is equal to their cost (the value of the constant + variable capital contained in them) + the average profit. But this average profit is now differently determined. It is determined by the total profit produced by the total productive capital, but it is not calculated merely on this total productive capital. It is not calculated, as first assumed, so that, if the total productive capital were 900, and the profit 180, the average rate of profit would be  $180/900 = 20\%$ . It is rather calculated on the total productive + the merchant's capital, so that, if the total capital is 900 productive + 100 merchant's capital, the average rate of profit is  $180/1000 = 18\%$ . The price of production is, therefore, equal to  $k$  (the costs) + 18, instead of  $k + 20$ . In the average rate of profit, the share of the total profit

falling to the merchant's capital is included. The actual value, or price of production, of the total commodity-capital is, therefore,  $k + p + m$  (where  $m$  indicates profits in merchant's capital). The price of production, or the price at which the industrial capitalist as such sells his commodities, is thus smaller than the actual price of production of commodities. Or, looking upon the matter from the point of view of the total commodity-capital, the prices at which the class of industrial capitalists sell are lower than the values of commodities. Thus, in the above case,  $900 \text{ costs} + 18\% \text{ on } 900$ , or  $900 + 162 = 1,062$ .

It follows, then, that the merchant, when selling a commodity at 118 for which he paid 100 does indeed raise the price by 18%. But since this commodity, for which he paid 100, is really worth 118, he does not sell it above its value. We shall retain the price of production as more closely defined above. Then it is evident, that the profit of the industrial capitalist is equal to the excess of the price of production of his commodities over their cost-price, and that the commercial profit, as distinguished from this industrial profit, is equal to the excess of the selling price over the price of production of the commodities, which is their cost-price for the merchant; but that the actual price of the commodities is equal to their price of production plus the commercial profit. Just as the industrial capital realises only such profits as exist previously in the commodities as surplus-value, so the merchant's capital realises profits only because the entire surplus-value, or profit, has not yet been realised in the price charged for the commodities by the industrial capitalist. The selling price of the merchant, then, stands above his purchase price, not because the former stands above the total value, but because the purchase price stands below this value.

The merchant's capital participates in the compensation of the surplus-value to an average profit, although it does not take part in its production. So the average rate of profit implies that general deduction from surplus-value which falls to the share of merchant's capital, a deduction from the profit of the industrial capital.

From the foregoing it follows:

The larger the merchant's capital in proportion to the industrial capital, the smaller is the rate of industrial profit, and vice versa.

2) It was seen in the first part, that the rate of profit is always lower than the rate of the actual surplus-value, that it always expresses the intensity of exploitation too low. In the above case,  $720 \text{ c} + 180 \text{ v} + 180 \text{ s}$  means a rate

of surplus-value of 100%, and a rate of profit of only 20%. And if the merchant's capital is included in the calculation, then the difference between the rate of surplus-value and the rate of profit becomes still greater, the latter being only 18% in the present case. In that case, the average rate of profit of the direct exploiter of labor expresses the rate of profit in lower figures than it actually represents.

Assuming all other circumstances to remain the same, the relative volume of the merchant's capital (excepting the small dealer, who represents a hermaphrodite form) will be in a reverse ratio to the velocity of its turn-over, or in a reverse ratio to the energy of the process of reproduction in general. In the process of scientific analysis, the formation of an average rate of profit appears to take its departure from the industrial capitals and their competition, and only later on does it seem to be corrected, supplemented, and modified by the intervention of merchant's capital. But in the course of historical events, the process is reversed. It is the commercial capital, which first determines the prices of commodities more or less by their values, and it is the sphere of circulation, while promoting the process of reproduction, which first affords an opportunity for the formation of an average rate of profit. The commercial profit originally determines the industrial profit. Not until the capitalist mode of production has asserted itself and the producer himself has become a merchant, is the commercial profit reduced to that aliquot part of the total surplus-value, which falls to the share of the merchant's capital as an aliquot part of the total capital engaged in the social process of reproduction.

In the analysis of the supplementary compensation of profit through the intervention of the merchant's capital it was found that no additional element for the advanced money-capital entered into the value of commodities, and that the addition to the price, by which the merchant makes his profit, was merely equal to that portion of the value of commodities, which the productive capital did not calculate, but rather left out of calculation in the price of production. The case of this money-capital is similar to that of the fixed capital of the industrial capitalist, which is not all consumed and does not pass as an element into the value of commodities. By the purchase price which the merchant pays for the commodity-capital, he replaces its price of production,  $M$ , in money. His

own selling price, as we have previously shown, is equal to  $M + \delta M$ , and this  $\delta M$  stands for the addition to the price of commodities determined by the average rate of profit. By selling these commodities, he recovers together with this  $\delta M$  his original money-capital, which he advanced for their purchase. Here, then, we see once more that his money-capital is nothing else but the commodity-capital of the industrial capitalist transformed into money-capital, and this change does not affect the magnitude of the volume of this commodity-capital any more than a direct sale to the ultimate consumer instead of the merchant would. It merely anticipates payment by the consumer. However, this is correct only on the condition, which we had hitherto assumed, that the merchant has no expenses, or that he need not advance any fixed or circulating capital during the process of metamorphosis of the commodities, of buying and selling, aside from the money-capital which he must advance for the purchase of the commodities from the producer. But this is not so in reality, as we have seen in the analysis of the costs of circulation, volume II, chapter VI. These costs of circulation represent either expenses, which the merchant has to reclaim from the other agents of the circulation, or expenses, which are due directly to his specific business.

No matter what may be the character of these costs of circulation — whether they arise from the purely mercantile nature of the business, or whether they belong to the specific costs of circulation of the merchant, or whether they represent items, which are charges for subsequent processes of production added within the process of circulation, such as expressage, transportation, storage, etc. — they always require that the merchant should have, aside from his advanced money-capital, some additional capital for the purchase and payment of such means of circulation. To the extent that this element of cost consists of circulating capital, it passes wholly as an additional element into the selling price of the commodities; to the extent that it consists of fixed capital, it is transferred in proportion to its wear and tear. It is, however, an element, which forms a nominal value, even if it does not add any real value to the commodities. Such nominal values, which do not add any real value to the commodities, are the purely mercantile costs of circulation. But whether fixed or circulating, the entire additional capital participates in the formation of the general rate of profit.

The purely commercial costs of circulation (that is, excepting the costs of transportation, shipping, storage, etc.) resolve themselves into the costs

required for the purpose of realising the value of commodities, by transforming it either from commodities into money, or from money into commodities, by means of exchange. We leave entirely out of consideration any processes of production, which may eventually continue during the process of circulation, and which may exist separately from the merchant's business. In fact, the actual transport industry and shipping may be, and are, lines of occupation entirely separated from the merchant's business, and the purchaseable or saleable commodities may be stored in warehouses or other public sheds, and the cost of storage, so far as it has to be advanced by the merchant, may be charged up to him by other people. All this becomes apparent in commerce on a large scale, in which the merchant's capital assumes its purest form, unalloyed by other functions. The express owner, the railroad director, the ship owner, are not "merchants." The costs which we consider here are those of buying and selling. We have already remarked in another place that these resolve themselves into accounting, bookkeeping, marketing, correspondence, etc. The constant capital required for this purpose consists of offices, paper, postage, etc. The other costs resolve themselves into variable capital advanced for the employment of mercantile wage workers. (Expressage, cost of transportation, advances for duties, etc., may be considered as being advances made by the merchant for the purchase of commodities and entering into the purchase price to be paid by him.)

All these costs are not incurred in the production of the use-value of the commodities, but in the realisation of their exchange value. They are pure costs of circulation. They do not enter into the strict process of production, but since they enter into the process of circulation they are part of the total process of reproduction.

The only portion of these costs that interests us here is that advanced as variable capital. (Furthermore the following questions remain to be analysed: 1) How is the law, that only socially necessary labor enters into the value of commodities, enforced in the process of circulation? 2) How does accumulation represent itself in the case of merchant's capital? 3) How does merchant's capital function in the actual process of reproduction of society as a whole?)

These costs are due to the economic form of the product, that of a commodity.

Seeing that the labor time lost by the industrial capitalists themselves while directly selling commodities to one another, in other words, the circulation time of the commodities, does not add any value to these commodities, it is evident that this labor time is not endowed with any other character by transferring it from the industrial capitalist to the merchant. The conversion of commodities (products) into money, and of money into commodities (means of production) is a necessary function of industrial capital and, therefore, a necessary operation for the capitalist, who is but personified capital endowed with his consciousness and will. But these functions do not create any value, nor do they produce any surplus-value. The merchant, by performing these operations, by further promoting the functions of capital in the sphere of circulation after the productive capitalist has ceased to do so, merely steps into the shoes of the industrial capitalist. The labor time required for these operations is devoted to certain necessary operations in the process of reproduction of capital, but it adds no value to it. If the merchant did not perform these operations (did not expend the labor time required for them), he would not be using his capital as a circulation agent of industrial capital; he would not be continuing the interrupted function of the industrial capitalist, and consequently he could not participate as a capitalist, in proportion to his advanced capital, in the mass of profit produced by the class of industrial capitalists. In order to share in the mass of surplus-value, in order to expand the value of his advanced capital, the commercial capitalist need not employ any wage workers. If his business is small, he may be the only worker in it. But his wages are derived from that portion of the social profit which falls to his share through the difference between the purchase price paid by him for commodities and their actual price of production.

Under these circumstances, and assuming the merchant's advanced capital to be small, the profit realised by him may not be a bit larger, or may even be smaller, than the wages of one of the better paid skilled wage workers. In fact, there are employed, side by side with him, many commercial agents of the industrial capitalist, such as buyers, sellers, travelers, who receive the same or a higher income than he, either in the form of wages, or in the form of a check upon the profit (percentages, *tantièmes*) made by each sale. In the first case, the merchant pockets the mercantile profit as an independent capitalist; in the other case, the salesman, the wage laborer of the industrial capitalist, receives a portion of

the profit, either in the form of wages, or in the form of a proportional share in the profit of the industrial capitalist, whose direct agent he is, while his principal pockets both the industrial and the commercial profit. But in all these cases the income of the circulation agent is derived from the merchant's profit, even though he may regard it merely as wages paid to him for the performance of his labor, or, where it does not appear in this light, though his profit may not be any larger than the wages of a better paid wage laborer. This follows from the fact that his labor is not labor producing any values.

The prolongation of the act of circulation implies for the industrial capitalist 1) a personal loss of time, to the extent that it prevents him from performing his own function as a manager of the productive process; 2) a prolonged stay of his product, in the form of money or commodities, in the process of circulation, that is, a process, in which it does not produce any value and by which the direct process of production is interrupted. If this process is not to be interrupted, production must either be restricted, or more money-capital must be advanced, in order that the process of production may proceed on the same scale. This means every time that either a smaller profit is made by the capital hitherto invested, or that additional money-capital must be advanced in order to make the same profit. All this remains unchanged, when the merchant takes the place of the industrial capitalist. Instead of the industrial capitalist, the merchant then spends this prolonged time in the process of circulation; instead of the industrial capitalist, the merchant advances additional capital for the circulation; or, what amounts to the same, instead of a large portion of the industrial capital straying off continually into the process of circulation, the capital of the merchant is wholly tied up in it; and instead of the industrial capitalist making a smaller profit, he must yield a portion of his profit wholly to the merchant. So long as merchant's capital remains within the boundaries, in which it is necessary, the only difference is that this division of the functions of capital reduces the time exclusively needed for the process of circulation, that less additional capital is advanced for this purpose, and that the loss of the total profits represented by the profits of merchant's capital is smaller than it would have been otherwise. If in the above example, a capital of  $720 c + 180 v + 180 s$ , assisted by a merchant's capital of 100, leaves a profit of 162, or 18% for the industrial capitalist, or, in other words, implies a deduction of 18, then the additional capital

required without the assistance of this independent merchant's capital would probably be 200, and the total advance to be made by the industrial capitalist would be 1,100 instead of 900, which, with a surplus-value of 180, would mean a rate of profit of only  $16 \frac{4}{11}\%$ .

Now, if the industrial capitalist, who acts as his own merchant, advances not only the additional capital with which he buys new commodities, before his product in process of circulation has been reconverted into money, but also capital (office expenses and wages for commercial laborers) for the realisation of the value of his commodity-capital, or, in other words, for the process of circulation, then these costs form additional capital, but they produce no surplus-value. They must be made good out of the value of the commodities. For a portion of the value of these commodities must once more be converted into these circulation costs; and no additional surplus-value is created thereby. So far as this concerns the total capital of society, it means that a portion of it must be set aside for secondary operations, which are no part of the process of creating value, and that this portion of the social capital must be continually reproduced for this purpose. This reduces the rate of profit for the individual capitalist and for the entire class of industrial capitalists, a result, which follows from every addition of auxiliary capital, whenever such capital is required for the purpose of setting in motion the same mass of variable capital.

To the extent that these additional costs connected with the business of circulating are transferred from the shoulders of the industrial to those of the commercial capitalist, the same reduction in the rate of profit takes place, only to a smaller extent and in another way. The matter now assumes the form that the merchant advances more capital than would be necessary, if these costs did not exist, and that the profit on this additional capital increases the amount of the commercial profit, so that the merchant's capital shares with the industrial capital to a greater extent in the leveling of the average rate of profit, thereby lowering the average profit. If in our above example 50 additional capital are advanced for those costs together with a merchant's capital of 100, then the total surplus-value of 180 is distributed over a productive capital of 900 plus a merchant's capital of 150, a total of 1,050. The average rate of profit then falls to  $17 \frac{1}{7}\%$ . The industrial capitalist sells his commodities to the merchant at  $900 + 154 \frac{2}{7} = 1,054 \frac{2}{7}$ , and the merchant sells them at 1,130, namely  $1080 + 50$  for costs which he must recover. For the rest it must be assumed that the division between

merchant's and industrial capital is accompanied by a centralisation of the expenses of commerce and, consequently, by their reduction.

The question is now: How is it with the commercial wage workers employed by the commercial capitalist, in this case by the merchant?

In one respect, such a commercial laborer is a wage laborer like others. For, in the first place, his labor-power is bought with the variable capital of the merchant, not with the money spent by him as revenue, and consequently this labor-power is not bought for private service, but for the creation of value by means of the capital advanced for it. In the second place, the value of this labor-power, and thus his wages, are determined in the same way as those of other wage workers, namely by the cost of production and reproduction of his specific labor-power, not by the product of his labor.

However, we must make the same distinction between the commercial wage worker and the wage workers directly employed by the industrial capital which we found existing between the industrial capital and merchant's capital, and thus between the industrial capitalist and the commercial capitalist. Since the merchant, as a mere agent of circulation, produces neither value nor surplus-value (for the additional value, which he adds to the commodities by his expenses, resolves itself into an addition of previously existing values, although the question here poses itself: How does he preserve the value of his constant capital?) it follows that the mercantile laborers employed in these same functions cannot very well create any direct surplus-value for him. Here, as in the case of the productive laborers, we assume that wages are determined by the value of labor-power, and that the merchant does not make money by depressing wages, so that he does not allow in his accounts for any advance of wages which he paid only in part, in other words, that he does not make money by cheating his clerks.

The difficulty in the case of the mercantile wage workers is by no means that of explaining the way in which they produce any direct profits for their employer, even though they do not create any direct surplus-value (of which profit is but a changed form.) This part of the question has already been solved by the general analysis of commercial profits. Just as the industrial capital makes profits by selling labor embodied and realised in commodities for which it has not paid any equivalent, so the merchants' capital makes

profits by not paying the productive capital for all the unpaid labor incorporated in the commodities (that is, commodities in so far as the capital invested in their production functions as an aliquot part of the total industrial capital), while in selling it demands payment for this unpaid portion still contained in the commodities and not paid for by itself. The relation of the merchant's capital to the surplus-value is different from that of the industrial capital. The industrial capital produces surplus-value by the direct appropriation of the unpaid labor of others. The merchant's capital, on the other hand, appropriates a portion of this surplus-value by having this portion transferred from the industrial capital to itself.

It is only by its function of realising values that the merchant's capital serves in the process of reproduction as capital and in this capacity gets a share of the surplus-value produced by the total capital. The mass of profits depends for the individual merchant on the mass of capital, which he can invest in this process, and he can use so much more of it in buying and selling, the more unpaid labor his clerks perform. The function itself, by virtue of which the money of the merchant capitalist is capital, is largely performed by his employes. The unpaid labor of his clerks, while it does not create any surplus-value, at least appropriates surplus-value for him, which amounts to the same thing so far as results on his capital go. This unpaid labor is for him, therefore, a source of profit. Otherwise the mercantile business could never be carried on capitalistically, on a large scale.

Just as the unpaid labor of the laborer of the productive capital creates surplus-value for it in a direct way, so the unpaid labor of the commercial wage workers secures a share of this surplus-value for the merchant's capital.

Here is the difficulty: Seeing that the labor time and the labor of the merchant himself do not create any value, but only secure for him a share of already produced surplus-value, how is it with the variable capital, which he invests in the purchase of commercial labor-power? Must this variable capital be included in the expense account of advanced merchant's capital? If not, then it seems to be in contradiction with the law of the compensation of the average rate of profit; for where is there a capitalist who would advance 150, if he could place only 100 in account? If yes, it seems to be in contradiction with the nature of merchant's capital, since this class of capital does not act in the capacity of capital by setting in motion the labor of others, as the industrial capital does, but rather by performing its own

work, that is, the process of buying and selling, and only for this and by this means does it transfer a portion of the surplus-value produced by the industrial capital to itself.

(Therefore the following points must be analysed: the variable capital of the merchant; the law of necessary labor in circulation; the way in which the merchant's labor preserves the value of his constant capital; the role of merchant's capital in the total process of reproduction; and finally, the two-fold materialisation in commodity-capital and money-capital on one side, and in commercial capital and financial capital on the other.)

If every merchant had only as much money as he is personally able to turn over by his own labor, there would be an infinite dissociation of merchant's capital. This dissociation would increase to the extent that productive capital, in the forward march of the capitalist mode of production, would produce and operate on a larger scale. The disproportion between the two classes of capital would increase. In proportion as capital in the sphere of production would be centralised, it would be decentralised in the sphere of circulation. The purely commercial business of the industrial capitalist, and thus his purely commercial expenses, would be infinitely expanded thereby, for he would have dealings with 1,000 capitalists at a time instead of 100. In this way, a large part of the advantage of the independent organisation of merchant's capital would be lost. Not only the purely commercial expenses, but also the other costs of circulation, sorting, expressage, etc., would grow. This applies to the industrial capital. Now let us consider the merchant's capital. In the first place, let us look at the purely commercial labors. It does not require more time to figure with large than with small numbers. But it costs ten times as much time to make 10 purchases at 100 p.st. each as it does to make one purchase at 1,000 p.st. It costs ten times as much correspondence, paper, postage, to carry on a correspondence with 10 small merchants as it does with one large merchant. A limited division of labor in a commercial office, in which one keeps books, another has charge of the treasury, a third carries on the correspondence, one man buys, another sells, another travels, etc., saves immense quantities of labor time, so that the number of workers employed in wholesale commerce stand in no proportion to the comparative size of the business. This is so, because in commerce much more than in industry the same function, whether performed on a large or a small scale, costs the

same labor time. For this reason, concentration appears historically in the merchant's business before it shows itself in the industrial workshop. There are furthermore the expenses for constant capital. 100 small offices cost incomparably more than one large office, 100 small warehouses more than one large one, etc. The costs of transportation, which enter into the accounts of commercial business at least as advances, grow with this dissociation.

The industrial capitalist would have to spend more for labor and circulation in the commercial part of his business. The same merchant's capital, when distributed among many small capitalists would require more laborers for the performance of its functions, on account of this dissociation, and, besides, more merchant's capital would be needed in order to turn over the same commodity-capital.

Let us designate the entire merchant's capital directly invested in the purchase and sale of commodities by  $B$ , and the corresponding variable capital invested in wages of commercial help by  $b$ . Then  $B + b$  is smaller than it would be, if every merchant had to worry along without any assistance and without investing any capital in  $b$ . However, we have not yet overcome all difficulties.

The selling price of the commodities must suffice, 1) to pay the average profit on  $B + b$ . This explains itself by virtue of the fact that  $B + b$  represents a reduction of the original  $B$  and a smaller merchant's capital than would be required without  $b$ . But this selling price must also suffice, 2) to cover not only the additional profit on  $b$ , but to recover also the paid wages, the variable capital of the merchant. There is the difficulty. Does  $b$  form a new constituent of the price, or is it merely a part of the profit made by means of  $B + b$ , which takes on the appearance of wages only so far as the mercantile wage worker is concerned, and simply replaces the variable capital from the point of view of the merchant? In this last case, the profit made by the merchant on his advanced capital  $B + b$  would be only equal to the profit due to  $B$  according to the general rate, plus  $b$ , which he pays out in the form of wages without getting a profit on it.

The crux of the matter is, indeed, to find the limits (mathematically speaking) of  $b$ . Let us first define the difficulty exactly. Let us designate the capital invested directly in buying and selling commodities by  $B$ , the constant capital (expenses of objective materials of commerce) consumed in this function by  $K$ , and the variable capital invested by the merchant by  $b$ .

The recovery of B offers no difficulties. It simply represents for the merchant the realised purchase price, the price of production for the manufacturer. The merchant pays this price and in reselling he recovers B as a part of his selling price. Apart from this B, he also receives a profit on B, as we have previously explained. For instance, let the commodities cost 100 p.st. The profit on this may be 10%. In that case the commodities are sold at 110. These commodities cost previously 100, and the merchant's capital of 100 merely makes an additional 10 out of them.

Now let us look at K. It will at most be as large as, but in fact smaller, than that portion of the constant capital, which the producer would have to invest in the department of buying and selling, and which would be an addition to the constant capital invested by him in direct production. However, this portion must be continually recovered by the price of the commodities, or, what amounts to the same, a corresponding portion of the commodities must be continually expended in this form, must, from the point of view of the total capital of society, be continually reproduced in this form. This portion of the advanced constant capital would reduce the rate of profit just as well as the entire mass of it invested in production itself. To the extent that the industrial capitalist gives up the commercial part of his business to the merchant, he is no longer compelled to advance this part of the capital. The merchant advances it in his stead. In a way he does this but nominally, since a merchant neither produces nor reproduces the constant capital consumed by him (the cost of the objective materials of commerce). Its production appears as a specific business, or at least as a part of the business, of some industrial capitalists, who play a similar role as those, who supply the constant capital for the producers of necessities of life. The merchant recovers this constant capital and his profit on it. Both things reduce the profit of the industrial capitalist to that extent. But owing to the economies and concentration which come with a division of labor, he loses less profits than he would, if he had to advance his own capital for this purpose. The reduction of the rate of profit is smaller, because the advanced capital is smaller.

So far, then, the selling price is made up of  $B + K + \text{profits on } B + K$ . This portion of the selling price offers no further difficulties. But now  $b$ , the variable capital advanced by the merchant, enters into this consideration.

The selling price is then made up of  $B + K + b + \text{profits on } B + K + \text{profits on } b$ .

B makes good merely the purchase price and adds nothing to this price but the profit on B. K adds K itself plus a profit on K; but  $K + \text{profit on } K$ , the circulation cost advanced in the form of constant capital plus a corresponding average profit, would be larger in the hands of the industrial capitalist than it is in those of the merchant. The reduction of the average profit assumes this form: It is as though the full average profit had been calculated, after deducting  $B + K$  from the advanced industrial capital, but the deduction from this average profit for  $B + K$  paid to the merchant, so that this deduction appears as the profit of a particular class of capital, of merchant's capital.

But it is different with  $b + \text{profits on } b$ , or in the present case, where we have assumed a rate of profit of 10%, with  $b + (1/10)b$ . Here lies the real difficulty.

What the merchant buys with  $b$ , is according to our assumption nothing but commercial labor, in other words, labor required for the promotion of the functions of circulating the capital, of performing the acts  $C - M$  and  $M - C$ . But this commercial labor is that labor, which is generally necessary, in order that any capital may perform the functions of commercial capital, the conversion of commodity-capital into money and money into commodities. It is labor which realises values, but does not create any. And only to the extent that a capital performs this function — that a capitalist performs these operations with his capital — does this capital serve as commercial capital and participate in the regulation of the general rate of profit, that is, draw its dividend out of the total profit. But in  $b + \text{profit on } b$ , it looks as though labor were being paid, in the first place (for it makes no difference, whether the industrial capitalist pays the merchant for his own labor or the clerk employed by the merchant for his), and in the second place, as though it contained a profit on labor, which the merchant himself has to perform. The merchant's capital gets in the first place its  $b$  refunded, and in the second place a profit on it. This arises from the fact that it demands pay, in the first place, for work, which it performs in its capacity as merchant's capital, and that it receives, in the second place, a profit in its capacity of capital, for performing work, which is remunerated in the profit as the function of capital. This, then, is the question which we have to solve.

Let us assume that  $B = 100$ ,  $b = 10$ , and the rate of profit = 10%. We place  $K = 0$ , in order to leave this element of the purchase price, which

does not belong here and has already been accounted for, out of consideration. In that case, the selling price would be  $B + p + b + p$  (or  $B + Bp' + b + bp'$ ); where  $p'$  stands for the rate of profit. This means in figures  $100 + 10 + 10 + 1 = 121$ .

Now, if  $b$  would not be invested by the merchant in wages — since  $b$  is paid only for commercial labor, for labor required for the realisation of the value of commodity-capital thrown on the market by industrial capital — then the condition of the matter would be the following: In order to buy or sell anything for  $B = 100$ , the merchant would spend his time, and we will assume, that this is the only time at his disposal. The commercial labor represented by  $b$ , or 10, if paid for by a profit instead of wages, would presuppose another commercial capital of 100, which, at 10%, would be equal to  $b = 10$ . This second  $B$  of 100 would not be added to the price of commodities, but the 10% would. We should then have two operations with 100, making 200, that would buy commodities at  $200 + 20 = 220$ .

Since merchant's capital is nothing but an independent form of a portion of industrial capital engaged in the process of circulation, all questions referring to it must be solved by representing the problem at first in that form, in which the phenomena peculiar to merchant's capital do not yet appear in an independent shape, but still in direct connection with industrial capital as one of its subdivisions. As an office separate from the workshop, the mercantile capital serves continually in the process of circulation. It is here that we must first analyse the  $b$  under consideration — in the office of the industrial capitalist himself.

The office is from the outset always infinitesimally small compared to the industrial workshop. For the rest, it is clear that the commercial operations increase to the extent that the scale of production is enlarged. These are operations, which must be continually performed for the circulation of the industrial capital, in order to sell the product existing in the shape of commodities, to convert the money so received once more into means of production, and to keep account of the whole. The calculation of prices, bookkeeping, managing funds, carrying on the correspondence, all these belong under this head. The more developed the scale of production is, the greater, if not in proportion, will be the commercial operations of industrial capital, and consequently the labor and other costs of circulation for the realisation of value and surplus-value. This necessitates the employment of commercial wage workers, who form the office staff. The

expenses for these, although incurred for wages, differ from the variable capital invested in the purchase of productive labor. It increases the expenses of the industrial capitalist, the mass of capital to be advanced, without increasing the direct surplus-value. For these expenses are made for labor, which is employed only for the realisation of already created values. Like every expense of this kind, these expenses reduce the rate of profit, because the advanced capital increases, but not the surplus-value. If the surplus-value  $s$  remains constant, while the advanced capital  $C$  increases to  $C + \delta C$ , then the place of the rate of profit  $s/C$  is taken by the smaller rate of profit  $s/(C + \delta C)$ . For this reason, the industrial capitalist endeavors to limit these expenses of circulation to a minimum, just as he does with his expenses for constant capital. Hence industrial capital does not maintain the same relations to its commercial wage laborers that it does to its productive wage laborers. The greater the number of productive wages laborers employed under otherwise equal circumstances, the more voluminous is production, the greater the surplus-value or profit. On the other hand, the larger the scale of production, the greater the quantity of value and surplus-value to be realised, the greater, in other words, the produced commodity-capital, the larger grow the absolute office expenses, even if they do not grow relatively, and give rise to some kind of division of labor. To what extent profit is the first condition for these expenses, is shown among other things by the fact, that with the increase of commercial salaries a part of them is frequently paid by a share in the profits. It is in the nature of things that labor consisting merely of intermediary operations, which are connected either with a calculation of values, or with their realisation, or with the reconversion of the realised money into means of production, a labor whose amount depends on the quantity of produced values about to be realised, should not act as cause of the respective magnitudes and masses of these values, as directly productive labor does, but as their result. The case of the other costs of circulation is similar. In order that plenty may be measured, weighed, wrapped, transported, plenty must be supplied. The amount of labor consumed in packing, transporting, etc., depends on the quantity of the commodities which are the objects of its activity, not vice versa.

The commercial laborer does not produce any surplus-value directly. But the value of his labor is determined by the value of his labor-power, that is, of its costs of production, while the application of this labor-power, its

exertion, expression, and consumption, the same as in the case of every other wage laborer, is by no means limited by the value of his labor-power. His wages are therefore not necessarily in proportion to the mass of profits, which he helps the capitalist to realise. What he costs the capitalist and what he makes for him are two different things. He adds to the income of the capitalist, not by creating any direct surplus-value, but by helping him to reduce the costs of the realisation of surplus-value. In so doing, he performs partly unpaid labor. The commercial laborer, in the strict meaning of the term, belongs to the better paid classes of wage workers, he belongs to the class of skilled laborers, which is above the average. However, wages have a tendency to fall, even in proportion to the average labor, with the advance of the capitalist mode of production. This is due to the fact that in the first place, division of labor in the office is introduced; this means that only a onesided development of the laboring capacity is required, and that the cost of this development does not fall entirely on the capitalist, since the ability of the laborer is developed through the exercise of his function and increases so much faster, the more onesidedly the division of labor develops. In the second place, the necessary preparation, such as the learning of commercial details, languages, etc., is more and more rapidly, easily, generally, cheaply reproduced with the progress of science and popular education, to the extent that the capitalist mode of production organises the methods of teaching, etc., in a practical manner. The generalisation of public education makes it possible to recruit this line of laborers from classes that had formerly no access to such education and that were accustomed to a lower scale of living. At the same time this generalisation of education increases the supply and thus competition. With a few exceptions, the labor-power of this line of laborers is therefore depreciated with the progress of capitalist development. Their wages fall, while their ability increases. The capitalist increases the number of these laborers, whenever he has more value and profits to realise. The increase of this labor is always a result, never a cause of the augmentation of surplus-value.

We see, then, that a duplication takes place here. On the one hand, the functions of commodity-capital and money-capital (which later become merchant's capital) are general forms assumed by industrial capital. On the other hand, particular capitals, and therefore a particular series of

capitalists, are exclusively devoted to these functions. And these functions develop into specific spheres of enhancing the value of capital.

The commercial functions and expenses of circulation become independent only in the case of the mercantile capital. That side of industrial capital, which is devoted to the circulation, exists not only in its continuous shape of commodity-capital and money-capital, but also in the office alongside of the workshop. But it assumes an independent existence in the mercantile capital. For this capital, its office is its only workshop. The portion of capital employed in the form of expenses of circulation appears much larger in the business of the large merchant than in that of the industrial capitalist, because the offices connected with every industrial workshop are concentrated in the hands of a few merchants, and so is at the same time that portion of the capital, which would have to be invested for this purpose by the entire class of industrial capitalists. These merchants take care of the circulation and provide for the expenses incidental to its continuation.

For the industrial capital, the expenses of circulation appear as dead expenses, and so they are. For the merchant they appear as a source of his profit, which is proportional to the level of the average rate of profit, whose existence is assumed. The investment to be made by the mercantile capital for these expenses of circulation is, therefore, a productive investment. And for this reason the commercial labor which it buys is likewise immediately productive for it.

## CHAPTER XVIII. THE TURN-OVER OF MERCHANT'S CAPITAL. THE PRICES.

THE turn-over of industrial capital is the combination of its time of production and time of circulation. It comprises, therefore, the process of production as a whole. The turn-over of merchant's capital, on the other hand; being in reality nothing but a movement of commodity-capital in an independent form, represents merely the first phase in the metamorphosis of commodities,  $C — M$ , as a movement of some capital returning to itself.  $M — C, C — M$ , is the turn-over of merchant's capital from the mercantile point of view. The merchant buys, converts his money into commodities, then sells, converts the same commodities back into money. And so forth in continuous repetitions. Within the circulation, the metamorphosis of industrial capital always presents itself in the form of  $C' — M — C''$ ; the money realised by the sale of the produced commodities  $C'$  is used for the purchase of new means of production  $C''$ . This amounts to a practical exchange of  $C'$  for  $C''$ , and the same money thus changes hands twice. Its movement acts as an intermediary between two different kinds of commodities  $C'$  and  $C''$ . But in the case of the merchant, it is the same commodity, which changes hands twice in the process  $M — C — M'$ . It merely promotes the reflux of his money to him.

For instance, if a certain merchant's capital is 100 p.st., and the merchant buys for these 100 p.st. commodities and sells these commodities for 110 p.st., then his capital of 100 p.st. has completed one turn-over, and the number of its turn-overs in one year depends on the number of times which it can repeat this movement  $M — C — M'$ .

We leave entirely out of consideration at this point those expenses, which may be concealed in the difference between the purchase price and the selling price, since these expenses do not alter in any way the form, which we are now analysing.

The number of turn-overs of a certain merchant's capital shows evidently some analogy to the repeated cycles of money in its capacity as a mere medium of circulation. Just as the same dollar, which circulates ten times, buys ten times its value in commodities, so the same money-capital of the merchant, when turned over ten times, buys ten times its value in

commodities, or realises a total commodity-capital of ten times its value, for instance a merchant's capital of 100 a value of 1,000. But there is this difference: In the circulation of money as a medium of circulation, it is the same piece of money, which passes through different hands and performs repeatedly the same function, thereby making up for the limited number of the circulating pieces of money by the velocity of its circulation. But in the case of the merchant it is the same money-capital, the same money-value regardless of the pieces of money of which it may be composed, which repeatedly buys and sells the amount of its value, thereby returning repeatedly to the same hands from which it departed as  $M + 8\Delta$ ;  $M$ , value plus surplus-value. This is characteristic of its turn-over as a turn-over of capital. It always withdraws more money from circulation than it threw into it. By the way, it is a matter of course that an accelerated turn-over of merchant's capital (in which the function of money as a means of payment likewise predominates whenever the credit system is developed) is accompanied by a more rapid circulation of the same quantity of money.

A repeated turn-over of commercial capital, however, never expresses anything else but a repetition of buying and selling; while a repeated turn-over of industrial capital expresses the periodicity and renovation of the entire process of reproduction (which includes the process of consumption). For the merchant's capital, this appears merely as an outward condition. The industrial capital must continually throw commodities on the market and withdraw others from it, in order that the turn-over of merchant's capital may continue rapidly. If the process of reproduction proceeds slowly in general, then the turn-over of merchant's capital does likewise. Now, it is true that the merchant's capital promotes the turn-over of the productive capital, but only in so far as it shortens the time of circulation of the latter. It has no direct influence on the time of production, which is also one of the limits of the time of turn-over of industrial capital. This is the first barrier for the turn-over of merchant's capital. In the second place, aside from the barrier formed by reproductive consumption, the turn-over of the merchant's capital is ultimately limited by the velocity and volume of individual consumption, since the entire part of commodity-capital which passes into the fund for consumption depends on that.

However, aside from the turn-overs in the world of merchants, in which one merchant always sells the same commodity to another, whereby this sort of circulation may assume the aspect of great prosperity during times of

speculation, the merchant's capital abbreviates in the first place the phase C — M for the productive capital. In the second place, under the modern credit system, it disposes of a large portion of the total capital of society, so that it can repeat its purchases, even before it has definitely sold its previous purchases. And it is immaterial in this case, whether the merchant sells directly to the ultimate consumer, or whether a dozen other merchant's intervene between the first merchant and the ultimate consumer. Owing to the immense elasticity of the process of reproduction, which at any time may be driven beyond all bounds, this process finds no obstacle in production itself, or at best a very elastic one. Aside from the separation of C — M and M — C, which follows from the nature of commodities, a fictitious demand is here created. In spite of its independent status, the movement of merchant's capital is never anything else but the movement of industrial capital within the sphere of circulation. But thanks to its individualisation it moves within certain limits independently of the bounds of the process of reproduction, and thereby drives this process itself beyond its boundaries. The internal dependence and the external independence drive merchant's capital to a point, where the internal connection is violently restored by a crisis.

Hence we note the phenomenon that crises do not show themselves, nor break forth, first in the retail business, which deals with direct consumption, but in the spheres of wholesale business and banking, by which the money-capital of society is placed at the disposal of wholesale business.

The manufacturer may actually sell to the exporter, and the exporter may in his turn sell to his foreign customer, the importer may sell his raw materials to the manufacturer, and the manufacturer his products to the wholesale dealer, etc. But at some particular and unseen point, the goods may lie unsold. On some other occasion, again, the supplies of all producers and middle men may become gradually overstocked. Consumption is then generally at its best either because one industrial capitalist sets a succession of others in motion, or because the laborers employed by them are fully employed and spend more than ordinarily. With the growing income of the capitalists their expenditures increase likewise. Besides, we have seen in volume II, Part III, that a continuous circulation takes place between constant capital and constant capital (even without considering any accelerated accumulation), which is in so far independent of individual consumption, as it never enters into such consumption, but which is

nevertheless definitely limited by it, because the production of constant capital never takes place for its own sake, but solely because more of this capital is needed in those spheres of production whose products pass into individual consumption. However, this may proceed undisturbed for a while, stimulated by prospective demand, and in such lines the business of merchants and industrial capitalists prospers exceedingly. A crisis occurs whenever the returns of those merchants, who sell at long range, or whose supplies have accumulated also on the home market, become so slow and meager, that the banks press for payment, or the notes for the purchased commodities become due before they have been resold. It is then that forced sales take place, sales made in order to be able to meet payments. And then we have the crash, which brings the deceptive prosperity to a speedy end.

But the superficiality and meaninglessness of the turn-over of merchant's capital are still greater, because the turn-over of one and the same merchant's capital may promote simultaneously or successively the turn-overs of several productive capitals.

Now, the turn-over of merchant's capital may not only promote the turn-overs of several industrial capitals, but also the opposite phase of the metamorphosis of commodity-capital. For instance, the merchant buys linen from the manufacturer and sells it to the bleacher. In this case, the turn-over of the same merchant's capital — in fact, the same  $C — M$ , a realisation on the linen — represents two opposite phases for two different industrial capitals. So far as the merchant sells at all for productive consumption, his  $C — M$  always means  $M — C$  for some industrial capitalist, and his  $M — C$  always  $C — M$  for some other industrial capitalist.

If we leave out of consideration, as we do in this chapter,  $K$ , the expenses of circulation, in other words, if we leave aside that portion of capital which the merchant advances apart from the money required for the purchase of commodities, it follows that  $\Delta K$ ;  $K$ , the additional profit made on this additional capital, will likewise be left out. This is the strictly logical and mathematically correct mode of analysis, if we wish to study the way in which the profits and turn-over of merchant's capital affect prices.

If the price of production of 1 lb. of sugar is 1 p.st., the merchant can buy 100 lbs. of sugar with 100 p.st. If he buys and sells this quantity in the course of one year, and if the annual rate of average profit is 15% he would add 15 p.st. to 100 p.st., and 3 sh. to the price of production of 1 lb. of

sugar, 1 p.st. That is, he would sell one pound of sugar at 1 p.st. 3 sh. But if the price of production of 1 lb. of sugar should fall to 1 sh., then the merchant could buy 2,000 lbs. of sugar with 100 p.st., and he could sell the sugar at 1 sh. 1 4/5 d. per lb. The annual profit on capital invested in the sugar business would still be 15 p.st. on each 100 p.st. Only he has to sell 100 lbs. in the first case, while he must sell 2,000 lbs. in the second place. The high or low level of the price of production would not have anything to do with the rate of profit. But it would have a great deal, or even a decisive deal, to do with that aliquot part of the selling price of each lb. of sugar which resolves itself in mercantile profit; in other words, it would have a great deal to do with the addition to the price which the merchant makes on a certain quantity of commodities, or products. If the price of production of a certain commodity is small, then the amount advanced by the merchant for the purchase of a certain quantity of that commodity is also small, and so is the amount of profit made by him on this quantity of cheap commodities. Or, what amounts to the same, he can buy with a certain amount of capital, for instance with 100, a large quantity of these commodities, and the total profit of 15, which he makes on 100, will be distributed in small fractions over each individual portion of this mass of commodities. The opposite takes place in the opposite case. This depends entirely on the greater or smaller productivity of the industrial capital, with whose products he trades. If we except the cases, in which the merchant is a monopolist and monopolises at the same time the production of certain goods, as did the Dutch East India Company once upon a time, we must say that there is nothing more ridiculous than the current idea that it depends on the merchant whether he wants to sell many commodities at a small profit or few commodities at a large profit on the individual commodities. The two limits of his selling price are: On one hand, the price of production of commodities, over which he has no control; on the other hand, the average rate of profit, over which he has also no control. The only thing which he has to decide is whether he wants to deal in cheap or in dear commodities, and even here the size of his available capital and other circumstances have something to say. Therefore it depends wholly on the degree of development of the capitalist mode of production, not on the good will of the merchant, what course he shall follow in this. A purely commercial company like the old Dutch East India Company, which had a monopoly of production, could imagine that it would be able to continue a method,

adapted at best to the beginnings of capitalist production, under entirely changed conditions.

The following circumstances, among others, help to maintain that popular prejudice, which, like all wrong conceptions of profit, etc., arise out of the views of pure commerce:

Phenomena of competition, which, however, concern merely the distribution of mercantile profit among the individual merchants in their capacity as shareholders in the total merchant's capital; such as the underselling of other merchants by one of them for the purpose of beating his competitors.

2) An economist of the caliber of Professor Roscher of Leipsic may still imagine that a change in the selling prices may be brought about by considerations of "prudence and humanity," instead of being due to a revolution in the mode of production itself.

3) If the prices of production fall on account of an increased productivity of labor, and if consequently the selling prices also fall, then the demand, and with it the market prices, often rise even faster than the supply, so that the selling prices yield more than the average profit.

4) A merchant may reduce his selling price (which amounts after all to no more than a reduction of the current profit which he adds to the price) in order to turn over a large capital more rapidly in his business.

All these things concern only competition between merchants themselves.

We have already shown in volume I, that the high or low level of the prices of commodities determines neither the mass of surplus-value produced by a certain capital nor the rate of surplus-value; it is merely true that, according to the relative quantity of commodities produced by a certain quantity of labor, the price of the individual commodity, and with it the share of surplus-value falling upon this price, is greater or smaller. The prices of every quantity of commodities are determined, so far as they correspond to their values, by the total quantity of labor incorporated in these commodities. If much labor is incorporated in few commodities, then the price of the individual commodities is low and the surplus-value contained in them is small. No matter in what proportion the labor incorporated in a commodity is divided into paid and unpaid labor, and no

matter what portion of its price may represent surplus-value, it has nothing to do with the total quantity of this labor, nor, consequently, with its price. On the other hand, the rate of surplus-value does not depend on the absolute magnitude of the surplus-value contained in the price of the individual commodity, but on its relative magnitude, on its proportion to the wages contained in the same commodity. The rate of surplus-value may therefore be large, while the absolute magnitude of the surplus-value in each individual commodity may be small. This absolute magnitude of the surplus-value in each commodity depends in the first place on the productivity of labor, and only in the second place on its division into paid and unpaid labor.

Moreover, in the case of the commercial selling price, the price of production is a condition determined by external circumstances.

The high prices of commerce in former times were due 1) to the dearness of the prices of production, in other words, to the unproductivity of labor; 2) to the absence of an average rate of profit, which enabled the merchant's capital to absorb a much larger quantity of the surplus-value than would have fallen to its share, had the capitals enjoyed a greater general mobility. The cessation of this condition, in both of its aspects, is due to the development of the capitalist mode of production.

The turn-overs of merchant's capital vary in length, their numbers consequently are greater or smaller, in different lines of commerce. Within the same line of commerce, the turn-over is more or less rapid in different phases of the economic cycle. However, an average number of turn-overs, which is found by experience, takes place.

We have already noted, that the turn-over of merchant's capital differs from that of industrial capital. This follows from the nature of the case; one single phase in the turn-over of industrial capital appears as a complete turn-over of some independently constituted merchant's capital, or of a part of some such merchant's capital. This turn-over has also a different relation to the determination of profit and prices.

In the case of the industrial capital, its turn-over expresses on one hand the periodicity of reproduction, and on it depends the mass of commodities, which may be thrown on the market in a certain period. On the other hand, its time of circulation forms a barrier, which is elastic and exerts more or less of a restraint on the creation of value and surplus-value, because it

exerts a pressure on the volume of the process of production. The turn-over therefore acts as a determining element on the mass of annually produced surplus-value, and thus helps to determine the average rate of profit, but it acts as a negative, not as a positive element. For the merchant's capital, however, the average rate of profit exists as a given magnitude. The merchant's capital does not directly participate in the creation of value or surplus-value, and it participates in the formation of an average rate of profit only to the extent that draws a dividend, in proportion to its size in the total social capital, out of the mass of profit produced by the industrial capital.

The greater the number of turn-overs of a certain industrial capital is under the conditions described in Volume II, Part II, the greater is the mass of profits created by it. Now, the formation of an average rate of profit distributes, the total profit among the different capitals, not in proportion to their actual participation in its direct production, but in proportion to the aliquot parts which they constitute in the total capital, that is, in proportion to their magnitudes. But this does not alter the essence of the matter. The greater the number of turnovers of the industrial capital as a whole is, the greater is the mass of profits, the mass of annually produced surplus-value, and therefore the rate of profit, always assuming other circumstances to remain unchanged. It is different with merchant's capital. For it, the rate of profit is a given magnitude, determined on one hand by the mass of profit produced by the industrial capital, on the other hand by the relative magnitude of the total merchant's capital, by its quantitative relation to the sum of capital advanced in the processes of production and circulation. The number of its turn-overs does indeed exert a determining influence on its relation to the total social capital, or on the relative magnitude of the total merchant's capital required for the circulation. For it is evident that the absolute magnitude of the total merchant's capital and the velocity of its turn-over are inversely proportioned to one another. But, all other circumstances remaining the same, the relative magnitude of the merchant's capital, or its aliquot proportion in the total social capital, is determined by its absolute magnitude. If the total social capital is 10,000, and the merchant's capital 1,000, then it is 1/10 of the total; if the total capital is 1,000, and the merchant's capital 100, it is again 1/10. To that extent, the absolute magnitude of the merchant's capital may vary, while its relative magnitude in the total social capital remains the same. But in the present

case, we assume that its relative magnitude of  $1/10$  of the total social capital is given. This relative magnitude, again, is determined by its turn-over. If it is turned over rapidly, its absolute magnitude will be 1,000 in the first case, and 100 in the second, so that its relative magnitude will be  $1/10$ . But if it is turned over more slowly, then its absolute magnitude may be 2,000 in the first case, and 200 in the second case. Then its relative magnitude will have increased from  $1/10$  to  $1/5$  of the total social capital. Circumstances which reduce the average turn-over of merchant's capital, for instance, the development of means of transportation, reduce to that extent the absolute magnitude of merchants' capital and thereby increase the average rate of profit. The opposite takes place, if things are reversed. A developed mode of capitalist production, compared to previous conditions, exerts a twofold influence on merchants' capital. In the first place, the same quantity of commodities is turned over with a smaller mass of actually functioning merchants' capital; for the proportion of the merchants' capital to industrial capital is reduced by the more rapid turn-over of merchants' capital and the greater velocity of the process of reproduction that is its basis. On the other hand, the development of the capitalist mode of production turns all production into a production of commodities, which puts all products into the hands of the agents of circulation. This is so much more notable, as under previous modes of production, which produced things on a small scale, a large portion of the producers sold their goods directly to the consumers or worked for their personal orders, leaving out of consideration that mass of products, which were immediately consumed by the producer himself, and that mass of services, which were performed in natura. While, therefore, under former methods of production, commercial capital represented proportionately a larger share of the commodity-capital which it turned over, it was.

absolutely smaller, because a disproportionately smaller part of the total product was produced in the shape of commodities, passed as commodity-capital into circulation, and fell into the hands of merchants. It was smaller, because the commodity-capital was smaller. But it was proportionately larger, not only because its turn-over was slower, and because it constituted a larger portion of the mass of commodities turned over by it, but also because the price of this mass of commodities, and consequently the merchants' capital to be advanced for it, were greater than under capitalist

production on account of a lower productivity of labor, so that the same value was incorporated in a smaller mass of commodities.

Not alone is a larger mass of commodities produced on the basis of capitalist production (taking account also of the reduced value of these commodities), but the same mass of products, for instance, of corn, also becomes to a greater extent commodity, that is, more and more of the product becomes an object of commerce. As a consequence, not only the mass of the merchants' capital, but of all capital invested in the circulation, increases, such as capital invested in marine shipping, railroading, telegraph business, etc.;

However, there is one point of view, which belongs in the discussion of "competition among capitals," namely: The merchants' capital, which is not serving in any function, or serving only in part, grows with the progress of the capitalist mode of production, with the facility of its investment in retail trade, with the increase of speculation, and with the superfluity of released capital.

But, assuming the relative magnitude of the merchants' capital in proportion to the social capital to be given, the difference of the turn-overs in the various lines of commerce does not affect the magnitude of the total profit falling to the share of the total merchants' capital, nor the general rate of profit. The profit of the merchant is determined, not by the mass of the commodity-capital turned over by him, but by the magnitude of the money-capital advanced by him for the promotion of this turn-over. If the yearly general rate of profit is 15%, and the merchant advances 100 p.st., which he turns over once a year, then he will sell his commodities at 115. If his capital is turned over five times per year, then he will sell a commodity-capital of 100 purchase price five times per year at 103, which will amount in one year to a commodity-capital of 500 sold 515. This constitutes the same annual profit of 15% on his advanced capital of 100 as before. If this were not so, then the merchants' capital would yield a much higher profit in proportion to the number of its turn-overs than the industrial capital, and this would be a contradiction to the law of the average rate of profit.

It follows, then, that the number of turn-overs of merchants' capital in the various lines of commerce affects the mercantile prices of commodities directly. The amount of the mercantile addition to the price, the addition of that aliquot part of the mercantile profit of a given capital which falls upon the price of production of the individual commodities, stands in an inverse

ratio to the number of turn-overs, or the velocity of turn-over, of the merchants' capitals in the various lines of commerce. If a certain merchants' capital is turned over five times per year, it will add to a commodity-capital of its own value but one-fifth of the profit, which another merchants' capital of the same value, which is turned over but once per year, will add to a commodity-capital of the same value.

This modification of selling prices by the average time of turn-over of the capitals in different lines of commerce amounts to this: In proportion to the velocity of turn-over, the same mass of profits, which is determined by the annual rate of average profit for any given magnitude of merchants' capital, independently of the specific commercial character of the operations of this capital, is differently distributed over masses of commodities of the same value. For instance, if the merchants' capital is turned over five times per year, it will add  $15/5 = 3\%$  to the price of commodities, and if turned over once per year, it will add 15% to their price.

The same percentage of the commercial profit in different lines of industry, according to the proportions of their times of turn-over, increases the selling prices of commodities by different percentages calculated on their values.

On the other hand, in the case of industrial capital, the time of turn-over does not affect in any way the magnitude of the value of the individual commodities produced during that time, although it does affect the mass of value and surplus-value produced in a given time, because it affects the mass of exploited labor. This is indeed concealed and seems to be otherwise, as soon as one has an eye only to the prices of production. But this is due solely to the fact that, according to the previously analysed laws, the prices of production of the various commodities deviate from their values. As soon as we look upon the process of production in its totality, upon the mass of commodities produced by the entire industrial capital of society, we shall find the general law vindicated.

We see then, that a closer inspection of the influence of the time of turn-over on the formation of the values leads us back, in the case of the industrial capital, to the general law and to the basis of political economy, to-wit, the law that the values of commodities are determined by the labor time contained in them. But the influence of the turn-overs of merchants' capital on the mercantile prices reveals phenomena, which, without a very

lengthy analysis of the connecting links, seem to point to a purely arbitrary fixing of prices. They seem to be fixed purely on the intention that a certain capital should make a definite quantity of profits in one year. Particularly it looks, on account of this influence of the turn-overs, as though the process of circulation determined by itself the prices of commodities, independently, within certain limits, of the process of production. All superficial and false conceptions of the process of reproduction as a whole arise from the point of view of merchants' capital and from the conceptions, which its peculiar movements call forth in the minds of the agents of circulation.

If it is realised — and the reader will have realised it to his great dismay — that the analysis of the actual internal interconnections of the capitalist process of production is a very complicated matter and a very protracted work; if it is a work of science to resolve the visible and external movement into the internal actual movement, then it is understood as a matter of course, that the conceptions formed about the laws of production in the heads of the agents of production and circulation will differ widely from these real laws and will be merely the conscious expression of the apparent movements. The conceptions of a merchant, a stock gambler, a banker, are necessarily quite perverted. Those of the manufacturer are vitiated by the acts of circulation, to which their capital is subject, and by the compensation of the general rate of profit.

Competition likewise plays a completely perverted role in these heads. If the limits of value and surplus-value are given, then it is easy to understand, in what manner the competition of capitals will transform values into prices of production and further into mercantile prices, and surplus-value into average profit. But without these limits, we cannot see any reason at all, why competition should reduce the average rate of profit to such and such a level instead of some other, should make it 15% instead of 1,500%. Competition at best can only reduce the rate of profit to one and the same level. But it does not contain any element, by which this level could be determined.

From the point of view of merchants' capital, the turn-over itself takes on the guise of a determining element of prices. On the other hand, while the velocity of the turn-over of industrial capital, in so far as it enables a certain industrial capital to exploit more or less labor, exerts a determining and limiting influence on the mass of profit and thus on the average rate of

profit, this rate of profit exists as an external fact for the merchants' capital, and the internal connection of this rate with the production of surplus-value is entirely obliterated. If the same industrial capital, under otherwise equal circumstances, particularly with the same organic composition, is turned over four times per year instead of twice, it produces twice as much surplus-value and, consequently, profit. And this becomes palpable, as soon and so long as this capital has the monopoly of that improved mode of production, to which it owes its accelerated turn-over. Vice versa, differences in the times of turn-over in different lines of commerce manifest themselves in such a way that the profit made on the turn-over of some given commodity-capital is in an inverse ratio to the number of turn-overs of the money-capital which turns this commodity-capital over. Small profits and quick returns appears particularly to the shopkeeper as a principle, which he follows on principle.

For the rest, it is a matter of course, that this law of turn-overs of merchants' capital holds good in each line of commerce only for the average of turn-overs made by the entire merchants' capital invested in each particular line, and always without a consideration of any succession of alternating and mutually compensating turn-overs of longer or shorter duration. The capital of A, who deals in the same line as B, may make more or less than the average number of turn-overs. This does not alter the turn-over of the total mass of merchants' capital invested in this line. But this is of decisive moment for the individual merchant or shopkeeper. He makes in this case an extra profit, just as the industrial capitalists make extra profits, if they produce under conditions more favorable than the average. If competition compels him, he can sell cheaper than his competitors without lowering his profit below the average. If the conditions, which would enable him to turn his capital over more rapidly, are themselves for sale, such as a favorable location of the shop, he can pay extra rent for it, that is to say, a portion of his surplus-profit is converted into ground rent.

## CHAPTER XIX. FINANCIAL CAPITAL.

THE purely technical movements performed by money in the process of circulation of industrial capital, and, as we may now add, of commercial capital, which assumes a part of the circulation movement of industrial capital as its own peculiar movement, — these movements, if individualised into an independent function of some particular capital that performs nothing but just this service, convert a capital into financial capital. In that case, one portion of the industrial capital, and of commercial capital, persists not only in the form of money, of money capital in general, but as money-capital, which performs only these technical functions. A definite part of the total social capital separates from the rest and individualises itself in the form of money-capital, whose capitalist function consists exclusively in performing the financial operations for the entire class of industrial and commercial capitalists. As in the case of the commercial capital, so in that of financial capital a portion of the industrial capital in process of function in circulation separates from the rest and performs these operations of the process of reproduction for all the other capital. These movements of such money-capital, then, are once more merely movements of an individualised part of industrial capital in the process of reproduction.

Capital appears as the first and last point of this movement only to the extent that capital is newly invested, as happens in accumulation. But for every capital, which is already in process, this first and last point appear merely as points of transit. To the extent that industrial capital, from the moment of its exit from the sphere of production to that of its return to it, passes through the metamorphosis  $C' — M — C$ ,  $M$  represents merely the final result of one phase of this metamorphosis and becomes at once the starting point of its supplementing second phase, as we have already seen in the discussion of the simple circulation of commodities. And although the  $C — M$  of industrial capital signifies always  $M — C — M$  for the commercial capital, nevertheless the actual process for this last named capital, once that it has become engaged, is also  $C — M — C$ . But the commercial capital passes continually through and simultaneously through the acts  $C — M$  and  $M — C$ , that is to say, there is not only one capital in the stage  $C — M$ , while another is in the stage  $M — C$ , but the same capital buys continually

and sells continually at the same time, on account of the continuity of the process of production. It is continually and simultaneously in both stages. While one of its parts is converted into money, to be reconverted later into commodities, another is simultaneously converted into commodities, to be reconverted into money.

Whether the money serves here as a means of circulation or of payment, depends on the form of the exchange of commodities. In both cases, the capitalist has to pay out money continually to many persons, and to receive money continually from many persons. This purely technical labor of paying money and receiving money constitutes an employment by itself, which necessitates the making of balances, the balancing of accounts, so far as money serves as a means of payment. This labor belongs to the expenses of circulation, it does not create any values. It is abbreviated by being organised as a special department of agents, or capitalists, who perform this work for all the rest of the capitalist class.

A definite portion of the capital must be continually available as a hoard, as potential money-capital. It constitutes a reserve of means of purchase, a reserve of means of payment, unemployed capital in the form of money waiting to be put to work. And one portion of the capital continually returns in this form. This requires not only the collecting, paying, and bookkeeping operations, but also the storing of a hoard, which constitutes an operation by itself. This work consists indeed in a continual conversion of a hoard into means of circulation and means of payment, and its restoration to the form of a hoard by means of money secured through sales and due payments. This continuous movement of that part of capital, which exists in the form of money, separated from the function of capital itself, this purely technical function causes its own labors and expenses, which belong to the expenses of circulation.

The division of labor brings it about, that these technical operations, which are conditioned on the functions of capital, should be performed as much as possible for the entire capitalist class by one class of agents, or capitalists, into whose hands it is concentrated as their exclusive function. We have here, as in the case of commercial capital, a division of labor in a twofold sense. It becomes a special business, and because it is performed as a special business for the money-mechanism of the whole class, it is concentrated and performed on a large scale. And then a further division of labor takes place within this special business, on one hand by a separation

into various independent lines, on the other by a segmentation of the work within each office of these special lines. Large offices, many bookkeepers and cashiers, far going division of labor, disbursing of money, receiving of money, balancing of accounts, keeping of current accounts, storing of money, etc., all these things, separated from the acts that necessitate these technical operations, make of the capital advanced for these functions a financial capital.

The various operations, whose individualisation gives rise to special lines of financial business, follow from the different capacities of money itself and from its different functions, through which capital in its money-form must likewise pass.

I have pointed out on a previous occasion, that the money business in general developed originally from an exchange of products between different communes.

The financial business, the trade with money as a commodity, developed first out of international commerce. As soon as different national coins exist, the merchants buying in foreign countries must exchange their national coins into foreign coins, and vice versa, or exchange different coins for uncoined pure silver or gold as international money. This gives rise to the business of money-exchange, which is one of the primitive foundations of modern financial business. Out of it developed the modern banks of exchange, in which silver (or gold) serve as world money — now called bank money or commercial money — as distinguished from current money. The business of money-exchange, so far as it consists merely of notes of payment to travelers from one money-exchanger in one country to another in another country, developed as early as Roman and Grecian times out of the simple money-exchange.

The trade with gold and silver as commodities (raw materials for the making of articles of luxury) forms the primitive basis of bullion trade, or of that trade, which promotes the functions of money as world money. These, functions, as previously explained (Volume I, chapter III, 3c), are twofold: A currency back and forth between the various national spheres of circulation for the purpose of balancing the international payments and for performing the migrations of capital in quest of interest; simultaneously with this movement, there is a movement of precious metals from their sources of production across the world market and a distribution of their

supply over the various national spheres of circulation. In England, the goldsmiths still served as bankers during the greater part of the 17th century. The way in which the balancing of international accounts in the money trade is further developed, is not discussed here, any more than any points referring to the business of dealing in valuable papers, in short, we leave out of consideration all special forms of the credit system, since this does not yet concern us here.

In the shape of world money, national money strips off its local character; one national money is expressed in another, and thus all of them are finally reduced to their contents in gold or silver, while these two metals, being the two commodities circulating as world money, are simultaneously reduced to their mutual ratios, which change continually. The money trader makes this intermediate business his special occupation. Money changing and bullion trading are thus the primitive forms of the money trade, and they arise from the twofold functions of money as national money and world money.

The capitalist process of production, and commerce in general, even under precapitalist methods, imply:

The accumulation of money in the shape of a hoard, that is, in the present case, the accumulation of that part of capital, which must always be on hand in the form of money, as a reserve fund of means of payment and means of purchase. This is the first form of a hoard, such as it reappears under the capitalist mode of production, and as it forms in general with the development of merchants' capital, at least for the purposes of this capital. These remarks apply to national as well as international circulation. This hoard is in continuous flux, pours ceaselessly into circulation, and returns uninterruptedly from it. The second form of a hoard is now that of fallow, unemployed, capital in the form of money, including newly accumulated and not yet invested money-capital. The functions first required by this formation of a hoard are those of safekeeping, bookkeeping, etc.

2) This is connected by an expenditure of money in buying, its reception on selling, making and receiving of payments, balancing of payments, etc. The money dealer performs all these services at first as a simple cashier of the merchants and industrial capitalists.

Dealing in money is fully developed, even in its first stages, as soon as its ordinary functions of lending and borrowing are supplemented by the credit business. Of this more in the following part, which deals with interest-bearing capital.

The bullion trade itself, the transfer of gold or silver from one country to another, is merely the result of the trade in commodities. It is determined by the quotations of bills of exchange, which express the stand of the international payments and of the rate of interest on the different markets. The bullion trader as such acts but as an intermediary between results.

In discussing the way, in which the movements and forms of money develop out of the simple circulation of commodities, we have seen (Vol. I, chap. III), that the movements of the mass of money circulating as a means of purchase and payment are determined by the metamorphosis of commodities, by the volume and velocity of this metamorphosis. And we know now, that this metamorphosis is itself but a phase in the entire process of reproduction. As for the movement of the raw materials of money — gold and silver — from their places of production, it resolves itself in a direct exchange of commodities, an exchange of gold and silver as commodities for other commodities. Hence it is as much a phase of the exchange of commodities as the securing of iron or other metals by means of exchange. And so far as the movements of precious metals on the world-market are concerned (we leave aside at this point the consideration of their movements to the extent that they express the transfer of capital by loans, a transfer, which takes place also in the shape of commodity-capital), they are quite as much determined by the international exchange of commodities as the movements of money as a national means of purchase and payment are determined by the exchange of commodities on the home market. The emigrations and immigrations of precious metals from one national sphere to another, which are caused by a depreciation of national coins, or by a double standard, are extraneous to the circulation of money as such and represent merely corrections of deviations brought about arbitrarily by state decrees. And finally, as concerns the formation of hoards, which constitute reserve funds for means of purchase and payment, either for the home trade or for foreign trade, and likewise of hoards, which represent merely a form of capital temporarily unemployed, they are both necessary precipitates of the process of circulation.

Just as the entire circulation of money, in its volume, its forms, and movements, is purely a result of the circulation of commodities which in its turn represents from the capitalist point of view only the process of circulation of capital (including the exchange of capital for revenue, and of revenue for revenue, so far as the expenditure of revenue is realised in retail trade), so it is a matter of course, that the trade in money does not promote merely the circulation of money, a mere result and phenomenon of the circulation of commodities. This circulation of money itself, as a phase in the circulation of commodities, is a fundamental requisite for the trade in money. This trade promotes merely the technical operations of money-circulation, concentrating, abbreviating, simplifying them. The trade in money does not form the hoards, but supplies the technical means by which the formation of hoards may be reduced to its economical minimum (so far as it is voluntary, that is, so far as it is not an expression of unemployed capital or of disturbances of the process of reproduction). For if the reserve funds of means of purchase and payment are managed for the capitalist class as a whole, they need not be so large as they would have to be, did each capitalist manage his own. The trade in money does not buy the precious metals, but merely promotes their distribution, as soon as the trade in commodities has bought them. The trade in money facilitates the squaring of balances, so far as money serves as a means of payment, and reduces by the artificial mechanism of these compensations the amount of money required for this purpose. But it determines neither the connections, nor the volume, of the mutual payments. For instance, the bills of exchange and checks, which are exchanged for one another in banks and clearing houses, reflect quite independent transactions and are the results of real operations. It is merely a question of a better technical compensation of these results. So far as money serves as a means of purchase, the volume and number of purchases and sales are quite independent of the money trade. This trade cannot do anything but abbreviate the technical operations that go with buying and selling, and by this means it is enabled to reduce the amount of cash money required to turn the commodities over.

The money trade in its pure form, which we consider here, that is, the money trade not complicated by the credit system, is concerned only with the technique of a certain phase of the circulation of commodities, namely with the circulation of money and the different functions of money following from its circulation.

This distinguishes the money trade essentially from the trade in commodities, which promotes the metamorphosis of commodities and their exchange, or which gives even to this process the aspect of a process of a certain capital separated from the industrial capital. While, therefore, the commercial capital has its own form of circulation,  $M — C — M$ , in which the commodity changes hands twice and thereby recovers the money, in distinction from  $C — M — C$ , in which the money changes hands twice and thereby promotes the exchange of commodities, there is no such special form of circulation, which can be demonstrated in the case of financial capital.

To the extent that money-capital is advanced by a separate class of capitalists for the technical promotion of the circulation of money — a capital representing on a reduced scale the additional capital, which the merchants and industrial capitalists must otherwise advance themselves for these purposes — the general form of capital,  $M — M'$ , is found also here. By the advance of  $M$ , the advancing capitalist secures  $M + \Delta M$ . But the promotion of the transaction  $M — M'$  does not concern itself in this case with the objective materials, but only with the technical processes of this metamorphosis.

It is evident, that the mass of money-capital, with which the money dealers have to operate, is the money-capital of the merchants and industrial capitalists in process of circulation, and that the operations of the money dealers are merely those originally performed by the merchants and industrial capitalist.

It is equally evident, that the profit of the money dealers is nothing but a deduction from the surplus-value, since they are operating merely with already realised values (even when they have been realised in the form of creditors' claims).

As in the trade with commodities, so in that with money a duplication of functions takes place. For a portion of the technical operations connected with the circulation of money must be carried out by the dealers and producers of commodities themselves.

## CHAPTER XX. HISTORICAL DATA CONCERNING MERCHANTS' CAPITAL.

THE particular form, in which the commercial capital and financial capital accumulate money, will be discussed in the next part of this volume.

From what has gone before it follows as a matter of course that nothing can be more absurd than to consider merchants' capital, whether in the shape of commercial or of financial capital, as some particular kind of industrial capital, such as that invested in mining, agriculture, stock raising, manufacture, transportation, etc., which constitute side lines of industrial capital formed by division of social labor and thus different spheres for its investment. The simple observation, that every industrial capital, when in the circulation phase of its process of reproduction, performs in the shape of commodity-capital and money-capital the very same functions, which appear as exclusive functions of the two forms of merchants' capital, should make such a crude conception impossible. On the other hand, in commercial and financial capital the differences between the productive nature of industrial capital and its functions in the sphere of circulation are independently individualised, by transferring definite forms and functions assumed momentarily by industrial capital into independent forms and functions of separate portions of capital permanently tied up in circulation. A changed form of industrial capital is widely different from distinctions between productive capitals following from the nature of the various lines of industry.

Aside from the brutality with which the economist ordinarily handles distinctions of form, in which he is interested only so far as their material side is concerned, the vulgar economist is influenced by two other reasons in his violation of distinctions. There is, in the first place, his incapability to explain the peculiar nature of mercantile profit. In the second place, he writes for the apologetic purpose of proclaiming his opinion, that the process of production by its very nature, is the source of such forms as commodity-capital and money-capital, or later of merchants' capital and financial capital, instead of showing that they are due to the specific form of capitalist production, which is conditioned above all on the circulation of commodities and therefore of money.

If commercial capital and financial capital do not differ from the production of grain any more than this differs from stock raising and manufacture, then it is evident that production and capitalist production are one and the same thing, and that especially the distribution of the social products among the members of society for the purpose of productive or individual consumption need no more be promoted by merchants and bankers than the consumption of meat by stock raising or that of clothes by their manufacture.

The great economists, such as Smith, Ricardo, etc., are embarrassed over mercantile capital as a special kind, since they analyse the basic form of capital, industrial capital, and take notice of capital of circulation (commodity-capital and money-capital) only to the extent that it is a phase in the process of reproduction of all capital. The rules concerning the formation of value, profit, etc., which are directly deduced from an analysis of industrial capital, do not fit merchants' capital directly. Therefore these economists leave merchants' capital entirely out of consideration and mention it only as a kind of industrial capital. Whenever they treat of it particularly, as Ricardo does in dealing with foreign commerce, they seek to demonstrate that it does not create any value (and consequently no surplus-value). But whatever is true of foreign commerce, applies also to home commerce.

Hitherto we have considered merchants' capital merely from the point of view of the capitalist mode of production, and within its limits. However, not only commerce, but also merchants' capital, is older than the capitalist mode of production. In fact, it represents historically the oldest free existence of capital.

As we have already seen that the money trade and the capital advanced for it require nothing for their existence but the presence of commerce on a large scale, and further of commercial capital, it is only the latter, which we have to consider here.

Since commercial capital is tied up in the circulation, and since its function consists exclusively in promoting the exchange of commodities, it follows that it requires no other condition for its existence — aside from undeveloped forms arising from direct barter — but those indispensable for the simple circulation of money and commodities. Or rather, the circulation of money is the condition of its existence. No matter what may be the basis

on which production is carried on, which throws its products into circulation as commodities — whether it be the basis of a primitive commune, or of slave production, or of small agricultural, small bourgeois, or capitalist — the character of the products as commodities is not altered, and as commodities they have to pass through the process of exchange and through the forms incidental to it. The extremes, between which merchants' capital acts as a mediator, exist for it as given propositions, just as they do for money and its movements. The only requisite is that these extremes should be present as commodities, regardless of whether production is wholly a production of commodities, or whether only the surplus of the independent producers over the immediate needs satisfied by their production is thrown on the market. The merchants' capital promotes only the movements of these extremes, these commodities, which are premises of its own existence.

The extent to which production ministers to commerce and supplies the merchants, depends on the mode of production. It reaches its maximum under a fully developed capitalist production, in which the product is primarily produced as a commodity, not for direct subsistence. On the other hand, on the basis of every mode of production, commerce promotes the production of surplus products destined for exchange, for the purpose of increasing the enjoyments of wealth of the producers (who are here understood to be the owners of the products). Commerce impregnates production more and more with the character of a production for exchange.

The metamorphosis of commodities, their movements, consist, 1) materially, of an exchange of different commodities for one another; 2) formally, of a conversion of commodities into money by sale, and a conversion of money into commodities by purchase. And the functions of merchants' capital resolve themselves into these functions of buying and selling commodities. It promotes merely the exchange of commodities, which must be conceived at the outset as being something more than a bare exchange of commodities between direct producers. Under slavery, feudalism, vassalage, so far as primitive organisations are concerned, it is the slave holder, the feudal lord, the tribute collecting state, who are the owners and sellers of the products. The merchant buys and sells for many. In his hands are concentrated purchases and sales, and purchase and sale cease consequently to be dependent on a direct necessity of the buyer (as a merchant).

But whatever may be the social organisation of the spheres of production, whose exchange of commodities the merchant promotes, his wealth exists always in the form of money and his money always serves as capital. Its form is always  $M - C - M'$ . Money, the independent form of exchange value, is his starting point, expansion of the exchange value his independent purpose. He occupies himself with the exchange of commodities and the operations incidental to it, which are separated from production and performed by a non-producer, and this is merely a means to increase wealth and at that wealth in its most general social form, exchange value. His compelling motive and compelling end are the conversion of  $M$  into  $M + \Delta M$ . The transactions  $M - C$  and  $C - M$ , which promote the act  $M - M'$ , appear merely as stages of transition in this conversion of  $M$  into  $M + \Delta M$ . This  $M - C - M'$  is the characteristic movement of merchants' capital which distinguishes it from  $C - M - C$ , the exchange of commodities between the producers themselves, which has for its ultimate end the exchange of use-values.

To the extent that production is undeveloped, the money wealth will be concentrated in the hands of merchants, will appear in the specific form of merchants' wealth.

Within the capitalist mode of production — that is, as soon as capital has seized hold of production and given to it a wholly changed and specific form — merchants' capital appears merely as a capital with a specific function. But in all previous modes of production, and so much the more production ministers to the direct wants of the producers themselves, merchants' capital appears as the capital which performs the function of capital.

There is, then, no difficulty in understanding how it is that that merchants' capital is the historical form of capital long before capital has subjected production to its control. Its existence and development to a certain level are themselves historical premises for the development of capitalist production. For they are, 1), premises for the concentration of moneyed wealth, and 2), the capitalist mode of production is conditioned on production for exchange, commerce on a large scale instead of with a few individual customers, and this requires also a merchant, who does not buy for the satisfaction of his own individual wants, but concentrates the transactions of many buyers in one commercial transaction. On the other hand, all development of merchants' capital tends to give to production

more and more the character of a production for exchange and to impregnate the products more and more with the character of commodities. But the development of merchants' capital by itself is incapable of bringing about and explaining the transition from one mode of production to another, as we shall presently see.

Within capitalist production, the merchants' capital is reduced from its former independent existence to a special phase in the investment of capital in general, and the compensation of profits reduces its rate of profits to the general average. Then it serves only as an agent of productive capital. The particular social conditions, which formed together with the development of merchants' capital, are then no longer paramount. On the contrary, where merchants' capital still predominates, we find backward conditions. This is true even of one and the same country, in which, for instance, the pure merchants' towns form far better analogies with past conditions than the manufacturing towns.

An independent and prevailing development of capital in the shape of merchants' capital signifies that production is not subject to capital, in other words, it means that capital develops on the basis of a mode of production independent and outside of it. The independent development of merchants' capital stands therefore in an inverse ratio to the general economic development of society.

The independent mercantile wealth, as a prevailing form of capital represents the independent establishment of the process of circulation as against its extremes, and these extremes are the exchanging producers themselves. These extremes remain independent of the process of circulation, just as this circulation remains independent of them. The product becomes a commodity in this case by way of commerce. It is commerce which, under such conditions, develops products into commodities; it is not the produced commodity itself which, by its movements, gives rise to commerce. Capital in the capacity of capital appears here first in the process of circulation. In the process of circulation money first develops into capital. In the circulation, the products first assume the character of exchange values, of commodities and money. Capital can and must form in the process of circulation, before it learns to control the extremes, that is, the various spheres of production between which circulation intervenes as a mediator. The circulation of money and commodities may act as an intermediary between spheres of production of

widely different organisation, whose internal structure is still, predominantly adjusted to the production of use-values. This independent status of the process of circulation, by which various spheres of production are connected by means of a third link, expresses two facts. On the one hand it shows that the circulation has not yet seized hold of production, but as yet regards it as an existing fact. On the other hand, it shows that the process of production has not yet absorbed circulation and made a phase of production of it. But in capitalist production, both of these things are accomplished. The process of production rests wholly upon the circulation, and the circulation is a mere phase of transition of production, in which the product, having been created as a commodity, is realised in money and its elements of production replaced by products, which have likewise been created in the shape of commodities. That form of capital, which developed directly in circulation, the merchants' capital, appears here merely as one of the forms of capital in its process of reproduction.

The rule, that the independent development of merchants' capital is inversely proportioned to the degree of development of capitalist production, becomes particularly manifest in the history of the carrying trade, for instance, among the Venetians, Genoese, Dutch, etc., where the principal gains were not made by the exportation of the products of the home industries, but by the promotion of the exchange of products of commercially and otherwise economically undeveloped societies and by the exploitation of both spheres of production.

Here the merchants' capital is pure, separated from the extremes, the spheres of production, between which it intervenes. This is one of the main sources of its formation. But this monopoly of the carrying trade disintegrates, and with it this trade itself, in proportion as the economic development of peoples advances, whom it exploits at each end of its course, and whose backward development formed the basis of this trade. In the carrying trade, this appears not only as the disintegration of a special line of commerce, but also as the disintegration of the supremacy of purely commercial nations and of their commercial wealth in general, which rested upon this carrying trade. This is but one of the special forms, which expresses the subordination of the commercial capital to the industrial capital with the advance of capitalist production. The manner in which merchants' capital behaves wherever it rules over production is drastically illustrated, not only by the colonial economy (the colonial system) in

general, but particularly by the methods of the old Dutch East India Company.

Since the movement of merchants' capital is  $M — C — M'$ , the profit of the merchant is made, in the first place, only within the process of circulation, by the two transactions of buying and selling; and in the second place, it is realised in the last transactions, the sale. It is a profit upon alienation. At first sight, a pure and independent commercial profit seems impossible, so long as products are sold at their value. To buy cheap in order to sell dear is the rule of trade. It is not supposed to be an exchange of equivalents. The conception of value is included in it only to the extent that the individual commodities all have a value and are to that extent money. In quality, they are all expressions of social labor. But they are not values of equal magnitude. The quantitative ratio, in which products are exchanged, is at first quite arbitrary. They assume the form of commodities inasmuch as they are exchangeable, that is, inasmuch as they may be expressed in terms of the same third thing. The continued exchange and the more regular reproduction for exchange reduces this arbitrariness more and more. But this applies not at once to the producer and consumer, but only to the mediator between them, the merchant, who compares the money-prices and pockets their difference. By his own movements he establishes the equivalence of commodities.

The merchants' capital is at first merely the intervening movement between extremes not controlled by it and between premises not created by it.

Just as from the mere form of the circulation of commodities,  $C — M — C$ , money rises not only as a measure of value and medium of circulation, but also as the absolute form of the commodity and thus of wealth, in the form of a hoard, so that its conservation and accumulation as money become its life's purpose, so money, in the shape of a hoard, issues from the mere form of the circulation of merchants' capital,  $M — C — M'$ , as something which is preserved and increased only by its alienation.

The trading nations of the ancients existed like the gods of Epicure in the intermediate worlds of the universe, or rather like the Jews in the pores of Polish society. The trade of the first independent and highly developed merchant towns and trading nations rested as a pure carrying trade upon the barbarism of the producing nations between whom they intervened.

In the precapitalist stages of society, commerce rules industry. The reverse is true of modern society. Of course, commerce will have more or less of a reaction on the societies, between which it is carried on. It will subject production more and more to exchange value, by making enjoyments and subsistence more dependent on the sale than on the immediate use of the products. Thereby it dissolves all old conditions. It increases the circulation of money. It seizes no longer merely upon the surplus of production, but corrodes production itself more and more, making entire lines of production dependent upon it. However, this dissolving effect depends to a large degree on the nature of the producing society.

So long as merchants' capital promotes the exchange of products between undeveloped societies, commercial profit does not only assume the shape of outbargaining and cheating, but also arises largely from these methods. Leaving aside the fact that it exploits the difference in the prices of production of the various countries (and in this respect it tends to level and fix the values of commodities), those modes of production bring it about that merchants' capital appropriates to itself the overwhelming portion of the surplus-product, either in its capacity as a mediator between societies, which are as yet largely engaged in the production of use-values and for whose economic organisation the sale of that portion of its product which is transferred to the circulation, or any sale of products at their value, is of minor importance; or, because under those former modes of production, the principal owners of the surplus-product, with whom the merchant has to deal, are the slave holder, the feudal landlord, the state (for instance, the oriental despot), and they represent the wealth and luxury, which the merchant tries to trap, as Adam Smith correctly scented in that passage on feudal times, which I have quoted above. Merchants' capital in its supremacy everywhere stands for a system of robbery, and its development, among the trading nations of old and new times, is always connected with plundering, piracy, snatching of slaves, conquest of colonies. See Carthage, Rome, and later Venetians, Portuguese, Dutch, etc.

The development of commerce and merchants' capital brings forth everywhere the tendency toward production of exchange values, increases its volume, multiplies and monopolises it, develops money into world money. Commerce therefore has everywhere more or less of a dissolving influence on the producing organisations, which it finds at hand and whose

different forms are mainly carried on with a view to immediate use. To what extent it brings about a dissolution of the old mode of production, depends on its solidity and internal articulation. And to what this process of dissolution will lead, in other words, what new mode of production will take the place of the old, does not depend on commerce, but on the character of the old mode of production itself. In the antique world the effect of commerce and the development of merchants' capital always result in slave economy; or, according to what the point of departure may be, the result may simply turn out to be the transformation of a patriarchal slave system devoted to the production of direct means of subsistence into a similar system devoted to the production of surplus-value. However, in the modern world, it results in the capitalist mode of production. From these facts it follows, that these results were conditioned on quite other circumstances than the mere influence of the development of merchants' capital.

It follows from the nature of the case that as soon as town industry as such separates from agricultural industry, its products are from the outset commodities and require for their sale the intervention of commerce. The leaning of commerce upon the development of the towns, and, on the other hand, the dependence of the towns upon commerce, are to that extent intelligible. However, in what measure industrial development will keep step with this development, depends upon quite other circumstances. Already ancient Rome, in its later republican days, developed merchants' capital more highly than it had ever existed in the antique world, without any progress in the development of crafts, while in Corinth and in other Grecian towns of Europe and Asia Minor the development of commerce was accompanied by highly developed crafts. On the other hand, in direct opposition to the development of towns and its conditions, the trading spirit and the development of commerce are frequently found among unsettled nomadic peoples.

There is no doubt — and it is precisely this fact which has led to many wrong conceptions — that in the 16th and 17th centuries the great revolutions, which took place in commerce with the through geographical discoveries and rapidly increased the development of merchants' capital, form one of the principal elements in the transition from feudal to capitalist production. The sudden expansion of the world market, the multiplication of the circulating commodities, the zeal displayed among the European

nations in the race after the products of Asia and the treasures of America, the colonial system, materially contributed toward the destruction of the feudal barriers of production. However, the modern mode of production, in its first, period, the manufacturing period, developed only in places, where the conditions for it had been previously developed during medieval times. Compare, for instance, Holland with Portugal. And, on the other hand, when in the 16th, and partially still in the 17th, century the sudden expansion of commerce and the creation of a new world market exerted an overwhelming influence on the overthrow of the old mode of production and the rise of the capitalistic one, this was accomplished on the basis of the already created capitalist mode of production. The world market forms itself the basis of this mode of production. On the other hand, the immanent necessity of this production to produce on an ever enlarged scale tends to extend the world market continually, so that it is not commerce in this case which revolutionises industry, but industry which continually revolutionises commerce. The commercial supremacy itself is now conditioned on the greater or smaller prevalence of the conditions for a large industry. Compare for instance, England and Holland. The history of the decline of Holland as the ruling commercial nation is the history of the subordination of merchants' capital to industrial capital. The obstacles presented by the internal solidity and articulation of precapitalistic, national, modes of production to the corrosive influence of commerce is strikingly shown in the intercourse of the English with India and China. The broad basis of the mode of production is here formed by the unity of small agriculture and domestic industry, to which is added in India the form of communes resting upon common ownership of the land, which, by the way, was likewise the original form in China. In India, the English exerted simultaneously their direct political and economic power as rulers and landlords, for the purpose of disrupting these small economic organisations. The English commerce exerts a revolutionary influence on these organisations and tears them apart only to the extent that it destroys by the low prices of its goods the spinning and weaving industries, which are an archaic and integral part of this unity. And even so this work of dissolution is proceeding very slowly. It proceeds still more slowly in China, where it is not backed up by any direct political power on the part of the English. The great economy and saving in time resulting from the direct connection of agriculture and manufacture offer here the most dogged resistance to the products of great industries, whose

prices are everywhere perforated by the dead expenses of their process of circulation. On the other hand, Russian commerce, unlike the English, leaves the economic basis of Asiatic production untouched.

The transition from the feudal mode of production takes two roads. The producer becomes a merchant and capitalist, in contradistinction from agricultural natural economy and the guild-encircled handicrafts of medieval town industry. This is the really revolutionary way. Or, the merchant takes possession in a direct way of production. While this way serves historically as a mode of transition — instance the English clothier of the 17th century, who brings the weavers, although they remain independently at work, under his control by selling wool to them and buying cloth from them — nevertheless it cannot by itself do much for the overthrow of the old mode of production, but rather preserves it and uses it as its premise. For example, even up to the middle of the 19th century the manufacturer in the French silk industry and in the English hosiery and lace industries was but nominally a manufacturer, and merely a merchant in point of fact, who permitted the weavers to continue their work in the old unorganized way and exerted only the control of the merchant, for whom they work in reality. This method is everywhere an obstacle to a real capitalist mode of production and declines with the development of the latter. Without revolutionising the mode of production, it deteriorates merely the condition of the direct producers, transforms them into mere wage workers and proletarians under worse conditions than those who have already been placed under the immediate control of capital and absorbs their surplus-labor on the basis of the old mode of production. The same conditions exist in a somewhat modified form in the London furniture industry, so far as it is carried on by handicrafts. Particularly in the Tower hamlets it is practised on a very extensive scale. The whole production is divided into numerous separate lines independent of one another. One business makes only chairs, another only tables, a third only bureaus, etc. But these lines of business themselves are run more or less like crafts, by one small master with a few journeymen. Nevertheless the output is too large to work directly for private persons. The products are bought by owners of furniture stores. On Saturdays the master sees them and sells his product, and the transaction is closed with as much haggling as is done in a pawnshop over the loan on this or that piece. The masters need this weekly sale, were it for no other reason than to buy more raw materials for next

week and pay wages. Under these circumstances, they are really only middlemen between their employes and the merchants. The merchant is the real capitalist, who pockets the largest share of the surplus-value.

A similar condition exists in the transition to manufacture from lines, which were formerly carried on as handicrafts or as sidelines to rural industries. According to the development of such small independent businesses — which may even employ machinery that admits of a craftslike operation — the transition to large scale industry takes place. The machine is driven by steam, instead of by hand. This is the case, for instance, of late in the English hosiery industry.

There is, consequently, a threefold transition. First, the merchant becomes directly an industrial capitalist. This is the case in crafts conditioned on commerce, especially industries producing luxuries, which are imported by the merchants together with the raw materials and laborers from foreign countries, as they were in Italy from Constantinople in the 15th century. In the second place, the merchant converts the small masters into his middlemen or, perhaps, buys direct from the self-producer, leaving him nominally independent and his mode of production unchanged. In the third place, the industrial becomes a merchant and produces immediately on a large scale for commerce.

In the Middle Ages, the merchant is merely the man who, as Poppe correctly says, “removes” the goods produced by the guilds or the peasants. The merchant becomes an industrial capitalist, or rather, he lets the craftsmen, particularly the small rural producers, work for him. On the other hand, the producer becomes a merchant. The master weaver, instead of receiving his wool in installments from the merchant and working for him with his journeymen buys wool or yarn himself and sells his cloth to the merchant. The elements of production pass into his process of production as commodities bought by himself. And instead of producing for the individual merchant, or for definite customers, the master cloth-weaver produces for the commercial world. The producer is himself a merchant. The merchants’ capital performs no longer anything but the process of circulation. Originally the commerce was the premise for the transformation of the crafts, rural domestic industries, and feudal agriculture into capitalist enterprises. It develops the products into commodities, either by creating a market for them, or by carrying new equivalents in the form of goods to them and supplying production with new raw and auxiliary materials. In

this way it opens up new lines of production, which are based at the outset upon commerce, both as concerns the production for the home and world market and as concerns conditions of production originated by the world market. As soon as manufacture gains sufficient strength, and still more large scale industry, it creates in its turn a market for itself and captures it with its commodities. Now commerce becomes the servant of industrial production, and a continual expansion of the market becomes a vital necessity for industrial production. An ever more extended wholesale production floods the existing market and thereby works continually toward a still wider expansion of the market and a bursting of its bonds. What restricts this wholesale production, is not commerce (to the extent that it expresses the existing demand), but the magnitude of the employed capital and the developed productivity of labor. The industrial capitalist always has the world market before him, compares, and must continually compare, his own cost-prices with those of the whole world, not only with those of his home market. In former periods this comparison falls almost entirely upon the shoulders of the merchants, and thereby secures for merchants' capital the supremacy over industrial capital.

The first theoretical treatment of modern modes of production — the mercantile system — started out necessarily from the superficial phenomena of the process of circulation, which are presented in an independent form by the movements of merchants' capital. Therefore it grasped only the semblance of things. This was partly due to the fact that merchants' capital is the first free mode of existence of capital in general. On the other hand, it was due to the overwhelming influence exerted by this capital during the first period of revolution of feudal production, the period of genesis of modern production. The real science of modern economy does not begin, until theoretical analysis passes from the process of circulation to the process of production. It is true, interest-bearing capital is likewise a very old form of capital. But we shall see later, why mercantilism did not take its departure from it, but assumed a controversial attitude towards it.

**PART V. DIVISION OF PROFIT INTO  
INTEREST AND PROFITS OF ENTERPRISE.  
THE INTEREST-BEARING CAPITAL.**

## CHAPTER XXI. THE INTEREST-BEARING CAPITAL.

IN our first discussion of the general, or average, rate of profit in Part II of this volume, we did not have this rate before us in its complete form, since the equalisation of profit appeared there only as an equalisation between the various industrial capitals invested in different spheres. This was further supplemented in the preceding Part, in which the participation of merchants' capital in this equalisation and the commercial profit were discussed. By this means the general rate of profit and the average profit presented themselves within more circumscribed limits than before. In the further process of our analysis it should be remembered, that any future reference to the general rate of profit or to the average profit means only this latter, completed, form of the average rate. Since this rate is now the same for the industrial and the mercantile capital, it is no longer necessary, so far as this average profit is concerned, to make any distinction between industrial and commercial profit. Whether capital is invested industrially in the sphere of production, or commercially in the sphere of circulation, it yields the same average profit annually in proportion to its magnitude.

Money — which signifies here any independent expression of a certain amount of value, whether it exists actually as money or as commodities — may be converted into capital on the basis of capitalist production. By this conversion it is transformed from a given value to a self-expanding, increasing, value. It produces a profit, that is, it enables a capitalist to extract a certain amount of unpaid labor, surplus-products and surplus-value, from the laborers and to appropriate it to himself. In this way it acquires, aside from its use-value as money, an additional use-value, namely that of serving as capital. Its use-value consists then precisely in the profit, which it produces when converted into capital. In this capacity of potential capital, of a means for the production of profit, it becomes a commodity, but a commodity of a peculiar kind. Or, what amounts to the same, capital as capital becomes a commodity.

Take it that the average rate of profit is 20%. In that case a machine, valued at 100 p.st., employed as capital under the prevailing average conditions and with an average exertion of intelligence and adequate activity, would yield a profit of 20 p.st. In other words, a man having 100

p.st. at his disposal, holds in his hand a power by which 100 p.st. may be turned into 120 p.st., or by which a profit of 20% may be produced. He holds in his hand a potential capital of 100 p.st. If this man relinquishes these 100 p.st. for one year to another man, who uses this sum actually as capital, he gives him the power to produce a profit of 20%, a surplus-value, which costs this other nothing, for which he pays no equivalent. If this man should pay, say 5 p.st. at the close of the year to the owner of the 100 p.st., out of the produced profit, he would be paying for the use-value of the 100 p.st., the use-value of its function as capital, the function of producing 20 p.st. of profit. That part of the profit, which he pays to the owner, is called interest. It is merely another name, a special term, for a certain part of the profit, which capital in process of its function has to give up to its owner, instead of keeping it in its own pockets.

It is evident, that the possession of 100 p.st. gives to their owner the power to absorb the interest, a certain portion of the profit produced by his capital. If he did not give the 100 p.st. to the other man, then this other could not produce any profit, and could not act in the capacity of capitalist at all with reference to these 100 p.st.

To speak in such a case of natural justice, as Gilbart is doing (see note), is nonsense. The justice of the transactions between the agents of production rests on the fact that these transactions arise as natural consequences from the conditions of production. The juristic forms, in which these economic transactions appear as activities of the will of the parties concerned, as expressions of their common will and as contracts which may be enforced by law against some individual party, cannot determine their content, since they are only forms. They merely express this content. This content is just, whenever it corresponds, and is adequate, to the mode of production. It is unjust, whenever it contradicts that mode. Slavery on the basis of capitalist production is unjust; likewise fraud in the quality of commodities.

The 100 p.st. produce the profit of 20 p.st. by functioning as capital, whether it be industrial or commercial. But the indispensable condition of this function as capital is that this money is used as capital, that this money is invested in the purchase of means of production (in the case of industrial capital), or of commodities (in the case of merchants' capital). But in order to be expended, it must be there. If A, the owner of the 100 p.st., were to

spend them for his private expenses, or to keep them as a hoard, they could not be invested by B, in his capacity as a capitalist, as capital. B does not invest his own capital, but that of A. But he cannot expend the capital of A without the consent of A. Therefore it is really A, who first expends these 100 p.st. as capital, although his whole function as a capitalist is limited to this expenditure of 100 p.st. as capital. So far as these 100 p.st. are concerned, B acts in the capacity of a capitalist only because A lends him this money and thus expends it as capital.

Let us first consider the peculiar circulation of interest-bearing capital. Then we shall analyse in the second place the peculiar manner, in which it is sold as a commodity, being merely lent instead of relinquished for good.

The point of departure is the money, which A advances to B. This may be done with or without security. However, the first named form is the more ancient, with the exception of advances on commodities or on certificates of indebtedness, such as bills of exchange, bonds, etc. These special forms do not concern us here. We are dealing here with interest-bearing capital in its ordinary form.

In the hand of B, the money is actually converted into capital, passes through the process  $M - C - M'$ , and returns as  $M'$  to A, as  $M +$  increment of  $M$ , where the increment of  $M$  represents the interest. For the sake of simplicity we leave out of consideration the case, in which capital stays in the hands of B for a long term and interest is paid at periodical intervals.

The movement, then, is  $M - M - C - M' - M'$ . What appears duplicated here is 1) the expenditure of the money as capital, 2) its reflux as realised capital, as  $M'$ , or as  $M +$  increment of  $M$ .

In the movement of merchants' capital,  $M - C - M'$ , the same commodity changes hands twice, or even more than twice, if one merchant sells to another. But every change of hand of these commodities indicates a metamorphosis, a purchase or sale of commodities, no matter how often this process may be repeated until it ends in consumption.

On the other hand, the same money changes hands twice in  $C - M - C$ , but this indicates the complete metamorphosis of the commodity, which is first converted into money and then from money back into another commodity.

But in the case of interest-bearing capital, the first change of hands of  $M$  is not a phase of either the metamorphosis of a commodity or of the

reproduction of capital. It does not become so until the second change of hands, in the hands of the man acting in the capacity of a capitalist, who carries on a trade with it or transforms it into productive capital. The first change of hands of M does not express anything else in this case but its transfer, or handing over by contract, from A to B. This is a transfer, which usually takes place under certain juristic forms and stipulations.

This duplicated expenditure of money as capital, the first of which is merely a transfer from A to B, is supplemented by the duplication of its reflux. As  $M'$ , or  $M +$  increment of  $M$ , it flows back out of the process to the man acting in the capacity of a capitalist. This man in his turn transfers it back to A, together with a part of the profit, of realised capital, of  $M +$  increment of  $M$ , which, however, is not equal to the entire profit, but only a part of the profit, the interest. It flows back to B only as the thing which he had invested, as capital in process of function, but as the property of A. In order that its reflux may be complete, B must return it to A. But B has not only to return the amount of the capital, he must also turn over to A a part of the profit, which he made with this capital, and this part is called interest. For A gave him this money only as a capital, that is, as a value, which is not only maintained by its movements, but brings also a surplus-value to its owner. It remains in the hands of B only so long as it is performing its function of capital. And it ceases to be capital as soon as it is returned to its owner on the stipulated date. When no longer serving as capital, it must be returned to A, who never ceased being its legal owner.

The form of lending, which is peculiar to this commodity, this capital as a commodity, and which also occurs in other transactions instead of that of sale, follows from the simple definition that capital serves here as a commodity, or that money as capital becomes a commodity.

It is necessary to make a distinction here.

We have seen in Volume II, chapter I, and recall at this point, that capital serves in the process of circulation as commodity-capital and money-capital. But in neither of these forms does capital become a commodity as capital.

As soon as the productive capital has transformed itself into commodity-capital, it must be thrown upon the market, it must be sold as a commodity. There it serves simply in the capacity of a commodity. The capitalist then appears only as a seller of commodities, just as the buyer is only a buyer of commodities. As a commodity, the product must realise its value in the

process of circulation, by its sale, must assume the form of money. In this respect it is quite immaterial, whether this commodity is bought by a consumer for the purpose of subsistence, or by a capitalist as a means of production to become a part of his capital. In the act of circulation, the commodity-capital serves only as a commodity, not as capital. It is a commodity-capital, as distinguished from a simple commodity, 1), because it is pregnant with surplus-value, so that the realisation of its value is simultaneously a realisation of surplus-value. But this does not alter in any way its simple existence as a commodity, as a product of a certain price. 2) It is a commodity-capital, because its function as a commodity is a phase in its process of reproduction as capital, so that its movement as a commodity, being a part of its movement in process, is simultaneously its movement as capital. Yet it does not become capital by the act of selling as such, but only through the connection of this act with the whole movement of this definite amount of value in the capacity of capital.

In like manner it serves only as money pure and simple, when acting in the capacity of money-capital, that is, as a means of buying commodities (the elements of production). The fact that this money is at the same time money-capital, a form of capital, is not due to the act of buying, which is the service performed by it as money. It is due to the connection of this act with the total movement of capital, since this act, which it performs as money, inaugurates the capitalist process of production.

But so far as they perform any service and play any actual role in the process, commodity-capital on the market serves only as a commodity, money-capital only as money. At no time during the metamorphosis, viewed by itself, does the capitalist sell his commodities as capital to the buyer, although they represent a capital for himself, nor does he give up money to the sellers in his capacity as a capitalist. In either case he exchanges his commodities simply as commodities, and the money simply as money, as a means of purchasing commodities.

It is only in the connection with the whole process, at the moment where the point of departure appears simultaneously as the point of return, in  $M — M'$  or  $C — C'$ , that capital in the process of circulation appears as capital (while it appears as capital in the process of production through the subordination of the laborer under the capitalist and the production of surplus-value). In this moment of return, however, the connection disappears. What is present is  $M'$ , that is money plus increment of money

(regardless of whether the amount of value increased by this increment has the form of money, commodities, or elements of production), a certain amount of money equal to the amount originally advanced plus an increment, which is the realised surplus-value. And it is precisely at this point of return, where capital exists as a realised capital, as an expanded value, that capital never passes into circulation — considering this point as a fixed point of rest, whether imaginary or real — , but rather appears to be withdrawn from circulation as a result of the whole process. Whenever it is again relinquished, it is never transferred to another as capital, but sold to him as a simple commodity, or given to him as simple money in exchange for commodities. It never appears as capital in its process of circulation, but only as a commodity or as money, and this is the only form in which it exists so far as others are concerned. Commodities and money are here capital, not inasmuch as commodities change into money, or money into commodities, not with reference to their actual relations to sellers or buyers, but only with reference to their ideal relations, that is, subjectively speaking, their relations to the capitalist himself, or objectively speaking, as elements of the process of reproduction. So far as capital is capital, it exists only in its actual function, not in the process of circulation, but only in the process of production, in the process by which labor-power is exploited.

But it is different with interest-bearing capital, and it is precisely this difference, which constitutes its specific character. The owner of money, who desires to invest his money as interest-bearing capital, transfers it to some one else, throws it into circulation, makes a commodity of it as capital. It is not a capital for himself alone, but also for others. It is not capital merely for the man who offers it for investment, but it is handed to others at the outset as capital, as a value endowed with the use-value of creating surplus-value, profit; a value which preserves itself in process and returns to its original owner, in this case the owner of money, after performing its function. It moves away from him only for a certain time, it passes for a while from the possession of its owner into that of a capitalist performing his business, it is neither given up in payment nor sold, but merely loaned. It is relinquished only with the understanding that it shall in the first place return to its point of departure after a certain time, and that it shall return, in the second place, as realised capital, a capital having actually performed its function of creating surplus-value.

Commodities, which are loaned out as capital, are loaned either as fixed or as circulating capital, according to their constitution. Money may be loaned in either form. For instance, it may be loaned as fixed capital in the form of an annuity, whereby a portion of the capital returns with the interest. Some commodities, owing to the nature of their use-values, can be loaned only as fixed capital, such as houses, ships, machines, etc. But all loan capital, whatever be its forms, and no matter in what manner the nature of its use-value may modify its return, is only a specific form of money-capital. For the thing that is loaned here is always a definite sum of money, and it is this sum on which interest is calculated. If the thing that is loaned is neither money nor circulating capital, it is paid back in the same way in which fixed capital returns. The lender receives periodically a certain interest and a portion of the consumed value of the fixed capital itself, an equivalent for the periodical wear and tear. And at the end of the stipulated term the unconsumed portion of the loaned fixed capital is returned in natura. If the loaned capital is circulating capital, it is like-wise returned in the manner peculiar to circulating capital.

The manner of reflux, then, is always determined by the actual circulation of the capital in process of reproduction and its specific kind. But so far as loan capital is concerned, its reflux assumes the form of return payments, because its advance, by which it is relinquished, has the form of loaning.

In this chapter we treat only of money-capital proper, from which the other forms of loaned capital are derived.

The loaned capital returns in a twofold way. First it returns in the process of reproduction to the capitalist performing his function, and then its return is duplicated by its transfer to the lender, the money-capitalist, in the form of a return payment to its real owner, its legal point of departure.

In the actual process of circulation the capital appears always as a commodity or as money, and its movements are always dissolved into a series of purchases and sales. In short, the process of circulation resolves itself into the metamorphosis of commodities. It is different, when we consider the process of reproduction as a whole. If we take our departure from money (and it is the same, when we start off with commodities, since we then take our departure from their value and look upon them from the point of view of money), we see that a certain sum of money is expended and returns after a certain period with an increment. This sum has preserved

itself and expanded itself in the course of a certain rotation. To the extent that money is loaned as capital, it is loaned as just such a sum of money, which preserves and expands itself, returns after a certain period with an increment, and is ready to pass through the same process once more. It is not expended either as money or as a commodity, it is neither exchanged for commodities when advanced in the form of money, nor sold in exchange for money, when advanced in the form of commodities. It is expended as capital. This reflexive relation to itself, in which capital presents itself when the process of production is viewed in its entirety and as a unit, and in which money appears as self-increasing money, is here imposed upon it as its character and peculiarity without the intervention of any intermediary movement. And it is expended in this peculiar form, when it is loaned as money-capital.

A very queer conception of the role of money-capital is held by Proudhon “*Gratuité du Crédit. Discussion entre M. F. Bastiat et M. Proudhon. Paris, 1850.*”) Loaning appears as an evil to Proudhon because it is not selling. Loaning at interest is for him “the faculty of always selling the same article over and over, and of receiving its price again and again, without ever relinquishing the ownership of the things one is selling” (page 9). The object, such as money, a house, etc., does not change owners, as it does in selling and buying. But Proudhon does not see, that no equivalent is received for money handed over as interest-bearing capital. It is true that objects are passed from one to another in every act of buying and selling, so far as they are at all processes of exchange. The ownership of the sold object is always relinquished. But its value is not given up. In selling the commodity is relinquished, but not its value, which is given in return in the form of money, or in another form which here takes the place of money, namely of certificates of indebtedness, or of titles of payment. In buying money is given away, but its value, which is recovered in the shape of commodities. The industrial capitalist holds the same value in his hands during the entire process of reproduction (except the surplus-value), only it assumes different forms.

To the extent that exchange takes place, that is, an exchange of objects, no change of value takes place. The same capitalist always holds the same value in his hands. But so long as surplus-value is produced by the capitalist, no exchange takes place. As soon as exchange takes place, the surplus-value is already incorporated in the commodities. If we do not have

in mind the individual acts of exchange, but the total circulation of capital,  $M - C - M'$ , we see that a definite amount of values is continually advanced, and that this amount plus the surplus-value, or the profit, is recovered from the circulation. It is true, the individual acts of exchange do not reveal the fact that they are promoting this process. And it is precisely this process of  $M$  as capital, on which the interest of the money-lending capitalist rests and from which it arises.

“In fact,” says Proudhon, “the hat maker, who sells hats...receives their value, no more and no less. But the money-lending capitalist...does not recover merely his capital: he recovers more than his capital, more than he throws into circulation; he receives an interest over and above his capital.” (Page 169.) The latter stands here in the place of the productive capitalist as distinguished from a loan capitalist. Evidently Proudhon did not learn the secret, which enables the capitalist to sell commodities at their value (the equalisation of values by the prices of production is here immaterial for his conception), whereby he receives a profit in addition to the capital, which he throws into circulation. Let us assume that the price of production of 100 hats is 115 pounds sterling, and that this price of production happens to be identical with the value of the hats, which means that the capital invested in the production of hats is of the same composition as the average social capital. If the profit is 15 p.st., or 15%, then the hatter gets this profit of 15 p.st. by selling his hats at their value of 115. They cost him 100 p.st. If he has produced them with his own capital, he pockets the whole surplus of 15 p.st. If he has borrowed the capital, he may have to give up 5 p.st. for interest. This does not alter anything in the value of the hats, but only in the distribution of the surplus-value already contained in this value between different persons. Since the value of the hats is not affected by the payment of interest, it is nonsense on the part of Proudhon to say: “As in commerce the interest of capital is added to the wages of laborers in making up the price of commodities, it is impossible that the laborer should be able to buy back the product of his own labor. To live by working is a principle, which implies a contradiction under the rule of interest.”

How little Proudhon understood the nature of capital, is shown by the following statement, in which he describes the movement of capital in general as a movement peculiar to interest-bearing capital: “Since money-capital, from exchange to exchange, comes always back to its source by the

accumulation of interest, it follows that re-investment is always made by the same hand and profit accrues always to the same person.”

What is it, now, that remains a riddle to him in the peculiar movement of interest-bearing capital? The categories buying, price, giving up objects, and the spontaneous form, in which surplus-value appears here; in short, the phenomenon that capital as such has become a commodity, so that selling has been turned into lending and price into a share in the profit.

The return of capital to its point of departure is the most general and characteristic movement of capital in its total circulation. This is by no means a peculiarity of interest-bearing capital. Its peculiarity is rather the externalised form of its return without the intervention of any circulation. The loaning capitalist lets go of his capital, transfers it to some industrial capitalist, without receiving any equivalent. His handing over of capital is not an act of the real circulation of capital at all, but serves merely as a prelude for the industrial capitalist who effects this circulation. This first change of place of money does not express any act of metamorphosis, neither buying nor selling. Its ownership is not relinquished, because no exchange takes place, no equivalent is offered. The return of the money from the hand of the industrial capitalist to that of the loaning capitalist supplements merely the first act of handing over the capital. This capital, after having been advanced in the form of money, returns to the industrial capitalist from the process of circulation in the form of money. But as the capital did not belong to him when he expended it, neither can it belong to him on its return. The passage through the process of reproduction cannot by any means give him the ownership of this capital. Hence he must restore it to its lender. The first transfer of the capital from the hands of the lender to those of the borrower is a legal transaction, which has nothing to do with the actual process of reproduction, but merely inaugurates it. The restoration, which transfers the returned capital from the hands of the borrower back to those of the lender is another legal transaction, a supplement of the first. The first inaugurates the actual process, the second takes place after this process. The point of departure and of return, the dispensation and recovery of the loaned capital, thus appear as arbitrary movements promoted by legal transactions, which take place before and after the actual process of capital and have nothing to do with it. So far as this actual process is concerned, the industrial capitalist might as well own the capital at the outset, so that it would return to him as his property.

In the first introductory act the lender gives his capital to the borrower. In the second and closing act after the process, the borrower returns the capital to the lender. To the extent that we consider merely the transaction between these two — and leaving aside the question of interest for the present — , in other words to the extent that we have in mind only the movement of the loan capital itself between the lender and the borrower, the whole movement is comprised within these two acts (separated by a longer or shorter time, during which the process of actual reproduction of capital takes place). And this movement, this dispensing on condition of returning, constitutes per se the movement of lending and borrowing, which is a specific form of a conditional dispensation of money or commodities.

The characteristic movement of capital in general, namely the return of money to the capitalist, the return of capital to its point of departure, assumes in the case of interest-bearing capital a wholly externalised form, separated from the actual movement of which it is an expression. A lets go of his money, not in the sense of money, but of capital. This implies no transformation of the capital. It merely changes hands. Its real transformation into capital is not performed until it is in the hands of B. But it has become capital for A as soon as he has given it to B. The actual reflux of capital from the processes of production and circulation takes place only for B. But for A the reflux assumes the same form as the dispensation. The capital returns from the hands of B to those of A. Dispensing, loaning money for a certain time and recovering it with interest (surplus-value) make up the complete form of the movement, which is peculiar to interest-bearing capital as such. The actual movement of the loaned money as capital constitutes a process, which is outside of the transactions between the lender and the borrower. In these transactions the intermediate process is obliterated, invisible, not directly comprised.

Being a peculiar sort of commodity, capital has its own peculiar mode of alienation. Its return in the present case is not the expression, not the consequence or result, of a definite series of economic processes, but the outcome of a specific legal agreement between buyer and seller. The time of return depends on the duration of the process of reproduction. But in the case of interest-bearing capital, its return as capital seems to depend on the mere agreement between lender and borrower. The return of capital as a part of this agreement no longer appears as a result due to the process of reproduction, but seems to take place without depriving the loaned capital

of the form of money. It is true that these transactions are actually determined by the reproductive returns. But this is not evident in the transactions themselves. Nor is it always the case in practice. If the return in reproduction does not take place at the proper time, then the borrower has to face the problem. what other resources he can call into play to fulfill his obligations towards the lender. The mere form of this capital — that is, money expended as a certain sum,  $A$ , and returning as another sum  $A + IA/x$ , after a certain lapse of time, without any other intermediate connection but this lapse of time — is but an abstract image of the actual movement of capital.

In the actual movement of capital, its return is a phase of the process of circulation. The money is first converted into means of production; the process of production transforms it into commodities; by the sale of the commodities it is reconverted into money, and in this form it returns to the hands of the capitalist, who originally advanced the capital in the form of money. But in the case of interest-bearing capital, both the alienation and the return are the results of a legal transaction between the owner of capital and another person. We see only the alienation and the return. Whatever passes during the interval is obliterated.

But since money, when advanced as capital, has the faculty of returning to the person, who expended it as capital, since  $M — C — M'$  is the immanent form of the movement of capital, for this very reason the owner of money can loan it as capital, a thing having the faculty of returning to its point of departure, of preserving its value while under way in process, and of increasing it. He loans it as capital, because it returns to its point of departure after having been transformed into capital, so that the borrower can restore it to the lender after a certain period, because he has recovered it himself.

The loaning of money as capital — its alienation on condition that it be returned after a certain time — is therefore conditioned on the requirement that this money be actually employed as capital, so that it may actually flow back to its starting point. The actual cycle of money as capital is therefore the basic condition of the legal transaction, by which the borrower has to return the money to the lender. If the borrower does not invest the money as capital, it is his own business. The lender loans it as capital, and as such it is supposed to perform the capitalist functions, which include the

circulation of money-capital until it reaches once more its starting point in the form of money.

The transactions  $M — C$  and  $C — M'$  in the circulation, in which a certain amount of value serves as money or commodities, are but intermediary processes, individual phases of a whole movement. As capital, this sum passes through the whole movement  $M — M'$ . It is advanced as money, or as a sum of values in some form, and returns as a sum of values. The lender of money does not expend it in the purchase of commodities, or, if this sum of values exists in the form of commodities, he does not sell it for money, but he advances it as capital, as  $M — M'$ , as a value, which returns after a certain lapse of time to its point of departure. Instead of buying and selling, he loans. This loaning, then, is the form corresponding to its alienation as capital, instead of its alienation as money or commodities. This does not mean, however, that loaning may not be used in transactions, which have nothing to do with the capitalist process of reproduction.

We have so far considered only the movements of loaned capital between its owner and the industrial capitalist. Now we shall have to inquire into interest.

The lender expends his money as capital; the amount of values, which he relinquishes into the hands of another, is capital and returns to him. But the mere return of the loan capital into his hands as the same amount would not be its reflux as capital, but merely the return of a loaned sum of values. In order to return as capital, the advanced sum of values must not only be preserved in process, but must also be expanded, must return with a surplus-value, must be recovered as  $M +$  increment of  $M$ . This increment of  $M$  is in the present case the interest. It is that portion of the average profit, which does not remain in the hands of the practicing capitalist, but falls to the share of the money capitalist.

The fact that the money capitalist expends it as capital implies that it must be restored to him as  $M +$  increment of  $M$ . Later we shall also have to consider the case, in which interest is paid in fixed intervals without the simultaneous return of the capital, whose definite return does not take place until at the end of a longer period.

What is it that the money capitalist gives to the borrower, the industrial capitalist? What does he really pass over to him? It is only this transaction

of handing over money which makes of the loaning of money a lending of money as capital, that is, the lending of capital as a commodity.

It is only by this act of passing money over to another that the capital is loaned by the money lender as a commodity, or that the commodity at his disposal is given to another as capital.

What is it that is alienated in ordinary sale? It is not the value of the sold commodities, for this changes merely its form. The value exists ideally in a commodity as its price, before it passes actually into the hands of the seller as money. The same value and the same amount of value merely change their form in such a case. In one instance they exist in the form of a commodity, in another in the form of money. The thing which is actually alienated by the seller, and which for this reason passes into the individual or productive consumption of the buyer, is the use-value of the commodity, is the commodity as a use-value.

What, then, is the use-value, which the money capitalist passes over for the period of the loan and relinquishes into the hands of the borrower, the productive capitalist? It is the use-value, which the money assumes by being capable of being invested as capital and performing the functions of capital, so that it can create a definite surplus-value, the average profit (any excess or fall below this is here a matter of accident), during its process, in addition to preserving its original magnitude of value. In the case of other commodities the use-value is ultimately consumed. Their substance disappears in consequence and with it their value. But the commodity capital has the peculiarity, that the consumption of its use-value not only preserves its exchange value and its use-value, but also increases them.

It is this use-value of money as capital, this faculty of producing an average profit, which the money capitalist relinquishes to the industrial capitalist for the period, during which he yields to the latter the use of the loan capital.

The money thus loaned shows in this respect a certain analogy with labor-power in its relation to the industrial capitalist. There is only this difference, that he pays for the value of labor-power, while he simply pays back the value of the loaned capital. The use-value of labor-power consists for the industrial capitalist in the faculty that labor-power creates more value (the profit) by its consumption for the industrial capitalist. And in like manner the use-value of the loan capital appears as its faculty of preserving and increasing value.

The money-capitalist alienates indeed a use-value, and for this reason the thing which he gives away is given as a commodity. And to this extent the analogy with a commodity is complete. In the first place, it is a value, which passes from one hand to another. In the case of a simple commodity, a commodity as such, the same value remains in the hands of the buyer and seller, only it has different forms; both have the same value which they had before the transaction, the one in the form of a commodity, the other in that of money. The difference in the case of loan capital is that the money capitalist is the only one who gives away a value when loaning money; but he preserves it by means of future restoration. In the transaction of loaning only one party receives value, since only one party relinquishes value.

In the second place, it is a real use-value, which is relinquished on one side and received and consumed on the other. But it differs from the use-value of ordinary commodities in that it is itself a value, namely the excess over the value of the original capital realised by the use of money as capital. The profit is this use-value.

The use-value of the loan capital consists in being able to serve as capital and to produce in this capacity the average profit under average conditions.

What, then, does the industrial capitalist pay, and what is, therefore, the price of the loaned capital? That which men pay as interest for the use of what they borrow is, according to Massie, a part of the profit it is capable of producing.

What the buyer of an ordinary commodity buys is its use-value; what he pays for is its exchange value. What the borrower of money buys, is likewise its use-value as capital; but what does he pay for? Surely not for its price, or value, as in the case of ordinary commodities. No change of form takes place in the value passing between the borrower and the lender, such as takes place between the buyer and the seller, so that this value would exist in one instance in the form of money, in another instance in the form of a commodity. The sameness of the alienated and returned value shows itself here in an entirely different way. The sum of values, the money, is given away without an equivalent, and is returned after the lapse of a certain period. The lender always remains the owner of the same value, even after it has passed from his hands into those of the borrower. In the simple exchange of commodities, the money is always on the side of the buyer; but in the lending, the money is on the side of the lender. It is he, who gives

away his money for a certain period, and it is the borrower, the buyer of capital, who receives it as a commodity. But this is possible only when the money serves as capital and is advanced for this purpose. The borrower borrows money as capital, as a value producing an increment. But at the moment of borrowing it is as yet only potential capital, and so is any other capital at the moment when it is advanced. Only by its use does it expand its value and realise itself as capital. But after it has become realised capital, the borrower has to return it, as a value plus a surplus-value (interest). And this interest can be only a portion of the realised profit. Only a portion, not the whole of it. For its use-value for the borrower consists in producing a profit for him. Otherwise there would not have been any alienation of its use-value on the part of the lender. On the other hand, it cannot be the whole profit which falls to the share of the borrower. Otherwise he would not be paying anything for the alienation of the use-value, and he would return the advanced money to the lender as simple money, not as a capital having realised itself. For it is realised capital only when it is  $M +$  increment of  $M$ .

Both of them expend the same sum of money as capital, the lender and the borrower. But only in the hands of the latter does it serve as capital. The profit is doubled by the double existence of the same sum of money as a capital for two persons. It can serve as a capital for both of them only by dividing the profit. That portion, which falls to the share of the lender, is called interest.

It is our assumption, that this entire transaction takes place between two kinds of capitalists, the money-capitalist and the industrial or the merchant capitalist.

It should never be forgotten, that capital as such is here a commodity, or that the commodity, which is here in question, is capital. All the relations, which become manifest here, would be irrational from the point of view of a simple commodity, or even from the point of view of capital serving as a commodity-capital in its process of reproduction. Lending and borrowing, instead of selling and buying, is here a distinction arising from the specific nature of the commodity, of capital; also that it is interest, not the price of the commodity, which is paid here. If interest is to be called the price of money-capital, it will be an irrational form of price, which is quite at variance with the conception of the price of commodities. The price is then reduced to its purely abstract and meaningless form, signifying a certain

sum of money paid for some thing, which serves in some manner as a use-value. On the other hand, the concept of price really signifies the value of some use-value expressed in money.

To call interest the price of capital is to use at the outset an irrational expression. A commodity has here a double value, namely first a real value, and secondly a price differing from this value, while ordinarily price signifies the expression of the value in money. Money-capital is primarily but a sum of money, or the value of a certain quantity of commodities incorporated in a sum of money. If a commodity is loaned as capital, then it is only the disguised form of a sum of money. For that which is loaned as capital is not so and so many pounds of cotton, but so much money existing in the form of cotton as its value. The price of capital, therefore, refers to it as a sum of money, even if not a currency, as Mr. Torrens thinks (see above note 60). How, then, can a sum of values have a price beside its own price, that is, aside from the price expressed in their own money-form? Price is precisely the value of commodities (and this holds good also of the market-price, whose difference from value is not one of quality, but only one of quantity, since it refers only to the magnitude of the value) as distinguished from their use-value. A price which is different in quality from value is an absurd contradiction.

Capital manifests itself as capital by its employment. The degree of its self-expansion expresses the quantitative ratio, in which it realises itself as capital. The surplus-value or profit produced by it — its rate or magnitude — is measurable only by its comparison with the value of the advanced capital. The greater or lesser self-expansion of interest-bearing capital is, therefore, only measurable by a comparison of the amount of interest, its share in the total profits, with the value of the advanced capital. While the price expresses the value of commodities, the interest expresses the self-expansion of money-capital and thus appears as the price, which the lender receives for it. This shows how absurd it is at the start to apply indiscriminately to this question the simple relations of exchange through buying and selling, as Proudhon does. For the basic premise is here that money serves as capital and may thus be transferred as capital itself, as potential capital, to another person.

Capital itself appears here as a commodity, inasmuch as it is offered on the market as the use-value of money actually handed over as capital. Its use-value consists in producing profits. The value of money or of

commodities employed in the capacity of capital is not determined by their value as money or commodities, but by the quantity of surplus-value, which they produce for their owner. The product of capital is profit. On the basis of capitalist production it is merely a difference in the employment of money, whether it is expended as money or advanced as capital. Money, or commodities, are in themselves, potentially, capital, just as labor-power is potential capital. For in the first place, money may be converted into elements of production and is to that extent only an abstract expression of them, personifying their existence as values; in the second place, the material elements of wealth have the capacity of being even potentially capital, because the opposite supplement, which makes capital of them, namely wage-labor, is present on the basis of capitalist production.

The opposing social peculiarities of material wealth, its antagonism to labor in the form of wage-labor, considered apart from the process of production, are expressed even in capitalist property as such. This particular fact, when separated from the process of capitalist production itself, of which it is a constant result and, being its constant result, is its constant prerequisite, expresses itself in such a way that money and commodities alike become latent, potential, capital, so that they may be sold as capital, and that they represent in this form a command over the labor of others, a claim to the appropriation of the labor of others, so that they become self-expanding values. In this way it also becomes clearly apparent that this relation supplies the title and means for the appropriation of the labor of others, and that this is not due to any labor offered as an equivalent on the part of the capitalist.

Capital appears furthermore as a commodity, inasmuch as the division of profit into interest and profit proper is regulated by demand and supply, that is, by competition, just as are the market-prices of commodities. But in the present case the difference becomes quite as apparent as the analogy. If demand and supply balance, the market-price of commodities corresponds to their price of production. In other words, their price is then seen to be regulated by the internal laws of capitalist production, independently of competition, since the fluctuations of supply and demand do not explain anything but the deviations of market-prices from the prices of production. These deviations balance mutually, so that in the course of long periods the average market-prices correspond to the prices of production. As soon as these prices coincide, these forces cease to operate, they compensate one

another, and the general law determining prices then applies also to individual cases. The market-price then corresponds even in its immediate form, and without the help of averages drawn from the movements of market-prices, to the price of production, which is regulated by the immanent laws of the mode of production itself. The same is then true of wages. If supply and demand balance, they neutralise each other's effects, and wages are then equal to the value of labor-power. But it is different with the interest on money-capital. Competition does not, in this case, determine the deviations from the rule, but there is rather no law of division except that enforced by competition, because no such thing as a "natural" rate of interest exists, as we shall see presently. By the natural rate of interest people merely mean the rate fixed by free competition. There are no "natural" limits for the rate of interest. Whenever competition does not merely determine the deviations and fluctuations, in other words, whenever a neutralisation of the opposing forces of competition puts a stop to all determination, the thing to be determined becomes a matter of arbitrary and lawless estimation. We shall dwell on this further in the next chapter.

In the case of interest-bearing capital, everything is outward appearance: The advance of capital seems a mere transfer from the lender to the borrower; the reflux of realised capital a mere transfer back to its owner, a return payment with interest from the borrower to the lender. The same holds good of the fact, due to the capitalist mode of production, that the rate of profit is not merely determined by the relation of the profit made in one single turn-over to the advanced capital-value, but also by the length of the time of turn-over itself, so that it is a question of a profit realised on the industrial capital in definite periods of time. This likewise appears in the case of interest-bearing capital in the outward fact, that a definite interest is paid to the lender for a definite period of time.

With his customary insight into the internal connection of things, the romantic Adam Müller says ("Elemente der Staatskunst," Berlin, 1809, ): "In determining the prices of things, time is not considered; while in the determination of interest, it is principally time which is taken into account." He does not see that the time of production and the time of circulation enter into the determination of the price of commodities, and that this is precisely what determines the rate of profit for a given time of turn-over of capital, while the determination of profit for a certain time in its turn determines that of interest. His sagacity consists here, as it always does, in seeing the

clouds of dust on the surface and having the presumption to declare this dust to be something mysterious and important.

## CHAPTER XXII. DIVISION OF PROFIT. RATE OF INTEREST. NATURAL RATE OF INTEREST.

THE object of this chapter, and in general all other phenomena of credit requiring our consideration later on, cannot here be analysed in detail. The competition between lenders and borrowers and the resulting minor fluctuations of the money-market fall outside of the scope of our inquiry. The circle described by the rate of interest during the industrial cycle requires for its presentation the analysis of this cycle itself, but this is likewise beyond our intentions for the present. The same is true of the greater or lesser approximate equalisation of the rate of interest in the world market. We merely intend here to analyse the independent form of interest-bearing capital and the individualisation of interest as differentiated from profit.

Since interest is merely a part of profit, paid according to our assumption by the industrial capitalist to the money-capitalist, the maximum limit of interest is marked by profit itself, and in that case the portion pocketed by the productive capitalist would be equal to zero. Aside from exceptional cases, in which interest might be actually larger than profit and could not be paid out of profit, one might consider as the maximum limit of interest the entire profit minus that portion (to be subsequently analysed), which resolves itself into wages of superintendence. The minimum limit of interest is wholly undefinable. It may fall to any depth. But counteracting circumstances will always appear and lift it again above this relative minimum.

“The relation between the amount paid for the use of some capital and this capital itself expresses the rate of interest, measured in money.” “The rate of interest depends, 1), on the rate of profit; 2), on the proportion in which the total profit is divided between the lender and the borrower.” (Economist, January 22nd, 1853.) “Since that which is paid as interest for the use of that which is borrowed is a part of the profit, which the borrowed is able to produce, this interest must always be regulated by that profit.” (Massie, l. c., .)

Let us first assume, that a fixed relation exists between the total profit and that one of its parts, which has to be paid as interest to the money-capitalist. In this case it is evident, that the interest will rise or fall with the total profit, and this profit is determined by the general rate of profit and its fluctuations. For instance, if the average rate of profit were 20% and the interest one-quarter of the profit, then the rate of interest would be 5%; if the rate of profit were only 16%, the rate of interest would be 4%. With a rate of profit of 20%, the rate of interest might rise to 8%, and yet the industrial capitalist would still make the same profit as he would with the rate of profit at 16% and the rate of interest at 4%, namely 12%. If the interest should rise only to 6 or 7%, he would keep a still larger share of the profit. If the interest amounted to a constant quota of the average profit, it would follow, that to the extent that the general rate of profit would rise, the absolute difference between the total profit and the interest would increase, and to the same extent would that portion of the total profit increase, which the productive capitalist would pocket, and vice versa. Take it that the interest amounts to one-fifth of the average profit. One-fifth of 10 is 2; difference between total profit and interest 8. One-fifth of 20 is 4; difference  $20-4 = 16$ . One-fifth of 25 is 5; difference  $25-5 = 20$ . One-fifth of 30 is 6; difference  $30-6 = 24$ . One-fifth of 35 is 7; difference  $35-7 = 28$ . The different rates of interest of 4, 5, 6, 7% would in this case always represent one-fifth of the total profit. If the rates of profit are different, then different rates of interest may represent the same aliquot parts of the total profit, or the same percentage of the total profit. With such constant proportions of interest, the industrial profit (the difference between the total profit and the interest) would be so much greater, the higher the average rate of profit would be, and vice versa.

Assuming all other conditions to be equal, in other words, assuming the proportion between interest and total profit to be more or less constant, the productive capitalist will be able and willing to pay a higher or lower interest directly proportional to the level of the rate of profit.<sup>62</sup> Since we have seen, that the height of the rate of profit is inversely proportional to the development of capitalist production, it follows that the high or low rate of interest in a certain country is to the same extent inversely proportional to the degree of industrial development, at least so far as differences in the rate of interest actually expresses differences in the rates of profit. And this mode of regulating interest applies even to its average.

In any event the average rate of profit is the ultimate limit determining the maximum limit of interest.

The fact that the rate of interest is related to the average profit will be considered more at length immediately. Whenever a certain whole, such as profit, is to be divided between two parties, the first thing to be considered is the magnitude of the whole. The magnitude of the profit is determined by its average rate. Assuming the average rate of profit, and thus the magnitude of profit, for a capital of a certain size, to be given (for instance 100), it is evident that the variations of interest will be inversely proportional to those of the profit remaining in the hands of the capitalist working with a borrowed capital. And the circumstances, which determine the amount of profit to be divided (the values produced by unpaid labor), differ widely from those, which determine its distribution between these two kinds of capitalists, and frequently produce effects in opposite directions.<sup>63</sup>

If we observe the cycles of variation, in which modern industry moves along — condition of rest, increasing activity, prosperity, overproduction, crisis, stagnation, condition of rest, etc., which fall outside of the scope of our analysis — we shall find, that a low rate of interest generally corresponds to periods of prosperity, or of extra profit, a rise of interest to the transition between prosperity and its reverse, and a maximum of interest up to a point of extreme usury to the period of crises.<sup>64</sup> With the summer of 1843 came a period of remarkable prosperity; the rate of interest, which had still been 4½% in the spring of 1842, fell to 2% in the spring and summer of 1843;<sup>65</sup> in September it fell even to 1½%. (Gilbart, I, ); whereupon it rose to 8% and more during the crisis of 1847.

It may happen, however, that low interest is found in times of stagnation, and moderately rising interest in times of increasing activity.

The rate of interest reaches its highest point during crises, when money must be borrowed in order to meet payments at any cost. Since a rise of interest implies a fall in the price of securities, this offers at the same time a fine opportunity to people with available money-capital, who may acquire possession at cut-rate prices of such interest-bearing securities as must at least regain their average price in the regular course of things, as soon as the rate of interest falls again.<sup>66</sup>

However, there is also a tendency of the rate of interest to fall, quite independently of the fluctuations of the rate of profit. This is due to two main causes.

“Let us assume that capital were never borrowed for any other but productive investments, it is nevertheless possible, that the rate of interest may vary without any change in the rate of gross profits. For, as a people progresses in the development of wealth, there arises and grows more and more a class of people, who find themselves possessed of funds through the labors of their ancestors, and who can live on the mere interest on them. Many, having actively participated in business in their youth and prime, retire, in order to live quietly in their old age on the interest of the sums accumulated by them. These two classes have a tendency to increase with the growing wealth of the country; for those who start out with a moderate capital acquire more easily an independent fortune than those, who start out with little. In old and rich countries, therefore, that portion of the national capital, whose owners do not care to invest it themselves, makes up a larger proportion of the total productive capital of society than in newly settled and poor countries. How numerous is not the class of annuity-holders in England! In proportion as the class of annuity-holders increases, that of the capital loaners increases also, for they are both the same.” (Ramsay, *Essay on the Distribution of Wealth*, )

The development of the credit system, and with it the continually growing control of the industrials and merchants over the money savings of all classes of society by the co-operation of bankers, and the progressive concentration of these savings into such volumes as will enable them to serve as money-capital, must also depress the rate of interest somewhat. We shall discuss this more at length later.

With reference to the determination of the rate of interest, Ramsay says that it “depends in part on the rate of gross profits, in part on the proportion in which this is divided into interest and profits of enterprise. This proportion depends on the competition between lenders and borrowers of capital. This competition is influenced, but not exclusively regulated, by the prospective rate of gross profits.<sup>67</sup> Competition is not exclusively regulated thereby, because on one side many are borrowing without any intention of productive investment, and because on the other the magnitude of the total loanable capital changes with the wealth of the country, independently of any change in the gross profits.” (Ramsay, *l. c.*, , 207.)

In order to find the average rate of interest, it is necessary, 1), to calculate the average rate of interest during its variations in the great

industrial cycles; 2), to find the rate of interest in such investments as require loans of capital for a long time.

The average rate of interest prevailing in a certain country — as differentiated from the continually fluctuating market rates — cannot be determined by any law. In this sense there is no such thing as a natural rate of interest, such as economists speak of when mentioning a natural rate of profit and a natural rate of wages. Massie has justly said with reference to this : “The only thing which any man can be in doubt about on this occasion, is, what proportion of these profits do of right belong to the borrower, and what to the lender; and this there is no other method of determining than by the opinions of borrowers and lenders in general; for right and wrong, in this respect, are only what common consent makes so.” The balancing of demand and supply — assuming the average rate of profit to be a fact — does not signify anything here. Wherever else this formula serves as an excuse (and is then practically correct) it is used to find the fundamental rule, which is independent of competition and rather determines it, this rule indicating the regulating limits, or the limiting magnitudes, of competition; this formula serves particularly as a help to those, who are bounded by the horizon of practical competition, its phenomena, and the conceptions arising from them, and who try thereby to get a rather shallow grasp of the internal connections of economic conditions within the sphere of competition. It is a method by which to pass from the variations that go with competition to the limits of these variations. This is not so in the case of the average rate of interest. There is no reason by which the idea could be justified, that the average conditions of competition, a balance between lenders and borrowers, should secure for the lender a rate of interest of 3, 4, 5%, etc., on his capital, or a certain percentage of the gross profits, say 20% or 50%. Whenever competition as such determines anything in this matter, its determination is a matter of accident, purely empirical, and only pedantry or fantasticalness can attempt to represent this accidental character as something necessary.<sup>68</sup> Nothing is more amusing than to listen in the reports of Parliament of 1857 and 1858 concerning bank legislation and commercial crises to the rambling twaddle of directors of the Bank of England, London bankers, provincial bankers, and theoretical professionals, when referring to “the real rate produced.” They never get beyond such commonplaces as that “the price paid by loanable capital probably varies with the supply of such capital,” that “a

high rate of interest and a low rate of profit cannot exist together in the long run,” and similar specious platitudes.<sup>69</sup> Custom, legal tradition, etc., have as much to do with the determination of the average rate of interest as competition itself, so far as this rate exists not merely as an average figure, but as an actual magnitude. An average rate of profit has to be assumed as a legal rate even in many law disputes, in which interest has to be calculated. Now, if we press the inquiry, why the limits of an average rate of interest cannot be deduced from general laws, we find the answer simply in the nature of interest. It is merely a portion of the average profit. The same capital appears in two roles, as a loanable capital in the hands of the lender, and as an industrial capital, or commercial capital, in the hands of the investing capitalist. But it performs its function as capital only once, and produces profit only once. In the process of production itself, the loanable nature of this capital does not play any role. To what extent the two parties divide the profit, in which they both share, is in itself as much a purely empirical fact belonging to the realm of accident as the division of the shares of common profit of some corporative business among different share holders by percentages. In the division between surplus-value and wages, on which the determination of the rate of profit essentially rests, the decision is made by two very different elements, labor-power and capital; these are functions of two independent variables, which limit one another; and their qualitative difference is the source of the quantitative division of the produced value. We shall see later that the same takes place in the division of surplus-value between rent and profit. But nothing of the kind occurs in the case of interest. In this case the qualitative differentiation, as we shall see immediately, proceeds rather from the purely quantitative division of the same lot of surplus-value.

From what has gone before it follows that there is no such thing as a “natural” rate of interest. But while, in distinction from the general rate of profit, there is on one side no general law, by which the limits of the average interest, or average rate of interest, may be determined and differentiated from the continually fluctuating market rates of interest, because it is merely a question of dividing the gross profit between two possessors of capital under different titles, there is on the other side the fact that the rate of interest, whether it be the average or the prevalent market rate, appears as a uniform, definite and tangible magnitude in a very different way from the general rate of profit.<sup>70</sup>

The rate of interest holds a similar relation to the rate of profit as the market price of a commodity does to its value. To the extent that the rate of interest is determined by the rate of profit, it is so always by the general rate of profit, not by any specific rates of profit, which may prevail in some particular lines of industry, and still less by any extra profit, which some individual capitalist may make in some particular line of business.<sup>71</sup> It is a fact, then, that the general rate of profit re-appears as an empirical, given, reality in the average rate of interest, although the latter is not a pure or reliable expression of the former.

It is true, that the rate of interest itself differs according to the different classes of securities offered by the borrowers and according to the length of time for which the money is borrowed; but it is uniform within every one of these classes at a given moment. This distinction, then, does not militate against a fixed and uniform shape of the rate of interest.<sup>72</sup>

The average rate of interest appears in every country for long epochs as a constant magnitude, because the general rate of profit — in spite of the continual variation of the particular rates of profit, in which a variation in one sphere is offset by an opposite variation in another sphere — varies only in long intervals. Its relative constancy is revealed in this more or less constant nature of the average rate, or common rate, of interest.

As concerns the continually fluctuating market rate of interest, it exists at any moment as a fixed magnitude, the same as the market price of commodities, because all the loanable capital as an aggregate mass is continually facing the invested capital, so that the relation between the supply of loanable capital on one side, and the demand for it on the other, decide at any time the market level of interest. This is so much more the case, the more the development and simultaneous concentration of the credit system impregnates the loanable capital with a general social character, and throws it all at one time on the market. On the other hand, the general rate of profit always exists as a mere tendency, as a movement to compensate specific rates of profit. The competition between capitalists — which is itself this movement toward an equilibrium — consists in this case in their activity of gradually withdrawing capital from spheres, in which the profit stays for a long time below the average, and in the same way taking capital into spheres, in which the profit is above the average. Or it may also consist in their distributing additional capital gradually and in varying

proportions between these spheres. It is always a matter of a continual variation between supply and demand of capital with reference to different spheres, never a simultaneous mass effect, as it is in the determination of the rate of interest.

We have seen that interest-bearing capital, although a category absolutely different from a commodity, becomes a peculiar commodity, so that interest becomes its price, which is fixed at any time by supply and demand, just as the market price of an ordinary commodity is fixed. The market rate of interest, while continually oscillating, appears therefore at any moment just as constantly fixed and uniform as the prevailing market price of commodities. The money-capitalists offer this commodity, and the investing capitalists buy it and make a demand for it. This does not take place in the equalisation of profits toward a general rate of profit. If the prices of commodities in a certain sphere are below or above the price of production (leaving aside any oscillations, which are found in every business and are due to fluctuations of the industrial cycles), a balance is effected by an expansion or restriction of production. This signifies an expansion or restriction of the quantities of commodities thrown on the market by industrial capitalists, by means of immigration or emigration of capital to and from particular spheres. It is by such a compensation of the average market prices of commodities to prices of production that the deviations of specific rates of profit from the general, or average, rate of profit are corrected. This process does not, and cannot, at any time assume the appearance as though the industrial or mercantile capital as such were commodities seeking a buyer, but it does in the case of interest-bearing capital. To the extent that this process is perceptible, it is so only in the oscillations and compensations of the market prices of commodities to prices of production, not in any direct fixation of the average profit. The general rate of profit is actually determined, 1), by the surplus-value produced by the capital; 2), by the proportion of this surplus-value to the value of the total capital; and, 3), by competition, but only to the extent that this is a movement, by which capitals invested in particular spheres seek to draw equal dividends out of this surplus-value in proportion to their relative magnitudes. The general rate of profit, then, derives its determination actually from causes, which are quite different and far more profound than those of the market rate of interest, which is directly and immediately determined by the proportion between supply and demand. It is, therefore,

not such a tangible and obvious fact as the rate of interest. The particular rates of interest in the different spheres of production are themselves more or less unsettled; but so far as they are perceptible, it is not their uniformity, but their differences, which appear. The general rate of profit itself appears only as the minimum limit of profit, not as the empirical and directly visible shape of the actual rate of profit.

In emphasizing this difference between the rate of interest and the rate of profit, we still leave out of consideration the following two circumstances, which favor the consolidation of the rate of interest: 1), The historical pre-existence of interest-bearing capital and the existence of a traditionally sanctioned general rate of interest; 2), the far greater direct influence exerted by the world market on the fixation of the rate of interest, independently of the economic conditions of a certain country, compared to its influence on the rate of profit.

The average profit does not appear as a directly existing fact, but merely as a final result of the compensation of opposite fluctuations, to be ascertained by analysis. Not so the rate of interest. It is, at least in its local validity, a daily fixed thing, a fact which serves even to industrial and mercantile capitals as a prerequisite and figure in their calculations. It becomes a general faculty of every sum of money of 100 pounds sterling to yield 2, 3, 4, 5%. Meteorological reports do not register the stand of the barometer and thermometer more accurately than the reports of the Bourse do the stand of the rate of interest, not for this or that capital, but for the money-capital on the market, for the available loanable capital in general.

On the money market only lenders and borrowers face one another. The commodity has the same form, money. All specific forms of capital according to its investment in particular spheres of production or circulation are here blotted out. It exists here in the undifferentiated, homogenous, form of independent value, money. The competition of the individual spheres ceases here. They are all thrown together as borrowers of money, and capital likewise faces all of them in a form, in which it is as yet indifferent to its definite investment in this or that specific manner. The character worn by industrial capital only in its movement and competition between individual spheres, the character of a common capital of a class comes into evidence here in full force by the demand and supply of capital. On the other hand, money-capital on the money market has actually that form, in which it may be distributed as a common element among the capitalists in

the various spheres, regardless of its specific employment, as the requirements of production in each individual sphere may dictate. Add to this that with the development of large scale industry money-capital, so far as it appears on the market, is not represented by some individual capitalist, not by the owner of this or that fraction of the capital on the market, but assumes more and more the character of an organised mass, which is far more directly subject to the control of the representatives of social capital, the bankers, than actual production is. Under these circumstances, not only the demand for loanable capital is expressed with the full force of a class, but also its supply appears as loanable capital in masses.

These are some of the reasons, why the general rate of profit appears as a vanishing shape of mist compared to the definite rate of interest, which, while fluctuating in its magnitude, yet faces all borrowers as a fixed fact, because it varies uniformly for all of them. In like manner the variations in the value of money do not prevent it from having the same value for all commodities. In like manner the market prices of commodities fluctuate daily, yet this does not prevent them from being reported daily. In like manner, the rate of interest is regularly reported as “the price of money.” It is so for the reason that capital itself is here offered in the form of money as a commodity. The fixation of its price is thus a fixation of its market price, as it is with all other commodities. Thus the rate of interest always appears as the general rate of interest, as so much for so much money, as a definite quantity. Not so the rate of profit. It may vary even within the same sphere for commodities with the same price, according to the different conditions under which different capitals produce the same commodity. For the rate of profit of the individual capital is determined, not by the market price of a commodity, but by the difference between the market-price and the cost-price. And these different rates of profit, first within the same sphere and then between different spheres themselves, can be balanced only by continual fluctuations.

(Note for later elaboration): A specific form of credit. It is known that when money serves as a means of payment instead of as a means of purchase, the commodity is transferred, but its value is not realised until later. If payment is not made until after the commodity has again been sold, then this sale does not seem to be the result of the purchase, but it is by this sale that the purchase is realised. In other words, the sale becomes a means of purchase. — Secondly; Titles to debts, bills of exchange, etc., become

means of payment for the creditor. — Thirdly: The compensation of titles to debts replaces the money.

## CHAPTER XXIII. INTEREST AND PROFIT OF ENTERPRISE.

INTEREST, as we have seen in the two preceding chapters, seems to be originally, is originally, and remains in fact merely a portion of profit, of surplus-value, which the investing capitalist, whether industrial or commercial, has to pay over to the owner and lender of money-capital whenever he uses loan capital instead of his own. If he employs only his own capital, no such division of profit takes place; it is all his. In fact, to the extent that the owners of capital employ it themselves in the process of reproduction, they do not compete in the determination of the rate of interest. This alone shows that the category of interest, an impossibility without a determination of the rate of interest, is alien to the movements of industrial capital itself.

“The rate of interest may be defined to be that proportional sum which the lender is content to receive, and the borrower to pay, for a year or for any longer or shorter period for the use of a certain amount of moneyed capital...when the owner of capital employs it actively in reproduction, he does not come under the head of those capitalists, the proportion of whom, to the number of borrowers, determines the rate of interest.” (Th. Tooke, History of Prices, Newmarch ed. London, 1857, II, .) It is indeed only the separation of capitalists into money-capitalists and industrial capitalists, which transforms a portion of the profit into interest, which creates the category of interest at all; and it is only the competition between these two kinds of capitalists which creates the rate of interest.

So long as capital serves in the process of reproduction — even assuming that it belongs to the industrial capitalist himself, so that he has no need of paying it back to some lender — just so long the capitalist has at his disposal as a private individual, not this capital itself, but only the profit, which he may spend as revenue. So long as his capital performs the functions of capital, it belongs to the process of reproduction, it is tied up in that process. He is indeed its owner, but this ownership does not enable him to dispose of it in some other way, so long as he uses it as capital for the exploitation of labor. It is the same with the money-capitalist. So long as his

capital is loaned out and serves as money-capital, it brings him as interest a portion of the profit, but he cannot dispose of the principal. This becomes evident, whenever he loans his capital, say, for one year, or longer, and receives interest at certain stipulated times without recovering his principal. But even the return of the principal does not make any difference here. If he gets it back, then he must always loan it out again, so long as he expects it to produce the effects of capital, in this case of money-capital, for him. While he is keeping it in his own hands, it collects no interest, it does not act in the capacity of capital; and so long as it gathers interest and serves as capital, it is not in his hands. This accounts for the possibility to loan capital for all eternity. The following remarks of Tooke against Bosanquet are, therefore, entirely wrong. He quotes Bosanquet (*Metallic, Paper, and Credit Currency*, ): “If the rate of interest were depressed to 1%, then borrowed capital would be almost on a par with owner’s capital.” Tooke makes the following comment on this: “That a capital borrowed at this, or even at a lower rate, should be considered as being almost on a par with one’s own capital is such a strange contention, that it would hardly deserve any serious consideration, did it not come from so intelligent a writer, who is so well informed on particular points of his subject. Has he overlooked the fact, or does he hold it to be so unimportant, that his assumption implies the condition of return payment?” (Th. Tooke, *An Inquiry into the Currency Principle*, 2nd. edition, London, 1844, .) If interest were equal to zero, then the industrial capitalist working with a borrowed capital would be on a par with a capitalist working with his own capital. Both of them would pocket the same average profit, and capital, whether borrowed or the owner’s, serves as capital only to the extent that it produces profit. The condition of return payment would not alter this in the least. The more the rate of interest approaches zero, falling, for instance, to 1%, the more borrowed capital is placed on a par with owner’s capital. So long as money-capital is expected to act in the capacity of money-capital, it must always be loaned out again and again, and this must take place at the prevailing rate of interest, say 1%, and always to the same class of industrial and commercial capitalists. So long as these perform the functions of capitalists, the only difference between one working with a borrowed and one working with his own capital is that the one has to pay interest and the other has not; that the one pockets the whole profit  $p$ , and the other only  $p - i$ , profit minus interest. To the extent that the interest approaches zero,  $p - z$  becomes equal to  $p$ ,

and to the same extent do both capitals stand on a par. The one must pay back the capital and borrow it again; but the other, so long as his capital is expected to perform its function, must likewise advance it again and again to the process of production and cannot dispose of it freely without any dependence upon this process. The only remaining difference between the two is the obvious one that the one is the owner of his capital and the other is not.

The question which arises here is this: How is it that this purely quantitative division of profit into net profit and interest turns into a qualitative one? In other words, how is it that even the capitalist who employs only his own capital, and not a borrowed one, ranges a portion of his gross profit under the specific category of interest and calculates it separately as such? And furthermore, why is all capital, whether borrowed or not, differentiated in itself as interest-bearing capital from net profit producing capital?

It is understood that not every accidental quantitative division of profit turns in this manner into a qualitative one. For instance, some industrial capitalists associate for some business and divide the profits among themselves according to some legal agreement. Others carry on their business, each by himself, without any associate. These last do not calculate their profit under two heads, one part as individual profit, the other as profits of the company for associates who do not exist. In this case the quantitative division does not turn into a qualitative one. It takes place, when the ownership is vested accidentally in several juridical personalities. It does not take place, when this is not the case.

In order to answer this question, we must dwell a little longer on the actual point of departure of the formation of interest; that is, we must take our departure from the assumption, that the money-capitalist and the industrial capitalist really face one another, not merely as legally different persons, but as persons playing entirely different roles in the process of reproduction, or as persons in whose hands the same capital really passes through a twofold and wholly different movement. The one merely loans it, the other employs it productively.

For the productive capitalist, who works with a borrowed capital, the gross profit falls into two parts, namely into the interest to be paid by the lender and the surplus over the interest forming his own share of the profit. If the general rate of profit is given, then this last portion is determined by

the rate of interest; if the rate of interest is given, then this last portion is determined by the general rate of profit. And furthermore: Whatever may be the divergence in any individual case of the gross profit, the actual magnitude of value of the total profit, from the average profit, it does not alter the fact that the portion belonging to the investing capitalist is determined by the interest, since this is fixed by the general rate of interest (aside from special legal stipulations) and assumed to be paid beforehand, before the process of production begins, and before its result, the gross profit, has been made. We have seen that the peculiar and specific product of capital is surplus-value, or more closely defined, profit. But for the capitalist working with a borrowed capital it is not the profit, but the profit minus the interest, that portion of the profit which remains for him after the interest has been deducted. This portion of the profit necessarily appears to him as the product of a capital performing its function; and so far as he is concerned it is really so, because he is the representative of capital in action. He is its personification to the extent that it is in function, and it performs its function to the extent that it is profitably invested in industry or commerce and engaged, through its employer, in such operations as are prescribed by the line of its industry. In distinction from interest, which he has to pay out of the gross profits to the lender, the remaining portion of the profit, which he pockets, necessarily assumes the form of industrial or commercial profit, or, to designate it by a term comprising both of them, the form of profit of enterprise. If the gross profit is equal to the net profit, then the magnitude of this profit of enterprise is exclusively determined by the rate of interest. If the gross profit varies from the average profit, then its difference from the average profit (after deducting the interest from both of them) is determined by all constellations causing a temporary deviation, either of the rate of profit in any particular sphere from the general rate of profit, or of the profit made by some individual capitalist in a certain sphere from the average profit of this sphere. Now, we have seen, that the rate of profit within the process of production itself does not depend merely on the surplus-value, but also on many other circumstances, for instance, on the purchase prices of the means of production, on methods more productive than the average, on economies in constant capital, etc. And aside from the price of production, it depends on special constellations of the market, and in every business transaction on the greater or lesser smartness and thrift of the individual capitalists, whether, and to what

extent, a man will buy or sell above or below the price of production and thus appropriate in the process of circulation a greater or smaller portion of the total surplus-value. At any rate the quantitative division of the gross profit turns here into a qualitative one, and it does so all the more as the quantitative division itself depends on the nature of thing that is to be divided, on the manner in which the capitalist manages his capital, and on the amount of gross profit it yields for him in his capacity as active capitalist. The investing capitalist is here assumed not to be the owner of the capital. The ownership of capital is vested in the money-capitalist, who stands opposed to him. The interest, which he pays to the lender, thus appears as that portion of the gross profit, which is absorbed by the ownership of capital as such. In distinction therefrom, that portion of the profit, which falls to the share of the investing capitalist, appears then as profit of enterprise, arising solely from the operations, or functions, which he performs with the capital in the process of reproduction, particularly of those functions, which he performs as the impersonator of enterprise in industry or commerce. From his point of view, the interest appears merely as the fruit of the ownership of capital, of capital "itself" abstracted from the process of capital in reproduction, of a capital not "working," not performing its function; while profit of enterprise appears to him as the exclusive fruit of the functions, which he performs with the capital, a fruit of the movements and performances of capital, of performances, which appear to him as his own activity as differentiated from the inactivity, the non-participation, of the money-capitalist in the process of production. This qualitative separation of the two portions of gross profit, which makes interest appear as the fruit of abstract capital, of the ownership of capital outside of the process of production, and profit of enterprise as the fruit of capital performing its function in the process of production, of the active role played by the employer of capital in the process of reproduction, this qualitative separation is by no means merely a subjective point of view of the money-capitalist on one side and of the industrial capitalist on the other. It rests upon an objective fact, for the interest flows into the hands of the money-capitalist, the lender, the mere owner of capital, who represents only capital property before the process of production and outside of it; while the profit of enterprise flows only into the hands of the investing capitalist, who is not the owner of the capital.

In this way, both the industrial capitalist working with borrowed capital and the money-capitalist not working himself with his capital play a role, in which a merely quantitative division of the gross profit between two persons having two different legal titles to the same capital and to the profit produced by it turns into a qualitative division. One portion of the profit appears now as interest, as a fruit coming to capital in one of its forms; the other portion appears as a specific fruit of capital in an opposite form, and thus as profit of enterprise. One appears as the fruit of mere ownership of capital, the other as a fruit of the performance of the function of capital, as a fruit of capital in process, of the functions performed by the active capitalist. And this ossification and individualisation of the two parts of the gross profits among themselves, as though they were derived from two essentially different sources, now becomes a fixture for the entire capitalist class and the total capital. And this takes place regardless of whether the capital employed by the active capitalist is borrowed or not, and whether the capital belonging to the money-capitalist is employed by himself or not. The profit of every capital, and consequently the average profit established by a mutual compensation of capitals, is separated into two qualitatively different, separately individualised, and mutually independent parts, to wit, interest and profit of enterprise, both of which are determined by particular laws. The capitalist working with his own capital divides the gross profit into interest due to himself as its owner lending it to himself, and into profit of enterprise due to himself as an active capitalist performing his function, just as does the capitalist working with a borrowed capital. For this division, in its qualitative aspects, it becomes immaterial whether the capitalist really has to divide his profit with another or not. The employer of capital, even when working with his own capital, falls apart into two personalities, into the mere owner of capital and the employer of capital; his capital itself, with reference to the categories of profit which it yields, falls apart into capital property outside of the process of production and yielding interest of itself, and capital in the process of production yielding profit of enterprise through its function in the process.

Interest, then, becomes so firmly established, that it no longer appears as a division of gross profits, to which production is indifferent and which takes place only occasionally when the industrial capitalist works with the capital of some other man. Even when he works with his own capital, his profit is separated into interest and profit of enterprise. Thus a merely

quantitative division turns into a qualitative one. It takes place without regard to the fact, whether the industrial capitalist is, or is not, the owner of the capital employed by him. It is no longer a question of different quota of profit assigned to different persons, but of two different categories of profit holding different relations to the capital, being related to different forms of capital.

It is a simple matter, in view of the foregoing remarks, to explain, why this character of qualitative separation becomes established for the total social capital and the entire capitalist class, as soon as the separation of gross profits into interest and profits of enterprise has assumed its qualitative aspect.

This follows from the simple empirical circumstance, that the majority of the industrial capitalists, even if in different proportional numbers, work with their own and with borrowed capital, and that the proportion between self-owned and borrowed capital changes in different periods.

The transformation of a portion of the gross profits into the shape of interest converts the other portion into profit of enterprise. The latter is indeed but the antagonistic form assumed by the excess of the gross profit over the interest, as soon as interest exists as an independent category. The entire analysis of the problem, how gross profit is differentiated into interest and profit of enterprise, resolves itself into the inquiry, how a portion of the gross profits becomes universally ossified and individualised in the shape of interest. Now, historically, interest-bearing capital exists as a complete, traditional form, and with it interest as a ready subdivision of the surplus-value produced by capital, long before the capitalist mode of production and the conceptions of capital and profit belonging to it existed. Thus it is that popular conception still regards money-capital, interest-bearing capital, as typical capital, as capital par excellence. Thus, also, we find up to the time of Massie the prevailing idea, that it is money as such, which is paid in interest. The fact that loaned capital yields interest, whether it is actually employed as interest or not — even when borrowed only for consumption — lends strength to the idea of the independence of this form of capital. The best proof of the independence, which interest seemed to have with reference to profit and interest-bearing capital with reference to industrial capital, during the first periods of the capitalist mode of production, is that it was not until the middle of the 18th century that Massie, and after him

Hume, discovered the fact that interest is but a portion of the gross profit, and that such a discovery was necessary at all.

Whether the industrial capitalist works with his own or with borrowed capital, it does not alter the fact that the class of money-capitalists face him as a special class of capitalists, money-capital as an independent form of capital, and interest as the independent form of surplus-value peculiar to this specific capital.

Qualitatively speaking, interest is surplus-value supplied by the mere ownership of capital, yielded by capital as such, even though its owner remains outside of the process of reproduction. It is surplus-value realised by capital outside of its process.

Quantitatively speaking, that portion of profit, which forms interest, does not seem to be related to industrial or commercial capital as such, but to money-capital, and the rate of this portion of surplus-value, the rate of interest, fortifies this relation. For, in the first place, the rate of interest, despite its dependence upon the general rate of profit, is independently determined, and, in the second place, it appears with all its variations as a fixed, uniform, tangible and always given relation, just like the market-prices of commodities, compared to the intangible rate of profit. If all capital were in the hands of the industrial capitalists, there would be no interest and no rate of interest. The independent form assumed by the quantitative division of gross profit creates the qualitative one. If the industrial capitalist compares himself to the money-capitalist, only his profit of enterprise distinguishes him from the other man, the excess of his gross profit over the average interest, the latter being empirically given by means of the rate of interest. On the other hand, if he compares himself to the industrial capitalist working with his own, instead of borrowed capital, the other differs from him only as a money-capitalist by pocketing the interest instead of paying it over to some one else. On either side the portion of the gross profit differing from the interest appears to him as profit of enterprise, and interest itself as a surplus-value yielded by capital as such, which it would yield even without any productive employment.

This is practically correct for the individual capitalist. He has the choice, whether he wants to invest his capital as an interest-bearing one or as a productive one, regardless of whether it exists in the form of money-capital from the out-set, or whether it has to be converted into money-capital. But

to make this conception a general one and apply it to the total capital of society, as some vulgar economists do, who even go so far as to regard this capital as the source of profit, is, of course, preposterous. The idea of a conversion of the total capital of society into money-capital without the existence of people, who shall buy and utilise the means of production, which form the total capital with the exception of relatively small portion existing in the shape of money, is sheer nonsense. It implies the additional nonsense, that capital could yield interest on the basis of capitalist production without performing any productive function, in other words, without producing any surplus-value, of which interest would be but a part; that the capitalist mode of production could run its course without any capitalist production. If an excessively large number of capitalists were to convert their capital into money-capital, it would result in an extraordinary depreciation of money-capital and an extraordinary fall of the rate of interest; many would at once be face to face with the impossibility of living on their interest, and would be compelled to retransform themselves into industrial capitalists. But we repeat that it is a fact for the individual capitalist. For this reason, he necessarily considers that part of his average profit, which is equal to the average interest, as a fruit of his capital as such, apart from the process of production, even when he works with his own capital; and he differentiates from this portion, from this interest, that surplus of the gross profit, which constitutes his profit of enterprise.

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We have seen that that portion of the profit, which the investing capitalist has to pay to the mere owner of borrowed capital, converts itself into the independent form of a portion of profit, which all capital as such, whether borrowed or not, yields under the name of interest. How large that portion shall be is determined by the quotation of the average rate of interest. Its origin does not show itself any more in anything but the fact that the investing capitalist, when owner of his capital, no longer competes in the determination of the rate of interest, at least not actively. The purely quantitative division of profit between two persons having different legal titles to it has turned into a qualitative division, which seems to arise from the nature of capital and profit itself. For, as we have seen, as soon as a portion of the profit generally assumes the form of interest, the difference between the average profit and the interest, or the portion of profit exceeding the interest, assumes a form antagonistic to interest, that of profit

of enterprise. These two forms, interest and profit of enterprise, exist only as opposites. They are not reduced to the surplus-value, of which they represent proportional parts cast in different moulds, but are merely referred to one another. Because one portion converts itself into interest, the other portion appears as profit of enterprise.

By profit we always mean average profit here, since the variations of individual profit and of profit in different spheres, due to the fluctuations of the competitive struggle and other circumstances affecting the distribution of the average profit, or surplus-value, do not concern us in this analysis. This applies quite generally to the foregoing inquiry.

Interest is then net profit, as Ramsay calls it, which capital as such yields, either for the mere lender remaining outside of the process of reproduction, or for the owner employing his capital productively. For this latter capitalist also, capital yields this net profit, not in his capacity as a productive capitalist, but of money-capitalist and lender of his own capital as an interest-bearing one to himself as an investing capitalist. Just as the conversion of money, and of value in general, into capital is the constant result of capitalist production, so its existence in the form of capital is its constant prerequisite. By its ability to transform itself into means of production, it commands continually unpaid labor and thereby transforms the process of production and circulation of commodities into a production of surplus-value for its owner. Interest is, therefore, merely the expression of the fact, that value in general, in other words, value representing materialised labor in its general social form, or value assuming the form of means of production in the actual process of production, faces living labor-power as an independent power, and is a means of appropriating unpaid labor; and that it is such a power, because it represents the property of another in opposition to the laborer. But on the other hand, this opposition to wage-labor is obliterated in the form of interest; for interest-bearing capital as such has not wage-labor, but productive capital for its object. The lending capitalist faces as such the capitalist performing his actual function in the process of reproduction, not the wage-worker, who is expropriated from the means of production under capitalist production. Interest-bearing capital represents capital as ownership compared to capital as a function. But to the extent that capital does not perform its function, it does not exploit the laborers and does not come into opposition to labor.

On the other hand, profit of enterprise is not in opposition to wage-labor, but only to interest.

Assuming the average profit to be given, the rate of profit on enterprise is not determined by wages, but by the rate of interest. It is high or low inversely as the rate of interest is.<sup>73</sup>

The investing capitalist derives his claim to profits of enterprise, and consequently the profit of enterprise itself, not from his ownership of capital, but from its production function as distinguished from the form, in which it is only inert property. This appears as an obviously existing contrast, whenever he is working with a borrowed capital, so that interest and profits of enterprise each go to different persons. The profit of enterprise arises from the function of capital in the process of reproduction, it is a result of the operations by which the investing capitalist promotes this function of industrial and commercial capital. But to be a representative of invested capital is not a sinecure like the representation of interest-bearing capital. On the basis of capitalist production, the capitalist directs the processes of production and circulation. The exploitation of productive labor requires exertion, whether he performs it himself or has it performed by some one else in his name. In distinction from interest, his profit of enterprise appears to him as independent of the ownership of capital, it seems to be the result of his function as a non-proprietor — a laborer.

Under these circumstances his brain necessarily conceives the idea, that his profit of enterprise, far from being in opposition to wage-labor and representing only the unpaid labor of others, is rather itself wages of labor, wages of superintendence of labor. These wages are superior to those of the common laborer, 1) because they pay for more complicated labor, 2) because the capitalist pays them to himself. The fact that his function as a capitalist consists in creating surplus-value, which is unpaid labor, and to create it under the most economical conditions, is entirely forgotten over the contrast, that the interest falls to the share of the capitalist, even if he does not perform any capitalist function and is merely the owner of capital; and that, on the other hand, the profit of enterprise falls to the share of the investing capitalist, even if he is not the owner of the capital, which he employs. The antagonistic form of the two parts, into which profit, or surplus-value is divided, leads him to forget, that both parts are surplus-value, and that this division does not alter the nature, origin, and living conditions of surplus-value.

In the process of reproduction, the investing capitalist represents capital as the property of another in opposition to the wage-laborers, and the money-capitalist, represented by the investing capitalist, shares in the exploitation of labor. The fact, that the investing capitalist can perform his function or employ means of production as capital only as the personification of the means of production in opposition to the laborers, is forgotten over the antagonism between the function of capital in the process of reproduction and the mere ownership of capital outside of the process of reproduction.

In fact, the forms assumed by the two parts of profit, of surplus-value, when divided into interest and profit of enterprise, do not express their relation to labor, because their relation refers only to themselves and to the profit, or rather to the surplus-value as a whole compared to them as parts of this unit. The proportion in which the profit is divided, and the different legal titles, by which this division is sanctioned, are based on the assumption that profit is already in existence. If, therefore, the capitalist is the owner of the capital, which he employs, he pockets the whole profit, or surplus-value. It is immaterial to the laborer, whether the capitalist pockets the whole profit, or whether he has to pay over a part of it to some other person, who has a legal claim to it. The reasons for dividing the profit among two kinds of capitalists thus turn surreptitiously into reasons for the existence of the surplus-value to be divided, which the capital as such draws out of the process of reproduction quite apart from any subsequent division. Seeing that the interest is opposed to the profit of enterprise, and the profit of enterprise to the interest, that they are both opposed to one another, but not to labor, it follows that both profit of enterprise plus interest, in other words, the total profit, and further the surplus-value, are derived — from what? From the antagonistic form of its two parts! But the profit is produced, before this division takes place, and before there can be any mention of it.

Interest-bearing capital stands the test of such only to the extent that borrowed money is actually converted into capital, and that a surplus is produced with it, of which the interest is a part. But this does not militate against the fact, that the faculty of drawing interest is innate in it outside of the process of production. So does labor-power evince its faculty of producing value only so long as it is employed and materialised in the labor-process; yet this does not argue against the fact, that labor-power is

potentially a faculty of creating values, which does not arise out of the mere process of production, but is rather antecedent to it. As a faculty creating value, it is bought. One might also buy it without setting it to work productively. It may be used for purely personal ends, for instance, for personal service, etc. So it is with capital. It is the borrower's affair, whether he employs it as capital, actually setting in motion its inherent faculty of producing surplus-value. What he pays, is in either case the surplus-value inherently latent in the commodity capital.

Let us now consider profit of enterprise more in detail.

Since the specific social faculty of capital under capitalist production, that of being property in the hands of one and yet commanding the labor-power of another, becomes fixed, so that interest appears as a part of the surplus-value produced by capital in this interrelation, the other part of the surplus-value, the profit of enterprise, must necessarily appear as derived, not from capital as such, but from the process of production, separated from its social faculty, which is already expressed as a distinct mode of existence by the term interest in capital. Now, separated from capital, the process of production is simply a labor-process. Hence the industrial capitalist as differentiated from the owner of capital does not appear, in this case, as a functionary of capital, but as a functionary separated from capital, as a simple agent of the labor-process, as a laborer, and specifically as a wage-laborer.

Interest itself expresses precisely the existence of the conditions of labor in the form of capital, in their social antagonism to labor, and in their transformation into personal powers in opposition to labor and dominating it. Interest represents the mere ownership of capital as a means of appropriating the products of the labor of others. But it represents this character of capital as something, which belongs to it outside of the process of production, and which is not by any means a result of the specifically capitalist nature of this process of production itself. Interest places this process in such a light, that it does not seem opposed to labor, but rather without any relation to labor and simply the relation of one capitalist toward another. It thus assumes a form which places it outside of the relation of capital toward labor, and renders it indifferent toward this relation. In interest, then, which is that specific form of profit, in which the antagonistic character of capital assumes an independent form, this is done in such a way, that the antagonism here appears completely obliterated and left out

of consideration. Interest is a relation between two capitalists, not between a capitalist and a laborer.

On the other hand, this form of interest bestows upon the other portion of profit the qualitative form of profit of enterprise, and, further on, of wages of superintendence. The specific functions, which the capitalist as such has to perform, and which precisely differentiate him from the laborer and bring him into opposition to the laborer, are presented as mere functions of labor. He creates surplus-value, not because he performs the work of a capitalist, but because he also works aside from his capacity as a capitalist. This portion of surplus-value is thus no longer surplus-value, but its opposite, an equivalent for labor performed. Owing to the fact that the estranged character of capital, its antagonism to labor, has been relegated to a place outside of the actual process of exploitation, namely to the interest-bearing capital, this process of exploitation itself appears as a simple labor process, in which the exploiting capitalist performs merely a different kind of labor than the laborer. In this way the labor of exploitation and the exploited labor both appear as labor, as identical. The labor of exploitation is labor just as well as the labor which is exploited. It is the interest which represents the social form of capital, but it does so in a neutral and indifferent way. It is the profit of enterprise which represents the economic function of capital, but it does so in a way, which takes no cognizance of the definite capitalist character of this function.

In the present case, what passes in the consciousness of the capitalist is quite similar to what passes in the case of the fluctuations for which the capitalist makes allowance in the equalisation of the average profits, as indicated in part II of this volume. These compensating causes, which exert a determining influence on the distribution of the surplus-value, are distorted by the capitalist conception into originating causes and subjective justifications of profit itself.

The conception of profit of enterprise in the shape of wages of superintendence of labor, arising from the antagonism of profit of enterprise to interest, is further strengthened by the fact, that a portion of the profit may indeed be separated, and is separated in reality, as wages, or rather the reverse, that a portion of the wages appear under capitalist production as a separate portion of the profit. Already Adam Smith indicated, that this portion assumes its pure form, independently of profit and wholly separated from it (as the sum of interest and profit of

enterprise), and likewise separated from that portion of the profit, which remains in the shape of profit of enterprise after the deduction of the interest, in the salary of the superintendent in those lines of business, whose size, etc., permits a sufficient division of labor to justify a special salary for the labor of a superintendent.

The labor of superintendence and management will naturally be required whenever the direct process of production assumes the form of a combined social process, and does not rest on the isolated labor of independent producers.<sup>74</sup> It has, however, a double nature.

On one side, all labors, in which many individuals cooperate, necessarily require for the connection and unity of the process one commanding will, and this performs a function, which does not refer to fragmentary operations, but to the combined labor of the workshop, in the same way as does that of a director of an orchestra. This is a kind of productive labor, which must be performed in every mode of production requiring a combination of labors.

On the other side, quite apart from any commercial department, this labor of superintendence necessarily arises in all modes of production, which are based on the antagonism between the laborer as a direct producer and the owner of the means of production. To the extent that this antagonism becomes pronounced, the role played by superintendence increases in importance. Hence it reaches its maximum in the slave system.<sup>75</sup> But it is indispensable also under the capitalist mode of production since then the process of production is at the same time the process by which the capitalist consumes the labor-power of the laborer. In like manner, the labor of superintendence and universal interference by the government in despotic states comprises both the performance of the common operations arising from the nature of all communities and the specific functions arising from the antagonism between the government and the mass of the people.

In the works of ancient writers, who have the slave system under their eyes, both sides of the labor of superintendence are as inseparably combined in theory as they were in practice. So it is also in the works of the modern economists, who regard the capitalist mode of production as the absolute mode of production. On the other hand, as I shall show immediately by an example, the apologists of the modern slave system

utilise the labor of superintendence quite as much to justify slavery, as the other economists do to justify the wage system.

The villicus in Cato's time: "At the head of the rural slave community (*familia rustica*) stood the manager (*villicus*, derived from *villa*), who took receipts and made expenditures, bought and sold, received instructions from the master, gave orders and meted out punishment in his absence....The manager occupied naturally a freer position than the other slaves; the Magonian books advise to permit him to marry, raise children, and have his own funds, and Cato recommends that he be married with the female manager; he alone probably had any prospects of being liberated by the master for good behavior. For the rest, all of them formed one common economy....Every slave, including the manager himself, was supplied with his necessities at the expense of his master, in definite periods according to fixed rates, and he had to get along on that. The quantity varied according to labor, and for this reason the manager, whose work was lighter than that of the other slaves, received a smaller ration than the others." (Mommsen, *Römische Geschichte*, second edition, 1856, I, -810.)

Aristotle: "For the master proves himself such not in the buying, but in the employing of slaves." (The capitalist proves himself such, not by the ownership of capital, which gives him the power to buy labor-power, but in the employment of laborers, nowadays of wage laborers in the process of production.) "But there is nothing great about this knowledge. For whatever the slave must be able to perform, the master must be able to order. Whenever the masters are not compelled to drudge at superintendence, the manager assumes this honor, while the masters attend to affairs of state or study philosophy." (Aristotle, *Republic*, Bekker edition, Book I, 7.)

Aristotle says in plain words, that rulership on the political and economic field imposes upon the powers that be the functions of government, and that they must understand the art of consuming labor-power. And he adds, that this labor of superintendence is not a matter of great moment, and that for this reason the master, who is wealthy enough, leaves the "honor" of this drudgery to an overseer.

The labor of management and superintendence arising out of the servitude of the direct producers has often been quoted in justification of this relation, not because it is a function due to the nature of all combined social labor, but because it is due to the antagonism between the owner of

means of production and the owner of mere labor-power, regardless of whether this labor-power is bought by buying the laborer himself, as it is under the slave system, or whether the laborer himself sells his labor-power, so that the process of production is the process by which capital consumes his labor-power. And exploitation, the appropriation of the unpaid labor of others, has quite as often been represented as the reward justly due to the owner of capital for his labor. But it was never better defended than it was by a champion of slavery in the United States, a certain lawyer O'Connor, at a meeting held in New York, on December 19th, 1859, under the slogan of "Justice for the South." "Now, Gentlemen," he said amid great applause, "nature itself has assigned this condition of servitude to the negro. He has the strength and is fit to work; but nature, which gave him this strength, denied him both the intelligence to rule and the will to work. (Applause.) Both are denied to him! And the same nature, which denied him the will to work, gave him a master, who should enforce this will, and make a useful servant of him in a climate, to which he is well adapted, for his own benefit and that of the master who rules him. I assert that it is no injustice to leave the negro in the position, into which nature placed him; to put a master over him; and he is not robbed of any right, if he is compelled to labor in return for this, and to supply a just compensation for his master in return for the labor and the talents devoted to ruling him and to making him useful to himself and to society."

Now, the wage-laborer, like the slave, must have a master, who shall put him to work and rule him. And assuming this relation of master and servant to exist, it is quite proper to compel the wage-laborer to produce his own wages and also the wages of superintendence, a compensation for the labor of ruling and superintending him, "a just compensation for his master in return for the labor and talents devoted to ruling him and to making him useful to himself and to society."

The labor of superintendence and management arising out of the antagonistic character and rule of capital over labor, which all modes of production based on class antagonisms have in common with the capitalist mode, is directly and inseparably connected, also under the capitalist system, with those productive functions, which all combined social labor assigns to individuals as their special tasks. The wages of an epitropos, or régisseur, as he used to be called in feudal France, are entirely differentiated from the profit and assumes the form of wages for skilled labor, whenever

the business is operated on a sufficiently large scale to warrant paying such a manager, although our industrial capitalists do not “attend to affairs of state or study philosophy” for all that.

That not the industrial capitalists, but the industrial managers are “the soul of our industrial system,” has already been remarked by Mr. Ure.<sup>76</sup> So far as the commercial part of the business is concerned, we have said as much as was necessary in the preceding part of this volume.

The capitalist mode of production itself has brought matters to such a point, that the labor of superintendence, entirely separated from the ownership of capital, walks the streets. It is, therefore, no longer necessary for the capitalist performs the labor of superintendence himself. A director of an orchestra need not be the owner of the instruments of its members, nor is it a part of his function as a director, that he should have anything to do with the wages of the other musicians. The co-operative factories furnish the proof, that the capitalist has become just as superfluous as a functionary in production as he himself, in his highest developed form, finds the great real estate owner superfluous. To the extent that the labor of the capitalist is not the purely capitalistic one arising from the process of production and ceasing with capital itself, to the extent that it is not limited to the function of exploiting the labor of others, to the extent that it rather arises from the social form of the labor-process as a combination and co-operation of many for the purpose of bringing about a common result, to that extent it is just as independent of capital as that form itself, as soon as it has burst its capitalistic shell. To say that this labor as a capitalistic one, as a function of the capitalist is necessary, amounts merely to saying that the vulgar economist cannot conceive of the forms developed in the womb of capitalist production separated and freed from their antagonistic capitalist character. Compared to the money-capitalist the industrial capitalist is a laborer, but a laboring capitalist, an exploiter of the labor of others. The wages which he claims and pockets for this labor amount exactly to the appropriated quantity of another’s labor and depend directly upon the rate of exploitation of this labor, so far as he takes the trouble to assume the necessary burdens of exploitation. They do not depend upon the degree of his exertions in carrying on this exploitation. He can easily shift this burden to the shoulders of a superintendent for moderate pay. After every crisis one may see plenty of ex-manufacturers in the English factory districts, who for low wages

superintend their own former factories as managers of the new owners, who are frequently their creditors.<sup>77</sup>

The wages of superintendence, both for the commercial and the industrial manager, appear completely separated from the profits of enterprise in the co-operative factories of the laborers as well as in capitalistic stock companies. The separation of the wages of superintendence from the profits of enterprise, which is at other times accidental, is here constant. In the co-operative factory the antagonistic character of the labor of superintendence disappears, since the manager is paid by the laborers instead of representing capital against them. Stock companies in general, developed with the credit system, have a tendency to separate this labor of management as a function more and more from the ownership of capital, whether it be self-owned or borrowed. In the same way the development of bourgeois society separates the functions of judges and administrators from feudal property, whose prerogatives they were in feudal times. Since the mere owner of capital, the money-capitalist, has to face the investing capitalist, while money-capital itself assumes a social character with the advance of credit, being concentrated in banks and loaned by them instead of by its original owners, and since, on the other hand, the mere manager, who has no title whatever to the capital, whether by borrowing or otherwise, performs all real functions pertaining to the investing capitalist as such, only the functionary remains and the capitalist disappears from the process of production as a superfluous person.

From the public accounts of the co-operative factories in England<sup>78</sup> it is manifest, that the profit, after the deduction of the wages of the superintendent, which form a part of the invested capital the same as the wages of the other laborers, was higher than the average profit, although they paid occasionally a much higher interest than the private factories. The cause of the greater profit was in all these cases a greater economy in the use of constant capital. What interests us particularly here is the fact that here the average profit (= interest + profit of enterprise) presents itself actually and palpably as a magnitude, which is wholly separated from the wages of superintendence. Since the profit was here higher than the average profit, the profit of enterprise was also higher than the current one.

The same fact is revealed by some capitalist stock companies, such as joint stock banks. The London and Westminster Bank paid in 1863 annual dividends of 30%, the Union Bank of London and others 15%. Aside from

the salary of the director, the interest paid for deposits is here deducted from the gross profit. The high profit is explained in this case by the small proportion of the paid-up capital to the deposits. For instance, in the case of the London and Westminster Bank, it was in 1863: Paid-up Capital 1,000,000 pounds sterling; deposits 14,540,275 pounds sterling. In that of the Union Bank of London, 1863: Paid-up capital 600,000 pounds sterling; deposits 12,384,173 pounds sterling.

The confounding of the profit of enterprise with the wages of superintendence or management was due originally to the antagonistic form assumed toward interest by the surplus over the interest. It was further promoted by the apologetic intention to represent profit, not as a surplus-value derived from unpaid labor, but as wages of the capitalist himself for labor performed by him. This was met on the part of the socialists by the demand, that profit should actually be reduced to what it pretended to be theoretically, namely mere wages of superintendence. And this demand was all the more disagreeable to the apologists of the capitalists, as these wages of superintendence, like all other wages, found on one hand their level and fixed market-price to the extent that a numerous class of industrial and commercial superintendents was formed,<sup>79</sup> while on the other hand these wages fell, like all wages for skilled labor, with the general development, which reduces the cost of production of specifically trained labor-power.<sup>80</sup> With the development of co-operation on the part of the laborers, of stock enterprises on the part of the bourgeoisie, even the last pretext for the confusion in matters of profit of enterprise and wages of management was removed, and profit appeared also in practice what it was undeniably in theory, mere surplus-value, a value for which no equivalent was paid, realised unpaid labor. It was then seen that the investing capitalist really exploits labor, and that the fruit of his exploitation, when he worked with a borrowed capital, was divided into interest and profit of enterprise, a surplus of profit over interest.

On the basis of capitalist production, a new swindle develops in stock enterprises with the wages of management. It consists in placing above the actual director a board of managers or directors, for whom superintendence and management serve in reality only as a pretext for plundering stockholders and amassing wealth. Very interesting details concerning this are found in "The City or the Physiology of London Business; with Sketches on 'Change, and the Coffee Houses, London. 1845." Here is a

sample: “What bankers and merchants gain by being on the boards of eight or nine different companies, may be seen from the following illustration: The private account of Mr. Timothy Abraham Curtis, handed in by the court of bankruptcy on his failure, showed an income of 8,900 pounds sterling per year under the head of directorships. Since Mr. Curtis had been a director of the Bank of England and of the East Indian Company, every stock company was happy to secure him as a director.” (P. 82.) — The remuneration of the directors of such companies for each weekly meeting is at least one guinea. The proceedings of the court of bankruptcy show, that these wages of superintendence are as a rule inversely proportioned to the actual superintendence performed by these nominal directors.

## CHAPTER XXIV. EXTERNALISATION OF THE RELATIONS OF CAPITAL IN THE FORM OF INTEREST-BEARING CAPITAL.

IN the interest-bearing capital, the relations of capital assume their most externalised and most fetish-like form. We have here  $M — M'$  money creating more money, self-expanding value, without the process intermediate between these two extremes. In the merchants' capital,  $M — C — M'$ , there is at least the general form of the capitalistic process, although it clings to the sphere of circulation, so that profit appears merely as profit from selling; but it is at least seen to be the product of a social relation, not the product of a mere thing. The form of merchants' capital presents at least the aspect of a process, of a unity of antagonistic phases, of a movement divided into two transactions, namely into the purchase and sale of commodities. This is obliterated in  $M — M'$ , the form of interest-bearing capital. For instance, if 1,000 pounds sterling are loaned by some capitalist, when the rate of interest is 5%, then the value of 1,000 pounds sterling as a capital for one year is  $C + Ci'$ ,  $C$  standing for the capital and  $i'$  for the rate of interest. In the present case this would mean 5%, or  $5/100$  or  $1/20$ , and  $1,000 + 1,000 \text{ times } 1/20 = 1,050$  pounds sterling. The value of 1,000 pounds sterling as capital is 1,050 pounds sterling, that is, capital is not a simple magnitude. It is a relation of magnitudes, a relation of principal sum, as a given value, to itself as a self-expanding value, as a principal sum having produced a surplus-value. And we have seen that capital assumes this form of a directly self-expanding value for all investing capitalists, whether they work with their own or with a borrowed capital.

$M — M'$ . We have here the original starting point of capital, we have money in the formula  $M — C — M'$  reduced to its two extremes  $M — M'$ , in which  $M'$  stands for  $M + \text{increment of } M$ , money creating more money. It is the primal and general formula of capital concentrated into a meaningless summary. It is capital perfected, a unity of the process of production and process of circulation, yielding a certain surplus-value in a certain period of time. In the form of interest-bearing capital this appears spontaneously without any intervention of the processes of production and circulation. Capital appears as a mysterious and self-creating source of interest, a thing

increasing itself. The Thing (money, commodity, value) is now capital even as a mere thing, and capital appears as a mere thing. The result of the entire process of reproduction appears as a faculty inherent in the thing itself. It depends on the owner of the money, which represents the universal exchange-form of commodities, whether he wants to spend it as money or loan it as capital. In the interest-bearing capital, therefore, this automatic fetish is elaborated in its pure state, it is self-expanding value, money generating money, and in this form it does not carry any more scars of its origin. The social relation is perfected into the relation of a thing, of money, to itself. Instead of the actual transformation of money into capital, only an empty form meets us here. As in the case of labor-power, so here in the case of interest-bearing capital the use-value of money becomes that of creating value, and at that a greater value than it contains itself. Money as such is potentially self-expanding value and is loaned as such, and loaning is the form of sale for this peculiar commodity. It becomes a faculty of money to generate value and yield interest, just as it is a faculty of a pear tree to bear pears. And the money lender sells his money as such an interest-bearing thing. But that is not all. The actually invested capital, as we have seen, presents itself in such a light, that it seems to yield the interest, not as a capital performing its function, but as a capital in itself, as money-capital.

And still something else becomes perverted. While interest is only a portion of the profit, that is, of surplus-value, which the investing capitalist squeezes out of the laborer, it looks now on the contrary as though the interest were the typical fruit of capital, the primal thing, and profit, in the shape of profit of enterprise, a mere accessory and by-product of the process of reproduction. Thus the fetish form of capital and the conception of a fetish capital are perfect. In  $M - M'$  we have the void form of capital, the perversion and individualisation of the relations of production in their highest degree. The interest-bearing form is the simple form of capital, in which it is assumed to be antecedent to its own process of reproduction. It is the faculty of money, or of a commodity, to expand its own value independently of reproduction, a mystification of capital in its most flagrant form.

For vulgar political economy, which desires to represent capital as a spontaneous source of value and its creation, this mystic form is, of course, a great boon. It is a form, in which the source of profit is no longer

discernible, and in which the result of the capitalist process of production receives an independent existence apart from this process.

It is not until capital becomes money-capital, that it can assume the form of a commodity, whose self-expanding faculty has a definite price, which is quoted in the current rate of interest.

As an interest-bearing capital, in its direct form of interest-bearing money-capital (the other forms of interest-bearing capital, which do not concern us here, are derived from this one and require its existence), capital assumes its pure fetish form,  $M — M'$  as a subject and a saleable thing. In the first place, its continual existence as money gives to it a form, in which all its functions are obliterated and its real elements invisible. For money is precisely that form, in which the distinctions of commodities as use-values are concealed, and with them the distinctions of the industrial capital consisting of these commodities and their conditions of production. It is that form, in which value, in the present case capital, exists as an independent exchange-value. In the process of reproduction of capital, the money-form is but a transient one, a mere passing link. But on the money-market, capital always exists in this form. In the second place, the surplus-value produced by it, which has here again the form of money, appears as inherent in it. Like the growing of trees, so the breeding of money appears as an innate quality of capital in the form of money-capital.

In the interest-bearing capital, the movement of capital is contracted. The intervening process is omitted. In this way a capital of 1,000 appears with the fixed faculty of being of itself 1,100 and converting itself after a certain period into 1,100, just as wine in a cellar improves its use-value after a certain period. Capital is then a thing, which is of itself capital. The money is then pregnant. As soon as it has been loaned, or invested in the process of reproduction (when it yields interest to its owner separate from profit of enterprise for his function as investing capitalist), the interest accumulates, whether it be awake or asleep, at home or abroad, day or night. In the interest-bearing money capital, then, the fervent wish of the hoarding miser is fulfilled (and all capital is money-capital, so far as the expression of its value is concerned, or is considered as the expression of money-capital).

It is this inherent dwelling of interest in money-capital as a thing (and this is the aspect here assumed by the production of surplus-value by capital), which engages Luther's attention so much in his naive thundering against usury. After demonstrating, that interest may be demanded, when

failure to pay back a loan to a lender, who has to meet a certain payment himself, caused a loss to him, or when he might have made a profit on a bargain, for instance in buying a garden, but lost it for the reason that the borrower failed to return the loan on time, Luther continues: “Now that I have loaned you 100 guilders, you make good my double loss due to the fact that I could not pay on one side and not buy on the other, so that I had to lose on both sides, and this is called double interest, for loss sustained and gain stopped....Having heard that John lost on his loan of 100 guilders and demands just damages, they rush in and charge double interest on every 100 guilders, which interest was only charged for the loss due to nonpayment and to inability to make a profit on a bargain, just as though every 100 guilders could naturally grow double interest, so that whenever they have 100 guilders, they loan them out and charge for two losses, which they have not at all sustained....Therefore you are a usurer, who takes damages out of his neighbor’s money for an imaginary loss that you did not sustain at all, and which you can neither prove nor calculate. This sort of loss is called by the jurists not true, but fantastical interest. It is a loss of which each dreams for himself....It will not do to say that you might incur a loss, because I might not have been able to pay or buy. That would be making something out of a thing that is not so, a thing that is uncertain into a thing that is absolutely sure. Such usury would eat up the world in a few years....If the lender accidentally incurs a loss, without his fault, he may demand damages for it, but it is different in trade and just the reverse. There they scheme to profit at the expense of their needy neighbors, how to amass wealth and get rich, to be lazy and idle and live in luxury on the labor of others, without any care, danger and loss. To sit behind the stove and let my 100 guilders gather wealth for me in the country and yet keep them in my pocket, because they are only loaned, without any danger or risk, my friend, who would not like to do that!” (Martin Luther, *An die Pfarherrn wider den Wucher zu predigen*, etc., Wittenberg, 1540.)

The idea of capital as a self-reproducing and thereby self-expanding value, lasting and growing eternally by virtue of its inherent power — by virtue of the hidden faculties of the scholastics — has led to the fabulous fancies of Dr. Price, which far outdo the fantasies of the alchemists; fancies, in which Pitt seriously believed and which he used as pillars of his financial administration in his laws concerning the sinking fund.

“Money bearing compound interest grows at first slowly; but since the rate of increase is constantly accelerated, it becomes so fast after a while as to defy all imagination. A penny, loaned at the birth of our Savior at compound interest at 5%, would already have grown into a larger amount than would be contained in 150 million globes, all of solid gold. But loaned at simple interest, it would have grown only to 7 sh. 4½ d. in the same time. Hitherto our government has preferred to improve its finances in the latter instead of in the former way.”<sup>81</sup>

He flies still higher in his “Observations on Reversionary Payments, etc., London, 1782.” There we read: “1 sh. invested at the birth of our Savior” (presumably in the Temple of Jerusalem) “at 6% compound interest would have grown to a larger amount than the entire solar system could contain, if it were transformed into a globe of the diameter of the orbit of Saturn.” “A state need never to be in difficulties on this account; for with the smallest savings it can pay the largest debt in as short a time as its interests may demand.” (P. 136.) What a pretty theoretical introduction to the national debt of England!

Price was simply dazzled by the enormousness of the figures arising from geometrical progression. Since he regarded capital, without taking note of the conditions of reproduction and labor, as a self-regulating automaton, as a mere number increasing itself (just as Malthus did with men in their geometrical progression), he could imagine that he had found the law of its growth in the formula  $s = c(1 + i)^n$ , in which  $s$  stands for the sum of capital plus compound interest,  $c$  for the advanced capital,  $i$  for the rate of interest expressed in aliquot parts of 100, and  $n$  for the number of years in which this process takes place.

Pitt takes this mystification of Price quite seriously. In 1788 the House of Commons had resolved to raise one million pounds sterling for the public benefit. According to Price, in whom Pitt believed, there was, of course, nothing better than to tax the people, in order to “accumulate” this sum after raising it, and thus to spirit the national debt away by the mystery of compound interest. “The above resolution of the House of Commons was soon followed up by Pitt with a law, which ordered the accumulation of 250,000 pounds sterling, until, with the expired annuities, the fund should have grown to 4,000,000 pounds sterling annually.” (Act 26, George III, cha.) In his speech of 1792, in which Pitt proposed that the amount devoted to the sinking fund be increased, he mentioned among the causes of the

commercial supremacy of England machines, credit, etc., as “the most wide-spread and enduring cause of accumulation.” This principle, he said, was completely developed in the work of Smith, that genius, etc....And this accumulation, he continued, was accomplished by laying aside at least a portion of the annual profit for the purpose of increasing the principal, which was to be employed in the same manner next year, and which thus yielded a continual profit. By the help of Dr. Price, Pitt thus converted Smith’s theory of accumulation in an increase of popular wealth by means of the accumulation of debts, and in this way he gets into the pleasant progress of infinite loans, made for the purpose of paying loans.

Already Josiah Child, the father of modern banking, tells us that 100 pounds sterling at 10% will produce in 70 years by compound interest 102,400 pounds sterling. *Traité sur le commerce*, etc., par J. Child, traduit, etc., Amsterdam et Berlin, 1754, . Written in 1669.)

How thoughtlessly the conception of Dr. Price is applied by modern economists, is shown by the following passage of the “Economist”:  
“Capital, with compound interest on every portion of capital saved, is so all-engrossing that all the wealth in the world from which income is derived, has long ago become interest of capital....all rent is now the payment of interest on capital previously invested in the land.” (Economist, July 19th, 1859.) In its capacity of interest-bearing capital capital claims the ownership of all wealth which can ever be produced, and everything it has received so far is but an instalment for its all-engrossing appetite. By its innate laws, all surplus-labor belongs to it, which the human race can ever perform. Moloch.

In conclusion we present the following hodge-podge of the romantic Müller: “Dr. Price’s immense increase of compound interest, or of the self-accelerating forces of man, presuppose an undivided or unbroken order for several centuries, if they are to produce such enormous effects. As soon as capital is divided, cut up into several independently growing slips, the total process of accumulating forces begins anew. Nature has distributed the progression of power over a course of about 20 to 25 years, which fall on an average to the share of every laborer (!). After the lapse of this time the laborer leaves his track and must transfer the capital accumulated by the compound interest of labor to a new laborer, having to distribute it as a rule among several laborers or children. These must first learn to vitalise and employ their share of capital, before they can draw any actual compound

interest out of it. Furthermore, an enormous quantity of capital gained by bourgeois society is accumulated for many years, even in the most restless communities, and is not employed for any immediate expansion of labor, but rather entrusted to another individual, a laborer, a bank, a state, under the term of a loan, whenever a considerable amount has been gathered together. And in that case the one who receives it sets the capital into actual motion and draws compound interest out of it, so that he can easily agree to pay simple interest to the lender. Finally the laws of consumption, greed, waste, oppose those immense progressions, in which the forces of man and their products might increase, if the law of production or thrift were alone effective.” (A Müller, 1. c., II, -149.)

It is impossible to concoct a more hair-raising nonsense in a few lines. Leaving aside the droll confusion of laborer and capitalist, of value of labor-power and interest of capital, etc., the decrease of compound interest is supposed to be explained by lending capital at compound interest. This procedure of our Müller is characteristic of romanticism in all fields. It is made up of current prejudices, skimmed from the most superficial semblance of things. This false and trivial substance is then supposed to be “uplifted” and rendered poetical by a mystifying mode of expression.

The process of accumulation of capital may be conceived as an accumulation of compound interest in the sense that that portion of the profit (surplus-value), which is reconverted into capital, and serves to absorb more surplus-value, may be called interest. But

Aside from all accidental irregularities, a large part of the available capital is continually depreciated in the course of the process of reproduction, because the value of the commodities is not determined by the labor-time originally spent in their production, but by the labor-time spent in their reproduction, and this decreases continually in consequence of the development of the productivity of social labor. On a higher stage of development of the social productivity all available capital appears therefore as the result of a relatively short time of reproduction, instead of as the result of a long process of saving capital.<sup>82</sup>

As we have proven in Part III of this volume, the rate of profit decreases in proportion as the accumulation of capital and the productivity of social labor corresponding to it increase, since these two express themselves precisely in a relative and progressive decrease of the variable portion of

capital as compared to the constant. In order to produce the same rate of profit, when the constant capital set in motion by one laborer increases tenfold, the surplus labor time would have to increase tenfold, and soon the total labor time, and finally the full 24 hours of a day, would not suffice, even if wholly appropriated by capital. The idea that the rate of profit does not decrease is, on the other hand, the basis of the progression of Price, as it is in general the basis of “all-engrossing capital with compound interest.”<sup>83</sup>

By the identity of surplus-value with surplus-labor a qualitative limit is imposed upon the accumulation of capital. This is formed by the total working day, the prevailing development of the productive forces and of the population, which limit the number of the simultaneously exploitable working days. But if surplus value is conceived of in the meaningless form of interest, then the limit is merely quantitative and defies all fantasy.

Now, in the interest-bearing capital the idea of a capitalist fetish is perfected, the idea, which attributes to the accumulated product of labor, and at that in the fixed form of money, the power of creating surplus-value by its inherent secret qualities, in a purely automatic manner, and in geometrical progression, so that the accumulated product of labor, as the “Economist” thinks, has long discounted all the wealth of the world for all times as belonging to it and coming to it by right. The product of past labor, the past labor itself, is here pregnant in itself with a portion of present or future living surplus-labor. We know, on the contrary, that as a matter of fact the preservation, and to that extent the reproduction, of the value of the products of past labor is only the result of their contact with living labor; and secondly, that the control exerted by the products of past labor over living surplus-labor lasts only as long as the relations of capital, which rest on the definite social relation, in which past labor dominates independently over living labor.

## CHAPTER XXV. CREDIT AND FICTITIOUS CAPITAL.

AN exhaustive analysis of the credit system and of the instruments created by it for its own use (credit money, etc.) is beyond the scope of our plan. We merely wish to dwell here upon a few particular points, which are necessary for a characterisation of the capitalist mode of production in general. To this end we shall deal only with commercial and bank credit. The connection between the development of this form of credit and that of public credit is not considered here.

I have shown previously (in volume I, chapter III, 3 b.), in what manner the function of money as a medium of payment, and consequently a relation of creditors and debtors, is formed among the producers of commodities and the traders, as the outcome of the simple circulation of commodities. With the development of commerce and of the capitalist mode of production, which has an eye only to the circulation, this natural basis of the credit system is extended, generalised, elaborated. Money serves here on the whole merely as a means of payment, that is to say, commodities are not sold for money, but for a written promise to pay for them at a certain date. We may comprise all these promises to pay for brevity's sake under the general category of bills of exchange. Such bills of exchange in their turn circulate as means of payment until the day on which they fall due; and they form commercial money in the strict meaning of the term. To the extent that they ultimately balance one another by the compensation of credits and debts, they serve absolutely as money, since no transformation into actual money takes place. Just as these mutual advances of the producers and merchants to one another form the real foundation of credit, so their instrument of circulation, the bill of exchange, forms the basis of credit money proper, of bank notes, etc. These do not rest upon the circulation of money, whether it be metallic money or government paper money, but upon the circulation of bills of exchange.

W. Leatham, a banker of Yorkshire, writes in his "Letters on the Currency," 2nd edition, London, 1840: "I find, that the total amount in bills of exchange for the entire year 1839 was 528,493,842 pounds sterling" (he assumed that the foreign bills of exchange composed about one-fifth of the

whole) “and the amount of bills of exchange simultaneously current in the same year to 132,123,460 pounds sterling” . “The bills of exchange make up a greater part of the amount in circulation than all the rest together” . “This enormous superstructure of bills of exchange rests (!) upon a basis formed by the amount of bank notes and gold; and if in the course of events this basis is too much contracted, its solidity, and even its existence, become endangered” . “Estimating the entire circulation” (he means of the bank notes) “and the amount of the obligations of all banks for which immediate payment may be demanded, I find a sum of 153 millions, whose conversion into gold might be demanded according to law, and to offset it only 14 millions in gold to satisfy this demand” . The bills of exchange cannot be placed under control, unless the superfluity of money and the low rate of interest, or discount, can be prevented, which create a part of them and encourage this dangerous expansion. It is impossible to decide, how much of them is due to actual business, for instance, to real purchases and sales, and what part of them is fictitious and consists only of prolonged bills, that is, when a bill of exchange is drawn for the purpose of taking up a current one before it becomes due, and thus of creating fictitious capital by the manufacture of mere means of circulation. In times of superfluous and cheap money I know this is done to an enormous degree” (, 44). J. W. Bosanquet, *Metallic, Paper, and Credit Currency*, London, 1842: The average amount of the payments settled on every business day in the Clearing House (where the London bankers mutually exchange the due bills and filed checks) exceeds 3 millions of pounds sterling, and the daily supply of money required for this purpose is little more than 200,000 pounds sterling . [In the year 1889, the total turn-over of the Clearing House amounted to 7,618 and  $\frac{3}{4}$  millions of pounds sterling, which, in 300 business days, averages 25 and  $\frac{1}{2}$  millions of pounds sterling daily. — F. E.] “Bills of exchange are undoubtedly currency, independent of money, inasmuch as they transfer property from hand to hand by endorsement” . “On an average it may be assumed that every circulating bill of exchange bears two endorsements, and that on an average every bill thus performs two payments, before it becomes due. Accordingly it seems that alone by endorsement the bills of exchange promoted a transfer of property to the amount of twice 528 millions, or 1,056 millions of pounds sterling, more than 3 millions daily, in the course of the year 1839. It is, therefore, certain the bills of exchange and deposits together, by transferring property from

hand to hand and without the assistance of money, perform the functions of money to a daily amount of at least 18 millions of pounds sterling” .

Tooke says the following about credit in general: “Credit, in its simplest expression, is the well or ill-founded confidence, which induces one man to entrust to another a certain amount of capital, in money or in commodities estimated at a certain value, which amount is always payable after the lapse of a definite time. Where the capital is loaned in money, that is, in bank notes, or in a cash credit, or in a check upon some correspondent, an addition of so and so many per cent. upon the returnable amount is made for the use of the capital. With commodities, whose money value has been agreed upon by the parties concerned, and whose transfer constitutes a sale, the stipulated sum, which is to be paid, includes a compensation for the use of the capital and for the risk assumed until the time of payment. Written agreements to pay on definite days are generally given for such credits. And these transferable obligations, or promises, form the means by which the lenders, when they find an opportunity to use their capital, either in the shape of money or commodities, are generally enabled to borrow or buy more cheaply, their own credit being strengthened by that of the second name upon the bill of exchange.” Inquiry into the Currency Principle, (.)

Ch. Coquelin, *Du Crédit et des Banques dans l' Industrie*. *Revue des deux Mondes*, 1842, tome 31: “In every country the majority of the credit transactions takes place in the circle of the industrial relations themselves...the producer of the raw material advances it to the capitalist, who works it up, and receives from him a promise to pay on a certain day. The manufacturer, having completed his share of the work, in his turn advances his product on similar conditions to another manufacturer, who has to manipulate it farther, and in this way credit extends more and more, from one to the other, down to the consumer. The wholesale dealer gives to the retail dealer commodities on credit, while he receives himself credit from a manufacturer or commission agent. All borrow with one hand and lend with the other, sometimes money, but more frequently products. In this manner an incessant exchange of credits, combining and crossing in all directions, takes place in the industrial relations. The development of credit consists precisely in the multiplication and growth of these mutual credits, and here is the real seat of its power.”

The other side of the credit system is connected with the development of the money trade, which, of course, keeps step under capitalist production

with the development of the trade in commodities. We have seen in the preceding part (chapter XIX), how the care of reserve funds of business men, the technical operations of receiving and issuing money, of international payments, and thus of the bullion trade, are concentrated in the hands of the money traders. Borrowing and lending money becomes their particular business. They step as middlemen between the actual lender and the borrower of capital. Generally speaking, the banking business on this side consists of concentrating the loanable money-capital in the banker's hands in large masses, so that in place of the individual money lender the bankers face the industrial capitalists and commercial capitalists in the capacity of representatives of all money lenders. They become the general managers of the money-capital. On the other hand, they concentrate the borrowers against all lenders, and borrow for the entire world of commerce. A bank represents on one hand the centralisation of money-capital, of the lenders, and on the other the centralisation of the borrowers. Its profit is generally made by borrowing at a lower rate of interest than it loans.

The loanable capital, of which the banks dispose, flows to them in various ways. In the first place, since they are the cashiers of the industrial capitalists, there is concentrated into their hands the money-capital, which every producer and merchant must have as a reserve fund, or which he receives in payment. These funds are thus converted into loanable capital. In this way the reserve fund of the commercial world, being concentrated into a common treasury, is reduced to its necessary minimum, and a portion of the money-capital, which would otherwise slumber as a reserve fund, is loaned and serves as interest-bearing capital. In the second place, the loanable capital of the banks is formed by the deposits of the money-capitalists, who entrust them with the business of loaning it. Furthermore, with the development of the bank system, and particularly as soon as they pay interest on deposits, the money savings and the temporarily unemployed money of all classes are deposited with them. Small amounts, each by itself incapable of acting in the capacity of money-capital, are combined into large masses and thus form a money power. This aggregation of small amounts must be distinguished as a specific effect of the bank system from its intermediate position between the money-capitalists proper and the borrowers. Finally, the revenues, which are but gradually consumed, are also deposited with the banks.

The loan is made (we refer here only to the commercial credit in the strict meaning of the term) by discounting bills of exchange, that is, by converting them into money before they come due, and by advances in various forms: direct advances on personal credit, Lombard loans on interest-bearing papers, government papers, stocks of all kinds, furthermore advances on bills of lading, dock warrants, and other certified titles of ownership in commodities, and by overdrawing on their deposits, etc.

The credit given by a banker may assume various forms, for instance, that of exchanges on other banks, checks on them, opening of credit in the same way, finally, in the case of banks entitled to issue notes, the bank notes of the bank itself. A bank note is nothing but a draft upon the banker, payable at any time to the bearer, and substituted by the banker for private drafts. This last form of credit appears particularly important and striking to the layman, first, because this form of credit money steps from the mere commercial circulation into the general circulation and serves as money there, and in the second place, because in most countries the principal banks issuing notes represent a queer mixture of national and private banks and thus have actually the national credit to back them up and give to their notes the character of a more or less legal tender, for in this case it is apparent, that the thing which the banker handles is credit itself, since a bank note stands only for a circulating token of credit. But the banker also deals in all other forms of credit, even when he advances cash money deposited with him. In fact, a bank note simply represents the coin of wholesale trade, and it is always the deposit, which carries the most weight with banks. The best proof of this is furnished by the Scotch banks.

The special credit institutions, and the particular forms of banks, do not require any further consideration for our purposes.

The banks have a twofold business.... 1) To collect capital from those, who have no immediate use for it, and to distribute it and transfer it to others, who can use it. 2) To receive deposits from the incomes of their customers and to pay them whatever amount they may require of this deposit for the expenses of consumption. The former is circulation of capital, the latter circulation of currency. — The one is a concentration of capital on one side, and its distribution on the other; the other is a management of the circulation for the local needs of the vicinity. — Tooke, *Inquiry into the Currency Principle*, , 37. — We shall revert to this passage later, in chapter XXVIII.

Reports of Committees. Vol. VIII., Commercial Distress. Vol. II., Part I., 1847-48, Minutes of Evidence. (Subsequently quoted as Commercial Distress, 1847-48.) In the forties, when discounting bills of exchange in London, bills of exchange of one bank were often drawn on another instead of bank notes. (Testimony of J. Pease, provincial banker, No. 4636 and 4656.) According to the same report, the bankers were in the habit of giving such bills of exchange in payment to their customers, as soon as money grew tight. If the party receiving them demanded bank notes, he had to discount this bill of exchange once more. This amounted to a privilege of making money for the banks. Messieurs Jones, Lloyd and Co., made payments in this way “since time immemorial,” as soon as money was scarce and the rate of interest above 5%. The customer was glad to get such banker’s bills, because bills of Jones, Lloyd and Co. could be easier discounted than his own; these bills often passed through twenty to thirty hands. (Ibidem, No. 901 to 904, 905.)

All these forms serve to make a claim to payments transferable. — There is scarcely one form, which credit may assume, in which it has not at times performed the functions of money; whether this form is that of a bank note, or of a bill, or of a check, the process is essentially the same and the result is essentially the same. Fullarton, *On the Regulation of Currencies*, 2d edition, London, 1845, . — Bank notes are the small currency of credit. . —

The following is from J. W. Gilbart *The History and Principles of Banking*, London, 1834: The capital of a bank consists of two parts, the invested capital and the banking capital, which is borrowed ( *et seq.*). The banking capital, or borrowed capital, is maintained in three ways: 1) through the acceptance of deposits; 2) through the issuing of the bank’s own notes; 3) through the drawing of bills. If some one is willing to loan me 100 p.st. for nothing, and I loan these 100 p.st. to some one else at 4%, I shall make 4 p.st. by this transaction in the course of one year. Likewise if some one is willing to accept my promise to pay and to return it to me at the end of the year and to pay me 4% for it, just as though I had given him 100 p.st. by this transaction, I make 4 p.st. by it; and again, if a man in a country town brings me 100 p.st. on the condition that I shall pay this amount to some third person in London after the lapse of 21 days, all the interest I may draw in the meantime on this money will be my profit. This is an objective summary of the operations of a bank and of the way in which a banking capital is created by deposits, bank notes and bills of exchange . The profits

of a banker are generally proportionate to the amount of his borrowed or banking capital. In order to determine the actual profit of a bank, the interest on the first investment of capital must be deducted from the gross profits. The remainder is the banking profit . The advances of a banker to his customers are made with the money of other people . Precisely those bankers, who do not issue any bank notes, create a banking capital by discounting bills of exchange. They increase their deposits by their discounting operations. The London banks discount only for those firms, that keep a deposit in account with them . A firm discounting bills of exchange in its bank and having paid interest upon the whole amount of these bills must leave at least a portion of this amount in the hands of the bank without receiving any interest on it. In this way the banker receives a higher rate of interest than the current one on the advanced money and creates for himself a banking capital by means of the surplus remaining in his hands. (.) — Economising of reserve funds, deposits, checks: The deposit banks economise by a transfer of credit accounts the use of the circulating medium and transact business of a large volume with a small amount of actual money. The money thus released is employed by the banker in making advances to his customers by means of discounts, etc. Hence the transfer of credit enhances the effectiveness of the deposit system . It is immaterial, whether the two customers, that deal with one another, keep their accounts with the same or with different bankers. For the bankers exchange their checks among themselves in the Clearing House. By means of transfers the deposit system might be extended to such a degree that it would do away entirely with the use of metal money. If every one were to keep a deposit account in the bank and to make payments by means of checks then such checks would be the only circulating medium. In this case the assumption would have to be that the bankers hold the money in their hands, otherwise the checks would have no value . The centralisation of the local transactions in the hands of the banks is promoted, 1) by branch banks. The provincial banks have branch establishments in the smaller towns of their district the London banks in the different quarters of the city. 2) By agencies. Every provincial bank has its agent in London, in order to pay its notes or bills there and to receive money, which is paid down by inhabitants of London for the account of people living in the provinces. (.) Every banker gathers in the notes of the others and holds them. In every large city they meet once or twice a week and exchange their notes. The

balance is paid by a check on London. (.) The purpose of banks is to facilitate business. Whatever facilitates business, facilitates also speculation. Business and speculation are so closely linked in some cases, that it is difficult to tell where business stops and speculation begins. Wherever there are banks, capital can be obtained more easily and cheaply. The cheapness of capital promotes speculation, just as the cheapness of beer and meat promotes gluttony and drunkenness (, 138). Since the banks issuing their own notes always pay in these notes, it may seem as though their discount business were transacted exclusively with the capital made in this way, but this is not so. A banker may very well pay all the bills discounted by him with his own notes, and yet nine-tenths of the bills in his possession may represent actual capital. For while he may have given only his own paper money for these bills, it need not stay in the circulation until these bills become due. The bills may be running for three months, while the notes may return in three days. (.) The overdrawing of accounts by customers is a regular business practice. This is indeed the purpose, for which cash credit is granted. Cash credits are not granted on personal security, but on deposit of collateral papers (, 175). A capital advanced on bonded wares has the same effect as though it had been advanced in discounting bills. If a man borrows 100 p.st on his goods as a security, it is the same as though he had sold them for a bill of exchange of 100 p.st. and discounted this bill with his banker. But this advance enables him to hold his goods over for a better condition of the market and to avoid sacrifices, which he would have had to make, in order to obtain money for urgent purposes (, 181).

The Currency Question Reviewed, etc., , 63: It is here indisputably true that the 1,000 p.st. which I deposit to-day with A are issued to-morrow and deposited with B. The day after to-morrow it may be issued once more by B and form a deposit with C, and so forth infinitely. The same 1,000 p.st. of money may, therefore, multiply themselves into an absolutely indeterminable sum of deposits by a series of transfers. Hence it is possible that nine-tenths of all deposits in England may have no other existence but that in the entries of the banker's books, of whom every one stands good for his part of them. In Scotland, for instance, the money in circulation (and mostly paper money at that) never exceeds 3 million p.st., while the deposits amount to 27 millions. So long as no general and sudden demand is made for the return of the deposits (a run on the bank), the same 1,000 p.st.,

traveling backward, may balance an equally indeterminable sum with the same facility. Since the same 1,000 p.st., with which I balance to-day my debt with some business man, may balance to-morrow his debt with some other business man, and the day after to-morrow balance this man's account, and so forth infinitely, it follows that the same 1,000 p.st. may pass from hand to hand and from bank to bank and balance any imaginable sum of deposits.

[We have seen, that Gilbart knew even in 1834 that "whatever facilitates business facilitates speculation, both being so intimately linked in many cases, that it is difficult to tell, where business stops and speculation begins." If the securing of advances on unsold commodities is facilitated more and more, then more and more of such advances are taken, and in the same proportion increases the temptation to manufacture commodities, or throw already manufactured ones upon distant markets, for no other immediate purpose than that of obtaining advances of money on them. To what extent the entire business world of a country may be seized by such a swindle, and what it finally comes to, may be studied in the history of English business during the years 1845 to 1847, which furnishes a flagrant example. There we can see what credit can accomplish. Before we mention some of the most conspicuous cases, we must make a few preliminary remarks.

About the close of 1842 the pressure, which had crushed English industry almost without interruption since 1837, began to weaken. During the following two years the demand of the foreign countries for products of English industry increased still more. The year 1845 to 1846 marked the period of greatest prosperity. In 1843 the opium war had opened the doors of China to English commerce. The new market offered a convenient excuse for the further expansion of already extended industries, particularly of the cotton industry. "How can we ever produce too much? We have to clothe 300 millions of people." Thus spoke a Manchester manufacturer to the writer in those days. But all the newly erected factory buildings, steam engines, spinning and weaving machines did not suffice to absorb the surplus-value, which poured into them from Lancashire. With the same passion, which was exhibited in the expansion of production, the building of railroads was undertaken. Here the longing of manufacturers and merchants for speculation found its first satisfaction, as early as the summer of 1844. Stock was underwritten to the full extent possible, that is, so far as

the money went to cover the first payments. The idea was that a way would be found in due time to get the missing amount. But when further payments were due (Question 1059, C. D. 1848-57, indicates that the capital invested in railroads in 1846-47 amounted to 75 million p.st.), it was necessary to resort to credit, and as a rule the actual business of the firm itself had to add its drop of blood.

In most cases the actual business was already overburdened. The enticing and high prices had misled people into far greater operations than the available cash justified. It was so easy, and cheap besides, to get credit. The bank discount was low. In 1844 it was  $1\frac{3}{4}$  to  $2\frac{3}{4}$ %, in 1845 until October it was less than 3%, then it rose for a little while to 5% (until February 1846), then it fell once more to  $3\frac{1}{4}$ % in December 1846. The bank had in its cellars a supply of gold of unusual dimensions. All inland quotations stood higher than ever before. Why should a man let this fine opportunity pass by? Why shouldn't he go in for all he was worth? Why not send to the foreign markets, that longed for English goods, all the commodities that could be manufactured? And why should not the manufacturer himself pocket the double gain arising from the sale of yarn and fabrics to the Far East, and from the sale, in England, of the back freight received in their stead?

Thus arose the system of mass consignments, by virtue of advances, to India and China, and this soon developed into a system of consignments purely for the sake of getting advances, as described more at length in the following notes. This had to lead inevitably to an overcrowding of the markets and to a crash.

This crash came as the aftermath of a crop failure in 1846. England, and still more, Ireland, required enormous imports of means of subsistence, particularly of corn and potatoes. But the countries that supplied these things could be paid only to a very small degree in products of English industry. They had to be paid in precious metals. This took at least nine millions of gold to foreign countries. Of this amount of gold fully seven and a half millions came out of the cash treasury of the Bank of England, whose freedom of action on the money market was seriously impaired thereby. The other banks, whose reserves are deposited with the Bank of England, which reserves are practically identical with those of the Bank of England, were thus compelled to cut down their own money accommodations. The rapidly and easily flowing stream of payments became clogged, first here and there,

then universally. The banking discount, which had still been 3 to 3½% in January of 1847, rose to 7% in April, when the first panic broke out. Then a temporary lull came in summer, lowering this discount to 6½ and 6 %. But when the new crop failed likewise, the panic broke out afresh and more violently. The official minimum discount of the Bank rose in October to 7%, in November to 10%, in other words, the overwhelming mass of checks could be discounted only at outrageous rates of interest, or not at all. The general stopping of payments brought about the bankruptcy of several of the first firms and of very many medium-sized and small firms. The Bank itself was in danger of ruin from the shrewd Bank Acts imposing the limitations of 1844. In this emergency the government yielded to the universal demand and suspended these Bank Acts on October 25, thereby taking off the absurd legal fetters thrown around the Bank. Now the Bank was enabled to throw its supply of bank notes into circulation without any interference. The credit of these bank notes being practically guaranteed by the credit of the nation, and thus unimpaired, the shortness of money was immediately relieved in the most effective manner. Of course, quite a number of hopelessly caught large and small firms failed nevertheless even then, but the climax of the crisis had passed, the banking discount fell once more to 5% in September, and in the course of 1848 that renewed business activity was resumed, which took the edge off the revolutionary movements on the continent in 1849, and which inaugurated in the fifties a formerly unknown industrial prosperity and ended — in the crash of 1857. — F. E.]

A document issued by the House of Lords in 1848 gives information concerning the depreciation of government papers and bonds during the crisis of 1847. According to it the depreciation of October 23, 1847, compared to the stand of values in February of the same year, amounted to 93,824,217 pounds sterling in English government bonds, 1,358,288 pounds sterling in dock and canal stock, and to 19,579,820 pounds sterling in railroad stocks, a total of 114,762,325 pounds sterling.

With reference to the swindle in East Indian business, in which it was no longer a question of making drafts, because commodities had been bought, but rather of buying commodities in order to be able to make out discountable drafts which should be convertible into money, the "Manchester Guardian" of November 24, 1848, remarks that Mr. A in London instructs a Mr. B to buy from the manufacturer C in Manchester commodities for shipment to a Mr. D. in East India. B pays C in six-

months-drafts to be made by C on B. B secures himself by six-months-drafts on A. As soon as the goods are shipped, and the bill of lading mailed, A makes out six-months-drafts on D. The buyer and shipper thus get possession of funds many months before the goods are actually paid for. And it was a common custom to renew the drafts when due under the pretense of allowing time for turn-over in such a protracted business. Unfortunately the losses in this business did not lead to its restriction, but to its extension. In proportion as the interested parties grew poor their need of making purchases increased, in order to find in new advances a compensation for capital lost in previous speculations. Purchases were then no longer regulated by supply and demand, but became the most important feature in the financial operations of a shaky firm. But this is only one side of the picture. What happened in the export of manufacturing goods here, occurred in the purchase and shipment of goods on the other side. Firms in India, which had credit enough to get their checks discounted, bought sugar, indigo, silk or cotton, not because the purchase prices as compared with the latest London quotations promised a profit, but because previous drafts on a London firm would soon be due and would have to be covered. What was simpler than to buy a cargo of sugar, to pay for it in ten-months-drafts on the London firm, and to send the bills of lading by overland mail to London? Less than two months later the bills of lading of these barely shipped goods, and thus the goods themselves, were pawned in Lombard Street, and the London house came into the possession of money eight months before the bills of exchange made out for these goods were due. And all this passed off smoothly, without interruption or difficulties, so long as the discounting firms found enough money to advance on bills of lading and dock warrants, and to discount the drafts of Indian firms on select firms of Mincing Lane to unlimited amounts.

[This fraudulent procedure remained in vogue so long as the goods from and to India had to sail around the Cape. But since they pass through the Suez Canal this method of creating fictitious capital has lost its foundation, thanks to steam navigation and the shortening of the trip. And when the telegraph reported the stand of the Indian market to the English and that of the English market to the Indian business man on the same day, this method was completely killed. F. E.]

The following is from the previously quoted report on Commercial Distress, 1847-48: In the last week of April, 1847, the Bank of England informed the Royal Bank of Liverpool, that it would henceforth reduce its discount business with the latter bank by one-half. This communication had a very disastrous effect, because the payments in Liverpool had lately been made far more in bills of exchange than in cash, and because the merchants, who ordinarily carried much cash money to the bank for the purpose of squaring their notes, had been able to bring only checks of late, which they had received themselves for their cotton and other products. This had assumed large proportions and caused the business difficulty. The endorsed checks, which the bank had to turn into cash for the merchants, had mostly been made out by outsiders, and had so far been balanced generally by the payments received for the products. The checks which the merchants now brought in place of the former cash were bills of exchange for different lengths of time and of different kinds, a considerable number being bank checks for three months from date, the majority being checks for cotton. These bills of exchange, when bank checks, had been endorsed by London bankers, the others were endorsed by merchants in Brazilian, American, Canadian, West Indian, etc., business... The merchants did not draw on one another, but the customers in the home country, who had bought products in Liverpool, covered them by drafts on London banks, or drafts on other firms in London, or on drafts of some one else. The communication of the Bank of England caused a shortening of the running time of checks drawn against sales of foreign products, which used to run frequently longer than three months. (, 27.)

The period of prosperity in England, from 1844 to 1847 was, as described above, connected with the first great railroad swindle. The above-named report makes the following statements concerning the influence of this swindle on business in general: In April, 1847, nearly all commercial firms had begun to starve their business more or less, by investing a part of their commercial capital in railroads (.) — Loans were also made by private parties, bankers and insurance companies at a high rate of interest, for instance, at 8% . These large advances of these business firms to railroads caused them to take up in their turn too much capital from banks on discount checks, by which to carry on their own business (. — (Question): Would you say that the payments on railroad stocks contributed much to the pressure which burdened the money market in April and

October 1847? (Answer): I believe that they hardly contributed anything to the pressure in April. In my opinion they had rather strengthened than weakened the bankers going on into April, and perhaps even into the summer. For the actual employment of the money followed by no means as rapidly as the deposits; as a result most of the banks had a rather large amount of railroad stocks in their hands in the beginning of the year. [This is corroborated by numerous statements of bankers in C. D. 1848-57.] This gradually melted away in summer and was considerably smaller on December 31. One cause of the pressure in October was the gradual decrease of the railroad funds in the hands of bankers; between April 22, and December 31, the balances of railroads in our hands were reduced by one-third. This effect was produced by railroad deposits in all of Great Britain; they have gradually stripped the banks of deposits (, 44). — Samuel Gurney (Chief of the ill-famed firm of Overend Gurney & Co.) says likewise: In 1846 there was a much greater demand for capital for railways, but it did not raise the rate of interest. There was a condensation of small sums into larger masses, and these larger masses were consumed in our market; so that on the whole the effect was to throw more money on the money market of the city, not so much to take it out.

Hodgson, Director of the Liverpool Joint Stock Bank, shows to what extent bills of exchange may form a reserve for bankers: It was our custom to hold at least nine-tenths of all our deposits, and all money received from our customers, in our bill books in the shape of bills of exchange, which fell due from day to day...so much so, that the amount of bills due daily during the time of the crisis almost equaled the amount of demands for payment made on us every day .

Speculative Bills. — No. 5092. “By whom were the bills of exchange (against sold cotton) mainly endorsed?” — (R. Gardner, the cotton manufacturer mentioned several times in this work): “By produce jobbers; one trader buys cotton, transfers it to some jobber, draws checks on this jobber, and gets these bills discounted.” — No. 5094. “And these bills of exchange go to the Liverpool banks and are discounted by them?”— “Yes, and also by others....Had not this accommodation existed, which was mainly allowed by the Liverpool banks, cotton would have been, in my opinion, from 1½ d to 2 d per pound cheaper last year.” — No. 600. “You said that an enormous number of bills of exchange was in circulation, drawn by speculators upon cotton jobbers in Liverpool; does the same apply

to your advances on bills of exchange for other colonial products than cotton?” — (A. Hodgson, banker in Liverpool): “It refers to all kinds of colonial products, but most particularly to cotton.” — No. 601. “Do you, as a banker, try to keep away from bills of exchange of this sort?” — “Not at all; we regard them as legitimate bills when kept within moderate bounds....This sort of bills is often prolonged.”

Swindle in the East Indian and Chinese Market, 1847. — Charles Turner (Chief of one of the first East Indian firms in Liverpool): “We all know the occurrences, which have taken place in the matter of business to Mauritius and similar businesses. The jobbers were accustomed to make advances on goods, not only after their arrival, for the covering of the bills of exchange drawn for these goods, which is quite in order, and advances on bills of lading...they have also made advances on the product before it had been shipped, and in some cases before it had been manufactured. For instance, I had, in one case in Calcutta, bought bills of exchange amounting to 6-7,000 pounds sterling; the proceeds of these goods went to Mauritius in order to assist in planting sugar there; the bills came to England, and more than half of them were protested; then, when the shipments of sugar finally arrived, by which these bills were to have been paid, it was found that this sugar had already been pawned to third parties, before it had been shipped, or even before it had been boiled . Now the goods for the East Indian market must be paid to the manufacturer in cash; but this does not mean much, for if the buyer has some credit in London, he draws on London and discounts the drafts in London, where the discount is now low; he pays the manufacturer with the money so obtained...it takes at least twelve months before a shipper of goods to India receives his return shipment...a man with ten or fifteen thousand pounds sterling going into Indian business would secure credit from some London house to a considerable amount; he would give to this house 1% and draw on it with the understanding, that the proceeds of the goods sent to India are to be sent to this London house; but the tacit understanding on both sides is that the London house shall not have to make any advances of cash; in other words, the drafts are prolonged until the return shipments arrive. The bills of exchange are discounted in Liverpool, Manchester, London, some of them are held by Scotch banks” . — No. 730. “There is a firm, which recently failed in London; the examination of its books revealed the following condition of affairs: Here is one firm in Manchester, and another in Calcutta; they opened a credit with

the London firm for 200,000 pounds sterling; that is, the business friends of this Manchester firm, who sent consignments of goods from Glasgow and Manchester to the firm in Calcutta, drew on the London house up to the sum of 200,000 pounds sterling; at the same time the understanding was, that the Calcutta firm would also draw on the London firm up to the sum of 200,000 pounds sterling; these bills of exchange were sold in Calcutta, other bills of exchange were bought with the proceeds, and these were sent to London in order to enable the firm there to pay the first drafts made by the Glasgow or Manchester firm. In this way this firm sent bills of exchange amounting to 600,000 pounds sterling into the world.” — No. 971. “At present, when a firm in Calcutta buys a ship’s cargo (for England) and pays for it with its own drafts on its London correspondent, and when the bills of lading are sent here, these bills of lading are used immediately for the purpose of securing advances in Lombard Street; hence they have eight months time in which to make use of the money before their correspondents have to pay the drafts.” —

In the year 1848 a secret committee of the Upper House was in session on an investigation of the causes of the crisis of 1847. The testimony of the witnesses before this committee was not published, however, until 1857 (Minutes of Evidence, taken before the Secret Committee of the H. of L. appointed to inquire into the Causes of Distress, etc., 1857; quoted as C. D. 1848-57). Here Mr. Lister, the Director of the Union Bank of Liverpool, testified among other things to the following: 2444. “There was, in the spring of 1847, an unwarranted extension of credit...because business men transferred their capital from their business to railroads and nevertheless wanted to continue their business on the old scale. Every one thought probably at first that he could sell the railroad stocks at a profit and thus replace the money in the business. He found, perhaps, that this was impossible, and then secured credit in his business where he paid cash formerly. This gave rise to an extension of credit.”

2500. “These bills of exchange, on which the banks that had accepted them incurred losses, were they bills mainly for corn or for cotton?...They were bills for products of all kinds, corn, cotton and sugar, and products of all sorts. There was at that time nothing, with the exception of oil, perhaps, that did not fall in price.” — 2506. “A jobber, who accepts a bill of exchange, does not do so without being sufficiently secured, also against a fall in the price of the commodity which serves as a security.”

2512. “Two kinds of bills of exchange are drawn for products. To the first kind belongs the original draft, which is made out on the other side on the importer....The drafts which are made out in this way for products are frequently due before the goods arrive. For this reason the merchant who has not enough money when the products arrive, must pawn them to some broker until he can sell them. Then a draft of the other kind is immediately drawn on the broker by the Liverpool merchant, on the strength of those products...it then becomes the business of the banker to ascertain, whether he has those goods and to what extent he has made advances on them. He must convince himself, that the broker has security, in order to make good eventual losses.”

2516. “We receive also bills of exchange from foreign countries....Some one buys on the other side a bill of exchange on England, and sends it to some firm in England; we cannot tell by looking at this bill, whether it has been drawn reasonably or unreasonably, whether it represents products or wind.”

2533. “You said that foreign products of nearly all kinds are sold at a heavy loss. Do you believe, that this was due to unwarranted speculations in these products?”— “It arose from a very large import, while no adequate consumption existed to take care of it. From all indications the consumption fell off considerably.” — 2537. “In October...products were almost unsaleable.”

How it is that a general scramble for safety is made at the critical stage of a crisis is explained in the same report by an expert of the first order, the worthy and crafty Quaker, Samuel Gurney of Overend Gurney & Co.: 1262. “When a panic reigns, a business man does not ask himself, how profitably he can invest his bank notes, or whether he will lose 1 or 2% in the sale of his treasury notes or 3% bonds. Once that he is under the suggestions of fright, he cares nothing about gain or loss; he gets himself into a safe place, the rest of the world may do what it pleases.”

Concerning the mutual unmasking of two markets Mr. Alexander, a merchant in the East Indian trade, testifies before the Committee of the Lower House on the Bank Acts of 1857 (quoted as B. C. 1857): 4330. “At present, if I invest 6 shillings in Manchester, I get 5 shillings back in India; if I invest 6 shillings in India, I get 5 shillings back in London.” In this way the Indian market is exposed by England, and the English by India. And this

took place in the summer of 1857, barely ten years after the bitter experience of 1847!

## CHAPTER XXVI. ACCUMULATION OF MONEY-CAPITAL. ITS INFLUENCE ON THE RATE OF INTEREST.

“IN England, a steady accumulation of additional wealth takes place, which has a tendency to assume ultimately the form of money. But next to the desire to acquire money, the most insistent desire is that of disposing of it by some kind of investment bringing interest or profit; for money as money does not bring wealth. Unless, therefore, a gradual and adequate extension of the field of investment takes place simultaneously with this steady accession of additional capital, we must be exposed to periodical accumulations of money seeking investment, which will be of greater or smaller importance according to circumstances. For a long series of years the national debt was the great means of absorbing the superfluous wealth of England. Since it reached its maximum in 1816 and no longer acts as an absorbent, every year a sum of at least 27 millions has been seeking other fields of investment. Moreover, various return payments of capital were made....Enterprises which require a large capital for their execution and make an opening from time to time for the excess of unemployed capital...are absolutely necessary, at least in our country, in order to take care of the periodical accumulations of the superfluous wealth of society, which cannot find room in the ordinary fields of investment.” (The Currency Question Reviewed, London, 1845, .) Of the year 1845 the same work says: “Within a very short period the prices have leaped upward from the lowest point of depression....The 3% national debt stands almost at par....The gold in the vaults of the Bank of England exceeds all former amounts stored away there. Stocks of all kinds are quoted at prices, which are unheard of in almost every case, and the rate of interest has fallen so much, that it is nearly nominal....All these are proofs that another heavy accumulation of unemployed wealth exists in England, that another period of speculative overheating is imminent.” (Ibidem, p 35.)

“Although the import of gold is not a reliable indication of profit in foreign commerce, nevertheless a part of this import of gold, in the absence of any other explanation, represents on its face such a profit.” (J. G. Hubbard, The Currency and the Country, London, 1843, .) Take it that in a

period of good steady business, profitable prices, and well supplied circulation of money, a crop failure gives rise to an export of 5 millions of gold and to an import of corn to the same amount. The circulation” (meaning, as we shall see immediately, the unemployed money-capital, not the medium of circulation. F. E.) “is reduced by the same amount. The private individuals may still possess means of circulation to the same amount, but the deposits of the merchants in the banks, the outstanding balances of the banks with their money brokers, and the reserves in their treasuries will all be reduced, and the immediate result of this reduction to the amount of the unemployed capital will be a rise in the rate of interest, say from 4% to 5%. Since business is sound, confidence is not shaken, but credit will be valued more highly.” (Ibidem, .) “If the prices of commodities fall universally, the superfluous money flows back to the banks in the form of increased deposits, the plethora of unemployed capital reduces the rate of interest to a minimum, and this condition of affairs lasts until either higher prices or a brisker business call the slumbering money into service, or until it has been absorbed by investment in foreign securities or foreign commodities.” (P. 68.)

The following extracts are once more taken from the parliamentary report on Commercial Distress, 1847-57. — In consequence of the crop failure and famine of 1846-47 a heavy import of means of subsistence was necessary. “Hence a great excess of imports over exports...Hence a considerable drain of money from banks, and an increased demand upon the discount brokers from people who had bills of exchange to discount; the brokers began to inspect the bills of exchange more closely. The accommodation hitherto granted was seriously restricted, and weak houses failed. Those who relied wholly upon credit went to the wall. This increased the already marked unrest; bankers and others found, that they could not be as certain as formerly of transforming their bills of exchange and other securities into bank notes, in order to fulfill their obligations; they restricted the accommodation still more and frequently refused it altogether; they locked their bank notes up in many instances, in order to meet their own future obligations; they preferred not to let go of them at all. The unrest and confusion increased daily, and without the letter of Lord John Russel the general bankruptcy was imminent.” (P. 74-75.) The letter of Russel suspended the Bank Acts. — The previously mentioned Charles Turner testifies: “Some firms had large means, but they were not available. Their

entire capital was tied up in real estate in Mauritius, or in indigo or sugar factories. Once that they had contracted obligations for 5 or 600,000 pounds sterling, they had no means free for the payment of bills of exchange, and finally it was seen, that they could pay their bills of exchange only by means of credit, and so far as that went.” (P. 81.) — The aforesaid S. Gurney said: “At present (1848) there prevails a contraction of business and a great plethora of money. — No. 1763. I do not believe that it was a lack of capital, which drove the rate of interest so high; it was the alarm, the difficulty of obtaining bank notes.”

In 1847 England paid at least nine million pounds sterling in gold to foreign countries for imported means of subsistence. Of this amount seven and a half millions came from the bank of England and one and a half million from other sources. (P. 245.) — Morris, the Governor of the Bank of England: “On October 23, 1847, the public funds and the canal and railroad stocks were already depreciated by 114,752,225 million pounds sterling.” (P. 312.) The same Morris, when questioned by Lord G. Bentinck: “Is it not known to you that all capital invested in papers and products of all kinds was depreciated in the same way, that raw materials, cotton, silk, wool were sent to the continent at the same cut prices, and that sugar, coffee and tea were auctioned off in forced sales?”— “It was inevitable that the nation should make considerable sacrifices, in order to counteract the drain of gold caused by the enormous imports of means of subsistence.”— “Don’t you believe that it would have been better to touch the eight million pounds sterling stored in the vaults of the bank, instead of trying to recover the gold with such sacrifices?”— “I do not believe that.” — Now to the commentaries on this heroism. Disraeli questions Mr. W. Cotton, the Director and former Governor of the Bank of England. “What was the dividend received by the stockholders of the bank in 1844?”— “It was 7% for that year.”— “And the dividend for 1847?”— “Nine per cent.”— “Does the bank pay the income tax for its stockholders in the current year?”— “Yes, Sir.”— “Did it do so in 1844?”— “No, Sir.”<sup>84</sup>— “Then this Bank Act (of 1844) worked very much to the advantage of the stockholders....The result is, then, that since the introduction of the new Act the dividend of the stockholders has risen from 7% to 9%, and that the income tax is now also paid by the bank, while formerly it had to be paid by the stockholders?”— “That is quite right.” — (No. 4356-4361.)

Concerning the formation of hoards in banks during the crisis of 1847, Mr. Pease, a provincial banker, has the following to say: 4605. “As the bank was compelled to raise its rate of interest more and more, the apprehension grew universally; the rural banks increased the quantities of money in their possession and likewise the amounts of their notes; and many of us, who would ordinarily carry only a few hundred pounds in gold or bank notes, stored up at once thousands in cash boxes and desks, since there was great uncertainty concerning the discount and the possibility of circulating bills of exchange on the market; and consequently a universal accumulation of hoards ensued.” — A member of the Committee remarks: 4691. “Accordingly, whatever may have been the cause during the last 12 years, the result was certainly more in favor of the Jew and the money broker than in favor of the productive class in general.”

To what extent a money broker exploits times of crisis, is revealed by Tooke: “In the metal ware business of Warwickshire and Staffordshire very many orders were rejected in 1847, because the rate of interest, which the manufacturer had to pay for discounting his bills of exchange, would have more than swallowed his entire profit.” (No. 5451.)

Let us now take another report of Parliament, the Report of the Select Committee on Bank Acts, communicated from the Commons to the Lords, 1857 (quoted further along as B. C. 1857). In it Mr. Norman, Director of the Bank of England and a leading light among the champions of the Currency Principle, is questioned as follows:

3635. “You said you were of the opinion, that the rate of interest depends, not on the mass of bank notes, but on the demand and supply of capital. Would you state, what you comprise under the head of capital, outside of bank notes and hard cash?”— “I believe the general definition of capital is: Commodities or services used in production. — 3636. “Do you include all commodities in the term capital, when you speak of the rate of interest?”— “All commodities used in production.” — 3637. “You include all that in the term capital, when you speak of the rate of interest?”— “Yes, Sir. Let us assume that a cotton manufacturer needs cotton for his factory, then he will probably secure it by obtaining an advance from his banker, and with the money so obtained he will go to Liverpool and buy. What he really needs is cotton; he does not need the bank notes or the money except as means of getting the cotton. Or he may need the means to pay his laborers; then he again borrows notes and pays the wages of his laborers

with them; and the laborers on their part need food and shelter, and the money is a means of paying for them.” — 3638. “But interest is paid for this money?”— “Yes, Sir, in the first instance; but take another case. Take it that he buys the cotton on credit, without getting any advance from the bank; then the difference between the price for cash payment and the price on credit at the time when payment is due is the measure of the interest. There would be interest even if no money existed.”

This self-complacent rubbish is quite worthy of this pillar of the Currency Principle. First the brilliant discovery, that bank notes or gold are means of buying something, and that they are not borrowed for their own sake. And this is supposed to explain, that the rate of interest is regulated, by what? By the demand and supply of commodities, that were so far known to regulate only the market prices of commodities. But very different rates of interest are compatible with the same market prices of commodities. — But now take another look at this slyness. He hears the correct remark: “But interest is paid for this money?” and this, of course, implies the question: “What has the interest, which the banker receives, who does not deal in commodities at all, to do with these commodities? And do not manufacturers receive money at the same rate of interest, although they invest it in widely different markets, that is, in markets, in which widely different conditions of demand and supply prevail, so far as the commodities used in production are concerned?” And all that this solemn genius has to say in reply to these questions, is that the manufacturer, who buys cotton on credit, pays interest, the measure of which is “The difference between the price for cash payment and the price on credit at the time when payment is due.” Vice versa. The prevailing rate of interest, whose regulation the genius Norman is asked to explain, is the measure of the difference between the cash price and the credit price to the time of due payment. First the cotton is to be sold to its cash price, and this is determined by the market price, which is itself regulated by the condition of supply and demand. Say that the price is 1,000 pounds sterling. This concludes the transaction between the manufacturer and the cotton broker, so far as buying and selling is concerned. Now a second transaction is added. This takes place between the lender and the borrower. The value of 1,000 pounds sterling is advanced to the manufacturer in the shape of cotton, and he has to repay it in money, say, in three months. And the interest for 1,000 pounds sterling, determined by the market rate of interest,

forms the addition over and above the cash price. The price of cotton is determined by supply and demand. But the price of the advance of the value of cotton, of 1,000 pounds sterling for three months, is determined by the rate of interest. And this fact, that the cotton itself is thus transformed into money-capital, proves to Mr. Norman that interest would exist, even if no money existed. If there were no money at all, there would certainly be no general rate of interest.

There is, in the first place, the vulgar conception of capital as “commodities used in production.” So far as these commodities serve as capital, their value as capital compared to their value as commodities is expressed in the profit, which is made out of their productive or mercantile employment. And the rate of profit has under all circumstances something to do with the market price of the bought commodities and their supply and demand, although it is determined besides by circumstances of quite a different kind. And there is no doubt that the rate of interest is generally limited by the rate of profit. But Mr. Norman is precisely asked to tell us how this limit is determined. It is determined by the supply and demand of money-capital as distinguished from the other forms of capital. Now one might ask furthermore: How are the demand and supply of money-capital determined? It is doubtless true, that a tacit connection exists between the supply of commodity-capital and the supply of money-capital, and also that the demand of the industrial capitalist for money-capital is determined by the actual conditions of real production. Instead of giving us information on this point, Norman offers us the sage opinion, that the demand for money-capital is not identical with the demand for money as such, and this wisdom is advanced for no other reason than that behind him. Above Overstone and other Currency prophets always stands the bad conscience, which makes them aware that they are trying to make capital of the mere medium of circulation by the artificial method of legislative interference and to raise the rate of interest.

Now to Lord Overstone, alias Samuel Jones Loyd, who is asked to explain, why he takes 10% for his “money,” because the “capital” in the country is so scarce.

3653. “The fluctuations in the rate of interest arise from one of two causes: From a change in the value of capital” [excellent! Value of capital, generally speaking, signifies precisely the rate of interest! A change in the rate of interest is thus made to arise from a change in the rate of interest.

The phrase ‘value of capital’ never signifies anything else theoretically, as we have shown in another place. Or, if Lord Overstone means the rate of profit by the phrase ‘value of capital,’ then this deep thinker comes back to the position that the rate of interest is regulated by the rate of profit!]” or from a change in the sum of money available in the country. All great fluctuations of the rate of interest, great either in duration or in the extent of the fluctuations, may be clearly traced to changes in the value of capital. There can be no more striking illustration of this fact than the rise of the rate of interest in 1847 and again in the two last years (1855-56); the lesser fluctuations of the rate of interest, which arise from a change in the quantity of the available money, are small in duration and extension. They are frequent, and the more frequent they are, the more effectively they accomplish their purpose.” This purpose is no other than that of making bankers like Overstone rich. Friend Samuel Gurney expresses himself very naively on this point before the Committee of Lords, C. D. 1848. “Are you of the opinion, that the great fluctuations of the rate of interest, which took place last year, were advantageous to the bankers and money brokers, or not?”— “I believe they were advantageous to the money brokers. All fluctuations of business are advantageous to the knowing men.” — 1325. “Should not the banker ultimately lose through the high rate of interest owing to the pauperisation of his best customers?”— “No, Sir, I do not think that this result prevails to any appreciable degree.” — There you can see what talk will do.

We shall recur to the question of the influence of the quantity of available money on the rate of interest later on. But we must note right here that Overstone once again takes one thing for another in this case. The demand for money-capital in 1847 (there was no worry on account of scarcity of money, or the “quantity of available money,” as he called it, before October) increased for various reasons, such as the dearness of corn, rising cotton prices, unsaleable sugars through overproduction, railroad speculation and slumps, overcrowding of foreign markets with cotton goods, the above described forced export to and import from India for the purpose of mere swindling with bills of exchange. All these things, the over-production in industries as well as the underproduction in agriculture, in other words, widely different causes, led to an increased demand for money-capital in the shape of credit and money. The increased demand for money-capital had its causes in the course of the productive process itself.

But whatever may have been the causes, it was the demand for money-capital which brought about the rise in the rate of interest, in the value of money-capital. If Overstone means to say that the value of money-capital rose because it rose, he is simply repeating himself. But if he means by “value of capital” a rise in the rate of profit which caused a rise in the rate of interest, we shall see immediately that this was not the case here. The demand for money-capital, and consequently the “value of capital,” may rise even though the profit may decrease; as soon as the relative supply of money-capital decreases, its “value” increases. Overstone wants to establish the fact that the crisis of 1847, and the high rate of interest going with it, had nothing to do with the “quantity of available money,” that is, with the regulations of the Bank Acts of 1844 which he had inspired; but as a matter of fact this crisis had something to do with these things, so far as the fear of exhausting the bank reserve — a creation of Overstone — added a money panic to the crisis of 1847-48, But this is not the main point here. There was a dearth of money-capital, caused by the excessive volume of operations compared to the available means and brought to an eruption by disturbances in the process of production due to a crop failure, overcapitalisation of railroads, over-production, particularly of cotton goods, swindling practices in the Indian and Chinese business, speculation, superfluous imports of sugar, etc. What the people, who had bought corn at 120 shillings per quarter, lacked when it fell to 60 shillings, were the 60 shillings which they had paid too much and the corresponding credit for that amount in the Lombard advance on corn. It was by no means the lack of bank notes that prevented them from transforming their corn into money at its old price of 120 shillings. The same things applied to those who had bought sugar to such an excess that it became almost unsaleable. It applies likewise to the gentlemen who had tied up their floating capital in railroads and relied on credit to make up for it in their “legitimate” business. To Overstone all this is expressed in “a moral sense of the enhanced value of his money.” But this enhanced value of money-capital had its direct counterpart on the other side in the shape of the depreciated money-value of the real capital (commodity-capital and productive capital). The value of capital in one form rose, because the value of capital in the other forms fell. Overstone, however, seeks to identify these two kinds of value of different sorts of capital in one sole value of capital in general, and he does it by opposing both of them to a scarcity of the medium of circulation, of available money. But the same

amount of money-capital may be loaned with very different quantities of medium of circulation.

Take, for instance, his example of the year 1847. The official bank rate of interest stood at 3 to 3½% in January; 4 to 4½% in February. In March it was generally 4%. April (panic) 4 to 7½%. May 5 to 5½%. June on the whole 5%. July 5%. August 5 to 5½%. September 5% with trifling variations of 5¼, 5½, 6%. October 5, 5½, 7%. November 7 to 10%. December 7 to 5%. — In this case the interest rose, because the profits decreased and the money-values of commodities fell enormously. If Overstone says here that the rate of interest rose in 1847, because the value of capital rose, he cannot mean anything else by “value of capital” but the value of money-capital, and this is precisely the rate of interest and nothing else. But later the cloven hoof appears and the value of capital is identified with the rate of profit.

As for the high rate of interest in 1856, Overstone was indeed ignorant of the fact that this was partially a symptom of the supremacy of credit jobbers, who paid interest, not from their profit, but with the capital of others; he maintained even a few months before the crisis of 1857 that “business is quite sound.”

He testifies furthermore: 3722. “The conception that the business profit is destroyed by raising the rate of interest is highly erroneous. In the first place, a rise in the rate of interest is rarely of long duration; in the second place, if it is of long duration and considerable, it is in the nature of things a rise in the value of capital, and why does the value of capital rise? Because the rate of profit has risen.” — Here, then, we learn at last, what the meaning of “value of capital” is. We remark, by the way, that the rate of profit may hold itself at a high level for a long time, and yet the industrial capitalist’s profit may fall and the rate of interest rise to a point where it swallows the greater portion of the profit.

3724. “The raise of the rate of interest was a result of the enormous expansion of business in our country, and of the great rise in the rate of profit; and if complaint is made, that the raised rate of interest destroys these two things, which were its own cause, it is a logical absurdity, which one does not know how to characterise.” — This is just as logical as though he had said: The increased rate of profit was the result of the raise of prices by speculation, and if complaint is made, that the raise of prices destroys its own cause, namely speculation, it is a logical absurdity, etc. That anything

can ultimately destroy its own cause, is a logical absurdity only for the usurer, who is in love with the high rate of interest. The greatness of the Romans was the cause of their conquests, and their conquests destroyed their greatness. Wealth is the cause of luxury, and luxury has a destructive influence upon wealth. The wiseacre! The idiocy of the present bourgeois world cannot be characterised more markedly than by the respect, which the “logic” of the millionaire, of this dunghill aristocrat, commanded in all England. By the way, even if high profits and an expansion of business may be the cause of a high rate of interest, a high rate of interest is for that reason by no means a cause of high profit. The question is precisely, whether such a high rate of interest (as was seen actually during the crisis) did not continue, or even reach its climax, after the high rate of profit had long gone the way of the flesh.

3718. “As for a great increase of the rate of discount, it is a circumstance, which arises entirely from the increased value of capital, and the cause of this increased value of capital, I believe, may be discovered by every one with perfect clearness. I have already mentioned the fact, that during the 13 years, which this Bank Act was in force, the commerce of England grew from 45 to 120 million pounds. Consider all the events implied by this brief statement in figures, consider the enormous demand for capital, which such a gigantic increase of commerce carries with it, and consider at the same time, the natural source of this great demand, namely the annual savings of the country, have been consumed during the last three or four years by unprofitable expenditures for purposes of war. I confess, I am surprised, that the rate of interest is not much higher; or in other words, I am surprised, that the shortage of capital in consequence of these gigantic operations is not much more stringent, than you have found it to be.”

What a wonderful mixture of words on the part of our logician of usury! Here he is again with his increased value of capital! He seems to imagine, that on one side this enormous expansion of the process of reproduction took place, an accumulation of real capital, and that on the other side a “capital” existed, for which an “enormous demand” arose, in order to accomplish this gigantic increase of commerce! Was not this enormous increase of production itself this increase of capital, and if it created a demand, did it not also create the supply, including an increased supply of money-capital? If the rate of interest rose so high, it did so merely because the demand for money-capital increased still more rapidly than its supply,

which means, in other words, that the expansion of industrial production carried with it a greater volume of its transactions on a credit basis. That is to say, the actual industrial expansion caused an increased demand for “accommodation,” and this last demand is evidently what our banker means by the “enormous demand for capital.” It was surely not the expansion of this mere demand for capital, which raised the export business from 45 to 120 million pounds sterling. And again, what does Overstone mean when he says, that the annual savings of the country swallowed by the Crimean War form the natural source of the supply for this great demand? In the first place, how did England get its accumulations from 1792 to 1815, which was a far greater war than the little Crimean War? In the second place, if the natural source dries up, from what source did capital flow then? It is well known that England did not ask for any loans from foreign countries. But if there is an artificial source aside from the natural one, it would be a very peculiar method for a nation to utilise the natural source in war and the artificial one in business. But if only the old money-capital was available, could it double its effectiveness through a high rate of interest? Mr. Overstone thinks evidently that the annual savings of the country (which were supposed to have been consumed in this case) are converted only into money-capital. But if no real accumulation, that is, no real expansion of production and augmentation of the means of production, took place, what good would the accumulation of debtor’s claims in money on this production do?

The increase in the “value of capital,” which follows from a high rate of profit, is mistaken by Overstone for an increase, which follows from a greater demand for money-capital. This demand may increase for reasons, which are quite independent of the rate of profit. He quotes himself some examples, which show that it rose in 1847 as a result of the depreciation of real capital. He means by the value of capital now real capital now money-capital, just as it may suit his purpose.

The dishonesty of our banking lord, and his narrow minded banker’s point of view, which he aggravates by posing as a schoolmaster, are further revealed by the following: 3728. “You said, that in your opinion the rate of discount is of no particular significance for the merchant; will you kindly state what you regard as an ordinary rate of profit?” — Mr. Overstone declares that it is “impossible” to answer this question. — 3729. “Suppose the average rate of profit to be from 7 to 10%; in that case, a change in the

rate of discount from 2% to 7 or 8% must appreciably affect the rate of profit, must it not?" [This question confounds the rate of industrial profit with the average rate of profit and overlooks the fact, that this last rate of profit is the common source of interest and industrial profit. The rate of interest may leave the average rate of profit untouched, but not the industrial profit.] Overstone replied: "In the first place, business men will not pay a rate of discount, which takes away most of their profits beforehand; they will rather close up their business." [Yes, if they can do so without ruining themselves. So long as their profit is large, they pay the discount, because they are willing, and when profit is low, they pay the discount because they must.] "What does discount mean? Why does a man discount a bill of exchange?...Because he desires to obtain a larger capital." [Hold on! Because he desires to anticipate the return of his tied-up capital in the form of money and to avoid the stopping of business; because he must meet due payments. He demands additional capital only when business is good, or when he speculates on another man's capital, though business may be bad. The discount is by no means a mere device to expand business.] "And why does he wish to obtain command of a greater capital? Because he wants to invest this capital; and why does he want to invest this capital? Because it is profitable; but it would not be profitable for him, if the discount were to swallow his profit."

This self-complacent logician assumes that bills of exchange are discounted only for the purpose of expanding business, and that business is expanded, because it is profitable. The first assumption is wrong. The ordinary business man discounts, in order to anticipate the money-form of his capital and thereby to keep his process of reproduction in flow; not in order to expand his business or secure additional capital, but in order to balance the credit which he gives by the credit which he takes. And if he wants to expand his business on credit, the discounting of bills will do him little good, because it is merely the transformation of capital, which he has already in his hands, from one form into another; he will rather take up a direct loan for a long time. Only the credit swindler will get his fraudulent bills of exchange discounted for the purpose of expanding his business, in order to cover one rotten business by another; not for the purpose of making profits, but of getting possession of the capital of another man.

After Mr. Overstone has thus identified discount with the borrowing of additional capital [instead of identifying it with the transformation of bills

of exchange representing capital into money], he beats at once a retreat, when the thumbscrews are applied to him. — 3730. “Must not merchants, once that they are engaged in business, continue their operations for a certain period of time in spite of a temporary increase in the rate of interest?” — Overstone: “There is no doubt, that in any single transaction, if a man can get hold of capital at a low rate of interest instead of a high rate of interest, taking the matter from this narrow point of view, that it is pleasant for him.” — But it is a very wide point of view, which enables Mr. Overstone now to understand by “capital” all of a sudden only his banker’s capital, and to assume that the man, who discounts a bill of exchange with him, is a man without capital, just because his capital exists in the form of commodities, or because the money-form of his capital is a bill of exchange, which Mr. Overstone converts into another money-form.

3732. “With reference to the Bank Act of 1844, can you state what was the approximate relation of the rate of interest to the gold reserve of the bank; is it true, that, if the gold in the bank amounted to 9 or 10 millions, the rate of interest was 6 or 7%, and when it amounted to 16 millions, the rate of interest was about 3 or 4%?” [The cross-examiner wants to compel him to explain the rate of interest, so far as it is influenced by the amount of gold in the bank, by the rate of interest, so far as it is influenced by the value of capital.]— “I do not say, that this is the case...but if it is, then we should in my opinion resort to still more stringent measures than those of 1844; for if it should be true, that the greater the quantity of gold the lower the rate of interest, then we should go to work, according to this view of the matter, and increase the gold reserve to an unlimited amount, and then we should reduce the rate of interest to zero.” — The cross-examiner Cayley, unmoved by this poor joke, continues: 3733. “If this were so, assuming that 5 millions in gold were returned to the bank, then in the course of the next six months the gold reserve would amount to 16 millions, and assuming that the rate of interest should fall thus to 3 or 4%, how could one maintain, that the fall in the rate of profit was due to a great slump in business?”— “I said the recent great increase in the rate of interest, not the fall in the rate of interest, is intimately connected with the great expansion of business.” — But what Cayley says is this: If a rise of the rate of interest together with a contraction of the gold reserve, is an indication of an expansion of business, then a fall of the rate of interest together with an expansion of the gold

reserve, must be an indication of a contraction of business. Overstone has no answer to this. — 3736. Question: “I note that Your Lordship said that money is an instrument for securing capital.” [This is precisely a mistake, this conception of money as an instrument; it is a form of capital.] “During a decrease of the gold reserve (of the Bank of England) does not the difficulty consist rather in the fact that capitalists cannot get any money?” — Overstone: “No, it is not the capitalists, it is the non-capitalists, who seek to obtain money, in order to carry on the business of people, who are not capitalists.” — Here he declares point blank, that manufacturers and merchants are not capitalists, and that the capital of the capitalist is only money-capital. — 3737. “Are the people who draw bills of exchange no capitalists?” — “The people who draw bills of exchange are probable capitalists and probably not.” — Here he is stuck.

He is then asked, whether the bills of exchange of merchants do not represent the commodities, which they have sold or shipped. He denies, that these bills represent the value of the commodities just exactly as a bank note represents gold. (3740 and 41.) This is a little insolent.

3742. “Is not the purpose of the merchant that of obtaining money?” — “No; to obtain money is not the purpose of drawing a bill of exchange; to obtain money is the purpose of discounting the bill.” — The drawing of bills of exchange is a conversion of commodities into a form of credit-money, just as the discounting of bills of exchange is the conversion of credit-money into other money, namely bank notes. At any rate Mr. Overstone admits here, that the purpose of discounting is to obtain money. A while ago he said that discounting was a means, not of transforming capital from one form into another, but of obtaining additional capital.

3742. “What is the great desire of the business world under the pressure of a panic, such as occurred according to your testimony in 1825, 1837 and 1839; do they want to secure possession of capital or of legal tender money?” — “They want to obtain command of capital, in order to continue their business.” — Their purpose is to obtain means of payment for due bills of exchange on themselves, on account of the prevailing lack of credit, so that they may not have to get rid of their commodities below price. If they have no capital at all themselves, then they receive with the means of payment at the same time capital, because they receive value without giving an equivalent. The desire to obtain money as such consists always in the wish to transform value from the form of commodities or creditor’s claims

into money. Hence also, aside from crisis, the great difference between the borrowing of capital and discount, the last being a mere transformation of money claims from one shape into another, or into real money.

[I take the liberty, in my capacity of editor, to interpolate a few remarks here.]

With Norman as well as Loyd-Overstone the banker always figures as a man, who advances “capital” to others, and his customers appear as people, who demand “capital” from him. Thus Overstone says, that people have bills of exchange discounted through him, “because they wish to obtain capital” , and that it is pleasant for such people to “obtain command of capital” at a “low rate of interest” . “Money is an instrument for obtaining capital” , and during a panic the great desire of the business world is to “obtain command of capital” . All the confusion of Loyd and Overstone notwithstanding they reveal at least the fact that they call the thing, which the banker gives to his customer, capital, and that this is a thing formerly not in the possession of the customer, but advanced to him in addition to the one already in his hands.

The banker has become so well accustomed to figure as the distributor [through loans] of the social capital available in the form of money, that he considers every function, by which he hands out money, as loaning. All the money which he pays out appears to him as a loan. If the money is directly loaned, it is literally true. If it is invested in the discounting of bills, then it is in fact advanced by himself until the bill becomes due. In this way the conception grows upon him that he cannot make any payments without loaning money to somebody. And these are loans, not merely in the sense that every investment of money, which has for its object the taking of interest or profit, is economically considered an advance of money, which the owner of money in his capacity as a private individual makes to himself in his capacity as an entrepreneur. They are loans in the definite sense that the banker loans to his customer a sum of money, which constitutes an addition to the capital already held by him.

It is this conception, which, transferred from the banker’s office to political economy, has created the confusing controversy, whether the thing, which the banker loans to his customer in the shape of cash money, is capital or mere money, medium of circulation or currency. In order to decide this fundamentally simple controversy, we must place ourselves in

the position of a customer of a bank. It depends what this customer wants and receives.

If the bank allows to its customer a loan on his own private credit, without any security on his part, then the matter is clear. He certainly receives in that case an advance of a definite amount in addition to the capital so far invested by him. He receives this advance in the form of money; it is not merely money, but money-capital.

If on the other hand, he receives an advance on depositing securities, etc., then this is money paid to him on condition that he pay it back, but it is not capital. For the securities also represent capital, and at that of a larger amount than the money advance upon them. The recipient of the advance receives less capital-value than he deposits as a security; hence the advance is not additional capital for him. He does not agree to this transaction, because he needs capital — for he has this in his securities — but because he needs money. Therefore we have in this case an advance of money, not of capital.

If the loan is granted by discounting bills, then even the form of an advance disappears. The transaction is then purely one of buying and selling. The bill passes by endorsement into the possession of the bank, while the money passes into the possession of the customer. There is no question of any return payment on either side. If a customer buys with a bill of exchange or some similar instrument of credit cash money, it is no more an advance than it is if he buys cash money with other commodities, such as cotton, iron, corn. Still less can this be called an advance of capital. Every purchase and sale between merchant and merchant transfers capital. But an advance of capital takes place only then, when a bill is a fraudulent one, which does not represent any commodities at all, and no banker will take such a bill, if he is aware of its nature. In the regular discounting business the customer of the bank does not, therefore, receive any advance, either of capital or of money, but he receives money for sold commodities.

The cases, in which the customer demands capital from a bank and receives it are thus very plainly distinguished from those, in which he merely receives an advance of money or buys it from the bank. And since particularly Mr. Loyd Overstone very rarely advanced any funds without collateral [he was the banker of my firm in Manchester] it is very evident that his beautiful descriptions of the great quantities of capital loaned by the

generous bankers to the manufacturers in need of capital are gross inventions.

In chapter XXXII Marx says practically the same thing: “The demand for means of payment is a mere demand for convertibility into money, so far as merchants and producers have good securities to offer; it is a demand for money-capital whenever there is no collateral, so that an advance of means of payment gives to them not only the form of money, but also the equivalent, whatever be its form, with which to make payment.” — And again in chapter XXXIII: “Under a developed system of credit, when the money is concentrated in the hands of the bankers, it is they, at least nominally, who make advances of money. This advance does not refer to the money already in circulation. It is an advance made to circulation, not an advance of capital circulated by it.” — Likewise Mr. Chapman, who ought to know, corroborates this conception of the discounting business: B. C. 1857: “The banker has the bill, the banker has bought the bill.” Evid. Question 5139.

We shall return to this subject in chapter XXVIII. — F. E.] 3744. “Will you kindly describe, what you really mean by the term capital?” — Overstone: “Capital consists of various commodities, by means of which trade is carried on; there is a fixed capital and there is a circulating capital. Your ships, your docks, your wharves are fixed capital, your means of subsistence, your clothes, etc. are circulating capital.”

3745. “Has the drain of gold to foreign countries injurious consequences of England?”— “Not so long as one combines this term with a rational meaning.” [Then follows the old Ricardian theory of money]...“in the natural condition of things the money of the world distributes itself among the various countries of the world in certain proportions; these proportions are such, that with such a distribution [of money] the commerce between any one country on one side and all other countries on the other side is one of mere exchanges; but there are disturbing influences, which affect this distribution from time to time, and when these influences arise, a portion of the money of a given country flows off to other countries.” 3746. “You are now using the term ‘money’. If I understood you correctly on former occasions, you called this a loss of capital.”— “What was it that I called a loss of capital?” — 3747. “The export of gold.”— “No, I did not say that. If you treat gold as capital, then it is doubtless a loss of capital; it is a giving

away of a certain portion of precious metal, of which the world money consists.” — 3748. “Did you not say before that a change in the rate of discount is a mere indication of a change in the value of capital?”— “Yes.” — 3749. “And that the rate of discount in general changes with the gold reserve in the Bank of England?”— “Yes, but I have already stated that the fluctuations of the rate of interest, which arise from a change in the quantity of money” [so this is what he calls the quantity of gold actually existing] “are very significant...”

3750. “Then do you mean to say that a decrease of capital has taken place, when a longer, but still temporary, raise of the discount above the ordinary quotation has taken place?”— “A decrease in a certain sense of the word. The relation between capital and the demand for it has changed; but it may be only through an increased demand, not through a decrease in the quantity of capital.” —

[But capital was for him precisely money or gold, and a little before that he had explained the rise of the rate of interest by a rise of the rate of profit, which was due to an expansion, not to a contraction of business or capital.]

3751. “What kind of capital is it that you have particularly in mind here?”— “That depends entirely on what sort of a capital that every one needs. It is the capital which a nation has at its disposal in order to carry on its business, and if this business is doubled, a great increase must occur in the demand for that capital with which it is to be carried on.” [This shrewd banker doubles first the business and then the demand for capital with which it is to be doubled. He never sees anything else but his customer, who asks Mr. Loyd for more capital by which to double the volume of his business.]— “Capital is like any other commodity;” [but according to Mr. Lloyd capital is nothing else but the totality of commodities] “it changes its price” [that is, the commodities change their price twice, one as commodities and the second time as capital] “according to supply and demand.”

3752. “The fluctuations in the rate of discount are in a general way connected with the fluctuations of the gold reserve in the vaults of the bank. Is this the capital to which you refer?”— “No.” — 3753. “Can you give an example, showing when a great supply of capital was accumulated in the Bank of England and at the same time the rate of discount stood high?”— “In the Bank of England it is not capital that is accumulated, but money.” — 3754. “You testified that the rate of interest depends on the quantity of

capital; will you kindly state, what kind of capital you mean, and whether you can quote an example, where a great supply of gold was held in the bank and at the same time the rate of interest was high?”— “It is very probable” [aha!] “that the accumulation of gold in a bank may coincide with a low rate of interest, because a period of low demand for capital” [namely money-capital; the time to which reference is made here, 1844 and 1845, was a period of prosperity] “is a period, in which naturally the means or instrument, by which capital is commanded, can accumulate.” — 3755. “You think, then, that no connection exists between the rate of discount and the quantity of gold in the bank vaults?”— “A connection may exist, but it is not a connection on principle;” [but his Bank Act of 1844 made it precisely a principle of the Bank of England to regulate the rate of interest by the quantity of gold in its possession] “there may be a coincidence of time,” — 3758. “Do you intend to say that the difficulty of the merchants in this country, during times of scarcity of money due to a high rate of interest consists of obtaining capital, and not in obtaining money?”— “You are throwing together two things, which I do not bring together in this form; the difficulty consists in getting capital, and it also consists in getting money....The difficulty of obtaining money, and the difficulty of obtaining capital, is the same difficulty considered at two different stages of its development.” — Here the fish is caught once more. The first difficulty is to discount a bill of exchange, or to obtain a loan on security of commodities. It is the difficulty of converting capital, or a commercial equivalent for capital, into money. And this difficulty expresses itself, among other things, in a high rate of interest. But after the money has been obtained, in what does the second difficulty consist if it is merely a question of paying, has any one any difficulty in getting rid of his money? And if it is a question of buying, where has any one ever had any difficulty in times of crisis in buying anything? Supposing, for the sake of argument, that this should refer to the specific case of a dearth in corn, cotton, etc., this difficulty should become apparent only in the price of these commodities, not in that of money-capital, that is, not in the rate of interest; but the difficulty, so far as it refers to the price of commodities, is overcome by the fact that our man now has the money to buy them.

3760. “But a higher rate of discount is an increased difficulty of obtaining money, is it not?”— “It is an increased difficulty of obtaining money, but it is not the money, the possession of which is essential; it is

only the form” [and this form brings profits into the pockets of the banker] “in which the increased difficulty of obtaining capital presents itself under the complicated relations of a civilised condition.”

3763. Overstone’s reply: “The banker is the middle man, who receives on one side deposits, and on the other side uses these deposits by entrusting them, in the form of capital, to the hand of persons, who etc.”

Here we have at last what he calls capital. He converts money into capital by “entrusting” it, or, less euphemistically, by loaning it out at interest.

After Mr. Overstone has stated, that a change in the rate of discount is not essentially connected with a change in the quantity of gold reserve in the bank, or in the quantity of available money, but that there is at best only a coincidence in time, he repeats:

3804. “If the money in the country is reduced by export, its value rises, and the Bank of England must adapt itself to this change in the value of money;” [that is, the value of money as capital, in other words, the rate of interest, for the value of money as money, compared with commodities, remains the same] “this is technically expressed by the words, that it raises the rate of interest.”

3819. “I never throw the two together.” Meaning money and capital, for the simple reason, that he never distinguishes them.

3834. “The very large sum, which had to be paid out for the necessary subsistence of the country [for corn in 1847] and which was, indeed, capital.”

3841. “The fluctuations in the rate of discount have doubtless a very close connection to the condition of the gold reserve [of the Bank of England], for the condition of the gold reserve is the indicator of the increase or decrease of the quantity of money existing in a country; and in proportion as the money in a country increases or decreases, the value of money falls or rises, and the bank rate of discount will adapt itself to that.”

— Here, then, he admits what he denied once for all in No. 3755-3842. “There is a close connection between the two.” Meaning between the quantity of gold in the issue department and the reserve of notes in the banking department. Here he explains the change in the rate of interest by the change in the quantity of money. But what he says is wrong. The reserve may decrease, because the circulating money in the country may increase. This is the case, when the public takes more notes and the metal reserve

does not decrease. But in that case the rate of interest rises, because then the banking capital of the Bank of England is limited by the Acts of 1844. But he dare not mention this, since this law provides, that these two departments shall not have anything in common.

3859. “A high rate of profit will always create a great demand for capital; a great demand for capital will raise its value.” — Here, we have at last the connection between a high rate of profit and a demand for capital, as Overstone conceives it. Now, a high rate of profit prevailed in 1844-45, for instance, in the cotton industry, because raw cotton was and remained cheap while the demand for cotton goods was strong. The value of capital [and according to a previous statement Overstone calls capital that which every one needs in his business], in the present case the value of raw cotton, was not increased for the manufacturer. Now the high rate of profit may have induced some cotton manufacturer to take up money for the expansion of his business. Thereby the demand for money-capital rose, and nothing else.

3889. “Gold may be money or not, just as paper may be a bank note or not.”

3896. “Do I understand you correctly, then, that you abandon the statement, which you applied in 1840, to the effect that fluctuations in the circulating notes of the Bank of England should be governed by the fluctuations in the quantity of the gold reserve?”— “I abandon it in so far...that according to the present condition of our knowledge we must add to the circulating notes those other notes, which are deposited in the bank reserve of the Bank of England.” — This is superlative. The arbitrary provision, that the bank may make out as many paper notes as it has gold in the treasury and 14 millions more, implies, of course, that its issue of notes fluctuates with the fluctuations of the gold reserve. But since “the present condition of our knowledge” shows clearly, that the mass of notes, which the bank can manufacture according to this (and which the issue department transfers to the banking department), and which circulating between the two departments of the Bank of England and fluctuate with the fluctuations of its gold reserve, does not determine the circulation of bank notes outside of the walls of the Bank of England, and this last circulation becomes a matter of indifference for the administration of the bank, and the circulation between the two departments of the bank, which shows its difference from the real circulation in the reserve, becomes alone essential. For the outside

world this internal circulation is significant only, because the reserve indicates, how close the bank is getting to the legal maximum of its issue of notes, and how much the customers of the bank can still receive from the banking department.

The following is a brilliant example of Overstone's bad faith:

4243. "Does the quantity of capital fluctuate, in your own opinion, to such an extent from one month to another, that its value is changed thereby in the way that we have observed during the last years in the fluctuations of the rate of discount?"— "The proportion between demand and supply of capital may undoubtedly fluctuate even in short intervals...If France announces to-morrow, that it will take up a very large loan, it will undoubtedly cause at once a great change in the value of money, that is, the value of capital, in England."

4245. "If France announces, that it will suddenly need 30 millions worth of commodities for some purpose or other, a great demand will arise for capital, to use the more scientific and simpler expression,"

4246. "The capital, which France might want to buy with its loan, is one thing; the money, with which France buys this, is another thing; is it the money, which changes its value, or not?"— "We are coming back to the old question, and that, I believe, is better suited for the study room of a scientist than for this committee room." — And with this he retires, but not into the study room.85

## CHAPTER XXVII. THE ROLE OF CREDIT IN CAPITALIST PRODUCTION.

The general remarks, which the credit system so far elicited from us, were the following:

Its necessary development, for the purpose of procuring the compensation of the rate of profit, or the movements of this compensation, upon which the entire capitalist production rests.

Reduction of the cost of circulation.

One of the principal expenses of the circulation is money itself, so far as it represents value itself. It is economized by credit in three ways.

It is entirely eliminated in a large portion of the transactions.

B. The circulation of the circulating medium is accelerated.<sup>86</sup> This coincides partly with the statement to be made under 2). On one hand, the acceleration is technical; that is, with the same number and quantity of actual transfers of commodities for consumption, a smaller quantity of money or tokens of money performs the same service. This is connected with the technique of the banking business. On the other hand, credit accelerates the velocity of the circulation of money.

C. Replacement of gold money by paper.

Acceleration, by credit, of the individual phases of circulation or of the metamorphoses of commodities, and with it an acceleration of the process of reproduction in general. (On the other hand credit permits keeping the acts of buying and selling farther apart and thus serves as a basis for speculation.) Contraction of the reserve funds, which may be studied from two sides; on one side as a reduction of the circulating medium, on the other as a reduction of that part of capital, which must always exist in the form of money.<sup>87</sup>

Formation of stock companies. By means of these:

An enormous expansion of the scale of production and enterprises, which were impossible for individual capitals. At the same time such enterprises

as were formerly carried on by governments are socialised.

2) Capital, which rests on a socialised mode of production and presupposes a social concentration of means of production and labor-powers, is here directly endowed with the form of social capital (a capital directly associated individuals) as distinguished from private capital, and its enterprises assume the form of social enterprises as distinguished from individual enterprises. It is the abolition of capital as private property within the boundaries of capitalist production itself.

3) Transformation of the actually functioning capitalist into a mere manager, an administrator of other people's capital, and of the owners of capital into mere owners, mere money-capitalists. Even if the dividends, which they receive, include the interest and profits of enterprise, that is, the total profit (for the salary of the manager is, or is supposed to be, a mere wage of a certain kind of skilled labor, the price of which is regulated in the labor market, like that of any other labor), this total profit is henceforth received only in the form of interest, that is, in the form of a mere compensation of the ownership of capital, which is now separated from its function in the actual process of reproduction in the same way, in which this function, in the person of the manager, is separated from the ownership of capital. The profit now presents itself (and not merely that portion of it, which derives its justification as interest from the profit of the borrower) as a mere appropriation of the surplus-labor of others, arising from the transformation of means of production into capital, that is, from its alienation from its actual producer, from its antagonism as another's property opposed to the individuals actually at work in production, from the manager down to the last day laborer.

In the stock companies the function is separated from the ownership of capital, and labor, of course, is entirely separated from the ownership of means of production and of surplus-labor. This result of the highest development of capitalist production is a necessary transition to the reconversion of capital into the property of the producers, no longer as the private property of individual producers, but as the common property of associates, as social property outright. On the other hand it is a transition to the conversion of all functions in the process of reproduction, which still remain connected with capitalist private property, into mere functions of the associated producers, into social functions.

Before we proceed any further, we call attention to the following fact, which is economically important: Since profit here assumes purely the form of interest, enterprises of this sort may still be successful, if they yield only interest, and this is one of the causes, which stem the fall of the rate of profit, since these enterprises, in which the constant capital is so enormous compared to the variable, do not necessarily come under the regulation of the average rate of profit.

[Since Marx wrote the above, new forms of industrial enterprises have developed, which represent the second and third degree of stock companies. The daily increasing speed, with which production may to-day be intensified on all fields of great industry, is offset on the other hand by the ever increasing slowness, with which the markets for these increased products expand. What the great industries turn out in a few months, can scarcely be absorbed by the markets in years. Add to this the system of protective tariffs, by which every industrial country shuts itself off from all others, particularly from England, and which increases home production still more by artificial means. The results are a chronic overproduction, depressed prices, falling or disappearing profits; in short, the long cherished freedom of competition has reached the end of its tether and is compelled to announce its own palpable bankruptcy. This is shown by the fact, that the great captains of industry of a certain line meet for the joint regulation of production by means of a kartel. A committee determines the quantity to be produced by each establishment and distributes ultimately the incoming orders. In some cases even international kartels were formed temporarily, for instance, one uniting the English and German iron producers. But even this form of socialisation did not suffice. The antagonism of interests between the individual firms broke through the agreement quite frequently and restored competition. This led in some lines, where the scale of production permitted it, to the concentration of the entire production of this line in one great stock company under one joint management. In America this has been accomplished several times; in Europe the greatest illustration is so far the United Alkali Trust, which has brought the entire Alkali production of the British into the hands of one single business firm. The former owners of the individual works, more than thirty, have received the tax value of their entire establishment in shares of stock, totalling about 5 million pounds sterling, which represent the fixed capital of the trust. The technical management remains in the same hands, but the business

management is centralised in the hands of the general management. The floating capital, amounting to about one million pounds, was offered to the public for subscription. The total capital is, therefore, 6 million pounds sterling. In this way competition in this line, which forms the basis of the entire chemical industry, has been replaced in England by monopoly, and the future expropriation of this line by the whole of society, the nation, has been well prepared. — F. E.]

This is the abolition of the capitalist mode of production within capitalist production itself, a self-destructive contradiction, which represents on its face a mere phase of transition to a new form of production. It manifests its contradictory nature by its effects. It establishes a monopoly in certain spheres and thereby challenges the interference of the state. It reproduces a new aristocracy of finance, a new sort of parasites in the shape of promoters, speculators and merely nominal directors; a whole system of swindling and cheating by means of corporation juggling, stock jobbing, and stock speculation. It is private production without the control of private property.

Aside from the stock company business, which represents an abolition of capitalist private industry on the basis of the capitalist system itself and destroys private industry in proportion as it expands and seizes new spheres of production, credit offers to the individual capitalist, or to him who is regarded as a capitalist, absolute command of the capital of others and the property of others, within certain limits, and thereby of the labor of others.<sup>88</sup> A command of social capital, not individual capital of his own gives him command of social labor. The capital itself, which a man really owns, or is supposed to own by public opinion, becomes purely a basis for the superstructure of credit. This is true particularly of wholesale commerce, through whose hands the greatest portion of the social product passes. All standards of measurement, all excuses which are more or less justified under capitalist production, disappear here. What the speculating wholesale merchant risks is social property, not his own. Equally stale becomes the phrase concerning the origin of capital from saving, for what he demands is precisely that others shall save for him. [In this way all France saved recently one and a half billion francs for the Panama Canal swindlers. In fact the entire Panama swindle is here correctly described, fully twenty years before it happened. — F. E.] The other phrase of the abstention is slapped in the face by his luxury, which now becomes a means

of credit by itself. Conceptions, which still have some meaning on a less developed stage of capitalist production, become quite meaningless here. Both success and failure lead now simultaneously to a centralisation of capital, and thus to an expropriation on the most enormous scale. This expropriation extends here from the direct producers to the smaller and smallest capitalists themselves. It is first the point of departure of the capitalist mode of production; its complete accomplishment is the aim of this production. In the last instance it aims at the expropriation of all individuals from the means of production, which cease with the development of social production to be means of private production and products of private production, and which can henceforth be only means of production in the hands of associated producers, their social property, just as they are social products. However, this expropriation appears under the capitalist system in a contradictory form, as an appropriation of social property by a few; and credit gives to these few more and more the character of pure adventurers. Since property here exists in the form of shares of stock, its movements and transfer become purely a result of gambling at the stock exchange, where the little fish are swallowed by the sharks and the lambs by the wolves. In the stock companies the antagonism against the old form becomes apparent, in which social means of production are private property; but the conversion to the form of shares of stock still remains ensnared in the boundaries of capitalism; hence, instead of overcoming the antagonism between the character of wealth as a social one and as private wealth, the stock companies merely develop it in a new form.

The co-operative factories of the laborers themselves represent within the old form the first beginnings of the new, although they naturally reproduce, and must reproduce, everywhere in their actual organisation all the shortcomings of the prevailing system. But the antagonism between capital and labor is overcome within them, although only in the form of making the associated laborers their own capitalists, that is, enabling them to use the means of production for the employment of their own labor. They show the way, in which a new mode of production may naturally grow out of an old one, when the development of the material forces of production and of the corresponding forms of social production has reached a certain stage. Without the factory system arising out of the capitalist mode of production the co-operative factory could not develop, nor without the credit system arising out of the same mode of production. The credit system

is not only the principal basis for the gradual transformation of capitalist private enterprises into capitalist stock companies, but also a means for the gradual extension of co-operative enterprises on a more or less natural scale. The capitalist stock companies as well as the co-operative factories may be considered as forms of transition from the capitalist mode of production to the associated one, with this distinction, that the antagonism is met negatively in the one, positively in the other.

So far we have considered the development of the credit system, and the latent abolition of capitalist property implied by it, mainly with reference to industrial capital. In the following chapters we shall consider credit with reference to interest-bearing capital as such, both the effect of interest on this capital and the form which it assumes thereby; and on this point we shall have to make a few more specific remarks of economic significance.

For the present we have this to say:

The credit system appears as the main lever of overproduction and overspeculation in commerce solely because the process of reproduction, which is elastic in its nature, is here forced to its extreme limits, and is so forced for the reason that a large part of the social capital is employed by people who do not own it and who push things with far less caution than the owner, who carefully weighs the possibilities of his private capital, which he handles himself. This simply demonstrates the fact, that the production of values by capital based on the antagonistic nature of the capitalist system permits an actual, free, development only up to a certain point, so that it constitutes an immanent fetter and barrier of production, which are continually overstepped by the credit system.<sup>89</sup> Hence the credit system accelerates the material development of the forces of production and the establishment of the world market. To bring these material foundations of the new mode of production to a certain degree of perfection, is the historical mission of the capitalist system of production. At the same time credit accelerates the violent eruptions of this antagonism, the crises, and thereby the development of the elements of disintegration of the old mode of production.

Two natures, then, are immanent in the credit system. On one side, it develops the incentive of capitalist production, the accumulation of wealth by the appropriation and exploitation of the labor of others, to the purest and most colossal form of gambling and swindling, and reduces more and more the number of those, who exploit the social wealth. On the other side,

it constitutes a transition to a new mode of production . It is this ambiguous nature, which endows the principal spokesmen of credit from Law to Isaac Pereire with the pleasant character of swindlers and prophets.

## **CHAPTER XXVIII. THE MEDIUM OF CIRCULATION (CURRENCY) AND CAPITAL. TOOKE'S AND FULLARTON'S CONCEPTION.**

THE distinction between currency and capital, drawn by Tooke,<sup>90</sup> Wilson, and others, which indiscriminately confounds the differences between the medium of circulation as money, as money-capital, and as interest-bearing capital (moneyed capital in English parlance), refers to two things.

The currency circulates on the one hand as coin (money), so far as it promotes the expenditure of revenue, in the transactions between the individual consumers and the retail merchants. In this category belong all merchants, who sell to the consumers, that is, the individual consumers as distinguished from the productive consumers or producers. Here money circulates in the function of coin, although it continually replaces capital. A certain portion of the money in a certain country is continually devoted to this function, although this portion consists of perpetually varying pieces of individual coin. On the other hand, so far as money promotes the transfer of capital, either as a means of purchase (means of circulation), or as a means of payment, it is capital. It is, therefore, neither its function as a means of purchase, nor that as a means of payment, which distinguishes it from coin, for it may act as a means of purchase also between dealer and dealer, so far as they buy on cash terms one another, and it may serve as a means of payment also between dealer and consumer, so far as credit is given and the revenue consumed before it is paid. The difference, then, is in fact that between the money-form of revenue and the money-form of capital, but not that between currency and capital, for a certain quantity of money circulates in the transactions between dealers as well as those between consumers and dealers. It is, therefore, equally a currency (circulation) in both functions. In Tooke's conception, confusion is introduced into this question in various ways.

By confounding the definite distinctions of the two functions;

2) By intermingling with it the question of the quantity of money circulating together in both functions;

3) By intermingling with it the question of the relative proportions of the

quantities of currency circulating in the two functions, and thus in the two spheres of the process of reproduction.

#### Confounding the Definite Distinctions.

Money is said to be currency in the one form, and capital in the other. To the extent that money serves in the one or the other function, be it for the realisation of revenue or the transfer of capital, it performs its duty in buying and selling or in paying, as a means of purchase or payment, and in the wider meaning of the word as currency. The further purposes, to which it is devoted in the accounts of its spender or recipient, who may use it as capital or revenue, do not alter anything in this matter, and this is demonstrated by two facts. Although the kinds of money circulating in the two spheres are different, yet the same price of money, for instance a five pound note, passes from one sphere to the other and performs alternately both functions; this is inevitable for the simple reason, that the retail merchant can give to his capital the form of money which he receives from customers. It may be assumed, that the small change has its center of gravitation in the domain of retail trade; the retail dealer needs it continually to give change and receives it back continually in the payments of his customers. But he also receives money, that is, coin in that metal, which serves as a standard of value, for instance, in England one pound coins, or even bank notes, particularly notes of small denominations, such as five and ten pound notes. These gold coins and notes, with whatever small change he has to spare, are deposited by the retail dealer every day, or every week, in his bank, and he pays for his purchases by drawing checks on his deposits. But the same gold coins and bank notes are continually withdrawn from the bank, indirectly or directly (for instance, small change by manufacturers for the payment of wages), by the entire public in its capacity as consumer, and flow continually back to the retail dealers, for whom they realise in this way a portion of their capital, and at the same time their revenue, again and again. This last circumstance is important, and it is wholly overlooked by Tooke. Only where money is expended as money-capital, in the beginning of the process of reproduction (Book II, Part I), does capital-value exist purely as such. For in the produced commodities there is contained not merely capital, but also surplus-value; they are not capital alone, but also newly produced capital, capital pregnant with the source of revenue. What

the retail dealer gives away for the money returning to him, his commodities, constitutes for him capital plus profit, capital plus revenue.

Furthermore, the circulating small change, when returning to the retail dealer, rehabilitates for him the money-form of his capital.

The difference between circulation as a circulation of revenue and a circulation of capital cannot, therefore, be presented as a difference between currency and capital without creating confusion. This mode of expression is due in the case of Tooke to the fact, that he simply places himself in the position of a banker issuing his own bank notes. The amount of his notes, which is continually in the hands of the public and serves as currency (even if consisting of ever different notes) costs him nothing but paper and printing. They are circulating certificates of indebtedness made out in his own name (bills of exchange), but they bring him money and thus serve as a means of expanding his capital. But they differ from his capital, whether this be his own or borrowed capital. This implies for him a specific distinction between currency and capital, which, however, has nothing to do with the definite definition of terms as such, least of all with those made by Tooke in this case.

The different terms denoting specific functions — whether it be the money form of revenue or of capital — do not change anything in the primal character of money as a medium of circulation; it retains this character, no matter whether it performs the one function or the other. It is true, that money serves more as a medium of circulation in the strict meaning of the term (coin, means of purchase) in its character as the money-form of revenue, on account of the incoherency of the purchases and sales, and because the majority of the spenders of revenue, the laborers, can buy relatively little on credit, while in the transactions of the business world, where the medium of circulation constitutes the money-form of capital, money serves mainly as a means of payment, partly on account of the concentration, partly on account of the prevailing credit system. But the distinction between money as a means of payment and a means of purchase (currency) refers to money itself; it is not a distinction between money and capital. The distinction is not one between currency and capital, merely because more copper and silver circulates in the retail business, and more gold in wholesale business, so that there is a difference between copper and silver on one side, and gold on the other.

Introducing the Question of the Quantity of Money Circulating Together in Both Functions.

To the extent that money circulates, either as a means of purchase or as a means of payment, no matter in which one of the two spheres and independently of its function of realising revenue or capital, the quantity of its circulating mass is regulated by the laws developed previously in the discussion of the simple circulation of commodities, Book I, Chapter III, 2 b. The degree of the velocity of circulation, in other words, the number of repetitions of the same function as means of purchase and payment by the same pieces of money in a given period of time, the mass of simultaneous purchases and sales, or payments, the sum of the prices of the circulating commodities, finally the balances of payments to be spared in the same period, determine in either case the mass of the circulating money, of currency. Whether the money so serving represents capital or revenue for the paying or receiving party, is immaterial, and does not alter the matter in any way. Its mass is simply determined by its function as a medium of purchase and payment.

Introduction of the Question of the Relative Proportions of the Quantities of Currency Circulating in Both Functions and Thus in Both Spheres of the Process of Reproduction.

Both spheres of circulation are connected internally, for on the one hand the mass of the revenues to be spent expresses the volume of consumption, and on the other hand the magnitude of the masses of capital circulating in production and commerce express the volume and velocity of the process of reproduction. Nevertheless the same circumstances have a different effect, working even in opposite directions, upon the quantities of the money circulating in both spheres or functions, or on the quantities of currency, as the English express it in banking parlance. And this gives a new justification for the absurd distinction of Tooke between capital and currency. The fact, that the gentlemen of the Currency Theory confound two different things, is by no means a good reason for making two different conceptions out of this confusion.

In times of prosperity, great expansion, acceleration and intensity of the process of reproduction, the laborers are fully employed. Generally there is also a rise of wages which makes in a slight measure for their fall below the average level in the other periods of the commercial cycle. At the same time the revenue of the capitalists grow considerably. Consumption increases

universally. The prices of commodities also rise regularly, at least in various essential lines of business. Consequently the quantity of the circulating money grows at least within certain limits, since the increasing velocity draws certain barriers around the quantity of the currency. Since that portion of the social revenue, which consists of wages, is originally advanced by the industrial capitalist in the form of variable capital, and always in the form of money, he requires more money in times of prosperity for his circulation. But we must not take this into account twice. We must not count it first as money required for the circulation of the variable capital, and a second time as money required for the circulation of the revenue of the laborers. The money paid to the laborers as wages is spent in retail trade and returns about once a week as a deposit of the retail dealers to the banks, after it has negotiated various intermediary deals in smaller cycles. In times of prosperity the reflux of money proceeds smoothly for the industrial capitalists, and thus the need of money facilities does not increase for the reason that they have to pay more wages, but rather require more money for the circulation of their variable capital.

The final result is, that the mass of currency required for the expenditure of revenue increases decidedly in periods of prosperity.

As for the currency, which is necessary for the transfer of capital for the exclusive use of the capitalists, a period of brisk business is at the same time a period of most elastic and easy credit. The velocity of currency between capitalist and capitalist is regulated directly by credit, and the mass of the currency required for the making of payments and even for cash purchases decreases proportionately. It may increase absolutely, but it decreases under these circumstances relatively, compared to the expansion of the process of reproduction. On the one hand greater amounts of payments are handled without the intervention of any money at all; on the other hand, owing to the great vivacity of the process, the same quantities of money have a greater velocity, both as means of purchase and payment. The same quantity of money promotes the reflux of a greater number of individual capitals.

On the whole, the currency of money in such periods appears full, although its second portion (the transfer of capital) is at least relatively contracted, while its first portion (the expenditure of revenue) is absolutely expanded.

The refluxes express the reconversion of commodity-capital into money,  $M - C - M'$ , as we have seen in the discussion of the process of reproduction in Volume II, Part I. Credit renders the reflux in the form of money independent of the time of actual reflux, both for the industrial capitalist and the merchant. Both of them sell on credit; their commodities are gotten rid of, before they resume for them the form of money by returning them really in this form. On the other hand they buy on credit, and in this way the value of their commodities is reconverted either into productive capital or commodity-capital even before this value has been transformed into real money, before the price of commodities is due and paid for. In such periods of prosperity the reflux passes off smoothly and easily. The retail dealer pays the wholesale dealer in collateral, the wholesaler pays the manufacturer in the same way, the manufacturer in like manner the importer of the raw material, and so forth. The appearance of rapid and more secure turn-overs maintains itself always for a certain period after they are past in reality, since the turn-overs of credit take the place of the real ones as soon as credit is well under way. The banks begin to scent danger, as soon as their customers deposit more bills of exchange than money. See the above testimony of the Liverpool bank director.

On a previous occasion I have remarked: "In periods of prevailing credit, the rapidity of circulation of money grows faster than the prices of commodities, while in times of declining credit the prices of commodities fall slower than the rapidity of circulation." (Critique of Political Economy, 1859, -136.)

In a period of crisis the condition is reversed. Circulation No. I contracts, prices fall, likewise wages of labor; the number of employed laborers is reduced, the mass of transactions decreases. On the other hand, the need of accommodation in the matter of money increases in circulation No. II in proportion as credit decreases. We shall return to this point immediately.

There is no doubt that, with the decrease of credit which goes with the clogging of the process of reproduction, the mass of circulation No. I required for the expenditure of revenue is contracted, while that of No. II required for the transfer of capital is expanded. But it remains to be analysed, to what extent this statement coincides with the following maintained by Fullarton and others: "A demand for capital on loan and a demand for additional circulation are quite distinct things, and not often found associated." (Fullarton, l. c. , title of chapter 5.)<sup>91</sup>

In the first place it is evident, that in the first of the two cases mentioned above, during times of prosperity, when the mass of the circulating medium increases, the demand for it must also increase. But it is likewise evident, that a manufacturer, who draws more or less of his deposit out of a bank in gold or banknotes, because he has more capital to expand in the form of money, does not increase his demand for capital, but merely his demand for this particular form, in which his capital is expended. The demand refers only to the technical form, in which his capital is thrown into circulation. It is well known that a different development of the credit system implies for the same variable capital, or the same quantity of wages, a greater mass of means of circulation (currency) in one country than in another, for instance, more in England than in Scotland, more in Germany than in England. In like manner the same capital invested in agriculture, in the process of reproduction, requires different quantities of money in different seasons for the performance of its function.

But the contrast drawn by Fullarton is not correct. It is by no means the strong demand for loans, as he says, which distinguishes the period of depression from that of prosperity, but the ease with which this demand is satisfied in periods of prosperity, and the difficulties which it meets after a depression has become a fact. It is precisely the enormous development of the credit system during a period of prosperity, hence also the enormous development of the demand for loan capital and the readiness with which the supply meets it in such periods, which brings about a shortage of credit during the period of depression. It is not, therefore, the difference in the size of the demand for loans which characterises both periods.

As we have remarked previously, both periods are primarily distinguished by the fact that in periods of prosperity the demand for currency between consumers and dealers pre-dominates, and in periods of depression that for currency between capitalists. In a period of depression the former decreases, the latter increases.

What appears as the essential mark to Fullarton and others is the phenomenon, that in such periods, in which the securities in the hand of the Bank of England are on the increase, its circulation of notes is decreasing, and vice versa. Now the level of the securities expresses the volume of the pecuniary accommodation, the volume of the discounted bills of exchange and of the advances on marketable collateral. Thus Fullarton says in the

above passage (footnote 91) that the securities in the hands of the Bank of England vary generally in the opposite direction from its circulation of banknotes, and this corroborates the doctrine long held by private banks to the effect that no bank can increase its issue of banknotes beyond a certain point determined by the needs of the public; but if a bank wants to make advances beyond this limit, it must take them out of its capital, that is, it must either realise on securities or utilise deposits which it would otherwise have invested in securities.

This reveals at the same time what Fullarton means by capital. What does capital signify here? It means that the bank can no longer make advances with its own banknotes, promissory notes that cost it nothing, of course. But what does it make payments with in that case? With the sums realised by the sale of securities in reserve, that is, government bonds, stocks, and other interest-bearing papers. And what is this money that it gets in return for the sale of such papers? Gold or banknotes, so far as the last named are legal tender, such as those of the Bank of England. What the bank advances, is under all circumstances money. This money now constitutes a part of its capital. This is evident in the case that it advances gold. If it advances notes, then these notes represent capital, because it has given up some actual value, interest-bearing papers, for them. In the case of private banks the notes secured by them through the sale of securities cannot be anything else, in the main, but notes of the Bank of England or their own notes, since others would hardly be taken in payment for securities. If it is the Bank of England itself, its own notes, which it receives in return, cost it capital, that is, interest-bearing papers. By this means it withdraws its own notes from the circulation. If it reissues these notes, or issues new ones in their stead to the same amount, they represent capital. And they do so equally well, when such notes are used for advances to capitalists, or when they are used later on for investment in securities, as soon as the demand for such pecuniary accommodation decreases. In all these cases the term capital is employed only from the banker's point of view, and it means that the banker is compelled to loan more than his mere credit.

It is well known that the Bank of England makes all its advances in its own notes. Now, if the bank note circulation of this Bank decreases nevertheless in proportion as the discounted bills of exchange and collateral

in its hands, and thus its advances, increase — what becomes of the notes thrown into circulation by it, how do they return to the Bank?

If the demand for money accommodation arises from an unfavorable national balance of trade and implies an export of gold, the matter is very clear. The bills of exchange are discounted in banknotes. The banknotes are exchanged by the bank itself, in its issue department, which issues gold for them, and this gold is exported. It is as though it were to pay out gold directly, without the intervention of notes, on discounting the bills. Such an increased demand, which may amount to from seven to ten million pounds sterling, naturally does not add a single five-pound note to the inland circulation of the country. Now, if it is said, that the Bank of England advances capital in this case, but not currency, it may mean two things. In the first place it may mean, that the bank does not advance credit, but actual values, a part of its own capital, or of capital deposited with it. In the second place it may mean that it does not advance money for inland, but for international circulation. It advances world money, and money for this purpose must always assume the form of a hoard in its metallic body. In this shape money does not merely represent the form of value, but value itself, whose money-form it is. Although this gold represents capital, both for the bank and the exporting money dealer, both financial and commercial capital, yet the demand for it does not come as a demand for capital, but as a demand for the absolute form of money-capital. This demand arises precisely at the moment, when the foreign markets are overcrowded with unsalable English commodity-capital. What is wanted, then, is capital, but not in its capital as capital. What is wanted is capital in the shape of money, in the shape in which money serves as international world money; and this is its original form of precious metal. The exports of gold are not, as Fullarton, Tooke, etc., claim, a mere question of capital. They are a question of money, even if this be money in one specific function. This fact that it is not a question of inland currency, as the advocates of the Currency Theory maintain, does not prove, as Fullarton and others think, that it is a question of mere capital. It is a question of money in the form in which money is an international means of payment. “Whether that capital” (that is, the purchase price for the one million quarters of foreign wheat required after a crop failure in the home country) “is transmitted in merchandise or in specie, is a point which in no way affects the nature of the transaction,” (Fullarton, 1. c., ) but affects essentially the question, whether an export of

gold takes place or not. Capital is transferred in the form of precious metals, because it either cannot be transferred at all in the shape of commodities, or only at a great loss. The fear, which the modern banking system has of gold exports, exceeds anything ever dreamt by the monetary system, which considered precious metals as the only true wealth. Take, for instance, the following cross-examination of the Governor of the Bank of England, Morris, before the Parliamentary Committee on the crisis of 1847-48: Question 3846. “When I speak of the depreciation of stocks and fixed capital, is it not known to you that all capital invested in papers and products of all kinds was depreciated in the same way, that raw materials, cotton, silk, wool, were sent to the continent at the same cut prices, and that sugar, coffee and tea were auctioned off in forced sales.”— “It was inevitable that the nation should make considerable sacrifices, in order to counteract the drain of gold caused by the enormous imports of means of subsistence,” — 3848. “Don’t you believe that it would have been better to touch the eight million pounds sterling stored in the vaults of the bank, instead of trying to recover the gold with such sacrifices?”— “I do not believe that,” — It is gold which here stands for the only true wealth.

Fullarton quotes the discovery of Tooke, that “with only one or two exceptions, and those admitting of satisfactory explanation, every remarkable fall of the exchange, followed by a drain of gold, that has occurred during the last half century, has been coincident throughout with a comparatively low state of the circulating medium, and vice versa.” (Fullarton, p.121). This discovery proves that such drains of gold occur generally after a period of excitement and speculation, as “a signal of a collapse already commenced...an indication of overstocked markets, of a cessation of the foreign demand for our productions, of delayed returns, and, as the necessary sequel of all these, of commercial discredit, manufactories shut up, artisans starving, and a general stagnation of industry and enterprise.” (p.129.) This is at the same time the best rebuttal of the claim of the advocates of the Currency Theory, that a full circulation drives out bullion and a low circulation attracts it. On the other hand, while the Bank of England generally carries a strong gold reserve during a period of prosperity, this hoard is generally formed during the spiritless and stagnating period, which follows after a storm.

All this wisdom concerning the drains of gold, then, amounts to saying that the demand for international media of circulation and payment differs

from the demand for national media of circulation and payment (and this implies the self-evident fact that “the existence of a drain does not necessarily imply any diminution of the internal demand for circulation,” as Fullarton says on page 112 of his work); and that the sending abroad of precious metals and their throwing into international circulation is not identical with the throwing of notes or specie into the internal circulation. For the rest I have shown on a previous occasion, that the movements of a hoard in the shape of a reserve fund for international payments has nothing to do as such with the movements of money as a medium of circulation. It is true that the question is complicated by the fact that the different functions of a hoard, which I have developed from the nature of money, are here placed upon the shoulders of one sole reserve fund, that is, the function of money as a reserve fund for payments of due bills in the interior business; the function of a reserve fund of currency; finally, the function of a reserve fund of world money. It follows from this that under certain circumstances a drain of gold from the Bank to the internal market may be combined with a like drain to the international market. The question is further complicated by the fact that this reserve fund has been loaded with the additional function of serving as a fund for guaranteeing the convertibility of bank notes in countries, in which the credit system and credit money are developed. And on top of all this comes the concentration of the national reserve fund in one single central bank, and, secondly, its reduction to the smallest possible minimum. This explains Fullarton’s plaint (p.143): “One cannot contemplate the perfect silence and facility with which variations of the exchange usually pass off in continental countries, compared with the state of feverish disquiet and alarm always produced in England whenever the treasure in the bank seems to be at all approaching to exhaustion, without being struck with the great advantage in this respect which a metallic currency possesses.”

However, if we leave aside the question of the drain of gold, how can a bank issuing notes, like the Bank of England, increase the amount of the money accommodation granted by it without increasing its issue of bank notes?

So far as the bank itself is concerned, all the notes outside of its walls, whether they circulate or rest in private treasures, are in circulation, that is, not held in its own possession. Hence, if the bank extends its discounting and lombarding business, its advances on securities, all the bank notes

issued for that purpose must flow back to it, for otherwise they would increase the volume of circulation, a thing which is not supposed to happen. This return of notes may take place in two ways.

First: The bank pays to A notes for securities; A pays with these notes for bills of exchange due to B, and B deposits these notes once more in this bank. This closes the circulation of these notes, but the loan remains. (“The loan remains, and the currency, if not wanted, finds its way back to the issuer.” Fullarton, .) The notes, which the bank loaned to A, have now returned to it; but it still remains the creditor of A, or whoever may have been drawn upon by A in discounting his bills, and it remains the debtor of B for the amount of values expressed in these notes, and B thus has a claim upon a corresponding portion of the capital of the bank.

Secondly: A pays to B, and B himself, or C who receives them from B, pays with these notes bills due to the bank, directly or indirectly. In that case the bank is paid in its own notes. This concludes the transaction (excepting the return of this payment by A to the bank).

In what respect, now, shall the loan of the bank to A be regarded as a loan of capital, or as a loan of mere currency?<sup>92</sup>

[This depends on the nature of the loan itself. Three cases must be distinguished.

First Case. — A receives from the bank the amounts loaned on his own personal credit, without giving any security for them. In this case he does not merely receive means of payment, but also without a doubt some new capital, which he may invest and employ as an additional capital in his business until the day of settlement.

Second Case. — A has given to the bank securities, national bonds, or stocks as collateral, and received for them, say, two-thirds of their value in the shape of a cash loan. In this case he has received means of payment needed by him, but no additional capital, for he entrusted to the bank a larger capital-value than he received from it. But this larger capital-value was, on the one hand, unavailable for the momentary needs of A, because it was invested as interest-bearing capital in a certain form and could not serve as means of payment; on the other hand, A had reasons of his own for not wanting to convert this capital-value directly into means of payment by selling it. His securities served, among other ends, as a reserve capital, and to that end he set them in motion. The transaction between A and the bank, therefore, consists in a mutual transfer of capital, but in such a way, that A

does not receive any additional capital (on the contrary, less capital!) although he receives means of payment which he needs. For the bank, on the other hand, this transaction constitutes a temporary fixation of money-capital in the form of a loan, a conversion of money-capital from one form into another, and this conversion is precisely the essential function of the banking business.

Third Case. — A has had a bill of exchange discounted by the bank, and received its value in cash after the deduction of the discount. In this case he has sold to the bank a money-capital which does not represent ready cash for the same amount in the shape of ready cash. He has sold his running bill for cash money. The bill is now the property of the bank. It does not alter the matter that the last endorser of the bill, A, is responsible to the bank for it in default of payment. He shares this responsibility with the other endorsers and with the first writer of the bill, all of whom are responsible to him. In this case, then, we have not any loan to deal with, but only an ordinary sale and purchase. For this reason A has not to make any return payments to the bank. It covers itself by cashing the bill when it becomes due. Here, also, a transfer of capital has taken place between A and the bank, in exactly the same way, which holds good in the sale and purchase of any other commodity, and for this very reason A did not receive any additional capital. What he needed and received were means of payment, and he received them by having the bank convert one form of his money-capital, his bill, into another, money.

It is only the first case, in which there can be any question of a real loan of capital; in the second and third cases the matter can be so regarded only in the sense that every investment of capital implies an advance of capital. In this sense the bank advances capital to A; but for A it is money-capital at best in the sense that it is a portion of his capital in general. And he does not want and use it as a capital specifically. It is specifically a means of payment for him. Otherwise every ordinary sale of commodities, by which means of payment are secured, might be considered as a loan received. — F. E.]

In the case of private banks issuing notes we have this difference: If its notes remain neither in the local circulation, nor return to it in the form of deposits, or in payment for due bills of exchange, then these notes fall into the hands of people, who compel the private bank to cash these notes in gold or in notes of the Bank of England. In that event its loan represents

indeed an advance of notes of the Bank of England, or, what amounts to the same thing for the private bank, of gold, in other words, of a portion of its banking capital. The same holds good in the case that the Bank of England itself, or some other bank, which has a fixed legal maximum for its issue of notes, must sell securities for the purpose of withdrawing its own notes from circulation and giving them out once more in the shape of loans; in that case the bank's own notes represent a portion of its mobilised banking capital.

Even if the circulation were purely metallic, it would be possible, first, that the drain of gold [Marx evidently refers here to a drain of gold that would, at least partially, go to foreign countries. — F.E.] might empty the treasury, while, secondly, its loans on securities might grow considerably, but flow back to it in the form of deposits, or of payments on due bills of exchange (since the gold is principally demanded from the bank for the payment of balances in the settlement of previous transactions); so that, on one side, the total treasure of the bank would be decreasing with an increase of securities in its hands, while it would be holding the same amount, which it possessed formerly as owner, in the capacity of debtor of its customers, who made deposits, and the total quantity of currency would be decreasing.

Our assumption so far has been, that the loans are made in notes, so that they carry with them a momentary, but immediately disappearing, increase of the issue of notes. But this is not necessary. Instead of paper note, the bank may open a credit account for A, in which case this A, a debtor of the bank, appears in the role of an imaginary depositor. He satisfies his creditors with checks on the bank, and the recipient of these checks passes them on to his own banker, who exchanges them for the checks running against him in the clearing house. In this case no intervention of notes takes place at all, and the entire transaction is confined to the fact that the bank collects its own debt in a check drawn on itself, since its actual recompense consists in its claim on A. In this case the bank has loaned to A a portion of its own banking capital, its own credit to him.

To the extent that this demand for pecuniary accommodation is a demand for capital, it is so only for money-capital. It is capital only from the point of view of the banker, namely gold (in the case of gold exports to foreign countries) or notes of the National Bank, which a private bank can obtain only by purchase against securities, and which, therefore, represent capital for it. Or, again, it is a case of interest-bearing papers, government bonds,

stocks, etc., which must be sold in order to obtain gold or banknotes. Such papers, however, if they are government bonds, are capital only for the buyer, for whom their purchase price represents a capital invested in them. By themselves they are not capital, but merely claims on loans. If they are mortgages, they are mere claims on future ground rent. And if they are shares of stocks, they are mere titles of ownership, which entitle the holder to a share in future surplus-values. All these things are no real capital, they form no constituent parts of capital, nor are they values in themselves. By similar transactions money belonging to the bank may be transformed into deposits, so that the bank, instead of being the owner of this money, owes it to some customer and holds it under a different title of ownership. While this is important as a phenomenon for the bank, yet it does not alter anything in the mass of capital existing in a certain country, or even of money-capital. Capital stands here only for money-capital, and if it is not available in the actual form of money, it stands for a mere title on capital. This is a very important fact, since a scarcity of, and urgent demand for, banking capital is confounded with a decrease of actual capital, which is in such cases rather abundant in the form of means of production and products and swamps the markets.

It is, therefore, easy to explain, how it is that the mass of securities received by a bank as collateral increases, so that the growing demand for pecuniary accommodation can be satisfied by the bank, while the total mass of currency remains the same or decreases. This total mass is held in check during such periods of money stringency in two ways: 1) By a drain of gold; 2) by a demand for money in its capacity of a mere means of payment, when the issued bank notes return immediately, or when the transactions pass off without the intervention of notes by means of book credit; the payments are thus made wholly by a transaction of credit, and the settlement of these payments was the only purpose of this transaction. It is a peculiarity of money, when it serves merely to square balances of payments (and in times of crises loans are taken up for the purpose of paying, not of buying; for the purpose of winding up previous transactions, not of beginning new ones), that its circulation is but small, even where balances are not squared by mere operations of credit, without any intervention of money, so that, when there is a heavy demand for pecuniary accommodation, an enormous quantity of such transactions can take place

without expanding the circulation. But the mere fact, that the circulation of the Bank of England remains stable or decreases simultaneously with a heavy satisfaction of money-accommodation on its part, does not prove without further ceremony, as Fullarton, Tooke and others assume (owing to their mistake to the effect that pecuniary accommodation is identical with taking up capital on loan as additional capital), that the circulation of money (of banknotes) in its function as a means of payment does not increase and extend. While the circulation of notes as means of purchase is decreasing in periods of business depression, when such a heavy accommodation is necessary, their circulation as means of payment may increase, and the aggregate amount of the circulation, the sum of the notes functioning as means of purchase and payment, may remain stable or may even decrease. The currency in its capacity as a means of payment, of banknotes immediately returning to the bank issuing them, is not a currency in the eyes of those economists.

If the circulation as a means of payment were to increase at a higher rate than it decreases as a means of purchase, the aggregate currency would increase, although the money serving in the capacity of a means of purchase would have decreased considerably in quantity. And this actually happens in periods of crisis, when credit collapses completely, so that commodities and securities are unsalable and bills of exchange cannot be discounted, and nothing goes any more but cash money. Since Fullarton and others do not understand, that the circulation of notes as means of payment is the characteristic mark of such periods of money stringency, they treat this phenomenon as accidental. “With respect again to those examples of eager competition for the possession of banknotes, which characterise seasons of panic and which may sometimes, as at the close of 1825, lead to a sudden, though only temporary, enlargement of the issues, even while the efflux of bullion is still going, these, I apprehend, are not to be regarded as among the natural or necessary concomitants of a low exchange; the demand in such cases is not for circulation” (he should say circulation as a means of purchase) “but for hoarding, a demand on the part of alarmed bankers and capitalists which arises generally in the last act of the crisis” (that is, for a reserve of means of payment) “after a long continuation of the drain, and is the precursor of its termination.” (Fullarton, .)

In the discussion of money as a means of payment (Volume I, chapter III, 3 b) we have already explained, in what manner, when the chain of

payments is suddenly interrupted, money turns from its ideal form into a material and at the same time absolute form of value as compared to the commodities. This was illustrated by some examples (footnotes on pages 156 and 157). This interruption itself is partly an effect, partly a cause of the insecurity of credit and of the circumstances accompanying it, such as overcrowding of markets, depreciation of commodities, interruption of production, etc.

But it is evident, that Fullarton transforms the difference between money as a means of purchase and money as a means of payment into the mistaken conception of a difference between currency and capital. This is due to the narrow minded banker's conception of circulation.

It might be asked, finally: What is it that is missing in such periods of stringency, capital or money in its function as a means of payment? And this is a well known controversy.

In the first place, so far as the stringency is marked by a drain of gold, it is evident that what is demanded is the international means of payment. But money in its character of international means of payment is gold in its metallic actuality, as a quantity of values in itself, as a mass of values. It is at the same time capital, capital not as commodity-capital, but as money-capital, capital not in the form of commodities but in the form of money (and at that of money in the eminent meaning of the term, in which it exists as a universal world market commodity). It is not a question of a contrast between a demand for money as a means of payment and a demand for capital. The contrast is rather between capital in its money-form and its commodity-form; and the form which is here demanded and which can alone perform any function here, is its money-form.

Aside from this demand for gold (or silver) it cannot be said that there is a dearth of capital in such periods of crisis. Under extraordinary circumstances, such as a corn famine or a cotton famine, etc., this may be the case; but these are not necessary or regular companions of such periods; and the existence of such a lack of capital cannot be assumed, without further ceremony, from the mere fact, that there is a heavy demand for pecuniary accommodation. On the contrary. The markets are overcrowded and swamped with commodities. Evidently it is not the lack of commodity-capital which causes the stringency. We shall return to this question later.

## CHAPTER XXIX. THE COMPOSITION OF BANKING CAPITAL.

IT is now necessary to find out more accurately, what are the constituent elements of banking capital.

We have just seen, that Fullarton and others transform the distinction between money as a means of circulation and money as a means of payment (or eventually as world money, whenever it is a question of gold drains) into a distinction between currency and capital.

The peculiar role played by capital in this instance brought it about, that this banker's economics taught as insistently that money is indeed capital par excellence as the enlightened economics taught that money is not capital.

In subsequent analysis we shall demonstrate, that in such cases money-capital is confounded with moneyed capital in the sense of interest-bearing capital, while in the first named sense money-capital is but a transient form of capital as distinguished from the other forms of capital, commodity-capital and productive capital.

The banking capital consists 1) of cash money, gold or notes; 2) securities. These again may be divided into two parts: Commercial bills, bills of exchange, which run for some time, become due, and the cashing (discounting) of which is the essentially profitable business of the banker; and public securities, such as government bonds, treasury notes, stocks of all kinds, in brief, interest-bearing papers, which are essentially different from bills of exchange. Mortgages may also be classed with this part. The capital composed of these various constituents is again divided into the banker's business capital, and into the deposits, which form his banking capital, or borrowed capital. In the case of banks with an issue of notes these must be counted also. We leave the deposits and notes out of consideration for the present. It is evident, that nothing is altered in the actual constituents of banking capital (money, bills of exchange, deposits), whether these different elements represent the banker's own capital or deposits, the capital of other people. The same division would remain, whether he were to carry on his business with his own capital alone or with no other but deposited capital.

The form of the interest-bearing capital is responsible for the fact, that every determined and regular revenue of money appears as interest on some capital, whether it be due to some capital or not. The money revenue is first converted into interest, and with the interest comes also the capital, from which it is drawn. In like manner every sum of money appears as capital in connection with the interest-bearing capital, as long as it is not spent as revenue; that is, it appears as principal compared to the possible or actual interest which it may yield.

The matter is simple. Let the average rate of interest be 5% annually. A sum of 500 pounds sterling would then yield 25 pounds sterling, if converted into interest-bearing capital. Every fixed annual income of 25 pounds sterling may then be considered as interest on a capital of 500 pounds sterling. This, however, is and remains a purely illusory conception, except the case in which the source of the 25 pounds sterling, whether it be a mere title of ownership or claim of indebtedness, or an actual element of production, such as real estate, is directly transferable or assumes a form, in which it becomes transferable. Let us choose a government debt and wages for an illustration.

The state has to pay to his creditors annually a certain amount of interest for the money loaned from them. In this case the creditor cannot call on the state to give up the principal. He can merely sell his claim, his title of ownership. The capital itself has been consumed, spent by the state. It does not exist any longer. What the creditor of the state possesses is 1) a certificate of indebtedness from the state, amounting, say, to 100 pounds sterling; 2) this certificate gives to the creditor a claim upon the annual revenues of the state, that is, the annual tax revenue, to a certain amount, say, 5 pounds, or 5%; 3) the creditor may sell this certificate at his discretion to some other person. If the rate of interest is 5 %, and the security given by the state is good, the owner A of this certificate can sell it, as a rule, at its value of 100 pounds sterling to B; for it is the same to B, whether he loans 100 pounds sterling at 5 % annually, or whether he secures for himself by the payment of 100 pounds sterling an annual tribute from the state to the amount of 5 pounds sterling. But in all these cases the capital, the progeny of which (interest) is paid by the state, is illusory, fictitious capital. Not only does the amount loaned to the state exist no longer, but it was never intended at all to be invested as capital, and only by investment as capital could it have been transformed into a self-preserving

value. For the original creditor A, the share of interest from taxes falling to him annually represents so much interest on his capital, just as a certain share of the spendthrift's fortune does for the usurer, although in either case the loaned amount was not invested as capital. The possibility of selling his claim on the revenues of the state represents for A the possible return of his principal. As for B, his capital, from his own private point of view, is invested as interest-bearing capital. So far as the transaction is concerned, B has simply taken the place of A by buying the latter's claim on the state's revenue. This transaction may be multiplied ever so often, the capital of the state debt remains a purely fictitious one, and from the moment that the certificates would become unsalable, the fiction of this capital would disappear. Nevertheless this fictitious capital has its own movements, as we shall see presently.

The capital of the national debt appears as a minus, and interest-bearing capital generally is the mother of all crazy forms, so that, for instance, debts may appear in the eyes of the banker as commodities. Now let us look at wages. Wages are here conceived as interest, so that labor-power stands for capital, which yields this interest. For instance, if the wages for one year amount to 50 pounds sterling, and the rate of interest is 5%, the annual labor-power is equal to a capital of 1,000 pounds sterling. The insanity of the capitalist mode of conception reaches its climax here. For instead of explaining the self-expansion of capital out of the exploitation of labor-power, the matter is reversed and the productivity of labor-power itself is this mystic thing, interest-bearing capital. In the second half of the 17th century this used to be a favorite conception (for instance with Petty) but it is used even nowadays in good earnest by vulgar economists and more particularly by German statisticians.<sup>93</sup>

Unfortunately two disagreeable facts mar this conception. In the first place, the laborer must work, in order to secure this interest. In the second place, he cannot transform the capital-value of his labor-power into cash by transferring it. On the contrary, the annual value of his labor-power is equal to his average annual wages, and his labor has to make good to the seller of his labor-power this same value plus a surplus-value, the increment added by his labor. Under a slave system the laborer has a capital-value, namely his purchase price. And when he is rented out, the renter has to pay, in the first place, the interest on this purchase price, and must furthermore make good the annual wear and tear of the capital.

The forming of a fictitious capital is called capitalising. Every periodically repeated income is capitalised by calculating it on the average rate of interest, as an income which would be realised by a capital at this rate of interest. For instance, if the annual income is 100 pounds sterling and the rate of interest 5%, then these 100 pounds sterling would represent the annual interest on 2,000 pounds sterling, and these 2,000 pounds sterling are regarded as the capital-value of the legal title of ownership upon these 100 pounds sterling annually. For him who buys this title of ownership these 100 pounds sterling of annual income represent indeed the interest on his capital at 5%. All connection with the actual process of self-expansion of capital is thus lost to the last vestige, and the conception of capital as something which expands itself automatically is thereby strengthened.

Even when the certificate of indebtedness — the security — does not represent a purely fictitious capital, as it does in the case of state debts, the capital-value of such papers is nevertheless wholly illusory. We have seen previously in what manner the credit system creates associated capital. The papers are considered as titles of ownership, which represent this capital. The stocks of railroads, mines, navigation companies, and the like, represent actual capital, namely the capital invested and used in such ventures, or the amount of money advanced by the stockholders for the purpose of being used as capital in such ventures. This does not exclude the possibility that they may become victims of swindle. But this capital does not exist twofold, it does not exist as the capital-value of titles of ownership on one side and as the actual capital invested, or to be invested, in those ventures on the other side. It exists only in this last form, and a share of stock is merely a title of ownership on a certain portion of the surplus-value to be realised by it. A may sell this title to B, and B may sell it to C. These transactions do not alter anything in the nature of the case. A or B then have their title in the shape of capital, but C has his capital merely in the shape of a title on the surplus-value to be realised by the stock capital.

The independent movement of the value of these titles of ownership, not only of government bonds but also of stocks, adds weight to the illusion that they constitute a real capital by the side of that capital, or that title, upon which they may have a claim. For they become commodities, whose price has its own peculiar movements and is fixed in its own way. Their market value is determined differently from their nominal value, without any

change in the value of the actual capital, which expands, of course. On the one hand their market value fluctuates with the amount and security of the yields, on which they have a claim. If the nominal value of a share of stock, that is, the invested sum originally represented by this share, is 100 pounds sterling, and the enterprise pays 10%, instead of 5%, then their market-value, other circumstances remaining the same, rises to 200 pounds sterling, so long as the rate of interest is 5%, for when capitalised at 5%, it now represents a fictitious capital of 200 pounds sterling. He who buys it for 200 pounds sterling receives a revenue of 5% on this investment of capital. If the success of the venture is such as to diminish the income from it, the reverse takes place. The market value of these papers is in part fictitious, as it is not determined merely by the actual income, but also by the expected income, which is calculated in advance. But assuming the self-expansion of the actual capital to proceed at a constant rate, or, where no capital exists, as in the case of state debts, the annual income to be fixed by law and otherwise sufficiently secured, the price of such securities rises and falls inversely as the rate of interest. If the rate of interest rises from 5% to 10%, then a security guaranteeing an income of 5 pounds sterling will represent only a capital of 50 pounds sterling. If the rate of interest falls from 5% to 2½%, then the same security will represent a capital of 200 pounds sterling. Its value is always but its capitalised income, that is, its income calculated on a fictitious capital of so many pounds sterling at the prevailing rate of interest. In times when there is a stringency of money on the market these securities will, therefore, fall in price for two reasons: First, because the rate of interest rises, and secondly, because they are thrown in large quantities upon the market for the purpose of getting ready cash. This drop in their price takes place independently of the fact, whether the income guaranteed to their owner by these papers is constant, as it is in the case of government bonds, or whether the self-expansion of the actual capital, which they represent, for instance in industrial enterprises, is subject to interruptions such as interfere with the process of reproduction. In this last eventuality the two causes of depreciation mentioned above are joined by a third one. As soon as the storm is over, the papers rise once more to their former level, unless they represent failures or swindles. Their depreciation in times of crisis serves as a potent means of centralising money.<sup>94</sup>

To the extent that the depreciation or appreciation of such papers is independent of the movements of the value of actual capital represented by

them, the wealth of the nation is just as great before as after their depreciation. "On October 23, 1847, the public funds and the canal and railroad stocks were already depreciated by 114,752,225 pounds sterling." So said Morris, the Governor of the Bank of England, in his testimony before the Committee on Commercial Distress, 1847-48. Unless this depreciation implied an actual stopping of production and of traffic on canals and rails, or a suspension of pending enterprises in the beginning stages, or a throwing away of capital in positively worthless ventures, the nation did not grow poorer by one cent through the bursting of this bubble of fictitious capital.

In all countries of capitalist production, there exists an enormous quantity of so-called interest-bearing capital, or moneyed capital, in this form. And accumulation of money-capital signifies to a large extent nothing else but an accumulation of such claims on production, an accumulation of the market-price, the illusory capital-value, of these claims.

A part of the banking capital is invested in these so-called interest-bearing papers. This is itself a portion of the reserve capital, which does not perform any function in the actual business of banking. The greater portion of these papers consists of bills of exchange, that is, promises to pay made by industrial capitalists or merchants. For the money lender these papers are interest-bearing, in other words, when he buys them, he deducts interest for the time which they still have to run. This is called discounting. It depends on the prevailing rate of interest, how much of a deduction is made from the sum for which the bill calls.

The last part of the capital of a banker consists of his money reserve in gold and notes. The deposits, unless tied up by agreement for a certain time, are always at the disposal of the depositors. They are in a state of continual fluctuation. But while one depositor withdraws his, another brings his in, so that the general average amount of deposits fluctuates little during periods of normal business.

The reserve funds of the banks, in countries with capitalist production, always express on an average the magnitude of the money existing in the shape of a hoard, and a portion of this hoard in its turn consists of papers, mere drafts upon gold, which have no value in themselves. The greater portion of the banking capital is, therefore, purely fictitious and consists of certificates of indebtedness (bills of exchange), government securities (which represent spent capital), and stocks (claims on future yields of

production). And it should not be forgotten, that the money-value of capital represented by these papers in the strongboxes of the banker is itself fictitious, even of those which are checks for guaranteed incomes, such as public bonds, or titles on actual capital, like industrial stocks, and that this value is regulated differently than that of the actual capital, which they represent at least in part; or, when they stand for mere claims on the output of production, and not for capital, that the claim on the same amount is expressed in a continually changing fictitious money-capital. In addition to this it must be noted, that this fictitious capital represents largely, not his own capital, but that of the public, which makes deposits with him, either with or without interest.

Deposits are always made in money, in gold or notes, or in checks upon these. With the exception of the reserve fund, which is contracted or expanded in proportion to the requirements of actual circulation, these deposits are in fact always in the hands, on one side, of the industrial capitalists and merchants, whose bills of exchange are discounted with them, and who receive advances out of them; on the other side, they are in the hands of dealers in securities (exchange brokers), or in the hands of private parties, who have sold their securities, or in the hands of the government (in the case of treasury notes and new loans). The deposits themselves play a double role. On the one hand, as we have just mentioned, they are loaned out as interest-bearing capital and are not found in the cash boxes of the banks, but figure merely in their books as credits of the depositors. On the other hand they figure as such book entries to the extent that the mutual credits of the depositors in the shape of checks on their deposits are balanced against one another and so recorded. In this procedure it is immaterial, whether these deposits are entrusted to the same banker, who can thus balance the various credits against each other, or whether this is done in different banks, who mutually exchange checks and pay only the balances to one another.

With the development of the credit system and of interest-bearing capital all capital seems to double, or even treble, itself by the various modes, in which the same capital, or perhaps the same claim on a debt, appears in different forms in different hands.<sup>95</sup>

The greater portion of this “money-capital” is purely fictitious. All the deposits, with the exception of the reserve fund, are merely credits placed with the banker, which however, never exist in deposit. To the extent that

they serve in the Giro business, they perform the function of capital for the bankers, after these have loaned them out. They pay to one another their mutual checks upon the nonexisting deposits by balancing their mutual accounts.

Adam Smith says justly with regard to the role played by capital in the loaning of money: “Even in the money business the money is merely a check transferring from one hand to another such capitals as are not used by the owners. These capitals may be almost to any amount larger than the amount of money, which serves as an instrument of their transfer. The same pieces of money serve successively in many different loans, likewise in many different purchases. For instance, A lends to W 1,000 pounds sterling, with which W immediately buys from B 1,000 pounds sterling worth of commodities. Since B himself has no immediate use for this money, he lends the identical pieces of money to X, who immediately buys from C commodities worth 1,000 pounds sterling. In the same way and for the same reason C lends this money to Y, who again buys with it commodities from D. In this way the same pieces of gold or paper may serve in the course of a few days in the promotion of three different loans and three different purchases, each one of which has a value equal to the full amount of these pieces. What the three moneyed men, A, B and C have transferred to the three borrowers, W, X and Y, is the power to make these purchases. In this power consists both the value and the usefulness of these loans. The capital loaned out by these three moneyed men is equal to the value of the commodities that can be bought with it, and it is three times greater than the value of the money with which these purchases are made. Nevertheless all these loans may be perfectly safe, since the commodities bought with them by the different debtors are employed in such a way, that they will in time bring an equal value in gold or paper money with a profit to boot. And just as the same pieces of money may serve in the promotion of different loans to an amount exceeding their own value three times, or even thirty times, just so may they serve successively as means of return payment.” (Book II, chapter IV.)

Since the same piece of money may perform different purchases, according to the velocity of its circulation, it may just as well perform the service of different loans, for the purchases take it from one hand to another, and a loan is but a transfer from one hand to another without the intervention of a purchase. To every seller his money represents the

changed form of his commodities. Nowadays, when every value is expressed as the value of capital, it represents in the various loans different capitals, and this is but another way of saying that it can realise different commodity-values successively. At the same time it serves as a medium of circulation, in order to transfer the material capitals from hand to hand. In the transaction of loaning it does not pass from hand to hand as a medium of circulation. So long as it remains in the hands of the lender, it is in his hands not a medium of circulation, but the existing value of his capital. And in this form he transfers it when loaning it to another. If A had loaned the money to B, and B to C; without the intervention of purchases, then the same money would not represent three capitals, but only one, only one capital-value. How many capitals it actually represents depends on the number of times in which it performs the service of the embodied value of different commodity-capitals.

The same thing which Adam Smith says of loans in general applies also to deposits, since these are merely another name for loans, which the public gives to the bankers. The same pieces of money may serve as instruments for any number of deposits.

“It is undoubtedly true, that the 1,000 pounds sterling, which some one deposits today with A, are again issued tomorrow and become a deposit with B. The day after, paid away by B, they may form a deposit with C, and so forth infinitely. The same 1,000 pounds sterling may, therefore, by a number of transfers, multiply themselves into an absolutely indeterminable sum of deposits. It is, therefore, possible, that nine-tenths of all the deposits in the United Kingdom have no existence, save for the entries in the books of bankers registering them, who have to square accounts in due time....Such was the case in Scotland, where the currency of money never exceeded 3 million pounds sterling, while the deposits amounted to 27 millions. Unless a general run be made on the banks on account of these deposits, the same 1,000 pounds sterling, traveling backwards, might easily balance an equally indeterminable sum. Since the same 1,000 pounds sterling, with which some one pays today his debt to some dealer, may tomorrow settle this dealer’s debt to some merchant, and next day the debt of the merchant to his bank, and so forth without end, the same 1,000 pounds sterling may also wander from hand to hand and from bank to bank, and balance any conceivable amount of deposits.” (The Currency Question Reviewed, p, 163.)

Just as everything is duplicated and triplicated in this credit system and commuted into a mere fiction, so the same applies to the “reserve fund,” where one would at last hope to grasp something solid.

Listen once more to Mr. Morris, the Governor of the Bank of England: “The reserves of the private banks are in the hands of the Bank of England in the form of deposits. The first effects of an export of gold seem to strike only the Bank of England; but it would just as well influence the reserves of the other banks, since it means an export of a part of the reserves, which they have deposited in our bank. In the same way it would influence the reserves of all provincial banks.” (Commercial Distress 1847-48.) Ultimately, then, the reserve funds actually dissolve themselves into the reserve fund of the Bank of England.<sup>96</sup>

However, this reserve fund again has a double existence. The reserve fund of the banking department of the Bank of England is equal to the excess of the notes, which the Bank is authorised to issue, over the notes in circulation. The legal maximum of the note issue is 14 million pounds sterling (for which no metallic reserve is required; it is the approximate amount owed by the state to the Bank) plus the amount of the precious metals in the Bank. If the supply of precious metals in the Bank amounts to 14 million pounds sterling, the Bank can issue 28 millions in notes, and if 20 millions of these are in circulation, the reserve fund of the banking department is 8 million pounds sterling. These 8 million pounds sterling are, in that case, legally the banking capital at the disposal of the Bank, and at the same time the reserve fund for its deposits. If an exportation of gold takes place now, by which the supply of precious metals in the Bank is reduced by 6 millions — notes to this amount must be destroyed at the same time — then the reserve of the banking department would fall from 8 millions to 2 millions. On the one hand, the Bank would raise its rate of interest considerably; on the other hand, the banks having deposits with it, and the other depositors, would observe a large decrease of the reserve fund covering their own credits in the Bank. In 1857 four of the largest stock banks of London threatened to call in their deposits, and thereby bankrupt the banking department, unless the Bank of England would secure a “government script” suspending the Bank Acts of 1844.<sup>97</sup>

In this way the banking department might fail, while a certain number of millions (for instance, 8 millions in 1847) are held in its issue department to

secure the convertibility of its circulating notes. But this security is once more illusory.

“The greater portion of the deposits, for which the bankers themselves have no immediate demand, passes into the hands of the bill brokers, who in return give to the banker security for his loan by means of commercial bills, which they have already discounted for people in London or in the provinces. The bill broker is responsible to the banker for the return payment of this money at call; and these transactions are of such an enormous volume, that Mr. Neave, the present Governor of the Bank of England, said in his testimony: We know that one broker had 5 millions, and we have reason to assume, that another had between 8 and 10 millions; another had 4, another 3½, a third more than 8. I speak of deposits with the brokers.” (Report of Committee on Bank Acts, 1857-58, , section 8.)

“The London bill brokers...carried on their enormous business without any reserve in cash; they relied upon the incomes from the successively due bills, or when it came to the worst, upon their power to secure from the Bank of England loans on depositing bills discounted by them.” — Two firms of bill brokers in London suspended payments in 1847; both resumed business later. In 1857 they suspended again. The liabilities of one of these firms amounted in 1847 in round figures to 2,683,000 pounds sterling with a capital of 180,000 pounds sterling; its liabilities in 1857 were 5,300,000 pounds sterling, while its capital apparently was not more than one-quarter of what it had been in 1847. The liabilities of the other firm were both times between 3 or 4 millions, while its capital amounted to no more than 45,000 pounds sterling. (Ibidem, p. XXI, section 52.)

## CHAPTER XXX. MONEY-CAPITAL AND ACTUAL CAPITAL, I.

THE only difficult questions, which we are now approaching in the matter of the credit system, are the following:

First: The accumulation of the money-capital strictly so-called. To what extent is it, and is it not, an indication of an actual accumulation of capital, that is, of reproduction on an enlarged scale? The so-called plethora of capital, an expression used only with reference to the interest-bearing capital, is it only a peculiar way of expressing industrial overproduction, or does it constitute a separate phenomenon alongside of it? Does this plethora, or this excessive supply of money-capital, coincide with the existence of stagnating masses of money (bullion, gold coin and bank notes), so that this superfluity of actual money is an expression and phenomenon of that plethora of loan capital?

Secondly: To what extent does a stringency of money, that is, a scarcity of loan capital, express a real lack of actual capital (commodity-capital and productive capital)? To what extent does it coincide, on the other hand, with a lack of money as such, a lack of currency?

So far as we have hitherto considered the peculiar form of accumulation of money-capital and of money wealth in general, it resolved itself into an accumulation of claims of ownership upon labor. The accumulation of the capital of the national debt has been revealed to mean merely an increase of a class of state creditors, who have the privilege of a first claim upon the revenues.<sup>98</sup>

In these facts, by which even an accumulation of debts may appear as an accumulation of capital, the perfection of the reversal accomplished by the credit system becomes apparent. These certificates of indebtedness, which are issued in place of the originally loaned and long spent capital, these paper duplicates of destroyed capital, serve for their owners as capital to the extent that they are salable commodities and may, therefore, be reconverted into capital.

The titles of ownership upon company business, railroads, mines, etc., are indeed, as we have seen, titles on actual capital. But they do not imply

any control of this capital. It cannot be called in. They merely convey legal titles to a portion of the surplus-value to be produced by it. But these titles become likewise paper duplicates of the actual capital, as though a bill of lading were to acquire a value separate from the cargo and simultaneously with it. They become nominal representatives of a capital that does not exist. For the actual capital exists simultaneously and does not change hands by the transfer of those duplicates. They assume the form of interest-bearing capital, because they not only safeguard a certain income, but also make it possible to secure possession of their capital-value in the shape of a return-payment when sold. To the extent that the accumulation of these papers expresses the accumulation of railroads, mines, steamships, etc., it indicates the expansion of the actual process of reproduction, just as the expansion, say, of a tax list indicates the expansion of the taxed objects, for instance, of movable property. But as duplicates serving themselves as commodities for sale and this circulating as capital-values they are illusory, and their value may fall or rise independently of the value of the actual capital, upon which they represent a claim. Their value, that is, their quotation at the Stock Exchange, necessarily has a tendency to rise with a fall in the rate of interest, so far as this fall, independently of the peculiar movements of money-capital, is due merely to the tendency of the rate of profit to fall; so that this imaginary wealth, which has originally a nominal value for each of its aliquot parts, expands for this reason alone in the course of capitalist production.<sup>99</sup>

Gain and loss through fluctuations in the price of these titles of ownership, and their centralisation in the hands of railroad kings, etc., naturally becomes more and more a matter of gambling, which takes the place of labor as the original method of acquiring capital and also assumes the place of direct force. This sort of imaginary money wealth does not merely constitute a very considerable part of the money wealth of private people, but also of banking capital, as we have already indicated.

In order to settle this point without delay, we mention the idea, that one might also mean by the accumulation of money-capital the accumulation of wealth in the hands of bankers (money lenders by profession), acting as middle men between private money-capitalists on one side and the state, communities, and reproducing borrowers on the other. For the entire vast extension of the credit system, and of all credit in general, is exploited by them as though it were their private capital. These fellows possess capital

and incomes always in the form of money or of direct claims upon money. The accumulation of the wealth of this class may proceed in a direction very different from actual accumulation, but it proves at any rate, that this class pockets a good deal of the real accumulation.

Let us reduce the inquiry to narrower limits. Government bonds, like stocks and other securities of all kinds, are spheres of investment for loanable capital, for capital intended to bear interest. They are forms of loaning such capital. But they are not the loan capital itself, which is invested in them. On the other hand, so far as credit plays a direct role in the process of reproduction: what the industrial capitalist or the merchant need when wishing to have a bill discounted or a loan granted is neither stocks nor government bonds. What they need is money. They pawn or sell those securities, when they cannot secure money in any other way. It is the accumulation of this loan capital, with which we have to deal here, and more particularly of the loanable money-capital. We are not here concerned in the loans of houses, machines, or other fixed capital. Nor are we concerned in loans, which industrials and merchants make to one another in the shape of commodities and within the circle of the process of reproduction. We must, indeed, investigate this point still farther before we proceed. But we are concerned exclusively in loans of money, which are made by bankers, as middle men, to industrials and merchants.

Let us, then, analyse first the commercial credit, that is, the credit which the capitalists engaged in reproduction give to one another. It forms the basis of the credit system. Its representative is the bill of exchange, a certificate of indebtedness whose payment is due at a certain date, a document of deferred payment. Every one gives credit with one hand and takes it with the other. Let us leave aside, for the present, the banking credit, which constitutes another, quite different, element. To the extent that these bills in their turn circulate among the merchants as means of payment, by endorsement from one to another, without the intervention of discount, it is merely a transfer of a claim of indebtedness from A to B, and does not alter anything in the general connection. It merely places one man into the position of another. And even in this case the liquidation may take place without the intervention of money. The spinner A, for instance, has to pay a bill of exchange to the cotton broker B, and he has to pay a bill to the importer C. Now, if C also exports yarn, which happens often enough, he may buy yarn from A on a bill of exchange, and the spinner A may

guarantee the broker B with the broker's own bill paid by C to A, whereby at best a balance may have to be settled. The entire transaction then promotes merely the exchange of cotton and yarn. The exporter represents but the spinner, the cotton broker the cotton planter.

In the cycle of this commercial credit we must note two things:

First: The settlement of these mutual claims of indebtedness depends upon the reflux of capital, that is, of C — M, which is merely deferred. If the spinner has received a bill of exchange from a cotton goods manufacturer, then this manufacturer can pay, when he has sold the cotton goods, which he has on the market. If the corn speculator has made out a bill of exchange on his dealer, then the dealer can pay the money, if the corn has meanwhile been sold at the expected price. These payments, then, depend upon the smooth run of the reproduction, that is, the process of production and consumption. But since the credits are mutual, the solvency of one depends upon the solvency of another; for in making out his bill of exchange every one may have counted either on the reflux of the capital in his own business or on the reflux of the capital in another's business, who has to pay him for a bill of exchange drawn in the meantime. Aside from the prospect of returns, the payment is possible only by means of reserve capital, which the writer of the bill has at his command, in order to meet his obligations in case the returns should be delayed.

Secondly: This credit system does not do away with the necessity of cash payments. For a large portion of the expenses must always be paid in cash, such as wages, taxes etc. Furthermore, capitalist B, who has received from C a bill of exchange in place of cash payment, may have to pay his own due bill to D before the bill of C becomes due, and so he must have ready cash. A rotation of such completeness as that assumed above in the reproduction from cotton planter to cotton spinner and vice versa will be an exception; as a rule reproduction will be infringed at many points. We have seen in the discussion of the process of reproduction, volume II, Part III, that the producers of constant capital exchange partly constant capital among each other. In such a case the bills of exchange may be balanced against one another more or less. The same may be the case in the ascending line of production, where the cotton broker draws on the cotton spinner, the spinner on the manufacturer of cotton goods, the manufacturer on the exporter, the exporter on the importer (who may be an importer of cotton). But the cycle of these transactions is not completed simultaneously, and the series of

claims is not turned around backward in the same way. For instance, the claim of the spinner on the weaver is not settled by the claim of the coal dealer on the machine builder. The spinner never has any counterclaims in his business on the machine manufacturer, because his product, yarn, never enters as an element into the process of reproduction of the machine maker. Such claims must, therefore, be settled by money.

The limits of this commercial credit, considered by itself, are 1), the wealth of the industrials and merchants, that is, their command of reserve capital in case of delayed returns; 2) these returns themselves. These may be delayed in time or the prices of commodities may fall in the meantime or the commodities may become momentarily unsalable through a clogging of the markets. The longer the bill runs, the larger must be the reserve capital, and the greater is the possibility of an infringement or retardation of the returns through a fall of prices or an overstocking of markets. And, furthermore, the returns are so much less secure, the more the original transaction was conditioned upon speculation on the rise or fall of the prices of commodities. But it is evident, that with the development of the productive power of labor, and thus of production on a large scale, 1) the markets expand and move a greater distance from the place of production; 2) that credits must be prolonged in consequence; 3) that the speculative element must thus more and more dominate the transactions. Production on a large scale and for distant markets throws the total product into the hands of commerce; but it is impossible, that the capital of a nation should be doubled in such a way, that commerce by itself would be able to buy up the entire national product with its own capital and to sell it again. Credit is, therefore, indispensable here. Credit must grow in volume with the growing volume of value in production, and it must grow in the matter of time with the increasing distance of the markets. A mutual interaction takes place here. The development of the process of production extends the credit, and credit leads to an extension of industrial and commercial operations.

Looking upon this credit separate from banking credit, it is evident that it grows with an increasing volume of industrial capital itself. Loan capital and industrial capital are here identical. The loaned capitals are commodity-capitals, intended either for ultimate individual consumption, or for the replacement of the constant elements of productive capital. What appears as loan capital in this case is always capital existing in some definite phase of the process of reproduction, but passing through sale and purchase from one

hand to the other, while its equivalent is not paid to the buyer until later at some stipulated time. For instance, the cotton passes into the hands of the spinner in exchange for a bill of exchange, the yarn into the hands of the manufacturer of cotton goods in exchange for another bill, the cotton goods into the hands of the merchant for another bill, from the hands of the merchant into those of the exporter for another bill, from the hands of the exporter for another bill into those of some merchant in India, who sells the goods and buys indigo instead, etc. During this passage from hand to hand the cotton accomplishes its metamorphosis into cotton goods, and the cotton goods are finally transported to India and exchanged for indigo, which is shipped to Europe and enters there into the reproductive process. The various phases of the process of reproduction are here promoted by the credit, without any payment on the part of the spinner for the cotton, on the part of the manufacturer of cotton goods for the yarn, on the part of the merchant for the cotton goods, etc. In the first acts of this process the commodity, cotton, goes through its different phases of production, and this transition is promoted by credit. But as soon as the cotton has received its ultimate form as a commodity, the same commodity-capital passes on through the hands of different merchants, who promote its transportation to distant markets, and the last of the merchants finally sells these commodities to the consumer and buys other commodities in their stead, which passes either into consumption or into the process of reproduction. Here, then, we have to distinguish two sections: In the first, credit promotes the actual successive phases in the production of the same article; in the second, it promotes merely the passage of the finished article from the hands of one merchant into those of another, including its transportation, in other words, the act C — M. Yet the commodity is even here at least in a process of circulation, that is, in a phase of the process of reproduction.

It follows, then, that it is never unemployed capital, which is loaned here, but capital, which must change its form in the hands of its owner and which exists in such a form, that it is merely commodity-capital for him, that is, capital which must be reconverted into its original form, and for the present, at least, into money. It is, therefore, the metamorphosis of the commodity, which is here promoted by credit; not merely C — M, but also M — C and the actual process of reproduction. Much credit within the reproductive cycle does not signify (banker's credit excepted) much unemployed capital, which is offered for loans and looking for profitable

investment. It means rather much employment for capital in the process of reproduction. Credit promotes here, 1) so far as the industrial capitalists are concerned, the transition of industrial capital from one phase into another, the connection of the related and dove-tailing spheres of production; 2) so far as the merchants are concerned, it promotes the transportation and the passage of commodities from one hand to another until their definite sale for money or their exchange for other commodities.

The maximum of credit is here identical with the fullest employment of industrial capital, that is, the utmost exertion of its reproductive power without regard to the limits of consumption. These limits of consumption are extended by the exertions of the process of reproduction itself. On one hand this increases the consumption of revenue on the part of laborers and capitalists, on the other it is identical with an exertion of productive consumption.

So long as the process of reproduction is in flow and the reflux assured, this credit lasts and extends, and its extension is based upon the extension of the process of reproduction itself. As soon as a stoppage takes place, in consequence of delayed returns, overstocked markets, fallen prices, there is a superfluity of industrial capital, but it is in a form, in which it cannot perform its functions. It is a mass of commodity-capital, but it is unsalable. It is a mass of fixed capital, but largely unemployed through the clogging of reproduction. Credit is contracted, 1) because this capital is unemployed, that is, stops in one of its phases of reproduction, not being able to complete its metamorphosis; 2) because confidence in the continuity of the process of reproduction has been shaken; 3) because the demand for this commercial credit decreases. The spinner, who restricts his production and has a mass of unsold yarn in stock, does not need to buy any cotton on credit; the merchant does not need to buy any commodities on credit, because he has more than enough of them.

Hence, if this expansion is disturbed, or even the normal exertion of the process of reproduction infringed, credit also becomes scarce; it is more difficult to get commodities on credit. It is particularly the demand for cash payment and the caution observed toward sales on credit which are characteristic of that phase of the industrial cycle, which follows a crash. In the crisis itself, when every one has things to sell, cannot sell them, and yet must sell them, if he would secure means of payment, it is not the mass of the unemployed and investment seeking capital, but rather the mass of

capital tied up in his process of reproduction, that is greatest just when the lack of credit is most felt (and the rate of discount highest in banking credit). The hitherto invested capital is then, indeed, unemployed, because the process of reproduction lags. Factories are closed, raw materials accumulate, finished products swamp the market as commodities. Nothing is more erroneous, therefore, than to blame a scarcity of productive capital for such a condition. It is precisely at such times that there is a superabundance of productive capital, partly so far as the normal, but temporarily contracted, scale of reproduction is concerned, partly with regard to the paralysed consumption.

Let us suppose that the whole society is composed only of industrial capitalists and wage workers. Let us furthermore make exceptions of fluctuations of prices, which prevent large portions of the total capital from reproducing themselves under average conditions and which, owing to the general interrelations of the entire process of reproduction, such as are developed particularly by credit, must always call forth general stoppages of a transient nature. Let us also make abstraction of the bogus transactions and speculations, which the credit system favors. In that case, a crisis could be explained only by a disproportion of the consumption of the capitalists and the accumulation of their capitals. But as matters stand, the reproduction of the capitals invested in production depends largely upon the consuming power of the non-producing classes; while the consuming power of the laborers is handicapped partly by the laws of wages, partly by the fact that it can be exerted only so long as the laborers can be employed at a profit for the capitalist class. The last cause of all real crises always remains the poverty and restricted consumption of the masses as compared to the tendency of capitalist production to develop the productive forces in such a way, that only the absolute power of consumption of the entire society would be their limit.

A real lack of productive capital, at least among capitalistically developed nations, can be said to exist only in times of general crop failures, either in the principal means of subsistence, or in the principal raw materials of industry.

However, in addition to this commercial credit we have the money credit strictly so-called. The loans of the industrials and merchants among one another go hand in hand with loans made to them by the banker and money lender in the form of money. In the discounting of bills of exchange

the loan is but nominal. A manufacturer sells his product for a bill of exchange and gets this bill discounted at some bill broker's. In reality this broker loans only the credit of his banker, and this banker loans to the broker the money of his depositors, made up of the industrial capitalists and merchants themselves, of drawers of ground rent and other unproductive classes, but also of laborers (in saving banks). In this way every industrial manufacturer and merchant gets around the necessity of keeping a large reserve fund and being dependent upon his actual returns. On the other hand the whole process becomes so complicated, partly by the making of bogus checks, partly by operations with commodities for the mere purpose of writing bills of exchange, that the semblance of a solid business and a smooth run of returns may persist even after returns come in only at the expense of swindled money lenders or swindled producers. Thus the business appears almost too sound just on the eve of a crash. The best proof of this is furnished, for instance, by the Reports on Bank Acts of 1857 and 1858, in which all bank directors, merchants, in short, all the summoned experts, with Lord Overstone at their head, congratulated one another on the prosperity and soundness of business — just one month before the eruption of the crisis of August, 1857. And, queer enough, Tooke in his History of Prices passes through the same illusion as the historian of every crisis. Business is always thoroughly sound and the campaign in full swing, until the collapse suddenly overtakes them.

We revert now to the accumulation of money-capital.

Not every augmentation of loanable capital indicates a real accumulation of capital or expansion of the process of reproduction. This becomes most evident in the phase of the industrial cycle following immediately after a crisis, when loanable capital lies fallow in masses. In such moments, in which the process of production is restricted (production in the English industrial districts was reduced by one-third after the crisis of 1847), prices of commodities at their lowest level, the spirit of enterprise paralysed, the rate of interest is low, and it indicates then merely an increase of loanable capital precisely because the industrial capital has been laid lame. It is quite obvious, that less currency is required, when the prices of commodities have fallen, the number of transactions decreased, and the capital invested in wages contracted; that, on the other hand, additional money is required for the function of world money after the debts to foreign countries have been settled either by the exportation of gold or by bankruptcies; that,

finally, the volume of the business of discounting bills diminishes with the number and amounts of bills of exchange. Hence the demand for loanable capital, either in the form of means of circulation or of means of payment (the investment of new capital being out of the question for a while), decreases and it becomes relatively abundant. At the same time, the supply of loanable capital increases also positively under such circumstances, as we shall see later.

Thus “a reduction of transactions and a great super-abundance of money” prevailed after the crisis of 1847 (Commercial Distress, 1847-48, Evidence No. 1664.) The rate of interest was very low on account of the “almost complete annihilation of commerce and nearly utter absence of a possibility of investing money” (1. c., , Testimony of Hodgson, Director of the Royal Bank of Liverpool). What nonsense those gentlemen concocted (and Hodgson is one of the best of them) in order to explain these facts, may be seen from the following phrase: “The stringency (1847) arose from an actual reduction of the money-capital in the country, caused partly by the necessity of paying for the imports from all quarters of the globe in gold, and partly by the conversion of floating capital into fixed.” How the conversion of circulating capital into fixed capital should reduce the money-capital of a country is unintelligible. For in the case of railroads, e.g., in which capital was mainly invested at that time, neither gold nor paper are used up for viaducts and rails, and the money for the railroad stocks, to the extent that it had been deposited for subscriptions, performed exactly the same functions as any other money deposited in banks and even increased the loanable money-capital temporarily, as shown above. But to the extent that it had been spent for construction, it circulated in the country as a means of circulation and payment. Only so far as fixed capital cannot be exported, so that with the impossibility of its export the available capital secured by returns from exported articles is eliminated, including the returns in bullion or cash, might the money-capital be affected. But English export articles were likewise piled up in masses on the foreign markets without being salable. It is true, the floating capital of the merchants and manufacturers of Manchester, etc., who had tied up a portion of their normal business capital in railroad stocks and were therefore dependent upon loan capital for the continuation of their business, had become fixed, and they had to put up with the consequences. But it would have been the same, if the capital belonging to their business, but withdrawn from it, had

been invested, say, in mines instead of railroads, mining products like iron, coal, copper being themselves floating capital.

The actual reduction of available money-capital through crop failure, corn imports, and gold exports constituted an event that had nothing to do with the railroad swindles.— “Nearly all commercial firms had begun to starve their business more or less, in order to invest the money in railroads.” — The very extensive loans, which were made to railroads by commercial firms, misled the latter to depend far too much through the discounting of bills upon the banks and to carry on the commercial business in this way” (the same Hodgson, 1. c., ). “In Manchester immense losses were sustained through speculation in railroads” (R. Gardner, previously mentioned in volume I chapter XV, 3, c., , American edition, and in other places, Evidence No. 4877, 1. c.).

One of the principal causes of the crisis of 1847 was the colossal overcrowding of the markets and the unbounded swindle in the East Indian trade with commodities. But there were also other circumstances, which bankrupted very rich firms in this line: “They had plenty of means, but these could not be made available. Their entire capital was tied up in real estate in Mauritius, or in indigo and sugar factories. After they had assumed obligations to the tune of 5-600,000 pounds sterling, they had no means at hand to pay their bills of exchange, and finally it was found that, in order to pay their bills, they would have to rely entirely upon credit” (Ch. Turner, great East Indian merchant in Liverpool, No. 730, 1. c.). — See furthermore Gardner, No. 4872, 1. c.: Immediately after the Chinese treaty such great prospects for a tremendous extension of our trade with China were held out to this country, that many large factories were built expressly for this business, for the purpose of manufacturing the cotton goods mainly demanded in the Chinese markets, and these were added to all our already existing factories.” — 4874. “How did this business come out?”— “Most disastrously, so that it defies almost every description; I do not believe, that of all the shipments to China in 1844 and 1845 more than two-thirds of the amount have ever returned; tea being the principal article of return export, and such great prospects having been held out to us, we manufacturers counted without fail on a large reduction of the tea tax.” — And now, naively expressed, comes the characteristic confession of faith of the English manufacturer: “Our trade with a foreign market is not limited by its

capacity of consuming our products, it is rather limited here at home by our capacity of consuming the products, which we receive in return for our industrial products.” (The relatively poor countries, with whom England trades, are supposed to be able to pay for and consume any amount of English products, but unfortunately wealthy England cannot digest the products sent in return.) — 4876. “At first I shipped a few commodities out, and these were sold at a loss of about 15% in the full conviction that the price, at which my agents could buy tea, would yield so large a profit through its sale here, that this loss would be made good; but instead of making a profit, I lost sometimes 25% and even as much as 50%.” — 4877. “Did the manufacturers export for their own account?”— “Principally; the merchants, it seems, saw very soon that they did not make anything, and they encouraged the manufacturers to make consignments rather than to participate in them themselves.” — In 1857, on the other hand, the losses and failures fell mainly upon the merchants, since the manufacturers left to them the task of overcrowding the foreign markets “for their own account.”

An expansion of the money-capital arising from the fact that in consequence of the expansion of the banking business a former private hoard or coin reserve may be converted into loanable capital for a short while, does not indicate a growth of the productive capital any more than the increasing deposits of the London stock banks, as soon as they began to pay interest on deposits. (See the example of Ipswich farther along, where in the course of a few years immediately preceding 1857 the deposits of the capitalist farmers were quadrupled.) So long as the scale of production remains the same, this expansion leads only to an abundance of the loanable money-capital compared to the productive. Hence the rate of interest is low.

After the process of reproduction has again reached that state of prosperity, which precedes that of overexertion, the commercial credit once more arrives at a great expansion, which has then indeed for its “sound” basis a flow of easy returns and more extended production. In this state the rate of interest is still low, although it rises above its minimum. This is in fact the only time, of which it may be said, that a low rate of interest, and consequently a relative abundance, of loanable capital, coincide with a real expansion of industrial capital. The facility and regularity of the returns, together with an extensive commercial credit, secures the supply of loan capital in spite of the increased demand for it, and prevents the level of the rate of interest from rising. Moreover, those knights now appear in large

numbers, who work without any reserve capital, or even without any capital at all and operate wholly on a credit basis. To this is added the great expansion of the fixed capital of all forms, and the inauguration of vast masses of new enterprises of wide scope. The interest now rises to its average level. It arrives once more at its maximum, as soon as the new crisis comes in, when credit suddenly stops, payments are suspended, the process of reproduction is delayed, and a superabundance of industrial capital is unemployed, with the above-mentioned exceptions, while there is an almost absolute lack of loan capital.

On the whole, then, the movements of loan capital, as expressed in the rate of interest, tend in a direction opposite to that of industrial capital. That phase in which a low rate of interest rising just above its minimum coincides with an “improvement” and a growing confidence after a crisis, and particularly that phase, in which the rate of interest reaches its average level, midway between its minimum and maximum, are the only two periods in which an abundance of loan capital is available simultaneously with a great expansion of industrial capital. But at the beginning of the industrial cycle a low rate of interest coincides with a contraction, and at the end of an industrial cycle a high rate of interest coincides with a superabundance, of industrial capital. The low rate of interest, which indicates an “improvement,” shows that commercial credit requires the assistance of banking credit but to a slight degree, because it still stands on its own legs.

The industrial cycle is of such a character, that the same cycle must periodically reproduce itself, once that the first impulse has been given.<sup>100</sup>

In the condition of lassitude production sinks below the level, which it had reached in the preceding cycle, and for which the technical basis has now been laid. During prosperity, the middle period, it continues to develop on this basis. In the period of overproduction and swindle it exerts the productive forces to the utmost, even beyond the capitalistic limits of the process of production.

That means of payment are scarce during the period of crisis, goes without saying. The convertibility of bills of exchange has substituted itself for the metamorphosis of commodities themselves, and so much more so at such times, as a portion of the firms operates purely on credit. An ignorant

and mistaken legislation, such as that of 1844-45, may intensify a money crisis. But no manner of bank legislation can abolish a crisis.

In a system of production, in which the entire connection of the process of reproduction rests upon credit, a crisis must obviously occur through a tremendous rush for means of payment, when credit suddenly ceases and nothing but cash payment goes. At first glance, therefore, the whole crisis seems to be merely a credit crisis and money crisis. And in fact it is but a question of the convertibility of bills of exchange into cash money. But the majority of these bills represent actual sales and purchases, and it is the extension of these far beyond the demands of society which is at the bottom of the whole crisis. At the same time an enormous quantity of these bills represents mere swindles, and this becomes apparent now, when they burst. There are furthermore unlucky speculations made with the money of other people. Finally there are commodity-capitals, which have either become depreciated or unsalable or returns that can never more be realized. This entire artificial system of forced expansion of the process of reproduction cannot, of course, be remedied by having some bank, like the Bank of England, give to the swindlers the needed capital in the shape of paper notes and buy up all the depreciated commodities at their old nominal values. Moreover, everything appears turned upside down here, since no real prices and their real basis appear in this paper world, but only bullion, metal coin, notes, bills of exchange, securities. Particularly in the centers, in which the whole money business of the country is crowded together, like London, this reversion becomes apparent; the entire process becomes unintelligible. It is not quite so in the industrial centers.

By the way, we make the following remarks about the superabundance of industrial capital, which shows itself during crises: The commodity-capital is in itself also a money-capital, that is, a definite sum of money expressed in the price of the commodities. As a use-value it is a definite quantity of useful objects, and there is a superfluity of them at the time of the crisis. But as a money-capital in itself, as a potential money-capital, it is subject to continual expansion and contraction. On the eve of a crisis, and during its sway, commodity-capital in its capacity as a potential money-capital is contracted. It represents less money-capital for its owner and his creditors (likewise as a security for bills of exchange and loans), than it did at the time when it was bought and when the discounts and loans made on it were transacted. If this is the meaning of the contention, that the money-

capital of a country is reduced in times of stringency, it is identical with the statement, that the prices of commodities have fallen. Such a collapse of prices merely balances their inflation in preceding periods.

The incomes of the unproductive classes and of those, who live on fixed incomes, remain for the greater part stationary during the inflation of prices going hand in hand with an overproduction and overspeculation. Hence their consuming capacity diminishes relatively, and with it their ability to reproduce that portion of the total reproduction, which should enter normally into consumption. Even though their demand should remain nominally the same, it decreases actually.

With reference to the imports and exports we remark, that all countries become successively implicated in a crisis, and that then it becomes evident, that all of them, with few exceptions, have exported and imported too much, so that there is a balance of payment against all of them. The trouble, therefore, is not with the balance of payment. For instance, England suffers from an export of gold. It has imported too much. But at the same time all other countries are overcrowded with English goods. They have also imported too much, or too much have been imported into them. (There is, indeed, a difference between that country, which exports on credit, and those countries, which export little or nothing on credit. But in that case, these last countries import on credit; and this is not the case only when commodities are sent to them on consignment.) The crisis may first break out in England, in that country which gives most of the credit and takes least of it, because the balance of payment due, which must be squared immediately, is against it, even though the general balance of trade is for it. This is explained partly by the credit which it has granted, partly by the mass of capitals loaned to foreign countries, so that a large quantity of returns come back to it in the shape of commodities, aside from actual trade returns. (However, the crisis broke out sometimes in America, that country in which most of the trade and capital credit is taken from England.) The crash in England, introduced and accompanied by an export of gold, settles England's balance of payment, partly by a bankruptcy of its importers (about which more is said farther on), partly by throwing off a portion of its commodity-capital at cut prices to foreign countries, partly by the sale of foreign securities, the purchase of English securities, etc. Now it is the turn of some other country. The balance of payment was momentarily in its favor. But now the time normally allowed between the balance of payment

and balance of trade has been reduced by the crisis or entirely abolished. All payments are now supposed to be made immediately. The same thing is now repeated here. England now has a return of gold, the other country an export of gold. What appears in one country as excessive imports, appears in the other as excessive exports, and vice versa. But overimports and overexports have taken place in all countries (we are not alluding now to any crop failures, but to a general crisis); that is, there has been a general overproduction, promoted by credit and the inflation of prices that goes with it.

In 1857, the crisis broke out in the United States. An export of gold from England to America followed. But as soon as the inflation in America collapsed, the crisis broke out in England and the gold export went from America to England. The same took place between England and the continent. The balance of payment is in times of general crisis against every nation, at least against every commercially developed nation, but always the one succeeding the other, like firing in squads, as soon as the turn of each comes for making payments. And once the crisis has broken out, say, in England, it compresses the succession of these terms of payment into a very short period. It then becomes evident, that all these nations have simultaneously overexported (and overproduced) and overimported (and overtraded), that prices were inflated in all of them, and credit overdrawn. And the same collapse follows in all of them. The phenomenon of gold exports then shows itself successively in all of them, and proves by this very generality, 1), that the gold exports are but an evidence of a crisis, not its cause; 2), that the succession, in which the gold exports take place in different countries, indicates only the time when their turn has come to settle their affairs, the time when the crisis seizes them and causes an eruption of its latent forces.

It is characteristic for the English economic writers — and the economic literature worth mentioning since 1830 resolves itself mainly into a literature on currency, credit, crisis — that they look upon the exports of precious metals in times of crisis, in spite of the alteration of quotations on bills, merely from the standpoint of England, as a purely national phenomenon, and completely close their eyes against the fact, that all other European banks raise their rate of interest, when their own bank raises its in times of crisis, and that, when the cry of distress over the exports of gold is

raised in their country today, it is taken up in America tomorrow and in Germany and France the day after.

In 1847, “the obligations of England had to be fulfilled” [mostly for corn]. “Unfortunately they were mostly fulfilled by bankruptcies.” [The wealthy England got its breath by bankruptcies in its obligations toward the Continent and America.] “But so far as they were met by bankruptcies, they were fulfilled by the export of precious metals.” (Report of Committee on Bank Acts, 1857.) In other words so far as a crisis is intensified by bank legislation, this legislation is a means of cheating the corn-exporting countries in periods of famine, robbing them first of their corn and then of the money for the corn. A prohibition of the export of corn in such periods and in such countries, which are themselves suffering more or less from stringencies, is, therefore, a very rational measure to thwart the above plan of the Bank of England for “meeting obligations on corn imports by bankruptcies.” It is in that case much better that the corn producers and speculators should lose a portion of their profit for the good of their own country than their capital for the good of England.

It follows from the above, that the commodity-capital largely loses its capacity of representing potential money-capital during a crisis, and during periods of business depression in general. The same is true of fictitious capital, interest-bearing papers, so far as they circulate in the stock exchanges as money-capital. Their price falls with a rise of interest. It falls furthermore through a general lack of credit, which compels their owner to throw them in masses on the market, in order to secure money. It falls, finally, in the case of stocks, partly in consequence of the spurious character of the enterprises which they represent, partly in consequence of a decrease of the revenues, for which they constitute drafts. The fictitious capital is enormously reduced in times of crisis, and with it the power of its owners to loan money on it in the market. However, the reduction of the money denomination of these securities in the stock exchange quotations has nothing to do with the actual capital which they represent, but very much indeed with the solvency of their owners.

## **CHAPTER XXXI. MONEY-CAPITAL AND ACTUAL CAPITAL. II. (Continued.)**

WE have not yet come to the end of the question, to what extent the accumulation of capital in the form of loanable money-capital coincides with the actual accumulation, the expansion of the process of reproduction.

The conversion of money into loanable money-capital is a far simpler matter than the transformation of money into productive capital. But two things should be distinguished here.

- 1). The mere conversion of money into money-capital;
- 2.) The conversion of capital or revenue into money, which is turned into loan capital.

It is only the last named point, which can imply a positive accumulation of loan capital connected with an actual accumulation of industrial capital.

### **Conversion of Money into Loan Capital.**

We have already seen, that an accumulation of loan capital to the point of oversaturation may take place, which is connected with productive accumulation only to the extent that it stands in the opposite proportion to it. This is the case in two phases of the industrial cycle, namely first during the time, when the industrial capital in both its forms of productive and commodity-capital is contracted, that is, at the beginning of the cycle after a crisis; and secondly at the time, when the improvement begins without, however, demanding as yet very much bank credit for commercial capital. In the first case the money-capital, which was formerly employed in production and commerce, appears as unemployed loan capital; in the second case it appears employed to an increasing degree, but at a very low rate of interest, because then the industrial and commercial capitalist prescribes the conditions for the money capitalist. The superabundance of loan capital expresses in the first case a stagnation of industrial capital, and in the second a relative independence of commercial credit from banking credit, based on the fluidity of the returns, a short term of credit, and a preponderance of operations with one's own capital. The speculators, who

count on the credit capital of other people, have not yet appeared upon the field; the people, who work with their own capital, are still far removed from an approximation to operations based purely on credit. In the first named phase the superfluity of loan capital is the direct opposite of the expression of actual accumulation. In the second phase it coincides with a renewed expansion of the process of reproduction, accompanies it, but is not its cause. The superabundance of loan capital is already decreasing, is only a relative one compared to the demand. In both cases the expansion of the actual process of accumulation is promoted by it, since the low interest, which coincides in the first case with low prices, in the second with slowly rising prices, increases that portion of the profit, which is transformed into profits of enterprise. This takes place still more when interest rises to its average level during the height of the period of prosperity, when it has grown, but not in the same proportion as profit.

We have seen, on the other hand, that an accumulation of loan capital may take place without any actual accumulation, by mere technical means, such as an expansion and concentration of the banking system, a saving in the currency reserve, or in the reserve fund of private means of payment, which are then always converted into loan capital for a short time. Although this loan capital, which is also called floating capital for this reason, retains the form of loan capital only for short periods (and discount is supposed to be given for short periods only), it flows continually back and forth. If one withdraws it, another brings it along. The mass of loanable money-capital grows thus quite independently of the actual accumulation (we speak here quite generally of short-lived loans on bills and deposits, not of loans for a number of years).

C. 1857. Question 501. “What do you mean by floating capital?” — Answer of Mr. Weguelin, Governor of the Bank of England: “It is capital available for money loans on short time.”...(502) Notes of the Bank of England...of the provincial banks, and the amount of money existing in the country. — Question: “It does not seem, from the testimony submitted to this Committee, provided you mean by floating capital the active circulation” [of the notes of the Bank of England] “as though there were any very considerable fluctuation in this active circulation?” [But there is a great difference, whether this active circulation is loaned by the money lender or advanced by the reproductive capitalist himself.] Weguelin’s answer: “I include in the floating capital the reserves of the bankers, in

which there is considerable fluctuation.” — That is to say, there is considerable fluctuation in that portion of the deposits, which the bankers have not loaned out again, but which figures as their reserve, and for the greater part also as the reserve of the Bank of England, where they are deposited. Finally the same gentleman says that floating capital is bullion, that is, bullion and hard cash (503). — It is truly wonderful, what a different meaning and different form all economic categories receive in this credit jargon of the money market. Floating capital is there the term for circulating capital, which is, of course, quite another thing, money is capital, bullion is capital, bank notes are currency, capital is a commodity, debts are commodities, and fixed capital is money invested in papers that are salable with difficulty!

“The stock banks of London...have increased their deposits from 8,850,774 pounds sterling in 1847 to 43,100,724 pounds sterling in 1857....The evidences and testimonies placed before this Committee permit the conclusion, that a great part of this immense amount is derived from sources, which were formerly not available for this purpose; and that the custom of opening an account with the banker and depositing money with him has extended to numerous classes, that formerly did not invest their capital(!) in this manner. Mr. Rodwell, President of the Association of Provincial Private Banks” [distinguished from stock banks] “and delegated by it to testify before this Committee, states that in the region of Ipswich this custom has quadrupled of late among the capitalist farmers and small business men of that district; that nearly all farmers, even those paying only 50 pounds sterling of rent annually, now have deposits in banks. The mass of these deposits, of course, finds its way to employment in business, and gravitates particularly toward London, the center of commercial activity, where they are first employed in discounting bills and in making other loans to the customers of London Bankers. But a large portion of them, which the bankers themselves cannot use immediately, pass into the hands of bill brokers, who give to the bankers commercial bills in their stead, which they have already discounted once before for people in London and in the provinces.” (B. C. 1858, .)

In giving loans to the bill broker on bills which this broker has discounted once, the banker practically discounts them again; but in reality very many of these bills have already been rediscounted by the bill broker, and he rediscounts new bills with the very same money, with which the

banker rediscounts the bills of the bill broker. What this leads to is shown by the following passage: “Extensive fictitious credits have been created by accommodation bills and blank credits, and this was very much facilitated by the procedure of the provincial stock banks, that discounted such bills and then had them rediscounted by bill brokers in the London market, and at that solely on the strength of the bank’s credit, without regard to the further quality of the bills.” (L. c.)

Concerning this rediscounting and the help which these purely technical increase of loanable capital lends to credit swindlers, the following extract from the “Economist” is instructive: “During many years capital” [namely loanable money-capital] “accumulated in some districts of the country more rapidly than it could be employed, while in others the means of its investment grew faster than the capital itself. While the bankers in the agricultural districts thus found no opportunity to invest their deposits profitably and safely in their own region, those in the industrial districts and the commercial cities had more demand for capital than they could supply. The effect of these different conditions in the various districts has led in recent years to the rise and startlingly rapid extension of a new class of firms engaged in the distribution of capital, who, although generally called bill brokers, are in reality bankers on the very largest scale. The business of these firms is to assume, for definitely agreed periods and at definitely fixed interest, the surplus-capital of the banks in districts in which it could not be employed, just like the temporarily idle funds of stock companies and great commercial firms, and to loan this money at a higher rate of interest to the banks in districts where capital is more in demand; as a rule by rediscounting the bills of their customers....In this way Lombard Street became the great center, in which the transfer of unemployed capital takes place from one part of the country, where it cannot be usefully employed, to another where it is in demand; and this applies to the different parts of the country as well as to similarly situated individuals. Originally these transactions were almost exclusively limited to borrowing and lending on collateral acceptable to banks. But in proportion as the capital of the country increased rapidly and was more and more economised by the erection of banks, the funds at the disposal of discounting firms became so large that they undertook to make advances, first on dock warrants (storage bills on commodities in docks) and then also on bills of lading representing products that had not even arrived, although sometimes, if not regularly,

bills of exchange had already been drawn against them at the produce brokers. This practice soon changed the entire character of the English business. The facilities thus offered by Lombard Street gave to the produce brokers in Mincing Lane a greatly enforced position; these gave in turn the entire advantage to the importing merchants; these last took so much advantage of it that, whereas 25 years previous a taking of credit on his bills of lading or even his dock warrants would have ruined the credit of a merchant, this practice became so general, that it may be considered as the rule, and no longer, as 25 years ago, as a rare exception. Yea, this system has been extended so far, that large sums have been taken up in Lombard Street on bills of exchange drawn against the still growing crops of distant colonies. The result of such accommodations was, that the import merchants expanded their foreign transactions and tied up their floating capital, with which they had hitherto carried on their business, in the most execrable of investments, colonial estates, over which they could exert little or no control. Thus we see the direct concatenation of credits. The capital of the country, which is collected in our agricultural districts, is laid down in small amounts as deposits in country banks, and centralised for investment in Lombard Street. But it has been utilised, first, for the extension of business in our mining and industrial districts by rediscounting bills on banks there; furthermore also for granting greater accommodations to importers of foreign products by loans on warrants and bills of lading, whereby the 'legitimate' merchants' capital of firms in foreign and colonial business was released and made available for the most abominable kinds of investment in transmarine estates." (Economist, 1847, .)

This is the "beautiful concatenation of credits." The rural depositor imagines to deposit only with his banker, and imagines furthermore that, when his banker lends to others, it is done to private persons whom he knows. He has not the slightest suspicion, that this banker places his deposit at the disposal of some London bill broker, over whose operations neither of them have the slightest control.

How great public enterprises, such as railroads, may momentarily increase the loan capital, owing to the circumstance that the deposited amounts always remain at the disposal of the bankers for a certain time until they are really used, we have already seen.

By the way, the mass of the loan capital is quite different from the quantity of the currency. By the quantity of the currency we mean here the

sum of all bank notes and all hard cash existing and circulating in a country, including the bullion of precious metals. One portion of this quantity forms the reserves of the banks, an ever changing magnitude.

“On November 12, 1857” [the date of the suspension of the Bank Acts of 1844], “the total reserve of the Bank of England, including all branch banks, amounted to only 580,751 pounds sterling; the sum of the deposits amounted at the same time to 22,500,000 pounds sterling, of which nearly 6,500,000 pounds sterling belonged to London bankers.” (B. C., 1858, p. LVII.)

The variations of the rate of interest (aside from those occurring in long periods, or from the difference of the rate of interest in different countries; the first named are conditioned in variations of the general rate of profit, the last named on differences in the rates of profit and on the development of credit) depend upon the supply of loan capital (all other circumstances, state of confidence, etc., being equal,) that is, of the capital loaned in the form of money, hard cash, and notes; this is distinguished from industrial capital, which in the shape of commodities is loaned by means of commercial credit among the agents of reproduction themselves.

However, the mass of this loanable capital is different from and independent of the mass of the circulating money.

If 20 pounds sterling were loaned five times per day, a money-capital of 100 pounds sterling would be loaned, and this would imply at the same time that these 20 pounds sterling would besides have to serve at least four times as means of purchase or payment; for if this were to take place without the intervention of purchase and payment, so that this sum would not represent at least four times the converted form of capital (commodities including labor-power), it would not be a capital of 100 pounds sterling, but only five claims of 20 pounds sterling each.

In countries with a developed credit we may assume, that all money-capital available for loaning exists in the form of deposits with banks and money lenders. This holds good at least for the business in a general way. Moreover, in times of good business, before speculation proper breaks loose, when credit is easy and confidence growing, the greater portion of the functions of circulation is settled by a simple transfer of credit, without the intervention of metal or paper money.

The mere possibility of large amounts of deposits with a relatively small quantity of currency, depends, solely:

Upon the number of purchases and sales, which the same piece of money performs;

2) The number of its return wanderings, in which it goes back to the bankers as a deposit, so that its repeated function as a means of payment and purchase is promoted through its renewed conversion into a deposit. For instance, a small dealer deposits weekly with his banker 100 pounds sterling in money; the banker pays with this a portion of a deposit to a manufacturer; this man in his turn pays it over to some laborers; these pay the small dealer with it, who deposits it again in the bank. The 100 pounds sterling deposited by this dealer have, therefore, served, first, in paying to a manufacturer a portion of his deposit; secondly, in paying some laborers; thirdly, in paying the dealer himself, fourthly, in depositing another portion of the money-capital of the same small dealer; for at the end of twenty weeks, provided that he does not have to draw any of his money out of the bank, he would have deposited 2,000 pounds sterling in the bank by means of the same 100 pounds sterling.

To what extent this money-capital is unemployed, is shown only in the inward and outward movements of the banking reserves. Therefore, Mr. Weguelin, Governor of the Bank of England in 1857, concludes that the gold of the Bank of England is the “only” reserve capital. — 1258. “In my opinion the rate of discount is actually determined by the amount of unemployed capital existing in the country. The amount of unemployed capital is represented by the reserve of the Bank of England, which is in fact a gold reserve. Hence, when gold is exported, the amount of unemployed capital in the country is diminished and the value of the remaining parts is thereby increased.” — 1364. “The gold reserve of the Bank of England is in fact the central reserve, or the cash fund, on the basis of which the entire business of the country is carried on....It is this fund, or this reservoir, upon which the effect of the foreign quotations on 'Change always fall.” (Report on Bank Acts, 1857.)

For the accumulation of the actual, this is, productive and commodity-capital, the statistics of exports and imports furnish a measure. These show always that during the decennial cycles of the period of development of British industry from 1815 to 1870 the maximum of the last time of prosperity always reappears before the crisis, whereupon it rises to a new and far higher maximum.

The actual or declared value of the exported products of Great Britain and Ireland in the prosperous year 1824 was 40,396,300 pounds sterling. The amount of the exports falls thereupon with the crisis of 1825 below this sum and fluctuates between 35 and 39 millions annually. With the return of prosperity in 1834 the amount of exports rises above the former maximum to 41,649,191 pounds sterling, and reaches in 1836 the new maximum of 53,368,571 pounds sterling. In 1837 it falls again to 42 millions, so that the new minimum stands higher than the old maximum, and fluctuates thereupon between 50 and 53 millions. The return of prosperity lifts the amount of exports in 1844 to 58,500,000 pounds sterling, a rise far above the maximum of 1836. In 1845 it reaches 60,111,082 pounds sterling; then it falls to something over 57 millions in 1846, reaches in 1847 almost 59 millions, in 1848 about 53 millions, rises in 1849 to 63,500,000, in 1853 to nearly 99 millions, in 1854 to 97 millions, in 1855 to 94,500,000, in 1856 almost 116 millions, and reaches a maximum of 122 millions in 1857. It falls in 1858 to 116 millions, rises already in 1859 to 130 millions, in 1860 to nearly 136 millions, in 1861 only 125 millions (the new minimum is here again higher than the former maximum), in 1863 to 146,500,000.

Of course, the same thing might be demonstrated in the case of imports, which show the extension of the market; but we are here concerned only in the scale of production. [Of course, this holds good of England only for the time of its actual industrial monopoly; but it applies quite generally to the whole complex of countries with modern great industries, so long as the world market is still expanding. — F. E.]

Conversion of Capital or Revenue into Money that is Transformed into Loan Capital.

We will consider the accumulation of money-capital here in so far as it is not an expression, either of a relaxation in the flow of credit, or of greater economy, whether it be an economy in the actually circulating medium or in the reserve capital of the agents engaged in reproduction.

Aside from these two cases, an accumulation of money-capital may arise through extraordinary imports of gold, such as those of 1852 and 1853 resulting from the output of the new Australian and Californian mines. This gold was deposited in the Bank of England. The depositors took notes instead, which they did not at once redeposit in banks. By this means the circulating medium was unusually increased. (Testimony of Weguelin, B. C. 1857, No. 1329.)

The Bank strove to utilise these deposits by lowering its discount to 2%. The mass of gold accumulated in the Bank rose during six months of 1853 to 22 or 23 millions.

The accumulation of all capitalists lending money naturally takes place always in the form of direct money, whereas we have seen that the actual accumulation of industrial capitalists is accomplished, as a rule, by an increase of the elements of reproductive capital itself. Hence the development of the credit system and the enormous concentration of the money-lending business into the hands of great banks must by itself alone accelerate the accumulation of loanable capital, as a form distinguished from actual accumulation. This rapid development of loan capital is, therefore, a result of actual accumulation, for it is a consequence of the development of the process of reproduction, and the profit that forms the source of accumulation for these money-capitalists is but a deduction from the surplus-value, which the reproductive capitalists filch from production (and it is at the same time a portion of the interest on the savings of others). The loan capital accumulates at the expense of both the industrial and commercial capitalists. We have seen that in the unfavorable phases of the industrial cycle the rate of interest may rise so high, that it temporarily devours the whole profit in particularly handicapped lines of business. At the same time the prices of the public securities and other securities also fall. It is at such times that the money-capitalists buy up these depreciated papers in masses, which soon regain their former level in later phases or rise above it. Then they are sold again and a portion of the money-capital of the public appropriated through them. That portion, which is not sold yields a higher interest, because it was bought below price. But the money-capitalists convert all profits made by them and reconverted into capital first into loanable money-capital. An accumulation of such money-capital, as distinguished from the actual accumulation that is its mother, takes place, obviously, even if we consider only the money-capitalists, bankers, etc., by themselves, that is, an accumulation of this particular class of capitalists. And it must grow with every expansion of the credit system such as goes with the expansion of the process of reproduction.

If the rate of interest is low, then the depreciation of the money-capital falls principally upon the depositors, not upon the banks. Before the development of stock banks three-fourths of all deposits rested in the

English banks without returning any interest. If interest is now paid on them, it amounts to at least 1% less than the current rate of interest.

As for the money accumulation of the other classes of capitalists, we leave aside that portion of it, which is invested in interest-bearing papers and accumulates in this form. We consider merely that portion, which is thrown upon the market as loanable money-capital.

In the first place, we have here that portion of the profit, which is not spent as revenue, but intended for accumulation, yet at the same time not immediately of any use for the industrial capitalists in their own business. This profit exists originally in the form of commodity-capital, a part of whose value it constitutes, and is realised with it in money. Now, if it is not reconverted into the production elements of commodity-capital (we leave out of consideration for the present the merchant, whom we shall have to discuss separately), then it must remain for a while in the form of money. This mass increases with the mass of capital itself, even when the rate of profit declines. That portion, which is to be spent as revenue, is gradually consumed, but forms in the meantime a loan capital of the banker in the form of a deposit. Thus even the growth of that portion of profit, which is spent as revenue, expresses itself in a gradual and continually repeated accumulation of loan capital. The same is true of that other portion, which is intended for accumulation. With the development of the credit system, then, and its organisation, even the increase of revenue, that is, of the consumption of the industrial and commercial capitalists, expresses itself as an accumulation of loan capital. And this holds good of all revenues which are consumed gradually, in other words, of ground rent, wages in their higher form, incomes of unproductive classes, etc. All of them assume for a certain time the form of a money revenue and are, therefore, convertible into deposits and thus into loan capital. All revenue, whether it be intended for consumption or accumulation, so long as it exists in some form of money, is a part of the value of commodity-capital transformed into money, and is, for this reason, an expression and result of the actual accumulation, but not the productive capital itself. When a spinner has exchanged his yarn for cotton, while he has exchanged that portion, which forms his revenue, for money, then the real existence of his industrial capital is the yarn, which has passed into the hands of the weaver or, perhaps, of some private consumer, and this yarn is the existence of both the capital-value and surplus-value contained in it, whether it be intended for

reproduction or consumption. The magnitude of the surplus-value transformed into money depends upon the magnitude of the surplus-value contained in the yarn. But as soon as it has been transformed into money, this money is but the existence of the value of this surplus-value. And as such it becomes an element of loan capital. To this end nothing more is required than that it should be transformed into a deposit, if it had not been loaned out by its owner. But in order to be reconverted into productive capital, it must have reached a certain minimum limit.

## **CHAPTER XXXII. MONEY-CAPITAL AND ACTUAL CAPITAL. III. (Concluded.)**

THE mass of the money thus reconverted into capital is a result of the voluminous process of reproduction, but considered by itself, as loanable money-capital, it is not itself a mass of reproductive capital.

The most important point of our presentation so far is, that the expansion of that part of the revenue which is intended for consumption (leaving out of consideration the laborer, because his revenue is equal to the variable capital) represents itself in the first instance as an accumulation of money-capital. The accumulation of money-capital, therefore, presents a factor, which is essentially different from the actual accumulation of industrial capital; for that portion of the annual product, which is intended for consumption, does not become capital in any way. One portion of it replaces capital, namely the constant capital of the producers of means of consumption, but to the extent that it is actually converted into capital, it exists in the natural form of the revenue of the producers of this constant capital. The same money, which represents the revenue and serves merely for the promotion of consumption, is regularly transformed into loanable money-capital, for a certain time. So far as this money represents wages, it is at the same time the money-form of the variable capital; and so far as it replaces the constant capital of the producers of means of consumption, it is the money-form temporarily assumed by their constant capital and serves for the purchase of the natural elements of the constant capital to be replaced by them. Neither in the one nor in the other form does it express in itself any accumulation, although its mass increases with the volume of the process of reproduction. But it performs temporarily the function of loanable money, of money-capital. In this respect the accumulation of money-capital must reflect a greater accumulation of capital than is actually existing, owing to the fact that the extension of individual consumption, being promoted by money, appears as an accumulation of money-capital, whereby it furnishes the money-form for the actual accumulation of money opening new investments of capital.

The accumulation of money, then, expresses in part nothing else but the fact that all money, into which the industrial capital is transformed in the

course of its cycle, assumes the form, not of money advanced by the reproductive capitalists, but of money borrowed by them; so that indeed the advance of money necessary in the process of reproduction appears as an advance of borrowed money. On the basis of commercial credit one capitalist loans indeed to another the money required for the process of reproduction. But this assumes now the form of a transaction, in which the banker, who receives the money as a loan from one portion of the reproductive capitalists, lends it to another portion of these reproductive capitalists, so that the banker appears in the role of a dispenser of blessings; at the same time the disposition of this capital drifts wholly into the hands of the banker in his capacity as a middleman.

A few special forms of accumulation of money-capital still remain to be mentioned. Capital is released, for instance, by a fall in the price of the elements of production, raw materials, etc. If the industrial capitalist cannot expand his process of reproduction immediately, then a portion of his money-capital is expelled from the cycle as superfluous and converted into loanable money-capital. In the second place, capital in the form of money is released especially by the merchant, whenever any interruption of his business takes place. If the merchant has disposed of a series of transactions and cannot begin a new series on account of such interruptions until later, then his realised money represents for him but a hoard, superfluous capital. But at the same time it represents directly an accumulation of loanable money-capital. In the first case, the accumulation of money-capital expresses a repetition of the process of reproduction under more favorable conditions, an actual release of a portion of formerly tied up capital, in other words, an opportunity for expanding the process of reproduction with the same amount of money. But in the other case it expresses merely an interruption in the flow of transactions. However, in both cases it is converted into loanable money-capital, represents its accumulation, influences equally the money-market and the rate of interest, although it expresses a promotion of the accumulation in the actual process in one case and its obstruction in the other. Finally an accumulation of money-capital is brought about by that section of people, who have made their little pile and have withdrawn from reproduction. In proportion as more profits are made in the course of the industrial cycle, their number increases. In their case the accumulation of loanable money-capital expresses on the one hand an actual accumulation (considering its relative volume), and on the other hand

the extent of the transformation of industrial capitalists into mere money-capitalists.

As for the other portion of profit, which is not intended to be consumed as revenue, it is converted into money-capital only when it is not immediately able to find a place for investment in the expansion of the productive sphere in which it has been made. This may be due to two causes. Either the sphere of production may be saturated with capital. Or it may be because accumulation must first have reached a certain volume, before it can serve as capital, according to the proportions of the investment of new capital required in this particular sphere. Hence it is converted for a while into loanable money-capital and serves in the expansion of production in other spheres. Assuming all other circumstances to remain unaltered, the mass of profits required for reconversion into capital will depend on the mass of profits made and thus on the extension of the process of reproduction itself. But if this new accumulation meets with difficulties in its employment, through a lack of spheres for investment, due to the overcrowding of the lines of production and an oversupply of loan capital, then such a plethora of loanable money-capital proves merely that capitalist production has its limits. The subsequent swindle with credit proves, that no positive obstacle stands in the way of the employment of this superfluous capital. The obstacle is merely one immanent in its laws of self-expansion, namely the limits in which capital can expand itself as such. A plethora of money-capital does not necessarily indicate an overproduction, nor even a lack of spheres of investment for capital.

The accumulation of loan-capital consists simply in the fact that money is precipitated as loanable money. This process is very different from an actual transformation into capital; it is merely the accumulation of money in a form, in which it may be invested as capital. But this accumulation may, as we have shown, indicate facts, which are greatly different from actual accumulation. So long as actual accumulation is continually expanding, this extended accumulation of money-capital may be partly its result, partly the result of circumstances, which accompany it but are quite different from it, partly also the result of impediments to actual accumulation. Since accumulation of loan-capital is swelled by such circumstances, which are independent of actual accumulation but nevertheless accompany it, there must be a plethora of money-capital in definite phases of the cycle for this reason alone, if for no other, and this plethora must develop with the

organisation of credit. And simultaneously with it must also develop the necessity of driving the process of production beyond its capitalistic limits, by overproduction, excessive commerce, extreme credit. And this must take place in forms that call forth a reaction.

So far as accumulation of money-capital from ground rent, wages, etc., is concerned, it is superfluous to discuss that here. Only one thing must be mentioned, namely that the business of actual saving and abstinence (by people forming hoards), to the extent that it furnishes elements of accumulation, is left in the division of labor, which comes with the progress of capitalist production, to those who receive the smallest share of such elements, and who frequently enough lose even their savings, as do the laborers when banks fail. On the one hand the capital of the industrial capitalist is not “saved” by himself, but he has command of the savings of others in proportion to the magnitude of his capital; on the other hand the money-capitalist makes of the savings of others his own capital, and of the credit, which the reproductive capitalists give to one another, and which the public gives to them, a source for enriching himself. The last illusion of the capitalist system, to the effect that capital is the fruit of ones own labor and saving, is thereby destroyed. Not only does profit consist of the appropriation of other people’s labor, but the capital, with which this labor of others is set in motion and exploited, consists of other people’s property, which the money-capitalist places at the disposal of the industrial capitalist, at the same time exploiting the latter in his turn.

A few remarks remain to be made about credit-capital.

How often the same piece of money may figure as a loan capital, depends, as we have previously indicated.

On the question, how often it realises the value of commodities by sale or purchase, thereby transferring capital, and furthermore on the question, how often it realises revenue. How often it gets into other hands as a realised value, either of capital or of revenue, depends, therefore, obviously, upon the volume and mass of the actual transactions;

2) On the economy of payments and on the development and organisation of credit-system;

3) On the concatenation and velocity of action of the credits, so that a deposit set down at one point starts off immediately as a loan at another.

Even assuming that the form, in which loan capital exists, is merely that of actual money, of gold or silver, of that commodity whose substance serves as a measure of value, a large portion of this money-capital is necessarily purely fictitious, that is a title to some value just as the tokens of value. So far as money functions in the cycle of capital, it forms indeed for the moment a money-capital; it is rather exchanged for the elements of productive capital, or paid out as a medium of circulation in the realisation of revenue, and cannot, therefore, convert itself into loan capital for its owner. But so far as it is converted into loan capital, and the same money repeatedly represents loan capital, it is evident that it exists only at one point in the form of metallic money; at all other points it exists only in the form of title on capital. The accumulation of these titles, according to our analysis, arises from the actual accumulation, that is, from the transformation of the values of commodity-capital, etc., into money; but nevertheless the accumulation of these titles as such differs from the actual accumulation, from which it arises, and from the future accumulation, from which it arises, and from the future accumulation (the new process of production), which is promoted by the loaning of this money.

In the first instance loan capital exists always in the form of money,<sup>101</sup> later as a title on money, since the money, in which it originally existed, is now held in the hand of the borrower as actual money. For the lender it has been transformed into title on money, a title of ownership. The same mass of actual money may, therefore, represent very different masses of money-capital. Mere money, whether it represent realised capital or realised revenue, becomes a loan capital through the simple act of loaning, by its conversion into a deposit, if we look upon the general form under a developed credit system. The deposit is a money-capital for the depositor. But in the hands of the banker it may be only a potential money-capital, which lies fallow in his strongbox instead of that of its owner.<sup>102</sup>

With the growth of material wealth grows the class of money-capitalists; on one side the number and the wealth of retiring capitalists living on their incomes increases; on the other hand the development of the credit system is promoted, and with it the number of bankers, money lenders, financiers, etc.

With the development of the available money-capital grows also the mass of interest-bearing papers, government bonds, stocks, etc., as we have shown previously. At the same time grows also the demand for available

money-capital, since the jobbers, who speculate in these securities, play a prominent role on the money-market. If all the purchases and sales of these papers were only an expression of actual investments of capital, it would be correct to say, that they can have no influence on the demand for loan capital, since, when A sells his paper, he draws exactly as much money as B puts into the paper. But even if the paper itself exists, though not the capital (at least not as money-capital) originally represented by it, it always creates to that extent a demand for such money-capital. But at any rate it is then money-capital, which was previously at the disposal of B and is not at the command of A.

B.A. 1857. No. 4886. "Is it in your opinion a correct statement of the causes determining the rate of discount, when I say that it is regulated by the quantity of capital existing on the market, which is available for the discounting of commercial bills, as distinguished from other kinds of securities?" [Chapman]: "No, I hold that the rate of interest is affected by all convertible securities of current character; it would be wrong to limit the question simply to the discounting of bills; for when there is a strong demand for money on consols [deposited] or even treasury notes, as was strongly the case of late, and at a much higher than the commercial rate of interest, it would be absurd to say that our commercial world is not influenced by it; it is very essentially touched by it." — 4890. "When good and current securities, such as bankers accept, are on the market, and the owners take up money on them, it has surely an effect on the commercial world; for instance, I cannot expect that a man should give me his money at 5% on a commercial bill, when he can lend this money out at the same time at 6% on consols, etc.; it affects us in the same way; nobody can expect of me that I should discount his bills at 5½%, when I can lend my money out at 6%." — 4892. "Of people, who buy securities as fixed investments of capital for 2,000, or 5,000, or 10,000 pounds sterling, we do not speak as though they had any essential influence upon the money-market. When you ask me for the rate of interest on [a deposit of] consols, I speak of people, who transact business to the amount of hundreds of thousands, of so-called jobbers, who underwrite large amounts of public loans, or buy them on the market, and who must hold these papers until they can get rid of them at a profit; these people must take up money for this purpose."

With the development of the credit system great concentrated money-markets are created, such as London, which are at the same time the main

seats of trade in such securities. The bankers place the money-capital of the public in masses at the disposal of this unsavory crowd of dealers, and thus this breed of gamblers multiplies. "Money is generally cheaper at the stock exchange than anywhere else," says the incumbent of the Governor's chair of the Bank of England in 1848 before the secret Committee of Lords, C. D. 1848, printed, 1857, No. 219.)

In the discussion of the interest-bearing capital we have already shown, that the average interest for a long period of years, other circumstances remaining the same, is determined by the average rate of profit; this does not mean profits of enterprise, which are themselves nothing but profit minus interest.

It has also been mentioned, and will be further analysed in another place, that the variations of commercial interest, that is, of interest calculated by the money lenders for discounts and loans within the commercial world, meet in the course of the industrial cycle a phase, in which the rate of interest exceeds its minimum and reaches its average level, which it exceeds later, and that this movement is a result of a rise in profits.

However, two things must be noted here.

First: When the rate of interest stays up for a long time (we are speaking here of the rate of interest of a certain country, for instance England, where the average rate of interest is a fact for a certain long time, and presents itself also in the interest paid on loans for a long period, called private interest), it is an evident proof of the fact, that the rate of profit is high during this period, but it does not prove necessarily, that the rate of profits of enterprise is high. This last distinction is more or less removed for capitalists, who operate mainly with their own capital; they realise the high rate of profit, since they pay their own interest. The possibility of a high rate of interest of long duration is present when the rate of profit is high; this does not refer, however, to the phase of the actual stringency. But it is possible, that this high rate of profit may leave but a low rate of profit of enterprise, after the high rate of interest has been deducted. The rate of profit of enterprise may shrink, while the high rate of profit continues. This is possible, because the enterprises must be continued after they have once been started. During this phase operations are carried on to a large extent with a pure credit capital (capital of other people); and the high rate of profit may be speculative, prospective, in some places. A high rate of interest may be paid with a high rate of profit, while profit of enterprise is

declining. It may be paid (and this is done in part during times of speculation), not out of the profit, but out of the borrowed capital of another, and this may continue for a long time.

Secondly: The expression, that the demand for money-capital, and with it the rate of interest, grows, while the rate of profit is high, is not the same as that which is to the effect that the demand for industrial capital grows and with it the rate of interest is high.

In times of crisis the demand for loan capital, and with it the rate of interest, reach their maximum; the rate of profit, and with it the demand for industrial capital, are almost gone. In such times every one borrows only for the purpose of paying, in order to settle previously contracted obligations. On the other hand, in times of renewed activity after a crisis, loan capital is demanded for the purpose of buying, and for the purpose of transforming money-capital into productive and commodity-capital. And then it is in demand either by the industrial capitalist or the merchant. The industrial capitalist invests it in means of production and in labor-power.

The rising demand for labor-power can never be by itself a cause for a rising rate of interest, so far as this is determined by the rate of profit. A higher wage is never a cause of higher profits, although it may be one of the consequences of higher profits, in some particular phases of the industrial cycle.

The demand for labor-power may increase, because the exploitation of labor takes place under especially favorable circumstances, but the rising demand for labor-power, and thus for variable capital, does not in itself increase the profit; it rather lowers it to that extent. But the demand for variable capital may nevertheless increase with the demand for labor-power, and to that extent the demand for money-capital, and this may raise the rate of interest. The market price of labor-power then rises above its average, more than the average number of laborers are employed, and the rate of interest rises at the same time, because the demand for money-capital rises under such circumstances. The rising demand for labor-power makes this commodity dearer like any other, increases its price, but not the profit, which rests mainly upon the relative cheapness of just this commodity. But it raises under the given assumptions also the rate of interest, because it increases the demand for money-capital. If the money-capitalist, instead of loaning the money, should transform himself into an industrial capitalist, then the fact that he has to pay more for labor-power would not increase his

profit, but would rather decrease it in proportion. The constellation of conditions may be such, that his profit may rise nevertheless, but it will be in spite of the fact that he pays more for labor-power, and not because of it. This last circumstance, so far as it increases the demand for money-capital, is on the other hand sufficient to raise the rate of interest. If wages should rise for some reasons while the constellation is unfavorable, then the rise in wages would lower the rate of profit, but raise the rate of interest in proportion as it would increase the demand for money-capital.

Leaving the question of labor aside, the thing called “demand for capital” by Overstone consists only in a demand for commodities. The demand for commodities raises their price, either because it may rise above the average, or because the supply of commodities may fall below the average. If the industrial capitalist or the merchant must now pay 150 pounds sterling for the same mass of commodities for which he used to pay 100 pounds sterling, he would have to borrow 150 pounds sterling whereas he had to borrow but 100 pounds sterling formerly, and if the rate of interest were 5%, he would now have to pay  $7\frac{1}{2}$  pounds sterling of interest as against 5 pounds sterling of former times. The mass of the interest to be paid by him would rise because he now has to borrow more capital.

The whole attempt of Mr. Overstone consists in pretending that the interests of loan capital and of industrial capital are identical whereas his Bank Acts are precisely calculated to exploit the difference of these interests for the benefit of money-capital.

It is possible, that the demand for commodities, in case their supply has fallen below average, does not absorb any more money-capital than formerly. The same sum, or perhaps a smaller one, has to be paid for their total value, but a smaller quantity of use-values is received for the same sum. In this case the demand for loanable money-capital will remain the same, and the rate of interest will not rise, although the demand for commodities would have risen as compared to their supply, and consequently the price of commodities would have become higher. The rate of interest cannot be touched, unless the total demand for loan capital increases, and this is not the case under the above assumption.

The supply of an article may also fall below average, as it does in case of crop failures of corn, cotton, etc., and the demand for loan capital may increase, because the speculation in these commodities calculates on a rise in their prices and the first means of making them rise is to curtail for a

while a portion of their supply on the market. But in order to pay for the bought commodities without selling them, money is secured by means of the commercial bill system. In this case the demand for loan capital increases, and the rate of interest may rise in consequence of this attempt to prevent by artificial means the supply of this commodity to the market. The higher rate of interest expresses in that case an artificial reduction of the supply of commodity-capital.

On the other hand the demand for an article may rise, because its supply has increased and the article stands below its average price.

In this case the demand for loan-capital may remain the same or may even fall, because more commodities can be had for the same sum of money. A speculative formation of a supply might also occur, either for the purpose of taking advantage of a favorable moment for the ends of production, or in expectation of a future rise in prices. In this case the demand for loan capital might grow, and the rise in the rate of interest would then be an expression of an investment of capital in the formation of an extra supply of elements of productive capital. We consider here merely that demand for loan capital, which is influenced by the demand and supply of commodity-capital. We have explained on a previous occasion, that the changing condition of the process of reproduction in the phases of the industrial cycle has its effect upon the supply of loan capital. The trivial statement to the effect that the market rate of interest is determined by the supply and demand of (loan) capital, is shrewdly mixed up by Overstone with his own assumption, according to which loan capital is identical with capital in general, and in this way he tries to transform the usurer into the only capitalist and his capital into the only capital.

In times of stringency the demand after loan capital is a demand for means of payment and nothing else; it is by no means a demand for money as a means of payment. The rate of interest may rise very high at the same time, regardless of whether real capital, that is, productive and commodity-capital, exists in abundance or is scarce. The demand for means of payment is a mere demand for convertibility into money, to the extent that the merchants and producers can offer good security; it is a demand for money-capital in so far as it is not this other, in other words, so far as an advance of means of payment gives them not merely the form of money, but also the equivalent which they lack for making payment in whatever form. This is the point, where both sides of the current theory are right and wrong in their

opinion about crisis. Those who say that there is merely a lack of means of payment, have either the owners of bona fide securities alone in view, or they are fools who believe that it is the duty and power of banks to transform all bankrupt swindlers into solvent and solid capitalists by means of pieces of paper. Those who say that there is merely a lack of capital, are either harping on words, since in such times there is a mass of inconvertible capital in consequence of over-imports and overproduction, or they are referring only to such knights of credit as are now placed in conditions, where they cannot any longer get other people's capital for their operations, and who now demand that the bank should not only help them to pay for the lost capital, but also enable them to continue their swindling.

It is a basic principle of capitalist production, that the money, as an independent form of value, must stand opposed to commodities, or that exchange-value must assume an independent form in money, and this is possible only by making of one definite commodity the material, whose value measures all other commodities, so that it thus becomes the general commodity, the commodity par excellence as distinguished from all other commodities. This must become evident in two respects, particularly among capitalistically developed nations, who substitute other things for large masses of money, partly through credit operations, partly through credit money. In times of stringency, when credit shrinks or ceases entirely, money suddenly becomes the only means of payment and the only true existence of absolute value as opposed to all other commodities. Hence a universal depreciation of commodities, difficulty or even impossibility of transforming them into money, that is, into their own purely phantastic form. In the second place, credit money itself is but money in so far as it absolutely takes the place of actual money to the amount of its nominal value. With the export of gold its own convertibility becomes problematical, that is, its identity with actual money. Hence forcible measures, raising of the rate of interest, etc., for the purpose of safeguarding the conditions of this convertibility. This may be carried more or less to excess by mistaken legislation, resting upon false theories of money and enforced upon the nation by the interests of the money dealers, of Overstone and his like. The basis, however, is given with the basis of the mode of production itself. A depreciation of credit money (not to mention its imaginary depreciation) would unsettle all existing relations. The value of commodities is therefore sacrificed, for the purpose of safeguarding the

phantastic and independent existence of this value in money. As money-value it is secured only so long as money itself is secure. For the sake of a few millions of money many millions of commodities must therefore be sacrificed. This is inevitable under capitalist production and constitutes one of its beauties. In former modes of production this does not occur, because on the narrow basis, upon which they move, neither credit nor credit money can develop to any extent. So long as the social character of labor appears as the money-existence of commodities, and thus as a thing outside of actual production, money crises are inevitable, either independently of crises or intensifying them. On the other hand it is obvious that, so long as the credit of a bank is not shaken, it will alleviate the panic in such cases by increasing the credit money, and intensify it by contracting this money. All history of modern industry shows that metal would indeed be required only for the balancing of international commerce, whenever its equilibrium is disturbed momentarily, if only national production were properly organised. That the inland market does not need any metal even now is shown by the suspension of cash payments of the so-called national banks, that resort to this expedient whenever extreme cases require it as the sole relief.

In the case of two individuals it would be ridiculous to say that both of them have a balance of payment against one another in their mutual transactions. If they are mutually creditors and debtors of one another, it is evident that to the extent that their claims do not balance, one must be the creditor and the other the debtor for the remainder. But in the case of nations this is by no means so. And that it is not so is acknowledged by all economists through the statement, that the balance of payment may be for or against a nation, even if its balance of trade must ultimately be settled. The balance of payment differs from the balance of trade in so far as payment is a balance of trade which must be settled at a definite period. What crises accomplish is the crowding of the difference between the balance of payment and the balance of trade into a short time; and the definite conditions, which develop in the nation suffering from a crisis and facing the term when payment becomes due, carry with them such a contraction of the time of settlement. These conditions are, first the shipping away of precious metals; then the throwing away of consigned commodities; the exportation of commodities for the purpose of getting rid of them or of securing loans on them in the home market; the rising of the rate of interest, the calling in of credits, the falling of securities, the selling

out of foreign securities, the attraction of foreign capital for investment in these depreciated securities, and finally bankruptcy, which settles a mass of obligations. While this is going on, metal is often sent for some time into the country, where a crisis has broken out, because bills of exchange on it are unsafe and payment is best made in metal. This is further explained by the fact that in the case of a country like Asia all capitalist nations are generally direct or indirect debtors of it at the same time. As soon as these different circumstances exert their full effect upon the other involved nation, it likewise begins its export of gold and silver on account of the expiration of the date of payment, and the same phenomena are repeated.

In commercial credit the interest, being the credit price as distinguished from the cash price, enters only in so far into the price of commodities as the bills of exchange have a longer running time than the ordinary. Otherwise it does not. And this is explained by the fact that every one takes credit with one hand and gives it with the other. [This does not agree with my experience. F. E.] But so far as discount in this form enters into consideration here, it is not regulated by this commercial credit, but by the money-market.

If the demand and supply of money-capital, which determine the rate of interest, were identical with the demand and supply of actual capital, as Overstone maintains, then the interest would be simultaneously high or low according to different commodities, or different phases of the same commodity (raw material, partly finished product, finished product). In 1844 the rate of interest of the Bank of England fluctuated between 4% from January to September to 2½ and 3% from November to the end of the year. In 1845 it was 2½, 2¾, 3% from January to October, and between 3 and 5% during the remaining months. The average price of fair Orleans cotton was 6¼ d. in 1844 and 4 7/8 d. in 1845. On March 3, 1844, the cotton supply in Liverpool was 627,042 bales, and on March 3, 1845, it was 773,800 bales. To judge by the low price of cotton, the rate of interest should have been low in 1845, and it was indeed for the greater part of this time. But to judge by the yarn the rate of interest should have been high, for the prices were relatively and the profit absolutely high. From cotton at 4 d. per pound a yarn could be spun in 1845 with a spinning cost of 4 d. (No. 40 good second mule twist), or a total cost of 8 d. to the spinner, which he could sell in September and October 1845 at 10½ or 11½ d. per pound. (See the testimony of Wylie farther on.)

This whole question may be decided by the following considerations:

A supply and demand of loan capital would be identical with a demand and supply of capital in general (although this last phrase is absurd; for the industrial or commercial capitalist a commodity is a form of his capital, yet he never asks for capital as such, but only for this particular commodity as such, buys and sells it as a commodity, corn or cotton, regardless of the role which it has to play in the rotation of his capital), if there were no money lenders, and if in their stead the lending capitalists were in possession of machinery, raw materials, etc., which they would rent or loan just as houses are now, to the industrial capitalists, who are themselves part owners of these things. Under such circumstances the supply of loan capital would be identical with the supply of elements of production for the industrial capitalist, and of commodities for the merchant. But it is evident, that then the division of profit between the lender and borrower would depend primarily upon the proportion, in which this capital is loaned and in which it is the property of the one who employs it.

According to Mr. Weguelin (B. A. 1857) the rate of interest is determined by “the mass of unemployed capital” (252); it is “but an index of the mass of unemployed capital seeking investment” (271); later this unemployed capital becomes a “floating capital” (485) and by this he means “notes of the Bank of England and other means of circulation in the country, for instance the notes of provincial banks and the coins existing in the country....I include in the floating capital also the reserves of the banks” (502,503), and later he includes also gold bullion (503). Thus the same Mr. Weguelin says that the Bank of England has a great influence upon the rate of interest in times, when “we” (the Bank of England) actually have the greater portion of the unemployed capital in our hands (1198), while according to the above testimony of Mr. Overstone the Bank of England “is no place for capital.” Mr. Weguelin further says: “In my opinion the rate of discount is regulated by the quantity of the unemployed capital in the country. The quantity of unemployed capital is represented by the reserve of the Bank of England, which is in fact a metal reserve. Hence when the metal hoard is reduced, it reduces the quantity of unemployed capital in the country and consequently raises the value of the remaining quantity.” (1258.) J. Stuart Mill says, 1102: “The Bank is compelled, in order to keep its banking department solvent, to do its utmost to fill the reserve of this department, hence as soon as it finds that a drain begins, it must secure its

reserve and either reduce its discounts or sell securities.” — The reserve, so far as only the banking department is concerned, is a reserve for the deposits only. According to the Overstones the banking department is supposed to act only as a banker, without regard to any “automatic” issue of notes. But in times of actual stringency this institution, independently of the reserve of the banking department, which consists only of notes, keeps a sharp eye on the metal reserve, and must do so, if it would not fail. For in proportion as the metal reserve dwindles, disappears also the reserve of bank notes, and no one should know this better than Mr. Overstone, who has so wisely arranged this by his Bank Acts of 1844.

## CHAPTER XXXIII. THE CURRENCY UNDER THE CREDIT SYSTEM.

“THE great regulator of the velocity of circulation is credit. This explains, why a sharp stringency in the money-market generally coincides with a full circulation.” (The Currency Question Reviewed, .) This is to be taken in a double sense. On one hand all methods, which save currency, are based upon credit. On the other hand, take, for instance, a 500 pound note. A gives it today to B in payment for a bill of exchange; B deposits it on the same day in his bank; his banker discounts with it on the same day a bill of exchange for C; C pays it to his bank, the bank gives it to the bill broker as a loan, etc. The velocity with which this note circulates here in purchases and sales is promoted by the velocity with which it always returns to some one in the form of a deposit and passes over to some one else in the form of a loan. The mere economising of the currency appears most highly developed in the Clearing House, the mere exchange of due bills of exchange, and the function of money preferentially as a means of payment for balancing mere remainders. But the existence of these bills rests itself upon credit, which the industrials and merchants mutually give to each other: If this credit declines, so does the number of bills, particularly of long time ones, and consequently also the effectiveness of this method of balancing accounts. And this economy, which consists in the elimination of money from the transactions, and which rests entirely upon the function of money as a means of payment, which in its turn rests again upon credit, can be only of two kinds (aside from the more or less developed technique in the concentration of these payments): Mutual claims of indebtedness, represented by bills of exchange or checks, are balanced either by the same banker, who merely transcribes the claim from the account of one to that of another, or by different bankers squaring accounts against each other.<sup>103</sup>

The concentration of 8 to 10 million bills of exchange in the hands of one bill broker, such as the firm of Overend, Gurney & Co., was one of the principal means of expanding the scale of these balances locally. By this economy the effectiveness of the currency is increased, so far as a smaller quantity of it is required for the mere balancing of accounts. On the other hand the velocity of the money circulating as currency (by which it is

likewise economised) depends entirely upon the flow of purchases and sales, or also on the concatenation of payments, so far as they are made successively in money. But credit promotes and increases the velocity of currency. A single piece of money, for instance, may perform only five rotations, and remains for a certain time in each hand, as a mere medium of circulation, without the intervention of credit, when A, its original owner, buys from B, then B from C, then C from D, then D from E, then E from F, that is, when its transition from one hand to another is due only to actual sales and purchases. But when B deposits the money received from A in his bank and his banker issues it in the discounting of bills to C, and he buys from D, and D deposits it in his bank, and his banker lends it to E, who buys from F, then even its velocity as a mere medium of circulation (means of purchase) is promoted by several credit operations: the depositing of this money by B in his bank, the discounting of his banker for C, the depositing of D in his bank, and the discounting of this banker for E; four credit operations. Without these credit operations the same piece of money would not have performed five purchases successively in a given time. The fact that it changed hands without the promotion of actual sales and purchases, by deposits and discounts, has here accelerated its change of hands in the series of actual transactions.

We have seen previously, that one and the same bank note may be a deposit in different banks. It may also form different deposits in the same bank. The banker discounts with the note, which A has deposited, the bill of B, and B pays it over to C, who deposits the same note in the same bank that issued it.

We have already demonstrated in the discussion of the simple circulation of commodities (Volume I, Chapter III, 2), that the mass of the actually circulating money, assuming the velocity of currency and the economy of payments to be given, is determined by the prices of commodities and the mass of transactions. The same law rules the circulation of notes.

In the following table, the annual averages of the notes of the Bank of England are set down, so far as they were in the hands of the public, namely the amounts of 5 and 10 pound notes, those of 20 to 100 pound notes, and those of the larger notes between 200 and 1000 pounds sterling; together with the percentages of the total circulation supplied by each one of these classes. The amounts stand for thousands, the last three figures being left out.

5-10 P.	20-100	200-1000	YEARNOTES%P.	NOTES%P.
NOTES%TOTALS			18449,26345.75,73528.35,25326.020,241	
18459,69846.96,08229.34,94228.620,723				
18469,91848.95,77128.54,59022.620,286				

18479,59150.15,49828.74,06621.219,155  
18488,73248.35,04627.94,30723.818,085  
18498,69247.25,23428.54,77724.318,403  
18509,16447.25,58728.84,64624.019,398  
18519,36248.85,55428.54,55723.419,473  
18529,83945.06,16128.25,85626.821,856  
185310,69947.36,39328.25,54124.522,653  
185410,36351.05,91028.54,23420.520,709  
185510,62853.65,70628.93,45917.519,793  
185610,68054.45,64528.73,32416.919,648  
185710,65954.75,56728.63,24116.719,467

(B. A. 1858, p. I, II.) The total mass of circulating bank notes has, therefore, positively decreased from 1844 to 1857, although the commercial business had more than doubled, as indicated by exports and imports. The smaller bank notes of 5 and 10 pounds sterling increased, as the table shows, from 9,263,000 in 1844 to 10,659,000 pounds sterling in 1857. And this took place simultaneously with the very heavy increase in the gold circulation of that time. On the other hand, there was a decrease of the notes of higher denominations (200 to 1000 pounds sterling) from 5,856,000 in 1852 to 3,241,000 pounds sterling in 1857, a decrease of more than 2½ millions. This is explained as follows: “On June 8, 1854, the private bankers of London permitted the stock banks to take part in the erection of the Clearing House, and soon after that the final clearing was established in the Bank of England. The daily balances were settled by transcribing them on the accounts, which the different banks keep in the Bank of England. By the introduction of this system the notes of high denomination, which the banks formerly used for balancing their mutual accounts, have become superfluous.” (B. A. 1858, p. V.)

To what a small minimum the use of money in wholesale trade has been reduced, may be seen in the table published in Volume I, Chapter III, page 157, footnote 1, which was furnished to the Committee on Bank Acts by

Morrison Dillon & Co., one of the largest of those London firms, from whom a small dealer can buy his entire stock of commodities of all kinds.

According to the testimony of W. Newmarch before the B. A. 1857, No. 1741, still other circumstances contributed to the economy in currency: The penny postage, the railroads, the telegraphs, in short, the improved means of communication; so that England can now carry on a five to six times larger business with about the same circulation of bank notes. It is also declared to be due to a marked degree to the withdrawal of the notes of a higher denomination than 10 pounds sterling from the circulation. This appears to him as a natural explanation for the fact that in Scotland and Ireland, where also one pound notes circulate, the circulation of notes has risen by about 31% (1747). The total circulation of bank notes in the United Kingdom, including the one pound notes, is said to be 39 millions (1749). The gold circulation 70 millions (1750). In Scotland the circulation of notes was 3,120,000 pounds sterling in 1834; 3,020,000 pounds sterling in 1844; and 4,050,000 pounds sterling in 1854 (1752).

From these facts alone it is evident, that it lies by no means with the banks issuing notes to increase the number of circulating notes, so long as these notes are at all times exchangeable for money. [Inconvertible bank notes are not taken into consideration at all here; inconvertible bank notes can become universal means of circulation only under conditions, in which they are actually backed up by national credit, as is the case of Russia at present. In that case they fall under the laws of the inconvertible national paper money, which have been developed already in Volume I, Chapter III, 2, c, Coin and Symbols of Value. — F. E.]

The quantity of circulating notes is regulated by the requirements of commerce, and every superfluous note wanders back immediately to the issuing party. Since in England only the notes of the Bank of England circulate universally as the legal means of payment, we may neglect at this point the slight and merely local circulation of the provincial banks.

In B. A. 1858 Mr. Neave, Governor of the Bank of England testifies: No. 947. Question: “Whatever measures you may take, the amount of notes, you say, remains the same, that is, about 20 million pounds sterling?” — Answer: “In ordinary times the wants of the public seem to require about 20 million pounds sterling.” — At certain periodically recurring times each year this is increased by one or one and half millions. If the public needs more, they can always, as I said, get them from the Bank of England.” —

948. “You said that during the panic the public did not want to allow you to reduce the amount of the notes; will you state your reasons?”— “In times of panic the public, it seems to me, has full power to secure notes; and of course, so long as the Bank has any obligation, the public can take notes from the Bank on this obligation.” — 949. “It seems, then, that at all times about 20 million notes of the Bank of England are required?”— “20 million notes in the hands of the public; it changes. It is 18½, 19, 20 millions, etc.; but on an average you may say 19-20 millions.”

Testimony of Thomas Tooke before the Committee of Lords on Commercial Distress (C. D. 1848-57) No. 3094: “The Bank has no power to expand the amount of its notes in the hands of the public at its own arbitrary will; it has the power to reduce the amount of notes in the hands of the public, but only by means of a very forcible operation.”

J. C. Wright, for 30 years a banker in Nottingham, having explained at length the impossibility, that a provincial bank should be able to set more notes into circulation than the public needs, says of the notes of the Bank of England: (C. D. 1848-57) No. 2844: “I know of no limit” (for the issue of notes) “for the Bank of England, but every surplus of the circulation will pass over into the deposits and thus assume another form.”

The same holds good for Scotland, where almost nothing but paper circulates, because there as well as in Ireland one pound notes are also in vogue and “the Scotch hate gold.” Kennedy, Director of a Scotch bank, declares that banks cannot even contract their circulation of notes, and is “of opinion that, so long as inland transactions require notes or gold in order to be carried on, the bankers must furnish as much currency as these transactions need — either on demand of their depositors or otherwise....The Scotch banks can contract their business, but they cannot exert any control over their issue of notes.” (Ibidem, No. 3446-48.) In like manner Anderson, Director of the Union Bank of Scotland, answers question No. 3678, asked ibidem: “Does the system of mutually exchanging notes” [among the Scotch banks] “prevent an overissue of notes on the part of the individual bank?”— “Yes; but we have a more effective means than the exchange of notes” [which has really nothing to do with this, but does indeed guarantee the ability of the notes of each bank to circulate throughout all of Scotland], “and that is the general custom in Scotland of keeping a bank account; every one who has any money at all has also an account in some bank and turns in daily all the money which he does not

need immediately for himself, so that at the end of every business day all the money is in the banks, except what each carries in his pockets.”

The same applies to Ireland, as shown by the testimony of the Governor of the Bank of Ireland, MacDonnell, and the Director of the Provincial Bank of England, Murray, before the same Committee.

The circulation of notes is just as independent of the state of the gold reserve in the cellars of the bank, which guarantees the convertibility of these notes, as it is of the will of the Bank of England. “On September 18, 1846, the circulation of the notes of the Bank of England was 20,900,000 pounds sterling and its metal reserve was 16,273,000 pounds sterling; on April 5, 1847, the circulation was 20,815,000 pounds sterling and the metal reserve was 10,246,000 pounds sterling. Hence no contraction of the currency took place in spite of the export of 6 million pounds sterling of precious metal.” (J. G. Kinnear, *The Crisis and the Currency*, London, 1847, .) Of course, this applies only to the conditions which prevail in England at present, and even there only so far as legislation does not decide differently concerning the relation between the issue of notes and the metal reserve.

Hence only the requirements of business itself exert an influence on the quantity of circulating money — notes and gold. In the first instance the periodical fluctuations, which repeat themselves every year, should be noted here, regardless of the general condition of business, so that for 20 years “in a certain month the circulation is high, in another low, and in a third definite month a middle point occurs.” (Newmarch, B. A. 1857, No. 1650.)

For instance, in August of every year a few millions, generally in gold, pass from the Bank of England into inland circulation, in order to pay the expenses of the harvest; since the principal payments to be made here are wages, bank notes are less serviceable in England for this purpose. By the close of the year this money has returned to the Bank. In Scotland there are almost nothing but one pound notes instead of Sovereigns; in this case, then, it is the circulation of notes which is expanded during the aforesaid term, and at another, that is, twice a year, in May and November, by about 3 or 4 millions; within fourteen days the reflux begins, and it is almost completed in one month. (Anderson, l. c., No., 3595-3600.)

The circulation of the notes of the Bank of England also experiences every quarter a momentary fluctuation on account of the quarterly payment of the “dividends,” that is, the interest on the national debt by which bank

notes are first withdrawn from circulation and then once more distributed between the public. But they return very soon. Weguelin (B. A. 1857, No. 38) states that this fluctuation of the circulation of notes amounts to two and half millions. Mr. Chapman of the notorious firm of Overend, Gurney & Co., however, calculates the disturbance created by this fluctuation in the money market at a far higher figure. "If you take 6 or 7 millions for taxes out of the circulation, for the purpose of paying dividends with them, there must be somebody, who places this amount within reach in the meantime." (B. A. 1857, No. 5196.)

Far more considerable and lasting are the fluctuations in the amount of the currency corresponding to the various phases of the industrial cycle. Let us listen to another member of that firm, the worthy Quaker Samuel Gurney (C. D. 1848-57, No. 2645): "At the end of October (1847) there were 20,800,000 pounds sterling in notes in the hands of the public. At that time a great difficulty prevailed in the matter of securing bank notes in the money market. This arose from the general apprehension that it would not be possible to secure them on account of the limitation of the Bank Acts of 1844. At present [March, 1848] the amount of bank notes in the hands of the public is...17,700,000 pounds sterling, but as there is no commercial alarm now, this is much more than is needed. There is no banker or no money dealer in London, who has not more bank notes than he can use." — 2650. "The amount of bank notes...out side of the keeping of the Bank of England forms a totally inadequate exponent of the actual state of the circulation, unless one considers at the same time...the condition of the commercial world and of credit." — 2651. "The feeling that we have a surplus at the present amount of currency in the hands of the public arises to a large degree from our present condition of great stagnation. With high prices and a brisk business 17,700,000 pounds sterling would give us a feeling of shortness."

[So long as the condition of business is such, that the returns on the loans given come in regularly and credit remains unshaken, the expansion and contraction of the currency depends simply upon the requirements of the industrials and merchants. Since gold does not enter into consideration in the wholesale trade, at least in England, and the circulation of gold aside from the fluctuations with the seasons, may be regarded as a rather constant magnitude for a long time, the circulation of the notes of the Bank of

England forms a sufficiently accurate measure of these changes. In a dull period after a crisis the circulation is smallest, with the reanimation of the demand comes also a greater demand for currency, which increases with the rising prosperity; the quantity of currency reaches its culminating point in the period of overtension and overspeculation — suddenly the crisis breaks out and over night the bank notes, yesterday still so plentiful, have disappeared from the market and with them the discounters of bills, the lenders of money on securities, the buyers of commodities. The Bank of England is called on for help — but even its powers are soon exhausted, the Bank Act of 1844 compels it to contract its circulation of notes at the very moment when all the world cries out for notes, when the owners of commodities cannot sell and yet are supposed to pay and are ready to make any sacrifice, if they can only secure bank notes. “During the alarm,” says the abovementioned banker Wright, l. c. No. 2930, “the country needs twice as much currency as in ordinary times, because the medium of circulation is stored up by bankers and others.”

As soon as the crisis breaks out, it is henceforth only a question of means of payment. But since every one is dependent upon the other for the coming in of these means of payment, and no one knows whether the other will be able to meet his payments when due, a stampede takes place for the means of payment available on the market, that is, the bank notes. Every one accumulates as many of them as he can secure, and thus the notes disappear from the circulation on the very day when they are needed most. Samuel Gurney (C. D. 1848-57, No. 1116) states that the amount of bank notes brought under lock and key in a moment of such terror in October 1847 to have been 4 to 5 million pounds sterling. — F. E.]

In this connection, a special interest attaches to the cross-examination of the associate of Gurney, the aforementioned Chapman, before the B. A. of 1857. I reproduce its principal contents summarily, although it touches also upon certain other points, which we shall have to analyse later.

Mr. Chapman has the following to say:

4963. “I do not hesitate to say, that I do not consider it right, that the money market should be in the power of any one individual capitalist (such as exist in London), who can create an enormous scarcity of money and a stringency, when the circulation just happens to be low....That is possible...there is more than one capitalist, who can take notes to the

amount of one or two million pounds sterling out of the currency, when it suits his purpose.” — 4995. A great speculator can sell one or two million pounds worth of consols and thus take the money out of the market. Something similar to this has happened quite recently, “it creates a very violent crisis.” —

4967. The notes are then indeed unproductive. “But that is nothing, when it serves a great purpose; its great purpose is to throw down the prices of funds, to create a money stringency, and to do that is quite within his power.” — An illustration: One morning there was a great demand for money in the Money Exchange; nobody knew its cause; somebody asked Chapman to lend him 50,000 pounds sterling at 7%. Chapman was astonished, his rate of interest was much lower; he accepted. Soon after that the man returned, took up another 50,000 pounds sterling at 7½%, then, 100,000 at 8%, and wanted still more at 8½%. Then even Chapman became frightened. Later it was found out that suddenly a considerable sum of money had been withdrawn from the market. But, says Chapman, “nevertheless I had loaned out a considerable amount of money at 8%; I was afraid to go farther; I did not know what was coming.”

It must not be forgotten, that, although 19 to 20 millions in notes are continually supposed to be in the hands of the public, nevertheless that portion of notes, which actually circulates, and on the other hand that portion, which is held unemployed by the banks as a reserve, continually differ considerably from one another. If this reserve is large, and therefore the actual circulation small, it means from the point of view of the money-market, that the circulation is full, money is plentiful; if the reserve is small, and the actual circulation full, then the language of the money-market says that the circulation is low, money is scarce, that is to say, the portion representing unemployed loan capital is small. A real expansion or contraction of the circulation in such a way, that it remains independent of the phases of the industrial cycle and leaves unchanged the amount needed by the public, occurs only for technical reasons, for instance, on the dates when taxes are due or the interest on a national debt. When taxes are paid, notes and gold beyond the ordinary amount flow into the Bank of England and practically contract the circulation without regard to its needs. The reverse takes place when the interest on the national debt is paid. In the first case, loans are demanded from the bank in order to secure currency. In the last case, the rate of interest falls in the private banks on account of the

momentary growth of their reserves. This has nothing to do with the absolute mass of currency, but only with the banking firm that sets this currency into circulation, and for whom this process represents itself as a loaning of loan capital, the profit of which it pockets.

In the one case there is a temporary displacement of the circulating medium, which the Bank of England balances by short loans at low interest shortly before the quarterly taxes or the quarterly dividends on the national debt become due; The issue of these supernumerary notes first fills up the gap caused by the payment of the taxes, while their return to the bank soon after brings back the excess of notes thrown into circulation by the payment of dividends to the public.

In the other case a low or full circulation means simply a different distribution of the same mass of currency into active circulation and deposits, which serve as an instrument of loans.

On the other hand, if the number of notes is increased by a flow of gold into the Bank of England, then these notes assist in the discounting of bills outside of the bank and return to it by the payment of loans, so that the absolute mass of the circulating notes is but momentarily increased.

If the circulation is full on account of the expansion of business (which may take place even though prices be relatively low), then the rate of interest may be relatively high on account of the demand for loan capital in consequence of rising profits and increased new investments. If it is low, on account of the contraction of business, or, perhaps, on account of a great fluidity of credit, then the rate of interest may be low even though prices be high. (See Hubbard.)

The absolute quantity of the circulation has a determining influence on the rate of interest only in times of stringency. The demand for a full circulation may either express merely a demand for means of hoarding (aside from the reduced velocity of the circulation of money and that of the conversion of the same identical pieces of money into loan capital) owing to lack of credit, as was the case in 1847, when the suspension of the Bank Acts did not cause any expansion of the circulation, but sufficed to draw forth the hoarded notes and to throw them into circulation. Or it may be that more means of circulation are actually required under prevailing circumstances, as was the case in 1857, when the circulation actually expanded for some time after the suspension of the Bank Acts.

Otherwise the absolute mass of the circulation has no influence upon the rate of interest, since the circulation, assuming the economy and velocity of the currency to be constant, is determined in the first place by the prices of commodities and the mass of the transactions (one of these elements generally paralysing the action of the other), and in the second place by the state of credit, whereas it does not by any means exert any reverse influence on the state of credit; and, finally, since the prices of commodities and interest have not necessarily any connection with each other.

During the Bank Restriction Act (1797-1820) there was a superfluity of currency, the rate of interest was always much higher than it became since cash payments were resumed. Later it fell rapidly with the restriction of the issue of notes and rising quotations of bills. In 1822, 1823, and 1832 the general circulation was low, and so was the rate of interest. In 1824, 1825, and 1836 the circulation was full and the rate of interest rose. In the summer of 1830 the circulation was full, the rate of interest low. Since the discoveries of gold the gold circulation of all Europe has expanded, the rate of interest risen. The rate of interest, then, does not depend upon the quantity of the circulating money.

The difference between the issue of currency and loans of capital is best shown in the real process of reproduction. We have seen, there (Volume II, Part III), in what manner the different component parts of the production are exchanged for one another. For instance, the variable capital consists substantially of the means of subsistence of the laborers, a portion of their own product. But this is paid over to them piecemeal in money. The capitalist has to advance this, and it depends very much on the organization of the credit system, whether he can pay out the new variable capital next week with the old money, which he paid out last week. The same holds good with regard to the acts of exchange between the different component parts of the total social capital, for instance, between the articles of consumption and the means of production of articles of consumption. The money for their circulation must, as we have seen, be advanced by one or both of the exchanging parties. It remains thereupon in the circulation, but returns after the consummation of the exchange always to him who advanced it, since it had been advanced by him in excess of his actually employed industrial capital (Volume II, Chapter XX.). Under a developed credit system, when the money is concentrated in the hands of the banks, it is they, at least nominally, who advance it. This advance refers only to the

money existing in circulation. It is an advance of currency, not of the capitals, which the credit system circulates.

Chapman 5062. “There may be times, when the bank notes in the hands of the public constitute a very large amount, and yet none may be had.” Money exists also during a panic. But every one takes good care not to convert it into loanable capital; every one holds on to it for the purpose of meeting real payments.

5099. “The banks in the rural districts send their unemployed surplus to you and other London firms?”— “Yes.” — 5100. “On the other hand, the factory districts of Lancashire and Yorkshire have bills of exchange discounted by you for business purposes?”— “Yes.” — 5101. “So that in this way the superfluous money of a certain district is utilised for the requirements of another district?”— “Quite right.”

Chapman says that the custom of the banks to invest their surplus money-capital for a short time in consols and treasury notes has decreased considerably of late, since the custom has been introduced to loan this money at call, reclaimable from day to day. For his own person he considers the purchase of such papers as very impracticable for his business. He prefers to invest his surplus money-capital in good bills of exchange, a part of which becomes due every day, so that he can always be sure of knowing how much ready money he can count on from day to day. [5001 to 5005.]

Even the growth of exports assumes more and more for every country, but particularly for the country granting the credit, the aspect of an increasing demand on the inland money-market, which is not felt, however, until the time of stringency. In times of increasing exports the manufacturers usually draw bills of exchange of long duration on the export merchant who receives consignments of British goods. (5126.) — 5127. “It is not frequently the case, that an agreement exists, to renew these bills from time to time?” — [Chapman:] “This is a matter which they keep secret; we should not admit any such bills....It may surely take place, but I cannot say anything about this.” [The innocent Chapman.] 5123. “When a great increase takes place in the exports, such as that of last year which alone amounted to 20 million pounds sterling, does not that in itself lead to a large demand for capital in order to discount bills representing these exports?”— “Undoubtedly.” — 5130. “Since England as a rule gives credit to foreign countries for all its exports, would not that imply the absorption of a corresponding additional capital for the time it lasts?”— “England

gives an enormous credit; but in return it takes credit for its raw materials. Drafts as are made out against us by America always for sixty days, and by other countries for ninety days. On the other hand we give credit; when sending goods to Germany, we give two or three months.”

Wilson asks Chapman (5131), whether bills on England are not drawn simultaneously with the loading of these raw materials and colonial goods destined for importation, and whether these bills do not arrive together with the bills of lading. Chapman thinks so, but does not know anything about these “commercial” transactions, and suggests that more expert men be asked. — In the export to America, says Chapman, the “commodities are symbolised in transit”; this gibberish signifies that the English export merchant draws against his goods on one of the great American banking firms in London by means of a bill of exchange running for four months, and this firm receives collateral from America.

5136. “Are not negotiations with far distant countries carried on by the merchant, who waits for his capital until the goods are sold?”— “There may be some firms of great private wealth, who are able to invest their own capital without taking advances on goods; but these goods are mainly transformed into advances by the endorsement of well known firms. — 5137. “These firms are established in...London, Liverpool, and elsewhere.” — 5138. “It makes no difference, then, whether the manufacturer has to give up his own money, or whether he gets some merchant in London or Liverpool to advance it; it always remains an advance made in England?”— “Quite right. The manufacturer has to do with this only in a few cases” [but in 1847 in almost every case]. “For instance, a dealer in manufactured goods, in Manchester, buys commodities and ships them through a responsible firm in London; as soon as the London firm has convinced itself, that everything has been packed as per agreement, he draws a bill running for six months on this London firm against these commodities bound for India, China, or some other country; then the banking world comes in and discounts this bill for him; so that about the time, when he has to pay for these commodities...” — 5139. “But even if this dealer now has the money, the banker had to advance it to him first?”— “The banker has the bill of exchange; the banker has bought the bill; he utilises his banking capital in this form, that is in the discounting of commercial bills.” [Hence even Chapman does not regard the discounting of bills as an advance of money, but as a purchase of commodities. — F. E.] — 5140. “But still this

constitutes always a part of the demands on the money-market in London?”— “Undoubtedly; this is the essential occupation of the money-market and of the Bank of England. The Bank of England is just as glad to get these bills as we, it knows that they are a good investment.” — 5141. “In this way, in proportion as the export business grows, the demand in the money-market grows likewise?”— “In proportion as the prosperity of the country grows, we” [the Chapmans] “partake in it.” — 5142. “If, then, the various fields of investment of capital expand suddenly, the natural consequence is a rise of the rate of interest?”— “There is no doubt of it.”

In 5143 Chapman cannot “quite understand, that with our large exports we had so much use for gold.”

In 5144 the venerable Wilson asks: “Cannot it be that we are giving more credit on our exports than we are taking on our imports?”— “For myself, I should doubt this point. If any one gets accepts on his Manchester goods shipped to India, you cannot accept for less than ten months. We had, and this is quite certain, to pay America for its cotton some time before India paid us; but what effect this has, to analyse that is a very fine point.” — 5145. “When we, as we did last year, had an increase in the exports of manufactured goods to the amount of 20 million pounds sterling, we must have had before that a very considerable increase in the imports of raw materials” [and even in this way overexports are identical with overimports, and overproduction with over-commerce] “in order to produce this increased quantity of goods?”— “Undoubtedly; we must have had a very considerable balance to pay; that is, the balance must have been against us at the time, but in the long run the quotations of bills of exchange with America are in our favor, and we have received for some time large shipments of precious metals from America.”

5148. Wilson asks the arch usurer Chapman, whether he does not regard his high interest as a sign of great prosperity and a high rate of profit. Chapman, evidently surprised at the naïveté of this sycophant, assents to this, of course, but is sincere enough to add the following clause: “There are some, who cannot help themselves in any other way; they have obligations to fulfill, and they must fulfill them, whether it be profitable or not; but if it lasts” [the high rate of interest] “it would indicate prosperity.” — Both of them forget that a high rate of interest may also indicate that, as it did in 1857, the roving knights of credit are infesting the country, and that these gentlemen can afford to pay a high interest, because they pay it out of other

people's pockets (whereby they take part in the fixing of the rate of interest for all others) and meanwhile live in grand style on anticipated profits. At the same time this may indeed result in a very profitable business for manufacturers and others. The returns become wholly deceptive by the loan system. This explains also the following statements, which require no explanation so far as the Bank of England is concerned, because it discounts at a lower rate than others when the rate of interest is high.

5156. "I may well say," says Chapman, "that the amounts of our discounts are at their maximum at the present, when we had a high rate of interest for such a long time." [Chapman said this on July 21, 1857, a few months before the crash.] — 5157. "In 1852" [when the rate of interest was low] "they were not so high by far." For the business was indeed a great deal sounder then.

5159. "If the market were overflowing with money...and the banking discount low, we should have a decrease of bills of exchange....In 1852 we were in an entirely different phase. The exports and imports of the country were then nothing as compared to the present." — 5161. "Under this high rate of discount our discounting business is as high as in 1854." [When the rate of interest was from 5 to 5½%.]

Very amusing is that part of the testimony of Chapman, in which he shows that his class regard the money of the public indeed as their property and pretend to have a right to having the bills discounted by them always converted. The ingenuousness of the questions and answers is great. It becomes the duty of legislation to make the bills accepted by large firms always convertible; to take pains that the Bank of England should under all circumstances continue to give discount to the bill brokers. And yet three of these bill brokers failed in 1857 for about 8 millions, while their own capital was infinitesimal compared to their debts. — 5177. "Do you mean to say by this that in your opinion they" [that is bills accepted by the Barings or Loyds] "should be convertible by compulsion, in the way that a note of the Bank of England is now convertible into gold by compulsion?" — "I am of the opinion, that it would be a very lamentable thing, if it were not discountable; a very extraordinary situation, that a man would have to suspend payment, because he holds accepts by Smith, Payne & Co., to Jones, Loyd & Co., and cannot discount them." — 5178. "Is not an accept of the Barings an obligation, to pay a certain amount of money when the bill becomes due?" — "That is quite right; but Messrs. Baring, if they undertake

such an obligation, like every merchant who accepts such an obligation, do not dream in the least that they shall have to pay in Sovereigns; they figure on paying in the Clearing House.” — 5180. “Do you mean, then, that a sort of machinery should be thought out, by means of which the public would be empowered to receive money before the bill becomes due, by having somebody else discount it?”— “No, not by the accepting party; but if you mean to say that we shall not have the possibility to have commercial bills discounted, then we must change the whole constitution of things.” — 5182. “You believe, then, that it” [a commercial bill] “should be convertible into money, exactly like a note of the Bank of England must be convertible into gold?”— “Very decidedly, under certain circumstances.” — 5184. “You believe, then, that the institutions of currency should be arranged in such a way that a commercial bill of undoubted solidity should at all times be convertible in money like a bank note?”— “That I believe.” — 5185. “You do not go so far as to say either the Bank of England or anybody else should be compelled by law to convert it?”— “I go indeed so far as to say that if we make a law for the regulation of the currency, we should take steps to prevent the possibility of inland commercial bills becoming inconvertible, to the extent that such bills are undoubtedly solid and legitimate.” — This is the convertibility of the commercial bill against the convertibility of bank notes.

5189. “The money dealers of the country represent in fact only the public.” — So did Mr. Chapman later before the jury in the Davison case. See the Great City Frauds.

5196. “During the quarterly terms” [when the dividends are paid] “it is...absolutely necessary, that we should turn to the Bank of England. If you take 6 or 7 millions out of the revenue of the state in anticipation of the dividends, somebody must be there, who will in the meantime advance this amount.” — [In this case it is a question of a supply of money, not of capital or loan capital.]

5169. “Every one familiar with our commercial world must know that if we are in such circumstances that treasury notes become unsalable, that obligations of the East Indian Company are completely useless, that the best commercial bills cannot be discounted, a great apprehension must reign among those whose business places them in a position where they must make payment immediately on simple demand in customary currency, and this is the case with all bankers. The effect of this is then that everybody

doubles his reserves. Now just look what the effect of this is in the whole country, when every country banker, of whom there are about 500, has to instruct his London correspondent to remit to him 5,000 pounds sterling in bank notes. Even if we take such a small amount as this for an average, which is quite absurd, we arrive at 2½ million pounds sterling, which are withdrawn from circulation. How are they to be replaced?"

On the other hand the private capitalists, etc., who have money do not care to let go of it at any interest, for they say, according to Chapman, 5194: "We prefer to have no interest at all rather than to be in doubt, whether we can get the money when we need it."

5173. "Our system is this: We have 300 million pounds sterling worth of obligations, the payment of which in coin of the realm may be demanded at any moment; and this coin of the realm, if we use all of it for this purpose, amounts to 23 million pounds sterling, or thereabout; is not that a condition, which may throw us into convulsions at any moment?" Hence we have in times of crisis the sudden change of the credit system into a monetary system.

Aside from the panic in the home market during crises, there can be any mention of the quantity of money only in so far as it concerns metal, which is the world money. And this is precisely what Chapman excludes; he speaks only of 23 millions in bank notes.

The same Chapman, 5218. "The original cause of the disturbance of the money-market" [in April and later in October] "was undoubtedly in the quantity of money required for the regulation of the quotations of bills of exchange, in consequence of the extraordinary imports of the year."

In the first place, this reserve of world market money had then been reduced to its minimum. In the second place it served at the same time as a security for the convertibility of the credit money, the bank notes. It combined in this way two quite different functions, which, however, proceed both of them from the nature of money, since real money is always world money, and the credit money always rests upon the world money.

In 1847, without the suspension of the Bank Acts of 1844, "the Clearing Houses could not have carried on their business." (5221.)

That Chapman nevertheless had a suspicion of the coming crisis, is shown by the following statement: 5236. "There are certain conditions of the money-market (and the present one is not far removed from that), in which money is very difficult, and one has to have recourse to a bank."

5239. “As for the amounts taken by us out of the bank on Friday, Saturday and Monday, October 19, 1847, we should have been only too grateful on the following Wednesday, if we could have gotten back the bills of exchange; the money returned to us immediately after the panic was over.” — On Tuesday, October 23, the Bank Acts were suspended, and this broke the crisis.

Chapman believes (5274) that the bills running simultaneously on London amounted to 100 or 120 million pounds sterling. This did not include the local bills on provincial places.

5287. “While in October, 1856, the amount of the notes in the hands of the public rose to 21,155,000 pounds sterling, there was nevertheless a very extraordinary difficulty in raising money; although the public had so much in its hands, we could not get our fingers on it.” — This was due to the fear, caused by the panic, in which the Eastern Bank found itself for a time (March 1856).

5190-92. As soon as the panic is over, “all bankers who make their profits out of interest begin at once to employ their money.”

5302. Chapman does not explain the unrest going with the decrease of the bank reserve out of the apprehension concerning the deposits, but attributes it to the fact that all those, who suddenly may be compelled to pay large sums of money, know very well that they may be driven to seek their last refuge in the bank, when a panic seizes the money-market; and “when the bank has a very small reserve, it is not glad to receive us; on the contrary.”

By the way it is nice to observe the way in which the reserve dwindles away as a really existing magnitude. The bankers keep a minimum for their current business either in their own hands or with the Bank of England. The bill brokers hold the “loose bank money of the country” without any reserve. And the Bank of England has nothing to offset its debt for deposits but the reserves of bankers and others, together with some public deposits, etc., which it permits to be drained to its very lowest level, for instance to 2 millions. Aside from these 2 millions of paper, then, this whole swindle has no other reserve but the metal reserve in times of crisis (and this reduces the reserve, because the notes, which come in to replace outgoing metal, must be annulled), and thus every reduction of this reserve by the expenditure of gold increases the crisis.

5306. "If no money were available to settle the balances in the Clearing House, I do not see that we could do anything else but to come together and make our payments in first drafts, checks on the Treasury Department, Smith, Payne & Co., etc." — 5307. "That is to say, if the government should fail to supply you with means of circulation, you would create one for yourself?" — "What are we going to do? The public comes in and takes the circulating medium out of our hands; it does not exist." — 5308. "Then you would simply do in London what is done in Manchester every day?" — "Yes."

Particularly good is the reply of Chapman to a question asked by Cayley, a Birmingham man of the Attwood school, with regard to Overstone's conception of capital. 5315. "It has been stated before this Committee, that it is not money, but capital, which is demanded in a panic like that of 1847; what is your opinion on this?" — "I do not understand you; we deal only in money; I don't understand what you mean." — 5316. "If you mean thereby" [namely by commercial capital] "the mass of money belonging to himself, which a man has in his business, if you call that capital, it forms generally a very small part of the money, with which he operates in his transactions by means of the credit given to him by the public" — that is, by the intervention of the Chapmans.

5339. "Is it from lack of wealth that we suspend our cash payments? — By no means...We have no lack of wealth, but we move under a most artificial system, and when we have an immense superincumbent demand for our medium of circulation, it may lead to conditions, which prevent us from securing this medium of circulation. Should the entire commercial industry of the country be laid lame on this account? Should we close all avenues of employment? — 5338. "Should the question be asked, what we want to maintain, whether the cash payments or the industry of the country, I know which of the two I should drop."

Concerning the hoarding of bank notes "with the intention of intensifying the panic, or drawing advantages from its results" he says that this may be done easily. Three large banks would be sufficient. 5383. "Should it not be known to you, a man familiar with the great firms of our metropolis, that capitalists utilise these crises to make enormous profits out of the ruin of those, who fall victims?" — "There can be no doubt of it." — And we may well believe Mr. Chapman on this score, although he finally broke his own neck in the attempt of making "enormous profits out of the

ruin of his victims.” For while his associate Gurney says “Every change in business is advantageous for him who is posted,” Chapman says: “The one portion of society knows nothing about the other; there is, for instance, the manufacturer, who exports to the continent, or who imports his raw material, he knows nothing of the other, who deals in gold bullion.” (5046.) — And thus it happened, that one fine day Gurney and Chapman themselves “were not posted” and went into an ill-famed bankruptcy.

We have seen previously, that the issuing of notes does not signify an advance of capital in all cases. The following testimony of Tooke before the C. D. Committee of Lords, 1848, proves merely that an advance of capital, even if accomplished by the bank by an issue of new notes, does not signify straightway an increase in the number of circulating notes.

3099. “Do you believe, that the Bank of England could extend its loans considerably, without bringing about an increased issue of notes?” — “There are abundant facts at hand to prove this. One of the most striking examples was in 1835, when the Bank made use of the West Indian deposits and of the loan from the East Indian Company to increase its loans to the public; at the same time the amount of notes in the hands of the public actually decreased somewhat....Something similar to this is noticeable in 1847 at the time of the paying of the railroad deposits in the Bank; the securities [in discount and deposits] rose to about 30 millions, while no appreciable effect took place on the amount of notes in the hands of the public.”

Aside from the bank notes the wholesale trade has another medium of circulation, which is far more valuable to it, namely the bills of exchange. Mr. Chapman showed us, how essential it is for a regular flow of business that good bills of exchange should be taken in payment everywhere and under all conditions. If bills of exchange are no longer good, what in the world is to be done? How do these two media of circulation stand towards one another?

Gilbart says on this score: “The restriction of the amount of the circulation of notes increases regularly the amount of the circulation of bills of exchange. The bills are of two kinds — commercial bills and banker’s bills — if money becomes scarce, then the money lenders say: “You draw on us and we will endorse,” and when a provincial banker discounts a bill for some customer, he does not give him cash money, but his own draft for 21 days on his London agent. These bills serve as a medium of circulation.” (G. W. Gilbart, *An Inquiry into the Causes of the Pressure, etc.*, .)

This is corroborated in a somewhat modified form by Newmarch, B. A. 1857, No. 1426: "There is no connection between the fluctuations in the amount of the circulating bills and those of the circulating bank notes...the only rather uniform result is...that as soon as a stringency in the money-market occurs, such as is indicated by a raising of the rate of discount, the volume of the circulation of bills is considerably increased and vice versa."

However, the bills of exchange written in such times are by no means only the short bank bills mentioned by Gilbart. On the contrary, they are largely bills of accommodation, which represent no real business at all, or at least only transactions made for the purpose of drawing bills of exchange on them; we have given sufficient illustrations of both. Hence the "Economist" (Wilson) says in comparing the security of such bills with that of bank notes: "Bank notes payable on presentation can never stay out in excess, because the excess would always return to the bank for exchange, while two-months drafts may be issued in great superabundance, as there is no means of controlling their issue until they become due, when they may have been replaced by others. That a nation should admit the security of the circulation of bills payable at some future date, but raise doubts against a circulation of paper money payable on presentation, is completely unintelligible to us." (Economist, 1847, .)

The quantity of the circulating bills is, therefore, like that of the bank notes, merely determined by the requirements of commerce; in ordinary times the circulation of bills running in the fifties together with about 39 millions in bank notes amounted to about 300 millions, and from 100 to 120 millions of this were made out on London alone.

The volume of the circulation of bills has no influence on the circulation of notes, and is influenced by the latter only in times of stringency of money, when the quantity of bills increases and their quality deteriorates. Finally, at the time of a crisis, the circulation of bills fails completely; no man can make use of a promise to pay, since every one wants to accept only cash payment; only the bank note retains, at least so far in England, its ability to circulate, because the nation with its total wealth backs up the Bank of England.

We have seen that even Mr. Chapman, though himself a magnate of the money-market in 1847, complained bitterly, that there were a few large money-capitalists in London strong enough to carry disorder into the whole money-market at any given moment and thereby to bleed the smaller money

dealers. There were several large sharks of this kind, he said, who could considerably intensify a stringency, by selling one or two millions worth of consols and thereby taking an equal amount of bank notes (and at the same time of available loan capital) out of the market. To transform a stringency into a panic by the same maneuver, the joint action of three large firms would be sufficient.

The greatest capital power in London is, of course, the Bank of England, which, however, is prevented by its position as a semi-government institution from making too brutal a use of its power. Nevertheless it also knows enough about ways and means of making money, particularly since the Bank Acts of 1844.

The Bank of England has a capital of 14,553,000 pounds sterling, and commands besides about 3 million pounds sterling of a "Remainder," that is, undistributed profits, and furthermore all moneys collected by the government for taxes, etc., which must be deposited there until they are needed. Add to this the amount of other deposits, about 30 million pounds sterling in ordinary times, and the bank notes issued without a reserve, and we shall find that Newmarch made a rather conservative estimate, when he said (B. A. 1857, No. 1889): "I have convinced myself, that the total amount of the funds employed continually in the [London] money-market may be estimated at about 120 million pounds sterling; and of these 120 millions the Bank of England commands a very considerable portion, about 15 to 20%."

So far as the Bank issues notes, which are not covered by the metal reserve in its vaults, it creates symbols of value, that form not only currency, but also additional, even if fictitious, capital for it to the nominal amount of these unprotected notes. And this additional capital yields an additional profit for it. — In B. A. 1857, Wilson asks Newmarch, No. 1563: "The circulation of a bank's own notes, that is, on an average the amount remaining in the hands of the public, forms an addition to the effective capital of that bank, does it not?" — "Assuredly." — 1564. "All profits, then, which the bank derives from this circulation, is a profit arising from credit, not from a capital actually owned by it?" — "Assuredly."

The same is true, of course, of the private banks issuing notes. In his answers Nos. 1866 to 1868 Newmarch considers two-thirds of all bank notes issued by them (the last third has to be covered by a metal reserve in

these banks) as “a creation of so much capital,” because hard cash is saved to this amount. The profit of the banker may not be larger than that of other capitalists, notwithstanding all this. The fact remains, however, that he draws the profit out of this national saving of hard cash. The fact that a national saving becomes a private profit does not shock the bourgeois economist in the least, since profit is under all circumstances the appropriation of national labor. Is there anything more insane than, for instance, the Bank of England in 1797 to 1817, whose notes have credit only by the backing of the state, taking payment from the state, and from the public, in the form of interest on government loans for the power, granted to it by the state, to transform these same notes from paper into money and then to loan them to the state?

The banks have still other means of creating capital. According to the same Newmarch the provincial banks, as mentioned above, have the habit of sending their superfluous funds (that is, notes of the Bank of England) to London bill brokers, who send them discounted bills of exchange in return. With these bills the bank serves its customers, since it follows the rule not to issue the bills of exchange received from its local customers any more, in order that the business transactions of these customers may not become known in their own neighborhood. These bills received from London do not only serve for the purpose of being issued to customers, who have to make payments direct to London, unless these customers should prefer to get the bank’s own draft on London; they serve also for the settlement of payments in the province, for the endorsement of the bankers secures local credit for them. In Lancashire, for instance, all the local banks’ own notes and a large portion of the notes of the Bank of England, have been crowded out of the circulation by such bills. (Ibidem, 1568 to 1574.)

We see here, then, how the banks create credit and capital, 1) by the issue of their own notes, 2) by writing out drafts on London running as long as 21 days but paid to them in cash immediately on being written, and 3) by paying out discounted bills of exchange, which are endowed with credit primarily and essentially by endorsement through the bank, at least for the local district.

The power of the Bank of England is shown in its regulation of the market rate of interest. In times of normal business it may happen, that the Bank cannot prevent a moderate drain of gold from its metal reserve by raising the rate of discount,<sup>104</sup> because the demand for means of payment

is satisfied by the private banks, stock banks and bill brokers, who have gained considerably in capital power during the last thirty years. In that case the Bank of England must use other means. But for critical moments, the statement made by Banker Glyn (of Glyn, Mills, Currie & Co.) before the C. D. 1848-57 still holds good: — 1709. “In times of great stringency in the country the Bank of England commands the rate of interest.”— “In times of extraordinary stringency...when the discounts of the private bankers or brokers are relatively restricted, they fall to the Bank of England, and then it has the power to fix the market rate of interest.”

It is true, that the Bank of England, being a public institution under government protection, cannot exploit its power ruthlessly, in the same way that private institutes may. For this reason Hubbard says before the Banking Committee B. A. 1857, No. 2844: “Is it not true, that when the rate of discount is highest, the Bank of England gives the cheapest service, and when lowest, then the brokers are the cheapest?”— “That will always be the case, for the Bank of England never comes down as low as its competitors, and when the rate is highest, it never goes quite so high.”

But nevertheless it is a serious event in business life, when the Bank of England draws the screw tighter in times of crisis, as the saying is, that is, when it raises the rate of interest, which is already above the average, still higher. “As soon as the Bank of England tightens the screw, all purchases for export into foreign countries cease...the exporters wait, till the depression of prices has reached its lowest point, and only then and not before do they buy. But when this point is reached, the quotations have once more become settled — gold ceases to be exported, before this lowest point of the depression is reached. Purchases of commodities for export may possibly bring back a part of the money sent abroad, but they come too late to prevent the drain.” (G. W. Gilbart, *An Inquiry into the Causes of the Pressure on the Money Market*, London, 1840, .)— “Another effect of the regulation of the currency by means of foreign quotations on bills of exchange is that it brings about an enormous rate of interest in times of crisis.” (L. c., .)— “The costs arising out of the restoration of the quotations on bills of exchange fall upon the productive industry of the country, whereas in the course of this process the profit of the Bank of England is positively increased by the fact that it continues its business with a smaller amount of precious metal.” (L. c., .)

But, says friend Samuel Gurney, “These great fluctuations of the rate of interest are advantageous for the bankers and money dealers — all fluctuations in business are advantageous for him who is posted.” And even though the Gurneys skim the cream off the ruthless exploitation of the precarious condition of business, whereas the Bank of England cannot do this with the same liberty, nevertheless it also makes quite nice profits — not to mention the private profits, which of their own account fall into the lap of the directors, who have an exceptional opportunity to understand the general condition of business. According to a statement made before the Lord’s Committee of 1817 on the matter of the resumption of specie payments these profits of the Bank of England for the entire period from 1797 to 1817 stood as follows:

Bonuses and increased dividends...	7,451,136	New stock divided among proprietors...	7,276,500	Increased value of capital...	14,553,000
Total...	29,280,636				

on a capital of 11,642,100 pounds sterling in 19 years. (D. Hardcastle, *Banks and Bankers*, 2nd edition, London, 1843, .) If we estimate the total profits of the Bank of Ireland, which also suspended specie payments in 1797, by the same principle, we obtain the following result:

Dividends as by returns due 1821...	4,736,085	Declared bonus...	1,225,000	Increased assets...	1,214,800	Increased value of capital...	4,185,000	Total...	11,360,885
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on a capital of 3 million pounds sterling. (*Ibidem*, .)

Talk about centralisation! The credit system, which has its center in the so-called national banks and the great money lenders and usurers about them, is an enormous centralisation, and gives to this class of parasites a fabulous power, not only to despoil periodically the industrial capitalists, but also to interfere into actual production in a most dangerous manner — and this gang knows nothing about production and has nothing to do with it. The Acts of 1844 and 1845 are proofs of the growing power of these bandits, who are joined by the financiers and stock jobbers.

Should any one still dream that these honorable bandits exploit national and international production only in the interest of production and of the exploited themselves, he will surely be taught better by the following homily on the high moral dignity of the bankers: “The bank establishments are religious and moral institutions. How often has not the fear of being seen by the vigilant and disapproving eye of his banker deterred the young

business man from seeking the society of noisy and extravagant friends? How anxious he is to stand well in the estimation of the banker, to appear always respectable! The knit brow of the banker has more influence over him than the moral preaching of his friends; does he not tremble to be suspected of being guilty of fraud or of the least false statement, for fear of causing suspicion, in consequence of which his banking accommodation might be restricted or cancelled? The advice of the banker is more important to him than that of the clergyman.” (G. M. Bell, a Scotch bank director, in *The Philosophy of Joint Stock Banking*, London, 1840, p and 47.)

## **CHAPTER XXXIV. THE CURRENCY PRINCIPLE AND THE ENGLISH BANK LAWS OF 1844.**

[In a former work<sup>105</sup> the theory of Ricardo on the value of money as related to the prices of commodities has been analysed; we can, therefore, confine ourselves here to the indispensable. According to Ricardo, the value of metallic money is determined by the labor time incorporated in it, but only so long as the quantity of money stands in the right proportion to the quantity and price of the commodities to be handled. If the quantity of the money rises above this proportion, its value falls, the prices of commodities rise; if its quantity falls below the normal proportion, then its value rises and the prices of commodities fall — assuming all other circumstances to remain unchanged. In the first case the country, in which this excess of gold exists, will export the depreciated gold and import commodities; in the second case the gold will flow to those countries, in which it is held above its value, while the depreciated commodities flow from these countries to other markets, where they can obtain normal prices. “Since gold itself may become, both as coin and bullion, a token of value of greater or smaller magnitude than its bullion value, it is self-evident that convertible bank notes in circulation have to share the same fate. Although bank notes are convertible, i.e. their real value and nominal value agree, the aggregate currency consisting of metal and of convertible notes may appreciate or depreciate according as to whether it rises or falls, for reasons already stated, above or below the level determined by the exchange-value of the commodities in circulation and the bullion value of gold.... This depreciation, not of paper as compared with gold, but of gold and paper together, or of the aggregate currency of a country, is one of the principal discoveries of Ricardo, which Lord Overstone and Co. pressed into their service and made a fundamental principle of Sir Robert Peel’s Bank legislation of 1844 and 1845.” (L. c. .)

We need not repeat here the demonstration of the incorrectness of this Ricardian theory, which is given in the same place. We are here merely interested in the way in which Ricardo’s theses were elaborated by that school of bank theorists, who dictated the above named Bank Acts of Peel.

“The commercial crises of the nineteenth century, namely, the great crises of 1825 and 1836, did not result in any new developments in the Ricardian theory of money, but they did furnish new applications for it. They were no longer isolated economic phenomena, such as the depreciation of the precious metals in the sixteenth and seventeenth centuries which interested Hume, or the depreciation of paper money in the eighteenth and early nineteenth centuries which confronted Ricardo; they were the great storms of the world market in which the conflict of all the elements of the capitalist process of production discharge themselves, and whose origin and remedy were sought in the most superficial and abstract sphere of this process, the sphere of money-circulation. The theoretical assumption from which the school of economic weather prophets proceeds, comes down in the end to the illusion that Ricardo discovered the laws governing the circulation of purely metallic currency. The only thing that remained for them to do was to subject to the same laws the circulation of credit and bank note currency.

“The most general and most palpable phenomenon in commercial crises is the sudden general decline of prices following a prolonged general rise. The general decline of prices of commodities may be expressed as a rise in the relative value of money with respect to all commodities, and the general rise of prices as a decline of the relative value of money. In either expression the phenomenon is described but not explained....The different wording leaves the problem as little changed as would its translation from German into English. Ricardo’s theory of money was exceedingly convenient, because it lends to a tautology the semblance of a statement of casual connection. Whence comes the periodic general fall of prices? From the periodic rise of the relative value of money. Whence the general periodic rise of prices? From the periodic decline of the relative value of money. It might have been stated with equal truth that the periodic rise and fall of prices is due to their periodic rise and fall....The tautology once admitted as a statement of cause, the rest follows easily. A rise of prices of commodities is caused by a decline of the value of money and a decline of the value of money is caused, as we know from Ricardo, by a redundant currency, i.e., by a rise of the volume of currency over the level determined by its own intrinsic value and the intrinsic value of the commodities. In the same manner, the general decline of prices of commodities is explained by the rise of the value of money above its intrinsic value in consequence of an inadequate currency. Thus, prices rise and fall periodically, because there is periodically too much or too

little money in circulation. Should a rise of prices happen to coincide with a contracted currency, and a fall of prices with an expanded one, it may be asserted in spite of those facts that in consequence of a contraction or expansion of the volume of commodities in the market which cannot be proved statistically, the quantity of money in circulation has, although not absolutely, yet relatively increased or declined. We have seen that according to Ricardo these universal fluctuations must take place even with a purely metallic currency, but that they balance each other through their alternations; thus, e.g., an inadequate currency causes a fall of prices, the fall of prices leads to an export of commodities abroad, this export causes again an import of gold from abroad, which, in its turn, brings about a rise of prices; the opposite movement taking place in case of a redundant currency, when commodities are imported and money is exported. But, since in spite of these universal fluctuations of prices which are in perfect accord with Ricardo's theory of metallic currency, their acute and violent form, their crisis form, belongs to the period of advanced credit, it is perfectly clear that the issue of bank notes is not exactly regulated by the laws of metallic currency. Metallic currency has its remedy in the import and export of precious metals, which immediately enter circulation and thus, by their influx or efflux, cause the prices of commodities to fall or rise. The same effect on prices must now be exerted by banks by the artificial imitation of the laws of metallic currency. If gold is coming in from abroad it proves that the currency is inadequate, that the value of money is too high and the prices of commodities too low, and, consequently, that bank notes must be put in circulation in proportion to the newly imported gold. On the other hand, notes have to be withdrawn from circulation in proportion to the export of gold from the country. That is to say, the issue of bank notes must be regulated by the import and export of the precious metals or by the rate of exchange. Ricardo's false assumption that gold is only coin, and that therefore all imported gold swells the currency, causing prices to rise, while all exported gold reduces the currency, leading to a fall of prices, this theoretical assumption is turned into a practical experiment of putting in every case an amount of currency in circulation equal to the amount of gold in existence. Lord Overstone (the banker Jones Loyd), Colonel Torrens, Norman, Clay, Arbuthnot and a host of other writers, known in England as the adherents of the 'Currency Principle,' not only preached this doctrine, but with the aid of Sir Robert Peel succeeded in 1844 and 1845 in making it the basis of the present

English and Scotch bank legislation. Its ignominious failure, theoretical as well as practical, following upon experiments on the largest national scale, can be treated only after we take up the theory of credit.” (L. c. pages 255 to 259.)

The critique of this school was furnished by Thomas Tooke, James Wilson (in the “Economist” of 1844 to 1847) and John Fullarton. But how incompletely they themselves had seen through the nature of gold, and how unclear they were about the relation of money and capital, we have shown several times, particularly in chapter XXVIII of this volume. We quote here merely a few instances in connection with the transactions of the Committee of the Lower House of 1857 concerning Peel’s Bank Acts (B. C. 1857). — F. E.]

J. G. Hubbard, former Governor of the Bank of England, testifies: — 2400. “The effect of the gold exports...absolutely does not touch prices of commodities. It does, however, affect very much the prices of securities, because in proportion as the rate of interest changes, the values of the commodities impersonating this interest must necessarily be strongly affected.” — He presents two tables covering the years 1834 to 1843 and 1844 to 1853, which prove that the movement of prices of fifteen of the most important commercial articles was quite independent of the export and import of gold and of the rate of interest. On the other hand they prove a close connection between the export and import of gold, which is indeed the “representative of our capital seeking investment,” and the rate of interest.— “In 1847 a very large amount of American securities was transferred back to America, also Russian securities to Russia, and other continental papers to the countries from which we derived our imports of corn.”

The fifteen principal articles mentioned in the following tables of Hubbard are: Cotton, cotton yarn, cotton fabrics, wool, wool cloth, flax, linen, indigo, raw iron, white sheet metal, copper, tallow, sugar, coffee, silk.

I. From 1834-1843.

Date	Metal Reserve of the Bank	Market Rate of Discount	Of Fifteen Principal Articles		
			Prices Rose	Prices Fell	Prices Unchanged
1834, March 1	0,104,000	2.75%	—	—	—
1835, March 1	6,274,000	3.75%	7	7	1
1836, March 1	7,918,000	3.25%	11	8	1
1837, March 1	4,079,000	5	5	9	1
1838, March 1	10,471,000	2.75%	4	11	—
1839, Sept. 1	2,684,000	6	8	5	2
1840, June 1	4,571,000	4.75%	5	9	1
1840, Dec. 1	3,842,000	5.75%	7	6	2
1841, Dec. 1	4,873,000	5	8	12	—
1842, Dec. 1	10,603,000	2.5%	2	13	—
1843, June 1	11,566,000	2.25%	1	14	—

II. From 1844-1853.

Date	Metal Reserve of the Bank	Market Rate of Discount	Of Fifteen Principal Articles		
			Prices Rose	Prices Fell	Prices Unchanged
1844, March 1	16,162,000	2.25%	—	—	—
1846, Dec. 1	13,337,000	4.25%	11	4	—
1848, Sept. 1	16,866,000	3	7	8	—
1847, Sept. 1	9,140,000	6	6	6	8
1850, March 1	17,126,000	2.25%	5	9	1
1851, June 1	13,705,000	1.75%	2	11	2
1852, Sept. 1	21,853,000	1.75%	9	5	1
1853, Dec. 1	15,093,000	5	14	—	1

Hubbard remarked with reference to this: "Just as in the 10 years from 1834 to 1843, so in the years from 1844 to 1853 fluctuations in the gold of the bank were accompanied in every case by an increase or decrease of the loanable value of the money advanced at a discount; and on the other hand the changes in the prices of inland commodities showed a complete independence from the amount of the currency, as shown by the gold fluctuations of the Bank of England." (Bank Acts Report, 1857, II, pages 290 and 291.)

Since the demand and supply of commodities regulates their market-prices, it becomes evident here, that Overstone is wrong when he identifies the demand for loanable capital (or rather the discrepancies of its supply from demand), as expressed by the rate of discount, with the demand for actual "capital." The contention that the prices of commodities are regulated by the fluctuations in the quantity of the currency is now concealed under the phrase that the fluctuations in the rate of discount express fluctuations in the

demand for actual material capital, as distinguished from money-capital. We have seen that both Norman and Overstone actually made this contention before the same Committee, and that especially the latter was compelled to take refuge in very lame subterfuges, until he was finally cornered. (Chapter XXVI.) It is indeed the old fib that changes in the quantity of gold existing in a certain country, by increasing or reducing the quantity of the medium of circulation in that country, must raise or lower the prices of commodities in this country. If gold is exported, then, according to this currency theory, the prices of commodities must rise in the country importing this gold, and this must enhance the value of the exports of the gold exporting country on the market of the gold importing country; on the other hand, the value of the exports of the gold importing country would fall on the markets of the gold exporting country, while it would rise in the home country, which receives the gold. But in fact the reduction of the quantity of gold raises only the rate of interest, whereas an increase in the quantity of gold lowers the rate of interest; and were it not for the fact that the fluctuations of the rate of interest are taken into account in the determination of cost-prices, or in the determination of demand and supply, the prices of commodities would be wholly unaffected by them.

In the same report N. Alexander, Chief of a great Indian firm, expresses himself in the following manner on the heavy drains of silver to India and China about the middle of the fifties, partly in consequence of the Chinese Civil War, which checked the sale of English fabrics in China, and partly of the epidemic among silk worms in Europe, which reduced the output of silk in Italy and France considerably:

4337. "Is the drain toward China or India."— "They send the silver to India, and with a goodly portion of it they buy opium, all of which goes to China in order to form a fund for the purchase of silk; and the condition of the markets in India (in spite of the accumulation of silver there) makes it more profitable for the merchant to send out silver than to send fabrics or other English factory goods." — 4338. "Did not a heavy drain come out of France, by which we secured the silver?"— "Yes, a very heavy one." — 4344. "Instead of importing silk from France and Italy, we ship it there in large quantities, both Bengal and Chinese."

In other words, silver, the money metal of that continent, was sent to Asia instead of commodities, not because the prices of commodities had risen in the country which had produced them (England), but because prices had

fallen on account of overimport in that country which received them; and this in spite of the fact that the silver was received by England from France and had to be paid partly in gold. According to the Currency Theory prices should have fallen by such imports in England and risen in India and China.

Another illustration. Before the Lords' Committee (C. D. 1848-1857), Wylie, one of the first Liverpool merchants, testifies as follows: — 1994. “At the end of 1845 there was no better paying business and none that yielded greater profits [than cotton spinning]. The supply of cotton was large and good, workable cotton could be had at 4 d. per pound, and such cotton could be spun into good second mule twist No. 40 at about 8 d. total expense to the spinner. This yarn was sold in large quantities in September and October, 1845, and equally large contracts made for delivery at 10½ and 11½ d. per pound, and in some instances the spinners realised a profit which equalled the purchase price of the cotton.” — 1996. “The business remained profitable until the beginning of 1846.” — 2000. “On March 3, 1844, the cotton supply [672,042 bales] was more than double of what it is today [on March 7, 1848, when it was 301,070 bales], and yet the price was 1¼ d. per pound dearer.” [6¼ d. as against 5 d.] — At the same time yarn, good second mule twist No. 40, had fallen from 11½ to 12 d. to 9½ d. in October and 7¾ d. at the end of December, 1847; yarn was sold at the purchase price of the cotton from which it had been spun (Ibidem, No. 2021 and 2023). This proves the selfinterest of Overstone's wisdom to the effect that money is supposed to be “Dearer” when capital is “scarce.” On March 3, 1844, the bank rate of interest stood at 3%; in October and November, 1847, it rose to 8 and 9% and was still 4% on March 7, 1848. The prices of cotton were depressed far below that price which corresponded to the condition of the supply, by the complete stopping of sales and the panic with its correspondingly high rate of interest. The consequence of this was on the one hand an enormous decrease of the imports in 1848, and on the other a decrease of production in America; consequently a new rise in cotton prices in 1849. According to Overstone the commodities were too dear, because there was too much money in the country.

2002. “The recent deterioration in the condition of the cotton industry is not due to the lack of raw materials, since the price is lower, although the supply of raw cotton is considerably reduced.” But Overstone tangles himself up in a nice confusion of the price, or value, of commodities, with the value of money, that is, the rate of interest. In his reply to question 2026,

Wylie sums up his general judgment of the Currency Theory, on which Cardwell and Sir Charles Wood based in May, 1847, their contention that it would be necessary “to carry the Bank Act of 1844 out in its full scope.”— “These principles seem to me to be of a nature to give to money an artificially high value and to all commodities a ruinously low value.” — He says furthermore concerning the effects of this Bank Act on business in general: “Since four months’ bills of exchange, which are the regular drafts of manufacturing towns on merchants and bankers for purchased commodities intended for export to the United States, could no longer be discounted except at great sacrifices, the carrying out of orders was prevented to a large degree, until after the Government Letter of October 25.” [Suspension of Bank Acts], “when these four months’ bills became once more discountable.” (2097.) — We see, then, that the suspension of this Bank Act was felt as a relief also in the provinces. — 2102. “Last October nearly all American buyers, who purchase commodities here, immediately curtailed their purchases as much as possible; and when the news of the dearth of money reached America, all new orders stopped.” — 2134. “Corn and sugar were special cases. The corn market was affected by the crop prospects, and sugar was affected by the enormous supplies and imports.” — 2163. “Of our money obligations to America...many were liquidated by forced sales of consigned goods, and many, I fear, were liquidated by bankruptcies here.” — 2196. “If I remember correctly, as much as 70% interest was paid on our Stock Exchange in October, 1847.”

[The crisis of 1837, with its protracted aftereffects, which were followed in 1842 by a regular aftercrisis, and the self-interested blindness of the industrials and merchants, who would not notice any overproduction to save their lives — for such a thing was a nonsense and an impossibility according to vulgar economy — had ultimately accomplished that confusion of thought, which permitted the Currency School to put their dogma into practice on a national scale. The Bank legislation of 1844 and 1845 was passed.

The Bank Act of 1844 divides the Bank of England into an issue department for notes and a banking department. The issue department receives securities, principally government debts, to the amount of 14 millions and the entire metal treasure, which shall consist of not more than one-quarter in silver, and issues notes to the full amount of both of them. To the extent that these are not in the hands of the public, they are held in the

banking department and form its ever ready reserve together with the small amount of coin required for daily use (about one million). The issue department gives to the public gold for notes and notes for gold; the remainder of the transactions with the public is carried on by the banking department. The private banks authorised in England and Wales to issue their own notes retain this privilege, but their issue of notes is fixed; if one of these banks stops issuing its own notes, then the Bank of England may raise its uncovered amount of notes by two-thirds of the deposited allowance; in this way its allowance rose by 1892 from 14 to 16½ million pounds sterling (exactly 16,450,000 pounds sterling).

For every five pounds in gold, then, which leave the bank treasury, a five pound note returns to the issue department and is destroyed; for every five sovereigns going into the treasury a new five pound note passes into circulation. In this way Overstone's ideal paper circulation, which follows strictly the laws of metallic circulation, is practically carried out, and by this means crises are forever made impossible, according to the claims of the Currency advocates.

But in reality the separation of the Bank into two independent departments robbed the management of the possibility of disposing freely of its entire available means in critical moments, so that cases might occur, in which the banking department might be confronted with a bankruptcy, while the issue department still possessed several millions in gold and its entire 14 millions of securities untouched. And this could take place so much more easily, as there is one period in almost every crisis, when heavy exports of gold flow to foreign countries, which must be covered in the main by the metal reserve of the bank. But for every five pounds in gold, which then go to foreign countries, the circulation of the home country is deprived of one five pound note, so that the quantity of the currency is reduced precisely at a time, when the largest quantity of it is most needed. The Bank Act of 1844 thus directly challenges the commercial world to think betimes of laying up a reserve fund of bank notes on the eve of a crisis, in other words, to hasten and intensify the crisis; by this artificial intensification of the demand for money accommodation, that is for means of payment, and its simultaneous restriction of the supply, which take effect at the decisive moment, this Bank Act drives the rate of interest to a hitherto unknown height; hence, instead of doing away with crises, the Act rather intensifies them to a point, where either the entire commercial world must go to pieces, or the Bank Act.

Twice, on October 25, 1847, and on November 12, 1857, the crisis had risen to this culmination; then the government released the Bank from its limitation in the matter of issuing notes, by suspending the Act of 1844, and this sufficed in both cases to break the crisis. In 1847 the assurance sufficed, that bank notes would again be issued for first class securities, in order to bring to light the 4 to 5 millions of hoarded notes and throw them back into circulation; in 1857 the issue of notes exceeding the legal amount did not quite reach one million, and this was out for a very short time.

It may also be noted that the legislation of 1844 still shows traces of a recollection of the first twenty years of the nineteenth century, the time of the suspension of specie payments of the bank and the depreciation of notes. The fear that the notes might lose their credit is still plainly visible. But this is a very groundless fear, since already in 1825 the issue of some discovered old supply of one pound notes, which had been out of circulation, broke the crisis and proved, that even then the credit of the notes remained unshaken in times of the most universal and strong distrust. And this is easily explained. For the entire nation backs up these symbols of value with its credit. — F. E.]

Let us now listen to a few statements on the effect of the Bank Act. John Stuart Mill believes that the Bank Act of 1844 kept down overspeculation. Happily this wise man spoke on June 12, 1857. Four months later the crisis had broken out. He literally congratulates the “bank directors and the commercial public in general” on the fact that they “understand the nature of a commercial crisis far better than formerly, and the very great injury which they inflict upon themselves and the public by promoting overspeculation.” (B. C., 1857, No. 2031.)

Wise Mr. Mill thinks that, if one pound notes are issued “as loans to manufacturers and others, who pay wages...then the notes may get into the hands of others who spend them for purposes of consumption, and in this case the notes constitute in themselves a demand for commodities and may temporarily tend to promote a raise in prices.” Mr. Mill assumes, then, that the manufacturers will pay higher wages, because they pay them in paper instead of gold? Or does he believe that when a manufacture receives his loan in 100 pound notes and changes them for gold, then these wages would constitute less of a demand than they would when paid at the same time in one pound notes? And does he not know that, for instance, in certain mining districts wages were paid in notes of local banks, so that several laborers

together received a five pound note? Does this increase the demand for them? Or will the bankers advance money to the manufacturers more easily in small than in large notes, and make the loan larger?

[This peculiar fear of one pound notes on the part of Mill would be inexplicable, if his whole work on political economy did not show his eclecticism, which recoils from no contradictions. On the one hand he agrees in many things with Tooke against Overstone, on the other hand he believes in the determination of the prices of commodities by the quantity of the existing money. He is thus by no means convinced, that, all other circumstances remaining unchanged, a sovereign wanders into the vaults of the Bank for every one pound note issued. He fears that the quantity of the currency could be increased and thereby depreciated, that is, the prices of commodities might be enhanced. This and nothing else is concealed behind his above-mentioned apprehension. — F. E.]

Concerning the bipartition of the Bank, and the excessive precaution to safeguard the cashing of notes, Tooke expresses himself before the C. D. 1848-57 as follows:

The greater fluctuations of the rate of interest in 1847, as compared with 1837 and '39, are due merely to the separation of the Bank into two departments (3010).— “The security of the banknotes was not affected, neither in 1825, nor in 1837 nor in 1839 (3015). — The demand for gold in 1825 aimed only to fill out the vacant space created by the complete disavowal of the one pound notes of the provincial banks; this vacant space could be filled out only by gold, until the Bank of England also issued one pound notes (3022). — In November and December, 1825, not the least demand existed for gold to export (3023).

“As for a disavowal of the Bank at home and abroad, a suspension of the payment of dividends and deposits would have much more serious consequences than a suspension of payment on bank notes (3028).

3035. Would you not say that every circumstance, which would in the last instance endanger the convertibility of the bank notes, might create new and serious difficulties in a moment of commercial stringency?— “Not at all.”

In the course of 1847 “an increased issue of notes might, perhaps, have contributed to replenish the gold reserve of the Bank, as it did in 1825.” (3058).

Before the Committee on B. A. 1857, Newmarch testifies: 1357. “The first bad effect...of this separation of the two departments (of the Bank) and

of the necessarily resulting bipartition of the gold reserve was that the banking business of the Bank of England, that is, that entire branch of its operations, which brought it into direct touch with the commerce of the country, was continued with only one-half of its former reserve. In consequence of this division of the reserve it happened that, as soon as the reserve of the banking department shrank in the least, the Bank was compelled to raise its rate of discount. This reduced reserve thus caused a series of abrupt changes in the rate of discount.”— “Of such changes there have been since 1844” [until June, 1857] “some 60 in number, whereas they amounted to hardly one dozen before 1844 within a similar period.”

Of special interest is the testimony of Palmer, who was a director of the Bank of England since 1811 and for a while its Governor, before the Lords’ Committee on C. D. 1848-57:

828. “In December, 1825, the Bank had retained only about 1,100,000 pounds sterling in gold. At that time it would have failed inevitably, if this act had existed then [meaning the Act of 1844]. In December it issued, I believe, 5 or 6 million notes in one week, and this relieved the panic of that time considerably.”

825. “The first period [since July 1, 1825], when the present bank legislation would have collapsed, if the Bank had attempted to carry its hitherto initiated transactions through, was on February 28, 1837. There were then from 3,900,000 to 4,000,000 pounds sterling in the possession of the Bank, and it would have retained no more than 650,000 pounds sterling in reserve. Another period is 1839, and it lasted from July 9 to December 5.”

— 826. “What was the amount of the reserve in this case?”— “The reserve was minus altogether 200,000 pounds sterling on September 5. On November 5, it rose to about 1 or 1½ millions.” — 830. “The Act of 1844 would have prevented the Bank from assisting the American business in 1837.”— “Three of the principal American firms failed....Nearly every firm in the American business was ruled out of credit, and if the Bank had not come to the rescue, I do not believe that more than one or two firms could have maintained themselves.” — 836. “The panic of 1837 is not to be compared with that of 1847. That of 1837 confined itself mainly to the American business.” — 838. (At the beginning of June the management of the Bank discussed the question, how to remedy the panic.) “Whereupon some of the gentlemen defended the view...that the correct principle would be to raise the rate of interest, so that the prices of commodities would fall;

in brief, to make money dear and commodities cheap, by which the foreign payment would be accomplished.” — 906. “The introduction of an artificial limitation of the powers of the Bank by the Act of 1844, in place of the old and natural limit of its powers, that is, the actual amount of its metal supply, makes business artificially difficult and thus effects prices in a way which was quite unnecessary without this Act.” — 968. “Under the effect of the Act of 1844 the metal reserve of the Bank, under ordinary circumstances, cannot be reduced materially below 9½ millions. This would create a pressure on prices and credit, which would bring about such a change in the foreign exchange rates, that the gold imports would rise and increase the amount of gold in the issue department.” — 996.

“Under the present limitation you [the Bank] have not command of silver which is required in times when silver is needed in order to affect foreign rates.” — 999. “What was the purpose of the rule limiting the silver supply of the Bank to one-fifth of its metal reserve?”— “I cannot answer this question!”

The purpose was to make money dearer; so was, aside from the Currency Theory, the separation of the two bank departments and the compulsion for Scotch and Irish banks to hold gold in reserve for the issue of notes beyond a certain amount. This brought about a decentralisation of the national metal supply, which rendered this supply less able to correct unfavorable bill rates. All these rules aim at a raise of the rate of interest: That the Bank of England shall not issue notes beyond 14 millions except against its gold reserve; that the banking department shall be managed like an ordinary bank, pressing the rate of interest down when money is plentiful and driving it up when money is scarce; the limitation of the silver supply, the principal means of rectifying the rates of bills on the continent and in Asia! the rules concerning the Scotch and Irish banks, who never need any money for export and yet must keep it now under the pretence of an actually imaginary convertibility of their notes. The fact is that the Act of 1844 caused for the first time in 1857 a run on the Scotch banks for gold. Nor did the new bank legislation make any distinction between a drain of gold toward foreign countries and a drain to inland markets, although their effects are evidently different. Hence the continual great fluctuations of the market rate of interest. With reference to silver Palmer says twice, No. 992 and 994, that the Bank can buy silver for notes only when the rates on bills are favorable to England, so that silver is superfluous; for (1003) “the only purpose for which a considerable portion

of the metal reserve may be kept in silver is that of facilitating foreign payments during the time when the rates on bills are against England.” — 1008. “Silver is a commodity which, being money in all the rest of the whole world, is for this reason the most fitting commodity...For this purpose” [payments abroad]. “Only the United States have taken exclusively gold during recent times.”

In his opinion the Bank would not have to raise the rate of interest above its old level of 5% in times of stringency, so long as no unfavorable bill rates draw the gold to foreign countries. Were it not for the Act of 1844, the Bank would then be able to discount all first class bills presented to it without any difficulty. [1018 to 20.] But with the Act of 1844, and in the condition, in which the Bank was in October, 1847, “there was no rate of interest which the Bank could ask from creditable firms, which they would not have paid willingly in order to continue their payments.” And this high rate of interest was precisely the purpose of the Act.

1029. “I must make a great distinction between the effect of the rate of interest on the foreign demand [for precious metal] and a raise of the rate of interest for the purpose of stemming a rush on the bank during a period of lacking credit inland.” — 1023. “Before the act of 1844, when the rates were in favor of England, and unrest, yea, a positive panic, reigned in the country, no limit was set to the issue of notes, by which alone this condition of stringency could be relieved.”

So speaks a man who had sat 39 years in the management of the Bank of England. Let us now hear a private banker, Twells who had been an associate of Spooner, Attwoods & Co. since 1801. He is the only one among all the witnesses before the B. C. 1857, who gives us an insight into the actual condition of the country and who sees the approach of the crisis. For the rest he is a sort of Little-Shilling-Man from Birmingham, for his associates, the brothers Attwood, are the founders of this school. (See A Contribution to the Critique of Political Economy, .) He testifies: 4488. “How do you think the Act of 1844 has operated?”— “Should I answer you as a banker, I would say that it has operated splendidly, for it has furnished to the bankers and [money-] capitalists of all sorts a rich harvest. But it has operated very badly for the honest and thrifty business man, who needs steadiness in discount, in order that he may make his arrangements with confidence....It has made the lending of money a very profitable business.” — 4489. The Bank Act “Enables the London Stock Bank to pay to its stockholders 20 to 22%?”—

“One of them paid recently 18%, and I believe another 20%; they have good grounds for standing determinedly by the Bank Act.” — 4490. “Small business men and respectable merchants, who have no large capital...it pinches them hard...The only means which I have of learning this is such a surprising quantity of their drafts, which are not paid. These drafts are always small, about 20 to 100 pounds sterling, many of them are not paid and go back for lack of payment to all parts of the country, and this is always a sign of stringency among — the small dealers.” — 4494. He declares that the business is not profitable now. His following remarks are important, because he saw the latent existence of the crisis, when none of the others suspected it as yet.

4494. “The prices in Mincing Lane keep up pretty well so far, but nothing is sold, one cannot sell anything at any price; one maintains himself at the nominal price.” — 4495 He relates the following case: A Frenchman sends to a broker in Mincing Lane commodities for 3,000 pounds sterling for sale at a certain price. The broker cannot make the price, the Frenchman cannot sell below his price. The commodities remain unsold, but the Frenchman needs money. The broker therefore makes him an advance of 1,000 pounds sterling in such a way, that the Frenchman draws a check of 1,000 pounds sterling for three months on the broker with his commodities for a security. At the end of the three months the bill becomes due, but the commodities are still unsold. The broker must then pay for the bill, and although he has security for 3,000 pounds sterling, he cannot raise them and gets into difficulties. In this way one drags down another. — 4496. “As for the heavy exports — when the business is depressed in the home market, it calls for the necessarily a heavy export.” — 4497. “Do you believe that the home consumption has decreased?” — “Very considerably — quite enormously — the small dealers are the best authority in this.” — 4498. “Nevertheless the imports are very large; does not that indicate a strong consumption?” — “Yes, if you can sell; but many warehouses are full of these things; in the example, which I have just related, 3,000 pounds sterling worth of commodities have been imported, which are unsalable.”

4514. “If money is dear, would you say that capital is then cheap?” — “Yes, sir.” — This man, then, is by no means of Overstone’s opinion that a high rate of interest is the same as dear capital.

The following shows how the business is carried on now. — 4516....”Others go in very heavily, do an enormous business in exports and

imports, far beyond the limit to which their capital entitles them; there cannot be the least doubt about this. These people may be lucky in this; they may make great fortunes by some lucky stroke and pay up everything. This is in a large measure the system, by which nowadays a considerable portion of the business is carried on. Such people are willing to lose 20, 30 and 40% on a shipment; the next transaction may bring it back to them. If they fail in one thing after another, they are gone; and that is precisely the case which we have seen often enough of late; business firms have failed, without leaving one shilling's worth of assets."

4791. "The low rate of interest [during the last ten years] militates indeed against the bankers, but without laying the business books before you, I should have much difficulty in explaining to you, how much higher the profit [his own] is now than formerly. When the rate of interest is low, in consequence of excessive issues of notes, we have considerable deposits; when the rate of interest is high, it brings us direct profits." — 4794. "When money may be had at a moderate rate of interest, we have more demand for it; we loan more; it works this way [for us, the bankers]. When it rises, we get more for it than when it is cheap; we get more than we ought to have."

We have seen that the credit of the notes of the Bank of England is considered impregnable by all experts. Nevertheless the Bank Act absolutely ties up nine to ten millions in gold for the convertibility of these notes. The sacredness and inviolability of this reserve is here carried much farther than among the hoard makers of olden times. Mr. Brown (Liverpool) testifies, C. D. 1848-57, 2311: "Concerning the good derived at that time from this money [the metal reserve in the issue department], it might just as well have been thrown into the sea; for not the least bit of it could be used, without breaking the Act of Parliament."

The building contractor, E. Capps, the same one who has been mentioned once before, and whose testimony is borrowed also to illustrate the modern building system in London (Volume II, chapter XII, pages 266 and 267), sums up his opinion of the Bank Act of 1844 in the following way (B. A. 1857): 5508. "You are, then, in general of the opinion that the present system [of bank legislation] is a very apt institution for bringing the profits of industry periodically into the money bag of the usurer?" — "That is my opinion. I know that it has worked that way in the building business."

We have already mentioned that the Scotch banks were pushed by the Bank Act of 1845 into a system approaching the English. They were placed under the obligation to hold gold in reserve for their issue of notes beyond a limit fixed for each bank. What the effect of this was, may be seen from the following testimony before the Bank Committee, 1857.

Kennedy, Director of a Scotch bank: 3375. “Was there anything in Scotland that might be called a circulation of gold, before the introduction of the Act of 1845?”— “Nothing of the kind.” — 3376. “Has an additional circulation of gold ensued since then?”— “Not in the least; the people dislike gold.” — 3450. “The sum of about 900,000 pounds sterling in gold, which the Scotch banks must keep since 1845, are in my opinion merely injurious and “absorb unprofitably an equal portion of the capital of Scotland.”

Furthermore Anderson, Director of the Union Bank of Scotland: 3558. “The only heavy demand for gold made on the part of the Scotch banks upon the Bank of England occurred on account of the foreign rates of exchange?”— “That is so; and this demand is not reduced by the fact that we keep gold in Edinburgh.” — 3590. “So long as we deposited the same amount of securities in the Bank of England” [or in the private banks of England] “we have the same power as before to create a drain of gold from the Bank of England.”

Finally we quote an article from the “Economist” (Wilson): “The Scotch banks keep unemployed amounts of cash with their London agents; these keep them in the Bank of England. This gives to the Scotch banks, within the limits of these amounts, command over the metal reserve of the bank, and here it is always in the place where it is needed, when foreign payments are to be made.” — This system was disturbed by the Act of 1845: “In consequence of the act of 1845 for Scotland a strong outpour of gold coin from the Bank of England has taken place lately, in order to meet a mere possible demand in Scotland, which would probably never occur. — Since that time a considerable amount finds itself tied up regularly in Scotland, and another considerable amount is continually under way between London and Scotland. If a time comes when a Scotch banker expects an increased demand for his notes, a box of gold is sent on from London; if this time is past, the same box goes back to London, generally without having been opened.” (Economist, October 23, 1847.)

[And what does the father of the Bank Act, Banker Samuel Jones Loyd, alias Lord Overstone, say to all this?

He repeated even in 1848 before the Lords' Committee on C. D. that "a money stringency and a high rate of interest, caused by a lack of sufficient capital, cannot be relieved by an increased issue of bank notes" (1514), in spite of the fact that the mere permission to increase the issue of notes, given by the government letter of October 25, 1847, had sufficed to break the point of the crisis.

He sticks to the idea that "the high rate of interest and the depressed condition of the manufacturing industry was the necessary consequence of the reduction of the material capital available for industrial and commercial purposes" (1604). And yet the depressed condition of the manufacturing industry had for months consisted in the fact that the material commodity-capital was filling the warehouses to overflowing and was almost unsalable; so that for this reason the material productive capital was wholly or partly fallow, in order not to produce still more unsalable commodity-capital.

And before the Bank Committee of 1857 he said: By a strict and prompt adherence to the principles of the Act of 1844 everything has passed off with regularity and ease, the money system is secure and unshaken, the prosperity of the country is undisputed, the public confidence in the Act of 1844 is daily gaining in strength. If this Committee desires still further practical proofs of the soundness of the principles on which this act rests, and of the beneficent consequences which it has guaranteed, then the true and sufficient answer is this: Look about you; consider the present condition of the business of this country; consider the satisfaction of the people; consider the wealth and prosperity of all classes of society; and then, after you have seen all this, this Committee will be able to decide, whether it will prevent a continuation of an Act, under which such success has been obtained." (B. C. 1857, No. 4189.)

To this song of praise, which Overstone emitted before the Committee on July 14, replied the song of defiance on November 12, of the same year, in the shape of the letter to the management of the Bank, in which the government suspended the miracle-working law of 1844, in order to save what could still be saved. — F. E.]

## CHAPTER XXXV. PRECIOUS METALS AND RATES OF EXCHANGE.

The Movements of the Gold Reserve.

CONCERNING the hoarding of notes in times of stringency we remark, that in such cases the hoarding of precious metals is repeated, which used to be resorted to in restless times during the most primitive conditions of society. The Act of 1844 is interesting in its effects for the reason that it seeks to transform all the precious metals existing in a certain country into currency; it seeks to identify a discharge of gold with a contraction of the currency and an incoming flood of gold with an expansion of the currency. And so it happened that the experiment proved the contrary. With one sole exception, which we shall mention immediately, the quantity of the circulating notes of the Bank of England never reached the maximum, since 1844, which it was authorized to issue. And the crisis of 1857 proved, on the other hand, that this maximum does not suffice under certain circumstances. From November 13, to 30, 1857, a daily average of 488,830 pounds sterling circulated above this maximum (B. A. 1858, p. XI). The legal maximum was at that time 14,475,000 pounds sterling plus the amount of the metal reserve in the vaults of the bank.

Concerning the outgoing and incoming tide of precious metals the following remarks are made:

A distinction should be made between the back and forth movements of the metal within the districts which do not produce any gold and silver, and on the other hand, between the flow of gold and silver from their sources of production to the different other countries and the distribution of this additional metal among these other countries.

Before the gold mines of Russia, California and Australia exerted their influence, the supply since the beginning of the nineteenth century sufficed only to replace the wornout coins, to satisfy the demand for articles of luxury, and to promote the exports of silver to Asia.

However, the silver exports of Asia increased extraordinarily since that time, owing to the Asiatic trade with America and Europe. The silver exported from Europe was largely replaced by the additional supply of gold. In the second place, a portion of the newly imported gold was absorbed by the internal money-circulation. It is estimated that up to 1857 about 30

millions in gold were added to the internal circulation of England.<sup>106</sup> Furthermore, the average volume of the metal reserves in all central banks of Europe and America increased since 1844. The increase of the inland money circulation also carried with it the circumstance, that in the period of stagnation following upon the panic the bank reserves grew more rapidly than before in consequence of the larger quantity of gold coins thrown out of inland circulation and held in a state of rest. Finally the consumption of precious metals for articles of luxury increased since the discovery of new gold deposits in consequence of the growing wealth.

Between the countries that do not produce any gold and silver, precious metals flow back and forth; the same country continually imports some, and just as continually exports some. It is only the predominance of this movement in one direction or the other which decides whether there is in the last instance a drain or an addition, since the merely oscillating and frequently parallel movements largely neutralise one another. But for this reason, so far as this result is concerned, the continuity and the mainly parallel course of both movements is overlooked. It is always assumed that a plus in the imports or a plus in the exports of precious metals appears only as an effect and concomitant of the proportion between the imports and exports of commodities, whereas they are at the same time an expression of the proportion between the exports and imports of precious metals themselves, independent of the trade of commodities.

The predominance of the imports over the exports, and vice versa, is measured on the whole by the increase or decrease of the metal reserve in the central banks. To what extent this scale of measurement is more or less exact, depends, of course, primarily on the degree to which the banking business in general is centralised. For on this premise turns the question, to what extent the precious metal hoarded in the so-called national banks represents the national metal reserve at all. But assuming this to be the case, the scale of measurement is not exact, because an additional import may be absorbed under certain circumstances by the inland circulation and the growing consumption of gold and silver in the making of articles of luxury; furthermore, because without an additional import a withdrawal of gold coin for inland circulation may take place and thus the metal reserve may decrease, even without a simultaneous increase of the export.

An export of metals assumes the aspect of a drain, when the movement continues for a long time, so that the decrease represents the tendency of the

movement and depresses the metal reserve of the bank considerably below its average level, down to about its average minimum. This minimum is in so far more or less arbitrarily fixed, as it is differently determined in every individual case by the legislation concerning the backing of notes, etc., by cash. Concerning the quantitative limits, which such a drain may reach in England, Newmarch testified before the Committee on B. A., 1857, Evidence No. 1494: "To judge by experience, it is very unlikely that the drain of metal as a result of some fluctuation in the foreign business will exceed three or four million pounds sterling." — In 1847 the lowest level of the gold reserve of the Bank of England, on October 23, showed a minus of 5,198,156 pounds sterling as compared to that of December 26, 1846, and a minus of 6,453,748 pounds sterling as compared to the highest level on August 29, 1846.

The functions of the metal reserve of the so-called national banks, which functions, however, do not by themselves regulate the magnitude of this reserve, for it may grow through a mere paralisation of internal commerce, are threefold: 1) It is a reserve fund for international payments, in one word a reserve fund of world money; 2) it is a reserve fund for the alternately expanding and contracting metal circulation of the inland markets; 3) it is a reserve fund for the payment of deposits and for the convertibility of notes, and this part of its function is connected with the function of the bank and has nothing to do with the functions of money as mere money. It may, therefore, also be touched by conditions, which affect every one of these three functions. As an international fund it, may be touched by the balance of payment, no matter by what causes this may be determined, and whatever may be its proportion to the balance of trade. As a reserve fund for the metal circulation of the inland market it may be touched by its expansion or contraction. The third function, that of a fund guaranteeing the convertibility of the notes, while it does not determine the independent movements of the metal reserve, has a double effect. If notes are issued, which replace the metallic money in the inland circulation (which may also consist of silver in countries where silver is a measure of value), then the second function of the reserve fund is eliminated. And a portion of the precious metal, which performed its function, will permanently wander into foreign countries. In this case no withdrawal of metallic money for inland circulation takes place, and this does away at the same time with the temporary augmentation of the metal reserve by the immobilised part of the

circulating metal coin. Furthermore, if a minimum of a metal reserve must be kept under all circumstances, it affects in a peculiar way the results of a drain or an addition of gold; it affects that part of the reserve, which the bank is compelled to maintain under all circumstances, or that part, which it seeks to get rid of as useless at a certain time. If the circulation were purely metallic and the banking system concentrated, the bank would have to consider its metal reserve likewise as a security for the payment of its deposits, and a drain of metal might then cause such a panic as was witnessed in Hamburg in 1857.

With the exception of 1837, the real crisis broke out always after the rates of exchange had been altered, that is, as soon as the import of precious metal had increased over the export.

In 1825 the real crash came after the drain of gold had ceased. In 1839 a drain of gold took place without bringing a crash. In 1847 the drain of gold ceased in April and the crash came in October. In 1857 the drain of gold to foreign countries had ceased since the beginning of November, and the crash did not come until later in November.

This stands out particularly in the crisis of 1847, when the drain of gold ceased already in April, after causing a slight preliminary crisis, and the real business crisis did not come until October.

The following evidence was given before the Secret Committee of the House of Lords on Commercial Distress, 1848. This evidence was not printed until 1857 (also quoted as C. D. 1848-57).

Evidence of Tooke. In April, 1847, a stringency arose, which strictly speaking equalled a panic, but was of relatively short duration and not accompanied by any commercial failures of importance. In October the stringency was far more intensive than at any time during April, an almost unheard of number of commercial failures taking place (2196). — In April the rates of exchange, particularly with America, compelled us to export a considerable amount of gold in payment for unusually large imports; only by an extreme effort did the bank stop the drain and drive the rates higher (2197). — In October the rates of exchange favored England (2198). — The change in the rates of exchange had begun in the third week of April (3000). — They fluctuated in July and August; since the beginning of August they always favored England (3001). — The drain of gold in August arose from a demand for internal circulation.

J. Morris, Governor of the Bank of England: Although the rate of exchange favored England since August, 1847, and an import of gold had taken place in consequence, the metal reserve of the bank decreased nevertheless. “2,200,000 pounds sterling went out to the country, as a result of inland demand.” (137) — This is explained on the one hand by an increased employment of laborers in railroad construction, on the other by a “desire of the bankers to possess their own gold reserve in times of crisis.” (147.)

Palmer, Ex-Governor and since 1811 a Director of the Bank of England: 684. “During the entire period from the middle of April, 1847 to the day of the suspension of the Bank Act of 1844 the rates of exchange were in favor of England.”

The drain of metal, which created in April, 1847, an independent money panic, was here, as always, but a precursor of the crisis and had already been turned back, when the crisis broke out. In 1839 a heavy drain of metal took place, for corn, etc., while the business was strongly depressed, but without any crisis and money panic.

As soon as the universal crises have spent themselves, the gold and silver, aside from an addition of new precious metals from the sources of production, distributes itself once more in such proportions as it showed in the form of the individual reserve of the various countries in a condition of equilibrium. Other circumstances remaining the same, its relative magnitude in every country will be determined by the role of that country in the world market. It flows away from the country which had more than its normal portion into some other country. These movements of outgoing and incoming metal restore merely its original distribution among the various national reserves. This redistribution, however, is brought about by the effects of different circumstances, which will be mentioned in our treatment of rates of exchange. As soon as the normal distribution is once more a fact, a stage of growth follows first, and then again a drain. [This last sentence applies, of course, only to England, as the center of the world’s money market. — F.E.]

The drains of metal are generally a symptom of a change in the condition of foreign commerce, and this change in its turn is a premonition that conditions are approaching a crisis.<sup>107</sup>

The balance of payment may favor Asia against Europe and America.<sup>108</sup>

An import of precious metals takes place to a point of predominance in two phases. On the one hand it takes place in the first phase of a low rate of interest, which follows upon a crisis and expresses a restriction of production; and then in the second phase, in which the rate of interest rises, without, however, attaining its medium level. This is the phase, in which returns come easy, commercial profit is large, and therefore the demand for loan capital does not grow in proportion to the expansion of production. In both phases, in which loan capital is relatively abundant, the superfluous addition of capital existing in the form of gold and silver, a form in which it can primarily serve only as loan capital, must seriously affect the rate of interest and with it the tone of the whole business.

On the other hand, a drain, a continued and heavy outpour of precious metals, takes place as soon as the returns are no longer easy, the markets overstocked, and the seeming prosperity held up only by credit; in other words, as soon as a very much increased demand for loan capital exists and the rate of interest has, for this reason, reached at least its medium level. Under these circumstances, which are reflected by the drain of precious metals, the effect of the continued withdrawal of capital in a form, in which it is directly loanable money-capital, is considerably intensified. This must have a direct influence on the rate of interest. But instead of restricting the credit business, the rise of the rate of interest extends it and leads to an overstraining of all its resources. This period, therefore, precedes the crash.

Newmarch is asked, B. A. 1857, No. 1520: "The amount of the circulating bills of exchange, then, rises with the rate of interest?"— "It seems so." — 1522. "In quiet, ordinary times the ledger is the actual instrument of exchange; but when difficulties arise, for instance, if the discount rate of the Bank is raised under circumstances such as I have mentioned...then the transactions resolve themselves quite of their own account into the drawing of bills; these bills are not only better suited to serve as a legal evidence of the making of some business transaction, but they are also better adapted to the purpose of making other purchases, and they are above all useful as a means of credit for taking up capital." — This is further intensified by the fact that as soon as signs of threatening conditions induce the bank to raise its rate of discount, which implies the possibility that the bank may at the same time cut down the running time of the bills to be discounted by it, the general apprehension is spread, that this will grow worse. Every one, and first of all the credit swindler, will

therefore strive to discount the future and have as many means of credit as possible at his command when the critical time comes. The above-mentioned reasons, then, amount in fact to this, that it is not the mere quantity of the imported or exported precious metals which exerts its influence in this capacity but that this quantity works its effect, first, by the specific character of precious metals of being capital in the form of money, and secondly, that it works like a feather, which, added to the weight on the scales, suffice to incline the oscillating balance definitely to one side, that is, it works this effect, because it arises under conditions, when a little excess decides in favor of one side or the other. Without these reasons it would be quite inexplicable, why a drain of gold amounting to about five or eight million pounds sterling, and this is the limit according to present experience, should be able to exert any considerable influence. This small minus or plus of capital, which seems insignificant even compared to the 70 million pounds in gold which circulate on an average in England, is a vanishing magnitude in a production of such volume as the English.<sup>109</sup>

But it is just the development of the credit and banking business, which tends on the one hand to press all money-capital into the service of production (or what amounts to the same, to convert all money incomes into capital), and which on the other hand reduces the metal reserve to a minimum in a certain phase of the cycle, so that it can no longer perform the functions for which it is intended. It is the developed credit and banking system, which creates this oversensitiveness of the whole organism of the reserve below or above its average level is a relatively insignificant matter. On the other hand, even a very considerable drain of gold is relatively ineffective, unless it arises in the critical period of the industrial cycle.

In this explanation we have not considered the cases, in which a drain of gold takes place as a result of crop failures, etc. In this case the great and sudden disturbance of the equilibrium of production, whose expression this drain is, requires no further explanation of its effects. These effects are so much greater, the more such a disturbance begins in a period, in which production works under high pressure.

We have also left out of consideration the function of the metal reserve as a security for the convertibility of the bank notes and as the cardinal point of the credit system. The central bank is the pivot of the credit system. And the metal reserve in its turn is the pivot of the bank.<sup>110</sup>

The transition from the credit system to the monetary system is necessary, as I have already shown in Volume I, chapter III, under the head of "Means of Payment." That the greatest sacrifices of real wealth are necessary, in order to maintain the metallic basis in a critical moment, has been admitted by both Tooke and Loyd-Overstone. The controversy turns merely around a plus or minus, and around the more or less rational treatment of the inevitable.<sup>111</sup> A certain quantity of metal, insignificant compared with the total production, is admitted to be the pivotal point of the system. Hence its beautiful theoretical dualism, aside from the appalling demonstration of this character in its capacity as the pivotal point of crises. So long as enlightened bourgeois economy treats of "Capital" in its official capacity, it looks down upon gold and silver with the greatest disdain, considering them as the most immaterial and useless forms of wealth. But as soon as it treats of the banking system, everything is reversed, and gold and silver become capital par excellence, for whose preservation every other form of capital and labor is to be sacrificed. But how are gold and silver distinguished from other forms of wealth? Not by the magnitude of their value, for this is determined by the quantity of labor materialised in them; but by the fact that they represent independent incarnations, expressions of the social character of wealth. [The wealth of society exists only as the wealth of private individuals, who are its owners. It shows its social capacity only in the fact that these individuals exchange the qualitatively different use-values mutually for the satisfaction of their wants. Under the capitalist production they can do so only by means of money. Thus the wealth of the individual is realised as a social wealth only by means of money. In money, in this thing, the social nature of this wealth is incarnated. — F. E.] This social existence assumes the aspect of a world beyond, of a thing, matter, commodity, by the side of and outside of the real elements of social wealth. So long as production is in a state of flux, this is forgotten. Credit, likewise, in its capacity as a social form of wealth, crowds money out and usurps its place. It is the faith in the social character of production, which gives to the money-form of products the aspect of something disappearing and ideal. But as soon as credit is shaken — and this phase always appears of necessity in the cycles of modern industry — all the real wealth is to be actually and suddenly transformed into money, into gold and silver, a crazy demand, which, however, necessarily grows out of the system itself. And all the gold and silver, which is supposed to satisfy

these enormous demands, amounts to a few millions in the cellars of the Bank.<sup>112</sup>

In the effects of the gold drains, then, the fact that production as a social process is not subject to social control is strikingly emphasized by the existence of the social form of wealth outside of it as a separate thing. The capitalist system of production, it is true, shares this with former systems of production, so far as they rest on the trade with commodities and private exchange. But only in it does this become apparent in the most striking and grotesque form of the most absurd contradiction and nonsense, because, in the first place, production for the direct use of the producers is most completely abolished under the capitalist system, so that wealth exists only as a social process expressed by the interrelations of production and circulation; and in the second place, because capitalist production forever strives to overcome this metallic barrier, the material and phantastic barrier of wealth and its movements, in proportion as the credit system develops, but forever breaks its head on this same barrier.

In the crisis the demand is made, that all bills of exchange, securities, and commodities shall be simultaneously convertible into bank money, and this whole bank money consists of gold.

#### The Rate of Exchange.

[The barometer for the international movement of the money metals is the rate of exchange. If England has more payments to make to Germany than Germany to England, the price of marks, expressed in sterling, rises in London, and the price of sterling, expressed in marks, falls in Hamburg and Berlin. If this overbalance of monetary obligations of England toward Germany is not equalised, for instance, by over purchases of Germany in England, the sterling price for marks on bills of exchange on Germany must rise to a point, where it will pay to send metal (gold coin or bullion) from England to Germany in payment of obligations, instead of sending bills of exchange. This is the typical course of things.

If this export of precious metals assumes a larger scope and lasts longer, then the English bank reserve is touched, and the English money market, with the bank of England at the head, must take precautionary measures. These consist mainly, as we have already seen, in the raising of the rate of interest. When the drain of gold is considerable, the money market is always difficult, that is, the demand for loan capital in the form of money

exceeds the supply by far, and the raising of the rate of interest follows quite naturally from this; the rate of discount fixed by the Bank of England corresponds to this condition and asserts itself on the market. However, there are cases, when the drain of metal is due to other than the ordinary combinations of business (for instance, to loans of foreign states, investment of capital in foreign countries, etc.), when the London money market in that respect does not justify such an effective raise of the rate of interest; in that case the Bank of England must first make money “scarce” by heavy loans in the “open market” and thus create artificially a condition, which justifies a raise of the rate of interest, or renders it necessary; a maneuver, which becomes from year to year more difficult for it. — F. E.]

How this raising of the rate of interest affects the rates of exchange, is shown by the following testimony before the Committee of the Lower House concerning bank legislation in 1857 (quoted as B. A., or B. C., 1857.)

John Stuart Mill: 2176. “When the business has become difficult...a considerable fall in the price of securities takes place...foreigners order the buying of railroad shares here in England, or English owners of foreign railroad shares sell them to foreign countries...to that extent the transfer of gold is avoided.” — 2182. “A large and rich class of bankers and dealers in securities, by whom the equalisation of the rate of interest and the equalisation of the commercial barometric pressure between the different countries is generally accomplished...is always on the lookout for the purchase of securities, which promise a rise in price...the proper place to buy them will be the country which sends gold abroad.” — 2183. “These investments of capital took place to a large extent in 1847, enough to reduce the drain of gold.”

J. G. Hubbard, Ex-Governor, and since 1838 a Director of the Bank of England: 2545. “There are a large number of European securities...which have a European circulation in all the various money markets, and these papers, as soon as they fall by one or two per cent. in one market, are at once brought up in order to be transferred to markets, where their value has still maintained itself.” — 2565. “Are not foreign countries considerably in debt to merchants in England?” — ...”Very considerably.” — 2566. “The collection of these debts might, therefore, suffice by itself to explain a very large accumulation of capital in England?” — “In the year 1847 our position

was finally restored by our drawing a line through so and so many millions, which America and Russia formerly owed to England.” [England owed these same countries at the same time “so and so many millions” for corn and did not forget to “draw a line” also through the greater portion of these by the bankruptcy of the English debtors. See the report on Bank Acts, 1857, in chapter XXX of this work.] — 2572. “In 1847 the rate of exchange between England and Petersburg stood very high. When the government letter was issued, which authorized the Bank of England to issue bank notes without adhering to the legally prescribed limit of 14 millions [beyond the gold reserve], the condition was that the discount should be kept at 8%. At that moment, and at that rate of discount, it was a profitable business to have gold shipped from Petersburg to London and to lend it out after its arrival at 8% until the three months’ bills of exchange should become due, which had been drawn against the sold gold.” — 2573. “In all operations with gold many points must be taken into consideration; it depends on the rate of exchange and on the rate of interest, at which money may be invested until the bills drawn against it become due.”

#### Rate of Exchange with Asia.

The following points are important, partly because they show that England must take refuge to other countries, when its rate of exchange with Asia is unfavorable. These are countries, whose imports from Asia are paid by way of England. On the other part they are important, because Mr. Wilson makes once more the silly attempt here, to identify the effect of an export of precious metal on the rates of exchange with the effect of an export of capital in general upon these rates; the export being in either case not for the purpose of paying or buying, but of investing capital. In the first place it goes without saying, that whether so and so many millions of pounds sterling are sent to India in precious metals or railroad rails, in order to be invested in railroads there, these are merely two different forms of transferring the same amount of capital to another country. And this is a form of transfer, which does not enter into accounts of the ordinary mercantile businesses, and for which the exporting country expects no other returns than later on the annual revenue from the income of these railroads. If this export is made in the form of precious metal, it will exert a direct influence upon the money market and with it upon the rate of interest of the country exporting this precious metal, at least under the previously outlined conditions, if not necessarily under all circumstances, since precious metal

is directly loanable money-capital and the basis of the entire money-system. This export also affects directly the rate of exchange. For precious metal is exported only for the reason and to the extent that the bills of exchange, say, on India, which are offered in the London money market, do not suffice for the making of these extra payments. In other words, there is a demand for Indian bills of exchange which exceeds their supply, and so the rates turn for a time against England, not because it is in debt to India, but because it has to send extraordinary sums to India. In the long run such a shipment of precious metal to India must have the effect of increasing the Indian demand for British goods, because it indirectly increases the consuming power of India for European goods. But if the capital is shipped in the shape of rails, etc., it cannot have any influence on the rates of exchange, since India has no return payment to make for it. For the same reason this need not have any influence on the money market. Wilson seeks to establish the fact of such an influence by declaring that such an extra expenditure will bring about an extra demand for money accommodation and will thus influence the rate of interest. This may be the case; but to maintain that it must take place under all circumstances is totally wrong. No matter whether the rails are shipped and laid on English or Indian soil, they represent nothing else but a definite expansion of English production in a definite sphere. To contend that an expansion of production, even to a large volume, cannot take place without driving the rate of interest higher, is absurd. The money accommodation may grow, that is, the amount of business transacted by operations of credit; but these operations may increase also while the rate of interest remains unchanged. This was actually the case during the railroad mania in England during the forties. The rate of interest did not rise. And it is evident, that, so far as actual capital, in this case commodities, are concerned, the effect on the money market will be just the same, whether these commodities are intended for foreign countries or for inland consumption. A difference could be discovered only in the case that the investment of capital on the part of England in foreign countries would have a restraining influence upon its commercial exports, that is, exports for which payment must be made in return, or to the extent that these investments of capital are general symptoms indicating the overstraining of credit and the beginning of swindling operations.

In the following Wilson asks questions and Newmarch answers them.

1786. “You said before, with reference to the silver demand for Eastern Asia, that in your opinion the rates of exchange with India are in favor of England, in spite of the considerable wealth of metal continually sent to Eastern Asia; have you any reasons for this?”—” To be sure....I find that the actual value of the exports of the United Kingdom to India amounted to 7,420,000 pounds sterling in 1851; to this must be added the amount of the bills of exchange of the India House, that is, the funds which the East Indian Company draws from India for the payment of its own expenses. These drafts amounted in that year to 3,200,000 pounds sterling; so that the total exports of the United Kingdom to India amounted to 10,620,000 pounds sterling. In 1855 the actual value of the exports of commodities had risen to 10,350,000 pounds sterling; the drafts of the India House were 3,700,000 pounds sterling; the total exports therefore 14,050,000 pounds sterling. For 1851, I believe, we have no means of ascertaining the actual value of the imports of commodities from India to England; but we have for 1854 and 1855. In 1855 the entire actual value of these imports of commodities from India to England was 12,670,000 pounds sterling and this sum, compared to the 14,050,000 pounds sterling, leaves a balance in favor of England, in the direct commerce between the two countries, amounting to 1,380,000 pounds sterling.”

Thereupon Wilson remarks that the rates of exchange are also touched by the indirect commerce. For instance, the exports from India to Australia and North America are covered by drafts on London, and therefore affect the rate of exchange quite in the same way as though the commodities had gone directly from India to England. Furthermore, when India and China are taken together, the balance is against England, since China has continually heavy payments to make to India for opium, and England has to make payment to China, and the amounts go by this circuitous route to India. (1787, 1788.)

1789. Wilson asks now, whether the effect on the rates of exchange will not be the same, no matter whether the capital goes out in the form of iron rails or locomotives, or in the form of metal coin. Newmarch gives the correct answer: The 12 million pounds sterling, which have been sent during the last years to India for railroad construction served to buy an annual income, which India has to pay at regular terms to England. So far as

any immediate effect on the precious metal market is concerned, the investment of 12 million pounds sterling can exert any influence only to the extent that metal had to be sent out for an actual investment in money.

1797. Weguelin asks: “If no returns are made for these rails, how can it be said that they affect the rate of exchange?”— “I do not believe that that portion of the expenditure, which is sent abroad in the form of commodities, affects the stand of the rates of exchange...the stand of the rates between two countries is, one may say exclusively, affected by the quantity of the obligations or bills of exchange offered in opposition to them in another country; that is the rational theory of the rate of exchange. As for the shipment of those 12 millions, they were in the first place subscribed here; now, if the business were such, that these entire 12 millions would be deposited in cash in Calcutta, Bombay and Madras...this sudden demand would strongly affect the price of silver, just as would be the case if the East India Company were to announce tomorrow, that it would increase its drafts from 3 millions to 12 millions. But one-half of these 12 millions is invested...in the purchase of commodities in England...iron rails and lumber and other materials...it is an investment of English capital, in England itself, for a certain kind of commodities to be shipped to India, and that ends the matter.” — 1798. Weguelin: “But the production of these commodities of iron and wood required for the railroads produces a heavy consumption of foreign commodities, and this could affect the rate of interest, could it not?”— “Assuredly.”

Wilson thinks now, that iron largely represents labor, and that the wages paid for this labor largely represent imported goods (1799), and then he asks further:

1801. “But speaking quite generally: If the commodities, which have been produced by means of the consumption of these imported commodities, are sent out in such a way, that we do not receive any returns for them, either in products or otherwise, would not that have the effect of making the rates of exchange unfavorable for us?”— “This principle is exactly what happened in England during the time of the great railway enterprises . For three or four years in succession you invested 30 million pounds sterling in railroads and almost the whole in wages. You have

maintained during three years in the construction of railroads, locomotives, cars, stations, a greater number of people than in all factory districts together. These people...expended their wages in the purchase of tea, sugar, liquor and other foreign commodities; these commodities must be imported; but it is certain that during the time that this great investment was being made, the rates of exchange between England and other countries were not materially disturbed. No drain of precious metal took place, on the contrary, rather an addition.”

1802. Wilson insists that with a settled balance of trade and par rates between England and India the extra shipment of iron and locomotives “must affect the rate of exchange.” Newmarch cannot see it that way, so long as the rails are sent out as an investment of capital and India has no payment to make for them in one form or another; he adds: “I agree with the principle that no country can in the long run have an unfavorable rate of exchange with all countries, with whom it deals; an unfavorable rate of exchange with one country necessarily produces a favorable one with another.” — Wilson retorts with this triviality: 1803. “But would not a transfer of capital be the same, whether the capital were sent in this form or that?” — “So far as an indebtedness is concerned, yes.” — 1804. “Then, whether you send out precious metal or commodities, the effect of railroad construction in India on the market of capital here would be the same and would increase the value of capital just as though the whole had been sent out in precious metal?”

If the prices of iron did not rise, it was certainly a proof that the “value” of the “capital” contained in the rails had not been increased. What is wanted is the value of money-capital, of the rate of interest. Wilson would like to identify money-capital with capital in general. The simple fact is, primarily, that 12 millions for Indian railroads are subscribed in England. This is a matter which has nothing directly to do with the rates of exchange, and the destination of the 12 millions is also immaterial for the money market. If the money market is in good condition, it need not produce any effect at all on it, just as the English railroad subscriptions in 1844 and 1845 left the money market untouched. If the money market is already somewhat difficult, then the rate of interest might indeed be affected by it, but certainly only in an upward direction, and this would have a favorable

effect for England on the rates of exchange according to Wilson's theory, that is, it would work against the tendency to export precious metal; if not to India, then to some other country. Mr. Wilson jumps from one thing to another. In question 1802 the rates of exchange are supposed to be affected, in question 1804 the "value of capital," two very different things. The rate of interest may affect the rates of exchange, and the rates may affect the rate of interest, but the rate of interest may be stable while the rates of exchange fluctuate, and the rates of exchange may be stable while the rate of interest fluctuates. Wilson cannot understand, that the mere form, in which capital is shipped abroad, should make such a difference in the effect, that is, that the difference in the form of capital should have such an effect, not to mention its money form, which runs very much counter to the enlightened economy. Newmarch answers Wilson's question onesidedly inasmuch as he does not point out that he has jumped so suddenly and without reason from the rate of exchange to the rate of interest. Newmarch answers question 1804 uncertainly and doubtfully: "No doubt, if 12 millions are to be raised, it is immaterial, so far as the general rate of interest is concerned, whether these 12 millions are to be sent out in precious metals or in materials. I believe, however" [a fine transition, this however, when he intends to say the exact opposite] "that this is not quite immaterial" [it is immaterial, but, however, it is not material] "because in the one case the six million pounds sterling would return immediately; in the other case they would not return so quickly. Therefore it would make some" [what definiteness!] "difference, whether the six millions were invested here at home or sent entirely abroad." What does he mean by saying that the six millions would return immediately? To the extent that the six million pounds sterling have been spent in England, they exist in rails, locomotives, etc., which are shipped to India, whence they do not return, and their value returns very slowly through a sinking fund, whereas six millions in precious metals may return very quickly in their natural form. To the extent that six millions have been spent in wages, they have been consumed; but the money, in which they were paid, circulates in the country the same as ever or forms a reserve. The same is true of the profits of the producers of iron rails and of that portion of the six millions which makes good their constant capital. This ambiguous phrase of the return of values is used by Newmarch only in order to avoid saying directly: The money has remained in the country, and so far as it serves as loanable money-capital the difference for the money-market (aside

from the possibility that the circulation might have swallowed more hard cash) is only this, that it is spent for the account of A instead of B. An investment of this kind, where the capital is transferred to other countries in commodities, not in precious metals, cannot affect the rate of exchange, unless the production of these exported commodities requires an extra-import of other foreign commodities, and this, at any rate, does not affect the rate of exchange with the country in which the exported capital is invested. This production is not intended to settle for this extra import. The same takes place in every export on credit, no matter whether it be intended for investment as capital or for ordinary purposes of commerce. Besides, such an extra import may also cause a reaction in the way of an extra demand for English goods, for instance, on the part of the colonies or of the United States.

Before that Newmarch said that owing to the drafts of the East India Company the exports from England to India were larger than the imports. Sir Charles Wood cross-examines him on this score. This excess of the English exports to India over the imports from India is actually due to imports from India, for which England does not pay any equivalent. The drafts of the East India Company (now of the British government) resolve themselves into a tribute levied on India. For instance, in 1855 the imports from India to England amounted to 12,670,000 pounds sterling; the English exports to India amounted to 10,350,000 pounds sterling; balance in India's favor 2,250,000 pounds sterling. "If the matter were exhausted with this, then these 2,250,000 pounds sterling would have to be remitted to India in some form. But then come the invitations from the India House. The India House announces that it is in a position to issue drafts on the different presidencies in India to the amount of 3,250,000 pounds sterling. [This amount was levied for the London expenses of the East India Company and for the dividends due to the stockholders.] And this liquidates not merely the balance of 2,250,000 pounds sterling, which arose in a business way, but gives besides a surplus of one million." (1917.)

1922. Wood: "Then the effect of these drafts of the India House is not to increase the exports to India, but to reduce them to that extent?" [He means to say to reduce the necessity of covering the imports from India by exports to India to the same amount.] Mr. Newmarch explains this by saying that

the British export for these 3,700,000 pounds sterling a “good government” to India (1925). Wood, knowing very well the kind of “good government” exported to India by the British, having been Minister to India, replies correctly and ironically: 1926. “Then the exports, which, as you say, are caused by the India House drafts, are exports of good government, and not of commodities.” — Since England exports a good deal “in this way” in the shape of “good government” and for investment of capital in foreign countries, things which are quite independent of the ordinary run of business, tributes which consist either in payment for “good government” or in revenues from capital invested in the colonies or elsewhere, tributes for which it does not have to pay any equivalent, it is evident, that the rates of exchange are not affected, when England simply consumes these tributes without making any exports in return for them. Hence it is also evident that the rates of exchange are not affected, when it reinvests these tributes, not in England, but productively or unproductively in foreign countries; for instance, when it sends ammunition to the Crimea with them. Moreover, to the extent that the imports from abroad pass into the revenue of England — of course, they must first have been paid, either in the form of tributes for which no equivalent return is made, or by exchanging things for these tributes before they have been paid, or by the ordinary course of commerce — England can either consume them or reinvest them as capital. Neither the one nor the other thing touches the rates of exchange, and this is what Wilson overlooks. Whether a domestic or a foreign product forms a part of the revenue — and this last case requires merely an exchange of domestic for foreign products — the consumption of this revenue, be it productive or unproductive, alters nothing in the rates of exchange, even though it may alter the scale of production. The following remarks should be judged by the foregoing explanation:

1934. Wood asks Newmarch, how the shipment of war supplies to the Crimea would affect the rates of exchange with Turkey. Newmarch replies: “I do not see, that the mere shipment of war supplies would necessarily affect the rates of exchange, but the shipment of precious metals would surely affect these rates.” In this case he distinguishes capital in the form of money from capital in other forms. But now Wilson asks:

1935. “If you promote an export on a large scale of some article for which no corresponding import takes place, you do not pay the foreign debts, which you have contracted by your imports, and for this reason you must affect the rates of exchange by these transactions, since the foreign debts are not paid, because your export has no corresponding import. — This is true of countries in general.” [Mr. Wilson forgets, that there are very considerable imports into England, for which no corresponding exports have ever taken place, except in the form of “good government” or of formerly exported capital for investment; at any rate imports which do not pass into the regular commercial movement. But these imports are again exchanged, for instance, for American products, and the fact that American goods are exported without any corresponding imports does not alter the fact that the value of these imports may be consumed without any equivalent return abroad; they have been received without being balanced by any corresponding exports, and may also be used up without entering into the balance of trade. On the other hand, if these imports have already been paid by you, for instance, by credit given to foreign countries, then no debt is contracted through this, and the question has nothing to do with the international balance; it resolves itself into productive and unproductive expenditures, no matter whether the products so used are domestic or foreign.]

This lecture of Wilson’s amounts to saying that every export without a corresponding import is at the same time an import without a corresponding export, because foreign, hence imported, commodities enter into the production of the exported article. The assumption is that every export of this kind is based on some unpaid import, or creates it, resulting in a debt to a foreign country. This is wrong, even aside from the two following circumstances. 1) England receives imports free of charge, for which it pays no equivalent, such as a portion of its Indian imports. It may exchange these for American imports, and may export the latter without any imports to counterbalance them; but at any rate, so far as this value is concerned, it has only exported something that did not cost it anything. 2) England may have paid for imports, for instance American imports, which form additional capital; if it consumes these unproductively, for instance, using them as war materials, this does not constitute any debt towards America and does not affect the rates of exchange with America. Newmarch contradicts himself in

numbers 1934 and 1935, and Wood calls his attention to this, in number 1938: “If no portion of the commodities employed in the manufacture of articles, which we export without receiving any returns [war materials], comes from the country into which these articles are sent, how does that touch the rate of exchange with that country? Suppose that commerce with Turkey is in the ordinary condition of equilibrium; how is the rate of exchange between us and Turkey affected by the export of war materials to the Crimea?” — Here Newmarch loses his equanimity; he forgets that he has answered the same simple question correctly in No. 1934, and says: “We have, it seems to me, exhausted the practical question, and we are now getting into a very high region of metaphysical discussion.”

[Wilson has still another version of his claim, that the rate of exchange is affected by every transfer of capital from one country to another, no matter whether this takes place in the form of precious metals or of commodities. Wilson knows, of course, that the rate of exchange is affected by the rate of interest, particularly by the relation of the rates of interest current in any two countries whose rates of exchange are under discussion. If he can now demonstrate that any surplus of capital, and in the first place commodities of all kinds, including precious metals, contribute their share to influencing the rate of interest, then he makes a step nearer to his goal; a transfer of any considerable portion of this capital to some other country must then change the rate of interest in both countries, in opposite directions, and this must alter in a secondary way the rate of exchange between both countries. — F. E.]

He says, then, in the “Economist,” 1847, page 475, which he edited at that time:

“It is evident, that such a surplus of capital, indicated by large supplies of all kinds, including precious metals, must lead necessarily, not only to lower prices of commodities in general, but to a lower rate of interest for the use of capital.”

“If we have a stock of commodities on hand, large enough to supply the country for the coming two years, then a command of these commodities for a given period may be had at a much lower rate than if it would last only for two months.”

All loans of money, in whatever form they may be made, are merely transfers of the command over commodities from one to another. If, therefore, commodities are superabundant, then the money interest must be low, if they are scarce, it must be high.”

“If commodities come in more abundantly, the number of sellers compared to the number of buyers must increase, and in proportion as the quantity exceeds the needs of the direct consumers, an ever larger portion must be stored up for later use. Under these circumstances an owner of commodities will sell at lower conditions on future payment, or on credit, than he would if he were sure that his whole stock would be sold within a few weeks.”

Our comment on sentence No. 1, is that a strong addition to the precious metals may be made while production is simultaneously contracted, which is always the case in the period after a crisis. In the subsequent phase precious metals may come in from countries that produce above all precious metals; the imports of other commodities are generally balanced by the exports during this period. In these two phases the rate of interest is low and rises but slowly; we have already explained the reason for this. This low rate of interest may be explained everywhere without any influence of any “Large supplies of any kind.” And how is this influence to take place? The low price of cotton, for instance, renders possible the high profits of the spinners, etc. Now why is the rate of interest low? Surely not, because the profit, which may be made on borrowed capital, is high. But simply and solely, because under existing conditions the demand for loan capital does not grow in proportion to this profit; in other words, because loan capital has a different movement than industrial capital. What the “Economist” wants to prove is exactly the reverse, namely that the movements of loan capital are identical with those of industrial capital.

Comment on sentence No. 2). If we reduce the absurd assumption of a stock for two years ahead to a point where it begins to take on some meaning, it signifies that the markets are overstocked. This would cause a falling of prices. Less would have to be paid for a bale of cotton. This would by no means justify the conclusion, that the money which is to be used for the payment of this cotton, is more easily borrowed. For this depends on the condition of the money market. If money can be borrowed

more easily, it can be so only because the commercial credit is in such shape, that it has to make less use of bank credit than ordinarily. The commodities overcrowding the market are means of subsistence or means of production. The low price of both increases in this case the profit of the industrial capitalist. Why should these low prices depress the rate of interest, unless it be through the contrast (not the identity) between the abundance of industrial capital and the scarcity of the demand for loan capital? The circumstances are such, that the merchant and the industrial capitalist can more easily give credit to one another; owing to this facilitation of commercial credit, neither the industrial nor the merchant need much bank credit; hence the rate of interest can be low. This low rate of interest has nothing to do with the increase of precious metals, although both of them may run parallel to each other and the same causes, which bring about the low prices of articles of import, may also produce a surplus of precious metals. If the import market were really overcrowded, it would prove a decrease of the demand for imported articles, and this would be inexplicable at low prices, unless it be attributed to a contraction of industrial production at home; but this, again, would be inexplicable, so long as there is an over importation at low prices. All these absurdities are brought forward for the purpose of proving that a fall of prices is identical with a fall of interest. Both things may, indeed, exist side by side. But if they do, it will be an expression of the opposite directions, in which the movement of industrial capital and of loan capital takes place. It will not be an expression of their identity.

Comment on sentence No. 3). Why money interest should be low, when commodities exist in abundance, is hard to understand, even after the foregoing remarks. If commodities are cheap, then I need, say, only 1,000 pounds sterling instead of 2,000 pounds sterling for a definite quantity which I may want to buy. But perhaps I might invest 2,000 pounds sterling nevertheless, and thus buy twice the quantity which I could have bought formerly. In this way I expand my business by advancing the same capital, which I may have to borrow. I buy 2,000 pounds sterling's worth of commodities, the same as before. My demand on the money market therefore remains the same, even though my demand on the commodity-market rises with the fall of the prices of commodities. But if this demand for commodities should decrease, that is, if production should not expand

with the fall of the prices of commodities, a thing contrary to all laws of the “Economist,” then the demand for loanable money-capital would be decreasing, although the profit would be increasing. But this increasing profit would create a demand for loan capital. For the rest, the low stand of the prices of commodities may be due to three causes. First, to a lack of demand. In that case the rate of interest is low, because production is paralyzed, not because commodities are cheap, since this cheapness is but an expression of that paralysis. In the second place, it may be due to a supply which is excessive compared to the demand. This may be the result of an overcrowding of markets, etc., which may lead to a crisis, and may go hand in hand with a high rate of interest during a crisis; or it may be the result of a fall in the value of commodities, so that the same demand may be satisfied at lower prices. Why should the rate of interest fall in the last case? Because the profits increase? If this should be due to the fact that less money-capital is required for the purpose of obtaining the same productive or commodity-capital, it would merely prove that profit and interest stand in an inverse proportion to one another. Certainly this general statement of the “Economist” is wrong. Low money prices of commodities and a low rate of interest do not necessarily go together. Otherwise the rate of interest would be lowest in the poorest countries, in which the money prices of commodities are lowest, and highest in the richest countries, in which the money prices of products of agriculture are highest. In a general way the “Economist” admits: If the value of money falls, it exerts no influence on the rate of interest. 100 pounds sterling bring 105 pounds sterling the same as ever. If the 100 pounds sterling are worth less, so are the 105 pounds sterling or the 5 pounds interest. This relation is not affected by the appreciation or depreciation of the original sum. Considered as a value, a definite quantity of commodities is equal to a definite sum of money. If this value rises, it is equal to a larger sum of money; the reverse takes place when it falls. If the value is 2,000, then 5% of it is 100; if it is 1,000, then 5% of it is 50. This does not alter anything in the rate of interest. The rational part of this matter is merely that a greater pecuniary accommodation is required, when it takes 2,000 pounds sterling to buy the same quantity of commodities, which may be bought for 1,000 pounds sterling at some other time. But this shows at this point merely that profit and interest are inversely proportionate to one another. For profit rises with the cheapness of the elements of constant and variable capital, whereas

interest falls. But the reverse may also take place, and does often take place. For instance, cotton may be cheap, because no demand exists for yarn and fabrics; and cotton may be relatively dear, because a large profit in the cotton industry creates a great demand for it. On the other hand the profits of the industrials may be high, just because the price of cotton is low. That list of Hubbard's proves that the rate of interest and the prices of commodities pass through mutually independent movements, whereas the movements of the rate of interest adapt themselves closely to those of the metal reserve and the rates of exchange.

Says the "Economist": "If, therefore, commodities are superabundant, then the money interest must be low." It is just the reverse which takes place during crises; the commodities are superabundant, not convertible into money, and therefore the rate of interest is high; in another phase of the cycle the demand for commodities is large, hence returns are easy, while prices of commodities are rising at the same time, and the rate of interest is low on account of the easy returns. "If they [the commodities] are scarce, it must be high." Once more the opposite is true in times of depression after a crisis. Commodities are scarce, absolutely speaking, not merely with reference to the demand; and the rate of interest is low.

Comment on sentence No. 4). It is pretty evident that an owner of commodities, provided he can sell them at all, will get rid of them at a lower price when the market is overcrowded than he will when there is a prospect of a rapid exhaustion of the existing supply. But why the rate of interest should fall on that account is not so clear.

If the market is overcrowded with imported commodities, the rate of interest may rise as a result of an increased demand for loan capital on the part of their owners, who may wish to escape the necessity of throwing their commodities on the market. On the other hand, the rate of interest may fall, because the fluidity of commercial credit may keep the demand for bank credit relatively low.

The "Economist" mentions the rapid effect on the rates of exchange in 1847, as a consequence of the raising of the rate of interest and other circumstances exerting a pressure on the money market. But it should not

be forgotten, that the gold continued to be drained off until the end of April, in spite of the turn in the rates of exchange; a change did not take place in this until the beginning of May.

On January 1, 1847, the metal reserve of the Bank was 15,066,691 pounds sterling; the rate of interest 3½%; rates of exchange for three months on Paris 25.75; on Hamburg 13.10; on Amsterdam 12.3¼. On March 5th the metal reserve had dwindled to 11,595,535 pounds sterling; the discount had risen to 4%; the rate of exchange fell to 25.67½ for Paris; 13.9¼ for Hamburg; 12.2½ for Amsterdam. The drain of gold continued. See the following table:

Date	1847	Precious Metal Reserve of the Bank of England	Money Market	Highest Three Monthly Rates	Paris	Hamburg	Amsterdam
March 20	11,231,630	Bk. Dc. 4%	25.67½	13.9¾	12.2½	April 310,246,630	Bk. Dc. 5%
April 1	109,867,053	Money very scarce	25.90	13.10	12.3½	April 179,329,941	Bk. Dc. 5.5%
April 17	249,213,890	Pressure	26.05	13.13	12.6	May 19,337,716	Increasing
May 1	26.15	13.12¾	12.6½	May	89,588,759	Highest	
May 15	26.27½	13.15½	12.7¾				

In 1847 the total exports of precious metals from England amounted to 8,602,597 pounds sterling.

Of this amount the United States received...3,226,411 pounds sterling  
 France... 2,479,892 pounds sterling  
 Hansa Towns...958,781 pounds sterling  
 Holland...247,743 pounds sterling

In spite of the change in the rates at the end of March the drain of gold continued for another full month, probably to the United States.

“We see here” [says the “Economist,” 1847, ], “how rapidly and strikingly the raising of the rate of interest exerted its effect, together with the subsequent money panic, in correcting an unfavorable rate of exchange and turning the tide of gold, so that it flowed once more into England. This effect was produced quite independently of the balance of payment. A higher rate of interest produced a lower price of securities, of English as well as foreign ones, and caused large purchases of them for foreign

accounts. This increased the sum of the bills of exchange drawn by way of England, while on the other hand, at the high rate of interest, the difficulty of obtaining money was so great, that the demand for these bills of exchange fell, while their sum rose. It was for the same reason that orders for foreign goods were annulled and the investment of English capital in foreign securities realised and the money taken to England for investment. For instance, we read in the "Rio de Janeiro Prices Current" of May 10: "The rate of exchange" [on England] "has experienced a new setback, caused mainly by a pressure on the market for remittances for the realisations on considerable purchases of [Brazilian] government bonds for English account." English capital, which had been invested in foreign countries in various securities, when the rate of interest was very low here, was thus taken back when the rate of interest had risen.

#### England's Balance of Trade.

India alone has to pay 5 millions in tribute for "good government," interest and dividends of British capital, etc., not counting the sums sent home annually by officials as savings of their salaries, or by English merchants as a part of their profit in order to be invested in England. Every British colony has to make large remittances continually for the same reason. Most of the banks in Australia, West India, Canada, have been founded with English capital, and the dividends are payable in England. In the same way England owns many foreign securities, European, North and South American, on which it draws interest. In addition to this it is interested in foreign railroads, canals, mines, etc., with the corresponding dividends. Remittance on all these items is made almost exclusively in products, in excess of the amount of the English exports. What goes to foreign countries from England to owners of English securities and to be consumed by Englishmen abroad, is a vanishing quantity in comparison.

The question, so far as it concerns the balance of trade and the rates of exchange, is "at every given moment a question of time. As a rule...England gives large credits on its exports, while its imports are paid in cash. In certain moments this difference of habit has considerable influence on the rates of exchange. At a time when our exports increase very considerably, as in 1850, there must take place a continual expansion in the investment of British capital...in this way remittances of 1850 may be made against goods

exported in 1849. But if the exports of 1850 exceed those of 1849 by more than 9 millions, the practical effect must be that more money is sent abroad, to this amount, than returned in the same year. And in this way an effect is produced on the rates of exchange and the rate of interest. But as soon as business is depressed by a crisis, and our exports are greatly reduced, the remittances due for large exports of former years considerably exceed the value of our imports; consequently the rates turn in our favor, capital rapidly accumulates in the home country, and the rate of interest falls.” (Economist, January 11, 1851.)

The foreign rates of exchange may be altered:

In consequence of a momentary balance of payment, no matter to what cause this may be due, whether it be a purely mercantile one, or the investment of capital abroad, or government expenditures, wars, etc., so far as cash payments are made to foreign countries.

In consequence of a depreciation of money in a certain country, whether it be metal or paper money. This is purely nominal. If one pound sterling should represent only half as much money as formerly, it would naturally be counted as 12.5 francs instead of 25 francs.

When it is a question of the rate of exchange between countries, one of which uses silver, the other gold as “money,” the rate of exchange depends upon the relative fluctuations of value of these two metals, since these fluctuations necessarily alter the parity between them. An illustration of this were the rates of exchange in 1850; they were against England, although its export rose enormously. But nevertheless no drain of gold took place. This was the result of a momentary rise in the value of silver as against that of gold. (See Economist, November 30, 1857.)

The parity of the rate of exchange is for one pound sterling: on Paris 25.20 francs; Hamburg 13 marks banko 10.5 shillings; 113 Amsterdam 11 florins 97 centimes. In proportion as the rate of exchange on Paris exceeds 25.20 francs, it becomes more favorable to the English debtor of France, or the buyer of French commodities. In either case he needs less pounds sterling in order to accomplish his purpose. — In more remote countries, where precious metals are not easily obtained, when bills of exchange are scarce and insufficient for the remittances to be made to England, the

natural effect is a raising of the prices of such products as are generally shipped to England, a greater demand arising for them, in order to send them to England in place of bills of exchange; this is often the case in India.

An unfavorable rate of exchange, or even a drain of gold, may take place, when there is a great abundance of gold in England, a low rate of interest, and a high price of securities.

In the course of 1848 England received large quantities of silver from India, since good bills of exchange were rare and mediocre ones were not easily accepted, in consequence of the crisis of 1847 and the great lack of credit in the Indian business. All this silver, when hardly arrived, quickly found its way to the continent, where the revolution caused a formation of hoards at all points. The same silver largely made the trip back to India in 1850, since the stand of the rates of exchange made this profitable.

The monetary system is essentially Catholic, the credit system essentially Protestant. "The Scotch hate gold." In the form of paper the monetary existence of commodities has only a social life. It is Faith that makes blessed. Faith in money-value as the imminent spirit of commodities, faith in the prevailing mode of production and its predestined order, faith in the individual agents of production as mere personifications of selfexpanding capital. But the credit system does not emancipate itself from the basis of the monetary system any more than Protestantism emancipates itself from the foundations of Catholicism.

## CHAPTER XXXVI. PRECAPITALIST CONDITIONS.

INTEREST bearing capital, or usurer's capital, as we may call it in its ancient form, belongs like its twin brother, commercial capital, to the antediluvian forms of capital, which long precede the capitalist mode of production and are found in the most diverse economic formations of society.

The existence of usurer's capital requires merely that at least a portion of the products should be converted into commodities, and that money with its various functions should have developed along with the trade in commodities.

The development of capital attaches itself to that of merchant's capital, more particularly to financial capital. In ancient Rome, starting from the last stages of the republic, when manufacture stood far below its ancient average development, merchants' capital, financial capital, and usurers' capital had reached their highest point within that ancient form.

We have seen that hoarding necessarily appears with money. But the professional hoarder does not become important until he becomes transformed into a usurer.

The merchant borrows money in order to make a profit with it, in order to use it as capital, that is, to spend it as such. Hence the money lender stands in the same relation to him in former stages of society as he does to the modern capitalist. This specific relation was felt also by the Catholic universities. "The universities of Alcala, of Salamanca, of Ingolstadt, of Freiburg in the Breisgau, Mayence, Cologne, Treves, one after another recognized the legality of interest for commercial loans. The first five of these approbations were deposited in the archives of the Consulate of the city of Lyons and published in the appendix of the *Traité de l'usure et des intérêts*, at Lyons, by Bruyset-Ponthus." (M. Augier, *Le Crédit Public*, etc., Paris, 1842, .)

In all forms, in which slave economy (not the patriarchal kind, but that of later Grecian and Roman times) serves as a means of amassing wealth, where money is a means of appropriating the labor of others by purchase of slaves, land, etc., there money becomes useful as capital, brings interest, for the reason that it may be so invested.

However, the most characteristic forms, in which usurers' capital exists in times antedating capitalist production, are two. I say purposely characteristic forms. The same forms repeat themselves on the basis of capitalist production, but as mere subordinate forms. They are then no longer the forms which determine the character of interest-bearing capital. These two forms are: First, usury by lending money to extravagant persons of the higher classes, particularly to land owners; secondly, usury by lending money to the small producer who is in possession of his own means of employment, which includes the artisan, but more particularly the peasant, since under precapitalist conditions, so far as they permit of independent individual producers, the peasant class must form the overwhelming majority.

Both the ruin of rich land owners by usury and the spoilation of the small producers leads to the formation and concentration of large money-capitals. But to what extent this process does away with the old mode of production, as happened in modern Europe, and whether it places in its stead the capitalist mode of production, depends entirely upon the stage of historical development and the circumstances surrounding it.

Usurers' capital as the characteristic form of interest-bearing capital corresponds to the predominance of small scale production, of selfemploying peasants and small craft masters. When the laborer is confronted by the means of employment and by the product of labor in the shape of capital, as he is under the capitalist mode of production, he has no occasion to borrow any money as a producer. When he does any borrowing of money, he does it to secure personal necessities, for instance, at the pawnshop. But wherever the laborer is the owner, whether actual or nominal, of his means of employment and of his product, he is confronted as a producer by the capital of the money lender, which stands in his way as

a usurer's capital. Newman expresses the matter weakly, when he says that the banker is respected while the usurer is hated and despised, because the banker lends to the rich, whereas the usurer lends to the poor. (J. W. Newman, Lectures on Political Economy, London, 1851, .) He overlooks the fact that the difference of two modes of social production and of the corresponding social orders intervenes here and that the matter is not exhausted by the distinction between rich and poor. On the contrary, the usury which sucks the life out of the small producer goes hand in hand with the usury which sucks the rich owner of large estates dry. As soon as the usury of the Roman patricians had completely ruined the Roman plebeians, the small peasants, this form of exploitation had an end and slave economy undisguised took the place of small peasant economy.

Under the form of interest the whole of the surplus over the necessary means of subsistence (the amount of what becomes wages later on) of the producers may here be devoured by usury (this assumes later the form of profit and ground rent), and hence it is very absurd to compare the level of this interest, which assimilates all the surplus-value with the exception of the share claimed by the state, with the level of the modern rate of interest, which gives to the interest normally no more than a part of the surplus-value. Such a comparison forgets that the wage worker gives to the capitalist, who employs him, profit, interest and ground rent, that is, the whole surplus-value produced by him. Carey makes this absurd comparison in order to show, how advantageous the development of capital and the fall in the rate of interest, that goes with it, is for the laborer. When it is said that the usurer, not content with squeezing the surplus-labor out of his victim, gradually acquires possession of the means of employment, house and land, of this victim and is thus continually engaged in expropriating him, it is forgotten that this complete expropriation of the laborer from his means of employment is not a result which the capitalist mode of production seeks to accomplish, but rather the established condition from which it starts out. The wage slave is barred from becoming a creditor's slave just as the real slave was, at least in his capacity as a producer. The wage slave may eventually become a creditor's slave in his capacity as a consumer. Usurer's capital in this form, in which it appropriates indeed all surplus-labor of the direct producers, does not alter the mode of production. The ownership, or at least the possession of the means of employment by the producers, and

small scale production corresponding to this, are its essential prerequisites. Here capital does not subordinate labor to itself directly, and does not confront the laborer as industrial capital, while usurer's capital merely impoverishes this mode of production, paralyzes the productive forces instead of developing them, and at the same time perpetuates these miserable conditions, in which the social productivity of labor is not developed at the expense of labor itself, as it is under the capitalist mode of production.

On the one hand, usury thus exerts an undermining and destructive influence on ancient and feudal wealth and ancient and feudal property. On the other hand it undermines and ruins small peasants' and small burghers' production, in short all forms, in which the producer still appears as the owner of his conditions of production. Under the developed capitalist mode of production, the laborer is not the owner of his means of employment, of the field which he cultivates, of the raw materials which he works up, etc. But under this system the separation of the producer from the means of employment is the expression of an actual revolution of the mode of production itself. The individual laborers are brought together in large workshops for the purpose of a division of labor, which dovetails one man's activity into another's. The tool becomes a machine. The mode of production no longer permits this dislocation of the means of production, which goes with small property, nor does it permit the isolation of the laborer himself. Under the capitalist mode of production, usury can no longer separate the producer from his means of production, for the simple reason that they have already been separated.

Usury centralises money wealth, where the means of production are disjointed. It does not alter the mode of production, but attaches itself to it as a parasite and makes it miserable. It sucks its blood, kills its nerve, and compels reproduction to proceed under even more disheartening conditions. Hence the popular hatred against usurers, which was most pronounced in the ancient world, where the ownership of the means of production by the producer himself was at the same time the basis of the political conditions, of the independence of the citizen. To the extent that slavery prevails, or to the extent that the surplus product is consumed by the feudal lord and his retinue, while either the slave owner or the feudal lord fall into the clutches

of the usurer, the mode of production remains the same. Only, it becomes harder on the laborer. The indebted slave holder or feudal lord becomes more oppressive, because he is himself more oppressed. Or he makes finally room for the usurer, who becomes a landed proprietor or a slave holder himself, like the knights in ancient Rome. Into the place of the old exploiters, whose exploitation was more or less patriarchal, because it was largely a means of political power, steps a hard, money-mad parvenue, But the mode of production itself is not altered thereby.

Usury works revolutionary effects in all precapitalist modes of production only so far as it destroys and dissolves those forms of property, which form the solid basis of the political organisation, and which must be continually reproduced in order that the political organisation may endure. Under the Asiatic forms usury may last for a long time, without producing anything else but economic disintegration and political rottenness. Not until the other prerequisites of capitalist production are present, does usury become a means of assisting in the formation of the new mode of production, by ruining the feudal lord and small scale production on the one hand, and centralising the means of production into capital on the other.

In the Middle Ages no country had any general rate of interest. The Church forbade all lending at interest from the outset. Laws and courts protected loans but very little. Interest was so much higher in individual cases. The limited circulation of money, the necessity of making most payments in cash, compelled people to borrow money, so much more the less the business of exchanging money was developed. There was a great deal of difference, both in the rates of interest and the conceptions of usury. In the time of Charlemagne it was considered usury to charge 100%. In Lindau on Lake Boden some resident burghers took 216 2/3% in 1348. In Zurich the City Council decreed that 43 1/3% should be the legal rate of interest. In Italy 40% had to be paid sometimes, although the ordinary rate did not exceed 20% from the 12th to the 14th century. Verona ordered that 12½% should be the legal rate. Emperor Frederick II. fixed the rate at 10%, but only for Jews. He did not care to speak for the Christians. In the Rhine provinces 10% was the rule as early as the 13th century. (Hüllmann, *Geschichte des Städtewesens*, II, p-57.)

Usurer's capital uses a capital's method of exploitation without its mode of production. This state of affairs repeats itself also inside of bourgeois economy, in backward lines of industry or in those lines, which resist the transition to the modern mode of production. For instance, if we wish to compare the English rate of interest with the Indian, we should not take the rate of interest of the Bank of England, but rather that, say, of the lenders of small machinery to small producers in domestic industry.

Usury as an enemy of consuming wealth is historically important inasmuch as it is itself a process generating capital. Usurer's capital and merchant's wealth promote the formation of moneyed wealth independent of landed property. The less products assume the character of commodities, and the less exchange-value seizes the whole breadth and depth of production, the more does money appear as real wealth, that is, as wealth in general compared to its limited existence in use-values. This is the basis of hoarding. Aside from money as world money and a hoard, it assumes the absolute form of commodities particularly as a means of payment. And it is especially its function as a means of payment, which develops interest and with it money-capital. What squandering and corrupting wealth wants is money as such, money as a means of buying everything (also as a means of paying debts). The small producer needs money above all to make payments. (The conversion of tithes in kind and service in kind to landlords and to the state into money rent and money taxes plays a great role in this.) In either case money is used as money proper. On the other hand hoarding becomes real only in this way, and thus fulfills the dreams of the usurer. What the owner of a hoard demands is not capital, but money as such; but by means of interest he converts his hoard of money into capital for himself, that is, into a means of grabbing surplus-labor in part or entirely, and with it securing a hold on a part of the requirements of production itself, even though this may remain separate from him as a nominal property of others. Usury lives apparently in the pores of production in the same way as the gods live in the spaces between worlds according to Epicurus. Money is obtainable so much harder, the less products assume the general form of commodities. Hence the usurer acknowledges no other barrier but the capacity or resistive power of those who need money. In small peasants' and small burghers' production money serves as a means of purchase mainly, whenever the laborer (who is still to a predominant extent the

owner of his means of production under these modes of production) loses his means of employment by accident or by extraordinary upheavals, or at least does not become able to recover them in the ordinary course of reproduction. Means of subsistence and raw materials constitute the essential part of these requirements of production. If these become dearer, it may be impossible to reproduce them out of the returns for the product, just as mere crop failures may prevent the peasant from reproducing his seed grain in its natural form. The same wars, by which the Roman patricians ruined the plebeians, by compelling them to serve as soldiers and thus preventing them from reproducing the requirements of their productive activity and making paupers of them (and pauperization, depletion or loss of the prerequisites of reproduction is here the predominant form), filled the sheds and cellars of the patricians with looted copper, the money of that time. Instead of giving to the plebeians directly the necessary commodities, grain, horses, cattle, they loaned to them this copper, for which they had no use themselves, and availed themselves of this condition for the purpose of enforcing enormous interest by usury, thereby turning the plebeians into their debtor slaves. Under the reign of Charlemagne the Frankish peasants were likewise ruined by wars, so that nothing remained to them but to become serfs instead of debtors. In the Roman empire it happened frequently that famines caused the sale of children, or the voluntary sale of free men by themselves, into slavery to the rich. So much for general turning points. In individual cases the maintenance or loss of the requirements of production on the part of the small producers depend on a thousand accidents, and everyone of such accidents or losses signifies impoverishment and becomes an opening, into which the parasite of usury may enter. The mere death of a cow may render the small producer unable to renew his reproduction on the former scale. Then he falls into the clutches of the usurer, and once he is in the usurer's power he never extricates himself.

The typical great and peculiar domain of the usurer, however, is the function of money as a means of payment. Every payment of money, ground rent, tribute, tax, etc., which becomes due at a certain date, carries with it the necessity of securing money for such a purpose. Hence usury attaches itself from the days of the ancient Romans to those of modern times to the tax renters, the *fermiers généraux*, the *receveurs généraux*.

Furthermore, commerce and the extension of commodity-production carry with them the separation of purchase and payment by an interval of time. The money has to be on the spot at a definite date. In what manner this may lead to circumstances, in which the money-capitalist and usurer may merge into one even nowadays, is shown by the modern money panics. This same usury, however, becomes one of the principal means of further developing the necessity of using money as a means of payment, by getting the producer ever more deeply into debt and destroying his usual means of payment in such a way that the burden of interest makes even his normal reproduction impossible. In that case usury sprouts up out of money as a means of payment and extends this function of money into its own peculiar domain.

The development of the credit system takes place as a reaction against usury. But this should not be misunderstood, nor interpreted in the manner of the ancient writers, the church fathers, Luther, or the older socialists. It signifies no more and no less than the subordination of interest-bearing capital to the conditions and requirements of the capitalist mode of production.

On the whole, interest-bearing capital under the modern credit-system is adapted to the conditions of the capitalist mode of production. Usury as such does not merely perpetuate itself, but is even freed by nations with a developed capitalist production from those fetters, which were imposed upon it by the old legislation. Interest-bearing capital retains the form of usurer's capital in its transactions with such persons or classes, or those in such circumstances, as do not borrow in the sense corresponding to the capitalist mode of production, or in which borrowing cannot take place in that sense. This applies to borrowing from individual want at the pawnshop; to lending money for the purpose of squandering on the part of wealthy spendthrifts; or to borrowing money on the part of producers who are not capitalist producers, such as small farmers, craftsmen, etc., who are still the owners of their own requirements of production; finally to borrowing on the part of capitalist producers, who still operate on such a small scale, that they approach those self-employed producers.

What distinguishes the interest-bearing capital, so far as it is an essential element of the capitalist mode of production, from usurer's capital is in no way the nature or the character of this capital itself. It is merely the altered conditions, under which it operates, and consequently the totally changed character of the borrower, who transacts business with the money lender. Even in cases where a man without wealth receives credit in his capacity as an industrial or merchant, it is done for the confident expectation, that he will perform the function of a capitalist and appropriate some unpaid labor with the borrowed capital. He receives credit in his capacity as a potential capitalist. This circumstance, that a man without wealth, but with energy, solidity, ability and business sense may become a capitalist in this way, is very much admired by the apologists of the capitalist system, and the commercial value of each individual is pretty accurately estimated under the capitalist mode of production. Although this circumstance continually brings an unwelcome number of new soldiers of fortune into the field and into competition with the already existing individual capitalists, it also secures the supremacy of capital itself, expands its basis, and enables it to recruit ever new forces for itself out of the lower layers of society. In a similar way the circumstance, that the Catholic Church in the Middle Ages formed its hierarchy out of the best brains of people without regard to estate, birth, or wealth, was one of the principal means of fortifying priest rule and suppressing the laity. The more a ruling class is able to assimilate the most prominent men of a ruled class, the more solid and dangerous is its rule.

Instead of the anathema against interest-bearing capital in general, it is on the contrary its explicit recognition, from which the initiators of the modern credit system take their start.

We are not speaking here of such reactions against usury, as tried to protect the poor against it, like the Monts-de-piété (1350 in Sarlins of the Franche-Comté, later in Perugia and Savona of Italy, 1400 and 1479). These are remarkable mainly because they show the irony of history, which turns pious wishes into their very opposite as soon as they are realised. According to a moderate estimate the English working class pays 100% to the pawnshops, those modern successors of the Monts-de-piété.<sup>114</sup> Neither are we speaking of the credit phantasies of a man like Dr. Hugh Chamberleyne

or John Briscoe, who attempted during the last decade of the 17th century to emancipate the English aristocracy from usury by means of a country bank with paper money based on real estate.<sup>115</sup>

The credit associations, which were established in the 12th and 14th centuries in Venice and Genoa, arose from the need of marine commerce and wholesale trade connected with it to emancipate themselves from the domination of ancient usury and from the monopolists of the money business. The fact that the bona fide banks, which were founded in those city-republics, assumed at the same time the shape of institutions for public credit, from which the state received loans on future tax revenues, is explained by the circumstance that the merchants forming such associations were the prominent men of those states and as much interested in emancipating their state as themselves from the exactions of usurers,<sup>116</sup> and at the same time getting a better and more secure control of the states themselves. Hence, when the Bank of England was being planned, the Tories raised the objection: “Banks are republican institutions. Flourishing banks exist in Venice, Genoa, Amsterdam, and Hamburg. But who ever heard of a Bank of France or Spain?”

The Bank of Amsterdam, in 1609, did not mark an epoch in the development of the modern credit system any more than that of Hamburg in 1619. It was purely a bank for deposits. The checks issued by the bank were indeed merely receipts for the deposited, coined and uncoined, precious metal, and circulated only with the endorsement of those who received them. But in Holland commercial credit and dealing in money had developed together with commerce and manufacture, and the interest-bearing capital had been subordinated to industrial and commercial capital by the course of development itself. This showed itself even in the lowness of the rate of interest. And Holland was considered in the 17th century as the model country of economic development, as England is now. The monopoly of old-style usury, based on poverty, had been overthrown in that country of its own weight.

During the entire 18th century Holland is pointed out as an example and the cry raised for a compulsory lowering of the rate of interest (and legislation acted on this hint), in order to subordinate the interest-bearing

capital to the commercial and industrial capital, instead of maintaining the reverse condition. The main spokesman of this movement is Sir Josiah Child, the father of normal English bankerdom. He declaims against the monopoly of the usurers in much the same way that the wholesale clothing manufacturer Moses & Son do when posing as the leaders of the fight against the monopoly of the private tailors. This Josiah Child is at the same time the father of English stock jobbing. Thus he, the autocrat of the East India Company, defends its monopoly in the name of free trade. About Thomas Manley ("Interest of Money Mistaken") he says: "As the champion of the timid and trembling band of usurers he erects his batteries at that point, which I have declared to be the weakest...he denies point blank that the low rate of interest is the cause of wealth and vows that it is merely its effect." *Traité sur le Commerce, etc.*, 1669, translated in Amsterdam and Berlin, 1754.) "If it is commerce that enriches a country, and if a lowering of interest increases commerce, then a lowering of interest or a restriction of usury is doubtless a fruitful primary cause of the wealth of a nation. It is not at all absurd to say that the same thing may be simultaneously a cause under certain circumstances, and an effect under others." (L. c., .) "The egg is the cause of the hen, and the hen is the cause of the egg. The lowering of interest may cause an increase of wealth, and the increase of wealth may cause a still greater reduction of interest." (L. c., .) "I am the defender of industry and my opponent defends laziness and sloth." (P. 179.)

This violent fight against usury, this demand for the subordination of the interest-bearing under the industrial capital, is but the herald of the organic creations, that establish these prerequisites of capitalist production in the modern banking system, which on the one hand robs usurer's capital of its monopoly by concentrating all fallow money reserves and throwing them on the money-market, and on the other hand limits the monopoly of the precious metals themselves by creating credit-money.

The same opposition to usury, the demand for emancipation of commerce, industry and of the state from usury, which we observe here in the case of Child, will be found in all writings on banking during the last third of the 17th and the beginning of the 18th centuries. With them go also colossal illusions about the miraculous effects of credit, the abolition of the monopoly of precious metals, their displacement by paper, etc. The

Scotchman William Patterson, the founder of the Bank of England and the Bank of Scotland, is by all odds Law the First.

Against the Bank of England all goldsmiths and pawn-brokers raised a howl of rage. (Macaulay, History of England, IV., .) During the first ten years the Bank had to struggle with great difficulties; great enmity from without; its notes were only accepted far below their nominal value...the goldsmiths (in whose hands the trade with precious metals served as a basis of a primitive banking business) intrigued considerably against the Bank, because their business was reduced by it, their discount lowered, and their business with the government had fallen into the hands of this antagonist. (J. Francis, l. c., .)

Even before the establishment of the Bank of England a plan for a national bank of credit was suggested in 1683, which had for its purpose, among others, “that business men, when they possess a considerable quantity of goods, may deposit their goods with the assistance of this bank and take up a credit on their tied-up supplies, employ their hands, and increase their business, until they find a good market, instead of selling at a loss.” After many difficulties this Bank of Credit was erected in Devonshire House in Bishopsgate Street. It made loans to industrials and merchants on security of deposited goods to the amount of three quarters of their value, in bills of exchange. In order to make these bills of exchange marketable, a number of people in each branch of business were organised into a society, from whom every possessor of such bills should be able to get goods with the same facility as though he were to offer them cash payment. This bank did not do a flourishing business. Its machinery was too complicated, the risk too great in case of a depreciation of commodities.

If we go by the real content of those writings, which accompany and promote theoretically the formation of the modern credit system in England, we shall not find anything in them but the demand for a subordination of interest-bearing capital, and of loanable means of production in general, under the capitalist mode of production as one of its prerequisites. On the other hand, if we cling to the mere phraseology, we shall be frequently surprised by their agreement, down to the very expressions, with the banking and credit illusions of the Saint-Simonists.

Just as the cultivateur in the writings of the physiocrats does not signify the actual tiller of the soil, but the great land owner, so the travailleur with Saint-Simon, and continuing on through his disciples, does not signify the laborer, but the industrial and commercial capitalist. “A travailleur (worker) needs help, backers, laborers; he looks for such as are intelligent, able, devoted; he puts them to work, and their labor is productive.” (Religion saint-simonienne, Économie politique et Politique. Paris, 1831, .)

In fact, one should not forget that only in his last work, *Le Nouveau Christianisme*, does Saint-Simon speak directly for the working class and declare their emancipation to be the end of his efforts. All his former writings are, indeed, mere glorifications of modern bourgeois society against feudal society, or of industrials and bankers against marshals and jurist law-makers of the Napoleonic era. What a difference compared with the contemporaneous writings of Owen!<sup>117</sup>

Among his followers, like wise, the industrial capitalist remains the travailleur par excellence, as the above quoted passage indicates. After reading their writings critically, one will not be surprised, that the realization of their dreams of banks and the upshot of their critique materialised in the *Crédit mobilier* founded by the Ex-Saint-Simonist Emile Pereire. This form of credit could become prevalent only in a country like France, where neither the credit system nor great industries had become developed to a modern scale.

In the following passage of the “*Doctrine de Saint-Simon, Exposition, Première année, 1828-29*” (Third edition, Paris, 1831), the germ of the *Crédit mobilier* is already contained. It is easy to understand, that the banker can lend money more cheaply than the capitalist and the private usurer. The bankers are, therefore, “able to procure tools to the industrials far more cheaply, that is, at a lower interest than the real estate owners and capitalists can, who may be more easily mistaken in their choice of borrowers.” (P. 202.) But the authors themselves add in a footnote: “The advantage that would follow from an intervention of bankers between the idle and the travailleurs is often balanced, or even annulled, by the opportunities offered by our disorganized society to Egoism, which may manifest itself in various

forms of fraud and charlatanry. The bankers often come between the idle and the travailleurs for the purpose of exploiting both of them to the injury of society.” Travailleur means here industrial capitalist. For the rest it is a mistake to consider the means at the command of banks merely as means of idle people. In the first place the banks hold that portion of capital, which industrials and merchants own temporarily in the form of unemployed money, as a money reserve or as capital to be invested. It is idle capital, but not capital of idle people. In the second place the banks hold that portion of the revenues and savings of all kinds which is to be temporarily or permanently accumulated. Both things are essential for the character of the banking system.

But it should never be forgotten, that money, in the first place, in the form of precious metals, remains the basis from which the credit system naturally can never detach itself. In the second place, it must be kept in mind that the credit system has for its premise the monopoly of the social means of production in the hands of private people (in the form of capital and landed property), that it is itself on the one hand an immanent form of the capitalist mode of production, and on the other hand one of the impelling forces of the development of this mode of production to its highest and ultimate form.

The banking system, so far as its formal organisation and centralisation is concerned, is the most artificial and most developed product turned out by the capitalist mode of production, a fact already expressed in 1697 in “Some Thoughts of the Interests of England.” This accounts for the immense power of such an institution as the Bank of England over commerce and industry, although their actual movements remain quite outside of its sphere and it is passive toward them. It presents indeed the form of universal bookkeeping and of a distribution of products on a social scale, but only the form. We have seen that the average profit of the individual capitalist, or of every individual capital, is determined, not by the surplus-labor appropriated at first hand by each capital, but by the total quantity of surplus-labor appropriated by the total capital, whereof each individual capital receives a dividend as an aliquot part of the total capital. This social character of capital is promoted and fully realised by the complete development of the credit and banking system. On the other hand

this goes still farther. It places at the disposal of the industrial and commercial capitalists all the available, or even potential, capital of society, so far as it has not been actively invested, so that neither the lender nor the user of such capital are its real owners or producers. This does away with the private character of capital and implies in itself, to that extent, the abolition of capital. By means of the banking system the distribution of capital as a special business, as a social function, is taken out of the hands of the private capitalists and usurers. But at the same time banking and credit thus become the most effective means of driving capitalist production beyond its own boundaries, and one of the most potent instruments of crises and swindle.

The banking system shows, furthermore, by putting different forms of circulating credit in the place of money, that money is in reality nothing but a special expression of the social character of labor and its products, so that this character, as distinguished from the basis of individual production, must present itself in the last analysis as a thing, as a peculiar commodity by the side of the other commodities.

Finally, there is no doubt that the credit system will serve as a powerful lever during the transition from the capitalist mode of production to the production by means, of associated labor; but only as one element in connection with other great organic revolutions of the mode of production itself. On the other hand, the illusions concerning the miraculous power of the credit and banking system, as nursed by some socialists, arise from a complete lack of familiarity with the capitalist mode of production and the credit system as one of its forms. As soon as the means of production have ceased to be converted into capital (which includes also the abolition of private property in land), credit as such has no longer any meaning. This was understood also by the advocates of Saint-Simonism. But so long as the capitalist mode of production lasts, interest-bearing capital as one of its forms also continues and constitutes actually the basis of the credit system. Only that sensational writer, Proudhon, who wanted to perpetuate the production of commodities and yet abolish money<sup>118</sup>, was capable of dreaming of a *crédit gratuit*, this monster which was supposed to realise the pious wish of small capitalist production.

In the “Religion saint-simonienne, Économie et Politique,” we read on page 45: “Credit serves the purpose, in a society in which some own the instruments of industry without the ability or the will to employ them, and in which other industrious people have no instruments of labor, of transferring these instruments in the easiest manner possible from the hands of the former, their owners, to the hands of the others who know how to use them. Note that this definition regards credit as a result of the way in which property is constituted.” Therefore credit disappears with this constitution of property. We read, furthermore, on page 98, that the present banks “consider it their business to yield to that movement which is started by the transactions taking place outside of their domain, not to give them an impulse on their part; in other words, the banks perform the role of capitalists in their transactions with those travailleurs, to whom they loan money.” The idea that the banks themselves should take the lead and distinguish themselves “through the number and usefulness of the organised establishments and of the promoted works” contains the Cr dit mobilier in embryo. In the same way Charles Pecqueur demands that the banks (or what the Saint-Simonists call a *Syst me g n ral des banques*) “should rule production.” Pecqueur is essentially a Saint-Simonist, only much more radical. He desires that “the credit institute...should control the entire movement of national production.”— “Try to create a national credit institute, which shall advance means to propertyless talent and merit, without, however, knitting these borrowers by compulsion into a close solidarity in production and consumption, but on the contrary rather enabling them to determine their own exchanges and production. In this way you will accomplish only what the private banks accomplish even now, that is, anarchy, a disproportion between production and consumption, the sudden ruin of one, and the sudden enrichment of another; so that your institute will never get any farther than the point of producing a great deal of welfare for one, which amounts to a great deal of suffering endured by another...only that you will have given to the wage laborers assisted by you the means of competing among one another in the same way that their capitalist masters do now.” (Ch. Pecqueur, *Th orie Nouvelle d’  conomie Sociale et Politique*, Paris, 1842, .)

We have seen that merchants’ capital and interest-bearing capital are the most ancient forms of capital. In the nature of the case, interest-bearing

capital assumes in the popular conception the form of capital par excellence. In the case of merchants' capital, the activity of a middle man is performed, no matter whether it be rated as cheating, labor, or anything else. But in the case of interest-bearing capital the self-reproducing character of capital, the self-expansion of value, the production of surplus-value, surrounds itself with the qualities of the the occult. This accounts for the fact that even a part of the political economists, particularly in countries in which industrial capital is not yet fully developed, as in France, cling to interest-bearing capital as the fundamental form of capital and regard, for instance, ground rent merely as a modified form of it, because the form of lending predominates also in it. In this way the internal articulation of the capitalist mode of production is completely misunderstood, and the fact is entirely overlooked that land, like capital, is loaned only to capitalists. Of course, natural means of production, such as machines, business buildings, etc., may also be loaned instead of money. But they always represent a certain sum of money, and the fact that not only interest, but also wear and tear has to be paid for them, is due to their use-value, the specific natural form of these elements of capital. The thing which decides in this case is whether they are loaned to the direct producers, which would imply the non-existence of the capitalist mode of production, at least in the sphere in which this takes place, or whether they are loaned to the industrial capitalists, which is the basic assumption under the capitalist mode of production. It is still more improper and meaningless to drag the lending of houses, etc., for individual consumption into this part of the discussion. That the working class is swindled to an enormous extent, in this way as well as in others, is an evident fact; but this is done also by the retail dealer, who sells them means of subsistence. It is a secondary exploitation, which runs parallel with the primary one taking place in the process of production itself. The distinction between selling and loaning is quite immaterial in this case and merely formal, and cannot appear as essential to any one, unless he be wholly unfamiliar with the actual condition of the problem.

Both usury and commerce exploit the various modes of production. They do not create it, but attack it from the outside. Usury tries to maintain it directly, in order to be able to exploit it ever anew, but it is conservative and makes it only more miserable. The less the elements of production enter the process of production as commodities and come out of it as commodities,

the more does their descent from money appear as a separate act. The more significant the role played by circulation in the social reproduction, the more does usury flourish.

That moneyed wealth develops as a special kind of wealth means with reference to usurer's capital that it collects all its claims in money. It develops so much more in any country, the more the mass of production limits itself to natural services, etc., that is, to use-values.

To that extent usury has a double effect. First, it frames up an independent moneyed wealth by the side of the merchant class. In the second place it appropriates to itself the prerequisites of labor, that is, it ruins the owners of the old requisites of production. Thus it becomes a powerful lever for the formation of the requirements of industrial capital.

Interest in the Middle Ages.

In the Middle Ages the population was purely agricultural. And there, as under feudal rule, commerce can be but small and consequently profit but slight. Hence the laws against usury were justified in the Middle Ages. Moreover, in an agricultural country one has rarely any occasion for borrowing money, except when reduced by poverty and misery....Henry VIII limits interest to 10%, Jacob I. to 8%, Charles II, to 6%, Anne to 5%....In those days the money-lenders, if not legally, were at least in fact monopolists, and therefore it was necessary to place them under restriction like other monopolists....In our times the rate of profit regulates the rate of interest; in those times the rate of interest regulated the rate of profit. If the money-lender loaded a heavy rate of interest on the merchant, then the merchant had to add a higher rate of profit to the price of his commodities. Consequently a large sum of money was taken out of the pockets of the buyers in order to put it into the pockets of the money-lenders. (Gilbart, *History and Principles of Banking*, p, 165.)

“I have been told that 10 gulden are now taken annually on every Leipsic fair, that is 30 on each hundred; some add the Neuenburg fair and make it 40 per hundred; whether that is so, I don't know. For shame, where the devil is that going to end?...Whoever has now 100 florins at Leipsic, takes 40 annually, which is the same as devouring one peasant or burgher each year.

If one has 1,000 florins, he takes 400 annually, which means devouring a knight or a rich noble per year. If one has 10,000 florins, he takes 4,000 per year, which means devouring a rich count each year. If one has 100,000 florins, as the great merchants must have, he takes 40,000 annually, which means devouring one great rich prince each year. If one has 1,000,000 florins, he takes 400,000 annually, which means devouring one great king each year. And he does not run any risks, either in his person or his wares, does not work, sits near his fireplace and roasts apples; so might a petty robber be sitting at home and devour a whole world in ten years.” (Bücher vom Kaufhandel und Wucher, 1524. Luther’s Works, Wittenberg, 1589, Part VI.)

“Fifteen years ago I wrote against usury, when it had spread so alarmingly, that I did not hope for any improvement. Since then it has become so proud, that it does not care to be classed as a vice, sin, or shame, but gets itself praised as a pure virtue and honor, just as though it were doing people a great favor and Christian service. What are we going to do now that shame has become honor and vice virtue? (Martin Luther, An die Pfarherrn wider den Wucher zu predigen. Wittenberg, 1540.)

Jews, Lombards, usurers and bloodsuckers were our first bankers, our original bank sharks, their character being such as to be called almost infamous....They were joined by the London goldsmiths. On the whole...our original bankers...were a very bad crowd, they were greedy usurers, stony-hearted vampires. (J. Hardcastle, Banks and Bankers. Second edition, London, 1843, pages 19 and 20.)

The example given by Venice (in the matter of establishing a bank) was quickly imitated; all sea towns, and in general all towns which had made a name for themselves by their independence and their commerce, founded their first banks. The return of their ships, which often took a long time, led inevitably to the custom of giving credit, which was further intensified by the discovery of America and the commerce with it. (This is one of the main points.) The freighting of ships made the taking of heavy loans necessary, a thing already occurring in ancient Athens and Greece. In 1380 the Hansa town of Bruges had an insurance company. (M. Augier, l. c., pages 202 and 203.)

To what extent the making of loans to land owners, and to wealth consumers in general, still prevailed in the last third of the 17th century, even in England, before the development of the modern credit system, may be seen in the works of Sir Dudley North, among others. He was not only one of the first English merchants, but also one of the most prominent theoretical economists of his time. And he says: The money loaned among our people at interest is not even to a tenth part given to business people for carrying on their affairs; it is loaned for the greater part for articles of luxury, and for the expenditures of people, who, although great real estate owners, nevertheless spend money faster than is made by their real estate; and since they hate to sell their estates, prefer to mortgage them. (Discourses upon Trade. London, 1691, pages 6 and 7.)

Poland in the 18th century: “Warsaw did a great business in exchange, which, however had for its principal basis and aim the usury of its bankers. In order to secure money, which they might lend to spendthrift nobles at 8% and more, they sought and obtained abroad an exchange credit in blank, that is, it had no commerce with commodities at all for a foundation, but the foreign endorser of the bill stood it patiently, so long as the returns from swindling with bills of exchange did not fail. However, they paid heavily for this by the bankruptcies of men like Tapper and other highly respected Warsaw bankers.” (J. G. Büsch, *Theoretisch-praktische Darstellung der Handlung*, etc., third edition, Hamburg, 1808, volume II, pages 232 and 233.)

Advantage of the Prohibition of Interest for the Church.

“The taking of interest had been forbidden by the church. But the sale of property for the purpose of getting out of a tight place had not been forbidden. It had not even been forbidden to transfer property for a certain period to the money lender as a security, until such time as the debtor should repay his loan, so that the money lender might have the use of the property as a reward for the absence of his money....The church itself and the various corporations and communes belonging to it derived much profit from this practice, particularly during the period of the crusades. This brought a very large portion of the national wealth into the possession of the so-called ‘dead hand,’ all the more so because the Jews were barred from

engaging in such usury, the possession of such fixed liens not being concealable....Without the ban on interest the churches and cloisters would never have become so rich.” (L. c., .)

**PART VI. TRANSFORMATION OF SURPLUS  
PROFIT INTO GROUND-RENT.**

## CHAPTER XXXVII. PRELIMINARIES.

THE analysis of landed property in its various historical forms belongs outside of the limits of this work. We shall occupy ourselves with it in this place only to the extent that a portion of the surplus-value produced by the industrial capital falls into the hands of the land owner. We assume, then, that agriculture is dominated by the capitalist mode of production, just as manufacture is, in other words, that agriculture is carried on by capitalists, who differ primarily from the other capitalists only through the element, in which their capital and the wage-labor set in motion by this capital are invested. So far as we are concerned, the capitalist farmer produces wheat, etc., in the same way that the manufacturer produces yarn or machines. The assumption that the capitalist mode of production has seized agriculture implies that it rules all spheres of production and bourgeois society, so that its prerequisites, such as free competition among capitals, the possibility of transferring them from one sphere of production to another, a uniform level of the average rate of profit, etc., are fully matured. The form of landed property which we consider here is a specifically historical one, a form altered through the influence of capital and of the capitalist mode of production, and evolved either out of feudal land ownership, or out of small peasants' agriculture carried on for a living, in which the possession of land constitutes one of the prerequisites of production for the direct producer, and in which his ownership of land appears as the most advantageous condition for the prosperity of his mode of production. Just as capitalist production is conditioned in a general way on the expropriation of the laborers from their requirements of production, so capitalist agriculture demands the expropriation of the rural laborers from the land and their subordination to a capitalist, who carries on agriculture for the sake of profit. For the results of our analysis the objection, that other forms of landed property and of agriculture have existed or still exist, is quite irrelevant. Such an objection cannot apply to any one else but to those economists, who treat of the capitalist mode of production in agriculture, and of the form of landed property corresponding to it, as though it were not a historical but an eternal category.

For our purposes it is necessary to study the modern form of landed property, because it is our business to consider the typical conditions of

production and commerce, which arise from the investment of capital in agriculture. Without this our analysis of capital would not be complete. We therefore confine ourselves exclusively to the investment of capital in agriculture strictly so-called, that is, capital invested in the production of the principal plant crop, on which a certain population lives. We may say wheat, because it is the principal article of food among the modern capitalistically developed nations (or mining instead of agriculture, because the laws of both are the same).

It is one of the great merits of Adam Smith to have shown that the ground rent for capital invested in the production of such crops as flax, dye stuffs, independent cattle raising, etc., is determined by the ground rent obtained from capital invested in the production of the principal article of subsistence. In fact no progress has been made in this since his time. What we might add in the way of exception or supplement belongs in a separate study of landed property, not here. Hence we shall not speak of landed property outside of the land destined for the production of wheat in the manner of exports, but shall merely refer to it occasionally by way of illustration.

For the sake of completeness we shall remark, that we include also water, etc., in the term land, so far as it has an owner and belongs as an accessory to the soil.

Landed property is conditioned on the monopolisation of certain portions of the globe by private persons, for the purpose of making these portions the exclusive spheres of their private will and keeping all others away from it.<sup>119</sup> With this in mind, the problem is to ascertain the economic value, that is, the employment of this monopoly on the basis of capitalist production. With the legal power of these persons to use or misuse certain portions of the globe nothing is settled. The use of this power depends wholly upon economic conditions, which are independent of their will. The legal conception itself signifies nothing else but that the land owner may do with the soil what the owner of commodities may do with them. And this conception, this legal conception of free property in land, arises in the ancient world only with the dissolution of the organic order of society, and in the modern world only with the development of capitalist production.

Into Asia it has been imported by Europeans in but a few places. In that Part of our work, which deals with primitive accumulation (Volume I, chapter XXVI), we have seen that this mode of production presupposes on the one hand the separation of the direct producers from their position as mere attachments to the soil (in their capacity of bondsmen, serfs, slaves, etc.), on the other hand the expropriation of the mass of the people from the land. To this extent the monopoly of landed property is a historical premise, and remains the basis, of the capitalist mode of production, just as it does of all other modes of production, which rests on the exploitation of the masses in one form or another. But that form of landed property, which the capitalist mode of production meets in its first stages, does not suit its requirements. It creates for itself that form of property in land, which is adapted to its requirements, by subordinating agriculture to the dominion of capital. It transforms feudal landed property, tribal property, small peasants' property in mark communes, whatever may be their legal form, into the economic form corresponding to the requirements of capitalism. It is one of the great outcomes of the capitalist mode of production, that it transforms agriculture from a merely empirical and mechanically perpetuated process of the least developed part of society into a consciously scientific application of agronomics, so far as this is at all feasible under the conditions going with private property;<sup>120</sup> that it detaches property in land on the one side from the relations between master and servant, and on the other hand totally separates land as an instrument of production from property in land and land owners, for whom it represents merely a certain tribute of money, which he collects by force of his monopoly from the industrial capitalist, the capitalist farmer. It dissolves all these connections so thoroughly, that the owner of the land may spend his whole life in Constantinople, while his estates are in Scotland. Private property in land thus receives its purely economic form by discarding all its former political and social trappings and implications, in brief all those traditional accessories, which are denounced as a useless and absurd attachment by the industrial capitalists and their theoretical spokesmen in the heat of their struggle with landed property, as we shall see later. The rationalising of agriculture on the one hand and thus rendering it capable of operation on a social scale, and the reduction ad absurdum of private property in land on the other hand, these are the great merits of the capitalist mode of production. Like all its other

historical advances it bought these also by first completely pauperizing the direct producers.

Before we pass on to the problem itself, we must make a few more preliminary remarks in order to forestall misunderstanding.

The premises for a capitalist production in agriculture are these: The actual tillers of the soil are wage-laborers, employed by a capitalist, the capitalist farmer, who carries on agriculture merely as a special field of exploitation for his capital, an investment of his capital in a special sphere of production. This renting capitalist pays to the land owner, the owner of the soil exploited by him, a sum of money at definite periods fixed by contract, for instance annually (just as the borrower of money-capital pays a fixed interest), for the permission to invest his capital in this particular sphere of production. This sum of money is called ground-rent, no matter whether it is paid for agriculture soil, building lots, mines, fishing grounds, forests, etc. It is paid for the entire time, during which the land owner has rented his land to the capitalist by contract. Ground-rent, therefore, is that form, in which property in land realizes itself economically, that is, produces value. Here, then, we have all three classes together, which constitute the frame work of modern society, and they have divergent interests — wage-laborers, industrial capitalists, land owners.

Capital may be fixed in the soil, may be incorporated in it, either in a transient manner, as it is by improvements of a chemical nature, fertilization, etc., or more permanently, as in drainage canals, irrigation works, leveling, farm buildings, etc. In another place I have called the capital thus incorporated in the soil land-capital.<sup>121</sup> It belongs in the categories of fixed capital. The interest on the capital thus incorporated in the soil and the improvements thus made in it as an instrument of production may form a part of the rent paid by the capitalist farmer to the land owner,<sup>122</sup> but it does not constitute that ground-rent, strictly speaking, which is paid for the use of the soil as such, whether it be in a natural state or cultivated. In a systematic treatment of private property in land, which is not included in our plan, this part of the revenue of the land owner would have to be discussed at length. But a few words about it will suffice here. The more transient investments of capital which go with the ordinary

processes of production in agriculture, are made without exception by the capitalist farmer. These investments, like cultivation proper, improve the soil,<sup>123</sup> if cultivation is carried on in a moderately rational manner and does not reduce itself to a brutal spoilage of the soil, such as used to be in vogue among the former slave holders in the United States, a thing against which the land owners may provide by contract. In this way material land is transformed into land-capital. A cultivated field is worth more than an uncultivated one of the same natural quality. Likewise the more permanent fixed capitals, which are incorporated in the soil and worn out in longer time, are largely, and in some spheres often exclusively, invested by the capitalist farmer. But as soon as the time stipulated by contract has expired — and this is one of the reasons why the land owners seek to shorten the time of contract as much as possible when capitalist production develops — the improvements embodied in the soil become the property of the land owner as an inseparable part of the land. In the new contract, which the land owner makes, he adds the interest for the capital incorporated in the soil to the real ground-rent. And he does this whether he leases the land to the same capitalist who made these improvements or to some other capitalist farmer. His rent is thus increased; or, if he wishes to sell his land (we shall see immediately how its price is determined), its value has risen. He sells not merely the soil, but the improved soil, the capital incorporated in the soil for which he did not pay anything. Quite aside from the movements of real ground-rent, this is one of the secrets of the increasing enrichment of the land owners, of the continuous inflation of their rents, and of the growing money-value of real estate in proportion as economic development proceeds. Thus they pocket a result of social development brought about without their help, *fruges consumere nati*, they are born to consume the fruits of the earth. But this is at the same time one of the greatest obstacles to a rational development of agriculture, because the capitalist renter avoids all improvements and expenses, for which he cannot expect any returns during the time of his lease. We find this fact denounced as such an obstacle, not only in the 18th century by James Anderson, the actual discoverer of the modern theory of rent, who was also a practical capitalist farmer and an advanced agronomist for his time, but also in our own days by the opponents of the present constitution of landed property in England.

A. Walton, in his "History of the Landed Tenures of Great Britain and Ireland," London, 1865, says on this score: All the efforts of the numerous agricultural institutes in our country cannot accomplish any very important or really appreciable results in the actual progress of improved cultivation, so long as such improvements increase in a far higher degree the value of real estate and the size of the rent roll of the land owner, than they improve the condition of the tenant or the farm laborer. The tenants in general know quite as well as the land owner, his rent collector, or even the president of an agricultural society, that good drainage, ample manuring, and good management, together with an increased application of labor, cleaning the land thoroughly and working it over, will produce wonderful results, both in the improvement of the soil and in an increased production. But all this demands considerable expense, and the tenants also know very well, that no matter how much they may improve the soil or raise its value, the land owner will in the long run get the principal benefit of it in raised rents and increased land values....They are cunning enough to observe, what those speakers [land owners and their agents speaking at agricultural feasts] always forget to tell them, namely that the lion's share of all improvements made by the tenants must always pass ultimately into the pockets of the land owners....No matter how much the former tenant may have improved his leasehold, his successor will always find, that the land owner will raise the rent in proportion to the increased land value due to previous improvements. (Pages 96 and 97.)

In agriculture proper this process does not yet appear quite so plainly as when the land is used for building lots. The overwhelming part of the land used in England for building purposes, but not sold as a freehold, is rented by the land owners for 99 years, or for a shorter time if possible. After the lapse of this time the buildings fall into the hands of the land owner together with the land. The tenants are obliged, says Walton, to deliver the house to the great land owner in a good inhabitable condition after the expiration of the lease, after they have paid up to this time an exorbitant ground-rent. Hardly has the lease expired, when the agent or inspector of the landlord comes, inspects your house, takes care that you get it into good condition, takes possession of it and annexes it to the domain of his landlord. The fact is that if this system is permitted to exert its full effects for some time longer, the entire ownership of houses as well as of country real estate will

be in the hands of the great landed proprietors. The whole West End of London, north and south of Temple Bar, belongs almost exclusively to half a dozen great landlords, is rented at enormous ground-rents, and if the leases have not quite expired, most of them expire in rapid succession. The same applies in a greater or smaller degree to every city in the Kingdom. But even here this greedy system of exclusiveness and monopoly does not stop. Nearly all the docking facilities of our port cities are in the hands of the great land leviathans in consequence of the same process of usurpation. (L. c., .) Under these circumstances it is evident that if the census for England and Wales in 1861 gives the total population as 20,066,224 and the number of house owners as 36,032, the proportion of the owners to the number of houses and to the population would take on a very different aspect, if the great house owners were placed on one side and the small ones on the other.

This illustration of property in buildings is important. In the first place, it clearly shows the difference between real ground-rent and interest on fixed capital incorporated in the soil, which may form an addition to the ground-rent. The interest on buildings, like that on capital incorporated in the soil by the tenant, falls into the hands of the industrial capitalist, the building speculator, or the tenant, so long as the lease lasts, and has in itself nothing to do with the ground-rent, which must be paid annually at stated dates for the use of the soil. In the second place it shows, that the capital incorporated in the soil ultimately passes into the hands of the landlord together with the land, and that the interest on it helps to swell his rent.

Some writers, either acting as spokesmen of landlordism against the attacks of bourgeois economists, or endeavoring to transform the capitalist system of production from a system of antagonisms into one of "harmonies," as did Carey, have tried to represent ground-rent, the specific economic expression of private property in land, as identical with interest. For this would obliterate the antagonism between landlords and capitalists. The opposite method was employed in the beginning of capitalist production. In those days landed property was still regarded by popular conception as the primitive and respectable form of private property, while interest on capital was decried as usury. Dudley North, Locke and others, therefore represented interest on capital as a form analogous with ground-

rent, just as Turgot deduced the justification of interest from the existence of ground-rent. — Aside from the fact that ground-rent may, and does, exist in its pure form without any addition for interest on capital incorporated in the soil, these more recent writers also forget, that in this way the landlord does not only receive interest on the capital of other people that cost him nothing, but also pockets this capital of others without any compensating return. The justification of private property in land, like that of all other forms of property within a certain mode of production, is that the mode of production is itself a transient historical necessity, and this includes the conditions of production and exchange, which flow from it. It is true, as we shall see later, that property in land differs from the other kinds of property by the fact that it appears superfluous, and even noxious, at a certain stage of development, even from the point of view of capitalist production.

In another form, ground-rent may be confounded with interest and its specific character overlooked. Ground-rent assumes the shape of a certain sum of money, which the landlord draws annually out of the lease of a certain piece of the globe. We have seen that every sum of money may be capitalised, that is, considered as the interest on an imaginary capital. For instance, if the average rate of interest is 5%, then an annual ground-rent of 200 pounds sterling may be regarded as the interest on a capital of 4,000 pounds sterling. Ground-rent so capitalised forms the purchase price or value of the land, a category which is on its face irrational, just as the price of labor is, since the earth is not the product of labor and therefore has no value. But on the other hand a real relation in production is concealed behind this irrational form. If a capitalist buys land yielding a rent of 200 pounds sterling annually and pays 4,000 pounds sterling for it, then he draws the average interest of 5% on his capital of 4,000 pounds sterling, just as though he had invested this capital in interest-bearing papers or loaned it directly at 5% interest. It is the utilisation of a capital of 4,000 pounds sterling at 5%. On this assumption he would recover the purchase price of his estate in twenty years by its revenues. In England, therefore, the purchase price of land is calculated on so many years' purchase, and this is merely a different expression for the capitalisation of the ground-rent. It is in fact the purchase price, not of the land, but of the ground-rent yielded by it, calculated on the ordinary rate of interest. But this capitalisation of rent has for its premise the existence of rent, for rent cannot be explained and

derived from its own capitalisation. Its existence, independent of its sale, is rather the condition from which the inquiry must start.

It follows, then, that the price of land may rise or fall inversely as the rate of interest rises or falls, if we assume that ground-rent is a constant magnitude. If the ordinary rate of interest should fall from 5% to 4%, then the annual ground-rent of 200 pounds sterling would represent the annual self-expansion of a capital of 5,000 pounds sterling instead of 4,000 pounds sterling. The price of the same piece of land would thus have risen from 4,000 to 5,000 pounds sterling, or from 20 years' to 25 years' purchase. The reverse would take place in the opposite case. This is a movement of the price of land, which is independent of the movement of ground-rent itself and regulated only by the rate of interest. But as we have seen that the rate of profit has a tendency to fall in the course of social progress, and that the rate of interest has the same tendency, so far as it is regulated by the rate of profit; and since, furthermore, the rate of interest has a tendency to fall in consequence of the growth of loanable capital, aside from the influence of the rate of profit, it follows that the price of land has a tendency to rise, even independently of the movement of ground-rent and the prices of the products of the soil, of which the rent forms a part.

The mistaking ground-rent for the interest form, which it assumes for the buyer of the land — a mistake due to a complete unfamiliarity with the nature of ground-rent — must lead to the most absurd conclusions. Since landed property is considered, in all old countries, as a particularly noble form of property, and its purchase also as an eminently safe investment of capital, the rate of interest at which ground-rent is bought is generally lower than that of other investments of capital for a long time, so that a buyer of real estate draws, for instance, only 4% on his purchase price, whereas he would draw 5% for the same capital in other investments. In other words, he pays more capital for the ground-rent than he would for the same amount of income in other investments. This leads Mr. Thiers to conclude in his utterly valueless work on *La Propriété* (a reprint of a speech of his made in 1849 against Proudhon in the French National Assembly) that ground-rent is low, while it proves merely that its purchase price is high.

The fact that capitalised ground-rent represents itself as the price or value of land, so that the earth is bought and sold like any other commodity, serves to some apologists as a justification of private property in land, seeing that the buyer pays an equivalent for it the same as he does for other commodities, and that the major portion of property in land has changed hands in this way. The same reason would, in that case, serve also to justify slavery, since the returns from the labor of the slave, whom the slave holder has bought, represent merely the interest on the capital invested in this purchase. To derive from the sale and purchase of ground-rent a justification for its existence signifies to justify its existence by its existence.

It is very important for a scientific analysis of ground-rent, that is of the independent and specifically economic form of property in land on the basis of capitalist production, to study it in its pure form and free from all falsifying and obliterating by-work. And it is no less important for an understanding of the practical effects of property in land, even for a theoretical comprehension of a multitude of facts, which run counter to the conception and nature of ground-rent and yet appear as modes of existence of ground-rent, to know the elements which give rise to such obscurities in theory.

In practice everything appears naturally as ground-rent that is paid in the form of lease money by the tenant to the landlord for the permission of cultivating the soil. Whatever may be the composition of this tribute, whatever may be its sources, it has this in common with real ground-rent that the monopoly of the so-called owner of a piece of the globe enables him to levy such a tribute and impose such a tax. This tribute furthermore shares with the real ground-rent the fact that it determines the price of land, which, as we have indicated above, is nothing but the capitalised income from the lease of the land.

We have already seen, that the interest for the capital incorporated in the soil may form one of those foreign ingredients in ground-rent, an element which must become a continually growing addition to the total rent of a certain country in proportion as economic development proceeds. But aside from this interest it is possible that the lease money may conceal a

deduction from the average profit or from the normal wages, or both, being made up of them either in part or wholly, so that in some cases it may not represent any real ground-rent at all and the soil may be valueless. This portion of the profit, or of wages, appears then as ground-rent, because instead of falling normally into the hands of the industrial capitalist or the wage worker, it is paid to the land-lord in the form of lease money. Economically speaking neither the one nor the other of these portions constitutes any ground-rent; but in practice they constitute some of the revenue of the landlord, an economic utilisation of his monopoly, just as real ground-rent does, and they have a determining influence on land prices just as ground-rent has.

We are not now speaking of conditions, in which ground-rent, the form of landed property adapted to the capitalist mode of production, formally exists without the capitalist mode of production itself, so that the tenant is not an industrial capitalist, nor the mode of his management a capitalist one. Such is the case in Ireland. The tenant is here generally a small farmer. What he pays to the landlord in the shape of rent absorbs frequently not merely a part of his profit, that is, of his own surplus-labor, to which he is entitled as the possessor of his own instruments of production, but also a part of his normal wages, which he would receive under different conditions for the same amount of labor. Besides, the landlord, who does not do anything for the improvement of the soil, also expropriates him from his small capital, which he incorporates for the greater part in the soil by his own labor, just as a usurer would do under similar circumstances. Only the usurer would at least risk his own capital in the operation. This continual robbery is the center of the disputes over the Irish Land Bill, which has for its principal aim to compel the landlord, when giving notice to his tenant to vacate, should pay him an indemnity for the improvements made by him in the soil, or for the capital incorporated by him in the land. Palmerston used to meet this demand with the cynical answer: "The House of Commons is a house of landlords."

Nor do we speak of exceptional circumstances, in which the landlord may enforce a high rent even in countries with a capitalist production, although this rent may not be in any way connected with the product of the soil. Of such a nature is the renting of small patches of ground to laborers in

English factory districts, either for small gardens or for amateur agriculture in spare hours. (Reports of Inspectors of Factories.)

We are speaking of ground-rent in countries with a developed capitalist production. Among English tenants, for instance, there is a number of small capitalists, who are destined and compelled by education, training, tradition, competition, and other circumstances, to invest their capital as tenants in agriculture. They are compelled to be satisfied with less than the average profit, and to yield up a part of it to the landlords for rent. This is the only condition on which they are permitted to invest their capital in the soil, in agriculture. Since the landlords exert everywhere a considerable, in England even an overwhelming, influence on legislation, they are in a position to exploit this for the purpose of grinding down the entire class of tenants. The corn laws of 1815, for instance, a bread tax confessedly imposed upon the country for the purpose of securing for the idle landlords a continuation of their abnormally increased rentals during the anti-Jacobin wars, had indeed the effect, with the exception of a few extraordinarily rich years, of keeping the prices of agricultural products above the level which they could have held in free competition. But they did not have the effect of keeping prices at that level, which had been ordered by the law-making landlords to serve as standard prices in such a way as to form the legal limit for the importation of foreign corn. But the leases were made out under the impression created by these normal prices. As soon as the illusion passed away, a new law was made, with new normal prices, which were as much an impotent expression of the greedy land-lord's phantasy as the old ones. In this way the tenants were cheated from 1815 to the thirties. Hence we have during all this period the standing subject of agricultural distress. And with it we have during this period the expropriation and the ruin of a whole generation of tenants, and the appropriation of their places by a new class of capitalists.<sup>124</sup>

A much more general and important fact, however, is the depression of the wages of the actual farm laborers below their normal average, so that a portion of the wages is deducted in order to become a part of the lease money and thus flowing into the pockets of the landlord instead of the laborer under the disguise of ground-rent. This is the case quite generally in England and Scotland, with the exception of a few favorably situated

counties. The inquiries of the Parliamentary Committees into the scale of wages made before the passing of the corn laws in England — so far the most valuable and almost unexploited contributions to a history of wages in the 19th century, and at the same time a monument of disgrace erected for themselves by the English aristocracy and bourgeoisie — proved convincingly and beyond a doubt that the high rates of rent and the corresponding raise in the land prices during the anti-Jacobin wars, were due in part to no other cause but the deductions from wages and the depression of wages even below the physical minimum. In other words, a part of the wages had been paid over to the landlords. Various circumstances such as the depreciation of money, the handling of the poor laws in the agricultural districts, etc., had made these operations possible, at a time when the incomes of the tenants were rising enormously and the landlords amassed fabulous riches. Yes, one of the main arguments for the introduction of the corn laws, used by both tenants and landlords, was that it was physically impossible to depress the wages of the farm laborers still more. This condition of things has not been materially altered, and in England as well as in all European countries a portion of the normal wages is absorbed by the ground-rent the same as ever. When Count Shaftsbury, then Lord Ashley, one of the philanthropic aristocrats, was so extraordinarily moved by the condition of the English factory laborers and acted as their spokesman in Parliament during the agitation for a ten hour day, the spokesmen of the industrials got their revenge by publishing statistics on the wages of the agricultural laborers in the villages belonging to him (see Volume I, chapter XXV, 5e, *The British Agricultural Proletariat*), which showed clearly, that a portion of the ground-rent of this philanthropist consisted of the loot, which his agents filched for him out of the wages of the agricultural laborers. This publication is also interesting for the reason, that the facts exposed by it may rank in the same class with the worst exposures made by the Committees in 1814 and 1815. As soon as circumstances permit of a temporary raise in the wages of the agricultural laborers, a cry goes up from the capitalist tenants to the effect that a raising of the wages to their normal level, as customary in other lines of industry, would be impossible and would ruin them, unless ground-rent were reduced at the same time. This is a confession, that the tenants deduct a portion from the wages of the laborers under the name of ground-rent and pay it over to the landlords. For instance, from 1849 to 1859 the wages of the agricultural

laborers rose in England through a combination of overwhelming circumstances, such as the exodus from Ireland, which cut off the supply of agricultural laborers coming from that country; an extraordinary absorption of the agricultural population by the factories; a demand for soldiers to go to war; an exceptional emigration to Australia and the United States (California), and other causes which need not be mentioned here. At the same time the average prices of grain fell by more than 16% during this period, with the exception of the poor agricultural years from 1854 to 1856. The tenant capitalists shouted for a reduction of their rents. They succeeded in single cases. But on the whole they failed to get what they wanted. They sought refuge in a reduction of the cost of production, among other things by introducing steam engines and new machinery in abundance, which partly replaced horses and crowded them out of the business, but partly also created an artificial overpopulation by throwing agricultural laborers out of work and thereby causing a fall in wages. And this took place in spite of the general relative decrease of the agricultural population during that decade, compared to the growth of the total population, and in spite of the absolute decrease of the agricultural population in some purely agricultural districts.<sup>125</sup> In the same way Fawcett, then professor of political economy at Cambridge, who died in 1884 as Postmaster General, said at the Social Science Congress, October 12, 1865: “The agricultural laborers began to emigrate and the tenants began to complain, that they would not be able to pay such high rents as they had been accustomed to pay, because labor became dearer in consequence of emigration.” Here, then, the high ground-rent is directly identified with low wages. And so far as the level of the prices of land is determined by this circumstance increasing the rent, a rise in the value of the land is identical with a depreciation of labor, a high price of land with a low price of labor.

The same is true of France. “The price of rent rises, because the prices of bread, wine, meat, vegetables and fruit rise on the one side, while on the other the price of labor remains unchanged. If the older people compare the bills of their fathers, taking us back about 100 years, they will find that the price of one day’s labor was then the same in rural France as it is now. The price of meat has trebled since them....Who is the victim of this revolution? Is it the rich, who is the proprietor of the estate, or the poor who works it?...The raising of the prices of rent is the proof of a national disaster.” (Du

Mécanisme de la Société en France et en Angleterre. Par M. Rubichon, Second edition, Paris, 1837, .)

We now give some illustrations of rent representing deductions either from the average profit or from the average wages.

The above quoted Morton, real estate agent and agricultural engineer, says that the observation has been made in many localities that the rent for large estates is smaller than for small ones, because “competition for the latter is generally greater than for the former, and because small tenants, who are rarely able to take up any other business but farming, are frequently willing to pay a rent, which they themselves know to be too high, pressed by the want of finding some other business.” (John C. Morton, *The Resources of Estates*. London, 1858, .)

However, he is of the opinion that this difference is gradually disappearing in England, and he attributes this largely to the emigration of the class of small tenants. The same Morton gives an illustration, in which evidently the wages of the tenant himself, and still more surely of the laborers, suffer a deduction for ground-rent. This takes place in the case of estates of 70 to 80 acres, who cannot keep a two-horse plow. “Unless the tenant works as diligently with his own hands as any laborer, he cannot make out on his lease. If he leaves the execution of the work to his men and confines himself to superintending them, he will most likely find very quickly that he is unable to pay his rent.” (L. c., .) Morton concludes, therefore, that unless the tenants of a certain locality are very poor, the leaseholds should not be smaller than 70 acres, so that the tenants may keep two or three horses.

Extraordinary wisdom of Monsieur Léonce de Lavergne, Membre de l’Institut et de la Société Centrale d’Agriculture. In his *Economic Rurale de l’Angleterre* (quoted from the English translation, London, 1855), he makes the following comparison of the annual advantages from cattle, that work in France but not in England, where they are replaced by horses :

FRANCE	ENGLAND	Milk...	4 million p.st.	Milk...	16 million p.st.
		Meat...	16 million p.st.	Meat...	20 million p.st.
		Labor...	8 million p.st.	Labor...	28 million p.st.
			36 million p.st.		

But the higher amount for England is obtained here, according to his own statement, because milk is twice as dear in England than in France, while he counts the same prices for meat in both countries ; therefore the English milk product reduces itself to 8 million pounds sterling, and the total product to 28 million pounds sterling, the same as in France. It is indeed a strong dose, that Mr. Lavergne lumps the quantities and price differences together in his calculation, when England produces certain articles more expensively than France, so that this appears as an advantage of English agriculture, whereas it signifies at best only a higher profit for tenants and landlords.

That Mr. Lavergne is not only familiar with the advantages of English agriculture, but also believes in the prejudices of the English tenants and landlords, is proved by him on page 48: “One great disadvantage is generally connected with grain plants...they exhaust the soil that bears them.” Mr. Lavergne believes not only that other plants do not do so, but he also believes that leguminous crops and root crops enrich the soil: “Leguminous plants draw the principal elements of their growth out of the air, while they give back to the soil more than they take from it; therefore they help both directly and indirectly through their return in the shape of animal manure to make good in a double way the damage caused by grain crops and other exhausting crops; hence it is a matter of principle that they should at least alternate with such crops; in this consists the Norfolk rotation.” (Pages 50 and 51.)

No wonder that Mr. Lavergne, who believes these fairy tales of the English rural mind, also believes that the wages of the English farm laborers have lost their abnormality since the repeal of the corn tax. See what we have said on this point in another place, Volume I, chapter XXV, 5c, pages 739 to 766. But let us also listen to Mr. John Bright’s speech in Birmingham, December 14, 1865. After mentioning the 5 million families that are not represented in Parliament, he continues: “Among these are one million, or rather more than one million in the United Kingdom, who are put down on the luckless list of paupers. Then there is still another million, who are holding themselves just above pauperism, but who are continually in danger of likewise becoming paupers. Their condition and prospects are

not any better. Now take a look at the ignorant lower strata of this portion of society. Consider their outcast condition, their poverty, their complete hopelessness. Even in the United States, even in the southern states during the reign of slavery, every negro looked forward to some jubilee year. But these people, this mass of the lowest strata of our country, I am here to express it, have neither the faith in any improvement nor even a longing for it. Did you read the other day that item about John Cross, a farm laborer of Dorsetshire? He worked six days in the week, had an excellent character from his employer, for whom he had worked 24 years for a weekly wage of 8 sh. John Cross had to keep a family of seven children in his hut out of this wage. In order to warm his sickly wife and her suckling babe, he took, or legally speaking he stole, a wooden hurdle worth six pence. For this crime he was sentenced to 14 or 20 days' imprisonment by the justices of the peace. I can tell you that many thousands of cases like that of John Cross may be found in the whole country, and particularly in the South, and that their condition is such, that so far the most sincere investigator has not been able to solve the secret, how they keep body and soul together. And now throw your glances over the whole country and look at those 5 million families and the desperate condition of this stratum of them. Can we not say truly that the mass of the nation excluded from the suffrage toils and toils again and knows almost no rest? Compare them with the ruling class — but if I do that I shall be accused of communism...but compare this great toiling and suffrageless nation with that part which may be regarded as the ruling class. Look at their wealth, their showiness, their luxury. Look at their weariness — for there is a weariness also among them, but it is the weariness of satiety — and see how they hasten from place to place, as though it were only a question of discovering new pleasures.” (Morning Star, December 15, 1865.)

We will show hereafter, in what manner surplus-labor, and consequently surplus-products, are confounded with ground-rent, which is, at least under the capitalist mode of production, qualitatively and quantitatively a specifically determined part of the surplus-product. The natural basis of surplus-labor in general, that is a natural condition without which such labor cannot be performed, is that nature must supply, either in animal or vegetable products of the soil or in fisheries, etc., the necessary means of subsistence by an expenditure of labor which does not consume the entire

working day. This natural productivity of agricultural labor (which implies here the labor of gathering, hunting, fishing, cattle raising) is the basis of all surplus-labor; so is all labor primarily and originally directed toward the appropriation and production of food. (The animal supplies at the same time skins for warmth in colder climates; also cave dwellers, etc.)

The same confusion between surplus-product and ground-rent, differently expressed, is shown by Mr. Dove. Originally agricultural and industrial labor are not separated. The second joins into the first. The surplus-labor and the surplus-product of the farming tribe, the house commune or family, comprise both agricultural and industrial labor. Both go hand in hand. Hunting, fishing, agriculture are impossible without suitable tools. Weaving, spinning, etc., were first carried on as side occupations to farming.

We have shown previously, that in the same way in which the labor of the individual workman may be separated into necessary and surplus-labor, the aggregate labor of the working class may be divided so that that portion, which produces the total means of subsistence for the working class (including the means of production required for this purpose) performs the necessary labor for the whole society. The labor performed by all the remainder of the working class may then be regarded as surplus-labor. But the necessary includes by no means only agricultural labor, but also that labor which produces all other products that necessarily pass into the average consumption of the laborer. Socially speaking, some perform only necessary, others only surplus-labor, and vice versa. It is but a division of labor between them. It is the same with the division of labor between agricultural and industrial laborers in general. The purely industrial character of labor on the one side is offset by the purely agricultural one on the other. This purely agricultural labor is by no means natural, but is rather a product, and a very modern one at that, which has not yet been acquired everywhere, of social development, and it corresponds to a very definite stage of development. Just as a portion of the agricultural labor is materialised in products, which either minister only to luxury or serve as raw materials in industry, but do not serve as food, particularly not as food for the masses, so a portion of the industrial labor is materialised in products, which serve as necessary means of consumption of both the

agricultural and industrial laborers. It is a mistake to consider this industrial labor, from a social point of view, as surplus-labor. It is in part as much necessary labor as the necessary portion of the agricultural labor. It is likewise but a separated form of a part of industrial labor which was formerly naturally connected with agricultural labor, it is a necessary and mutual supplement to the purely agricultural labor, which is now separated from it. (From a purely material point of view 500 mechanical weavers may produce surplus-fabrics to a far greater degree, that is, more than is required for their own clothing.)

It should finally be remembered in the study of the various forms which appear as ground-rent, that is, of the lease money paid under the name of ground-rent to the landlord for the use of the land for the purposes of production or consumption, that the price of things, which have in themselves no value, not being the products of labor, such as the land, or which at least cannot be reproduced by labor, such as antiquities, works of art of certain masters, etc., may be determined by many accidental combinations. In order to sell a thing, nothing more is required than that it can be monopolised and alienated.

There are three great errors, which should be avoided in the study of ground-rent, and which obscure its analysis.

Confusion of the various forms of rent, which correspond to different stages of development of the process of social production.

Whatever may be the specific form of rent, all types of it have this in common that the appropriation of rent is that economic form, in which property in land realises itself, and that ground-rent on its part is conditioned on the existence of private property in land, the ownership of certain portions of the globe by certain individuals. The owner may be the individual representing the community, as in Asia, Egypt, etc., or this private ownership in land may be merely accessory to the ownership of the persons of the direct producers by some individuals, as under the slave or serf system, or it may be a purely private ownership of nature by nonproducers, a mere title to land, or finally it may be a relation to the soil which, as in the case of colonists and small peasants owning land, seems

included under a system of isolated and unsocial labor in the appropriation and production of the products of certain pieces of land by the direct producers.

This common element in the various forms of rent, namely that of being the economic realisation of property in land, a legal fiction by grace of which certain individuals have an exclusive right to certain pieces of the globe, misleads into overlooking the differences.

All ground-rent is surplus-value, the product of surplus-labor. In its undeveloped form, as natural rent (rent in kind), it is as yet directly the surplus-product itself. This gives rise to the mistaken idea that the rent corresponding to the capitalist mode of production is explained by merely explaining the general prerequisites of surplus-value and profit, whereas this ground-rent is always a surplus over and above profit. It is a peculiar and specific portion of surplus-value, over and above that portion of the value of commodities, which is known as profit and consists itself of surplus-value (surplus-labor). The general conditions for the existence of surplus-value and profit are: The direct producers must work beyond the time necessary for the reproduction of their own labor-power. They must perform surplus labor in general. This is the subjective condition. The objective condition is that they must be able to perform surplus-labor. The natural conditions must be such that a part of their available labor time suffices for their reproduction and selfmaintenance as producers, that the production of their necessary means of subsistence shall not consume their whole labor-power. The fertility of nature forms a limit here, a starting point, a basis. The development of the social productivity of their labor forms the other limit. Still more strictly speaking, since the production of means of subsistence is the very first condition of their existence and of all production, the labor used in this production, that is the agricultural labor in the widest economic meaning, must be productive enough, so that it will not absorb the entire available labor time in the production of means of subsistence for the direct producers. Agricultural surplus-labor and an agricultural surplus-product must be possible. More widely applied, it means that the total agricultural labor, both necessary and surplus-labor, of a part of society suffices to produce the necessary subsistence for the whole society, including the laborers who are not agricultural. It means that this

great division of labor between farmers and industrials must be possible, also that between farmers producing subsistence and farmers producing raw materials. Although the labor of the producers of subsistence consists of necessary and surplus-labor, so far as their own point of view goes, it represents from the social standpoint only the labor necessary to produce the social subsistence. The same takes place in the case of division of labor within society as a whole, as distinguished from division of labor in the individual workshop. It is the labor necessary for the production of particular articles, for the satisfaction of some particular need of society. If this division is proportional, then the products of the various groups are sold at their values (at a later stage of development at their prices of production), or at prices which are modifications of their values or prices of production due to general laws. It is indeed the law of value enforcing itself, not with reference to individual commodities or articles, but to the total products of the particular social spheres of production made independent by division of labor. Every commodity must contain the necessary quantity of labor, and at the same time only the proportional quantity of the total social labor time must have been spent on the various groups. For the use-value of things remains a prerequisite. The use-value of the individual commodities depends on the particular need which each satisfies. But the use-value of the social mass of products depends on the extent to which it satisfies in quantity a definite social need for every particular kind of product in an adequate manner, so that the labor is proportionately distributed among the different spheres in keeping with these social needs, which are definite in quantity. (This point is to be noted in the distribution of capital to the various spheres of production.) The social need, that is the use-value on a social scale, appears here as a determining factor for the amount of social labor which is to be supplied by the various particular spheres. But it is only the same law, which showed itself in the individual commodity, namely that its use-value is the basis of its exchange-value and thus of its surplus-value. This point has any bearing upon the proportion between necessary and surplus-labor only in so far as a violation of this proportion makes it impossible to realise the value of the commodities and the surplus-value contained in it. For instance, take it that proportionally too much cotton goods have been produced, although only the labor-time necessary for this total product under the prevailing conditions is realised in it. But too much social labor has been expended in this particular line, in other words, a

portion of this product is useless. The whole of it is therefore sold only as though it had been produced in the necessary proportion. This quantitative limit of the quota of social labor available for the various particular spheres is but a wider expression of the law of value, although the necessary labor time assumes a different meaning here. Only just so much of it is required for the satisfaction of the social needs. The limitation is here due to the use-value. Society can use only so much of its total labor for this particular kind of products under the prevailing conditions of production. But the subjective and objective conditions of surplus-labor and surplus-value in general have nothing to do with the peculiar form of either the profit or the rent. These conditions apply to surplus-value as such, no matter what special form it may assume. Hence they do not explain ground-rent.

It is precisely the self-expansion of private property, the development of ground-rent, which reveals the characteristic peculiarity, that its amount is by no means determined by the actions of its recipient, but by the independent development of social labor, in which he does not take part. It may easily happen, therefore, that something is regarded as a peculiarity of rent (and of the products of agriculture in general), which is really a common feature of all lines of production and all their products on the basis of the production of commodities, or, more strictly speaking, of capitalist production.

The amount of ground-rent (and with it the value of the soil) develops with the progress of social advance as a result of the total labor of society. On the one hand this leads to a growth of the market and of the demand for products of the soil, on the other it stimulates the demand for the land itself, which is a prerequisite of competitive production in all lines of business, even in those which are not agricultural. Speaking strictly of real-ground rent, this rent, and with it the value of the soil, develops with the market for the products of the soil, and thus with the increase of the other than agricultural population, with its needs and demand for either means of subsistence or raw materials. It is the nature of capitalist production to reduce the agricultural population continually as compared to the non-agricultural, because in industry (strictly speaking) the increase of the constant capital compared to the variable capital goes hand in hand with an absolute increase, though relative decrease, of the variable capital; whereas

in agriculture the variable capital required for the exploitation of a certain piece of land decreases absolutely and cannot increase, unless new land is taken into cultivation, which implies a still greater previous growth of the non-agricultural population.

In fact we are not dealing here with a characteristic peculiarity of agriculture and its products. On the contrary, the same applies to all other lines of production and products on the basis of a production of commodities and of its absolute form, capitalist production.

These products are commodities, use-values, which have an exchange-value which can be realised, converted into money, only to the extent that other commodities form an equivalent for them, that other products face them as commodities and values. They have an exchange-value to the extent that they are not produced as immediate means of subsistence for the producers themselves, but as commodities, as products which become use-values only by their conversion into exchange-values (money), by being gotten rid of. The market for these commodities develops through the social division of labor; the separation of the productive labor into various departments transforms their respective products mutually into commodities, into mutual equivalents, makes them serve mutually as markets. This is in no way peculiar to agricultural products.

Rent can develop as money-rent only on the basis of a production of commodities, more strictly of capitalist production, and it so develops in proportion as the agricultural production becomes a production of commodities. This is the same proportion in which other than agricultural lines of production develop independently of agriculture, for to that extent does the agricultural product become a commodity, an exchange-value, a value. To the same extent that the production of commodities develops as a capitalist production, and as a production of value, does the production of surplus-value and surplus-products proceed. But to the same extent that this continues does property in land acquire the faculty of capturing an ever increasing portion of this surplus-value by means of its land monopoly. Thereby it raises its rent and the price of the land itself. The capitalist performs at least an active function himself in the development of surplus-value and surplus-products. But the land owner has but to capture his

growing share in the surplus-product and the surplus-value created without his assistance. It is this which is the characteristic peculiarity of his position, and not the fact that the value of the products of the soil and thus of the land increases in proportion as the market for them expands, the demand grows and with it the world of commodities which are not agricultural products, the mass of producers and products outside of agriculture. But as this is done without the assistance of the landowner, it appears as something specifically his own, that measures of value, measures of surplus-value, and the conversion of a portion of surplus-value into ground-rent should depend upon the process of social production, on the development of the production of the commodities in general. For this reason a man like Dove wants to develop rent out of this element. He says that rent does not depend upon the mass of agricultural products, but upon their value; but this depends upon the mass and productivity of the non-agricultural population. But it is also true of all other products that they cannot develop the character of commodities, unless the mass, the variety and the succession of other commodities form equivalents for them. We have shown this previously in the discussion of the general nature of value. On the one hand the exchangeability of a certain product depends altogether on the multiplicity of commodities existing outside of it. On the other hand this circumstance determines in particular to what extent this product shall be put out as a commodity.

No producer, whether an industrial or farmer, considered by himself alone, produces value or commodities. His product becomes a commodity only in definite social interrelations. It becomes a commodity, in the first place, to the extent that it represents social labor, so that the individual producer's labor counts as a part of the general social labor. And in the second place this social character of his labor appears impressed upon his product through its pecuniary character and through its general exchangeability determined by its price.

Instead of explaining rent, such vagaries confine themselves to explaining merely surplus-value in general, or, still more absurdly, surplus-products in general, and on the other hand they make the mistake of ascribing a character, which belongs to all products in their capacity as commodities, to agricultural products exclusively. This is still more

vulgarised by those who pass from a general analysis of value over to the realisation of a certain commodity's value. Every commodity can realise its value only in the process of circulation, and whether it realises its value, and to what extent it does so, depends on the prevailing market conditions.

It is not a peculiarity of ground-rent, then, that the products of agriculture develop into values and as values, that they face other commodities as commodities, and that products not agricultural face them as commodities, or that they develop as specific expressions of social labor. The peculiarity of ground-rent is rather that in proportion as the conditions develop, in which agricultural products develop as commodities (values), and in which they can realise their values, so does also property in land develop the power to appropriate an increasing portion of these values, which were created without its assistance, and so does an increasing portion of the surplus-value assume the form of ground-rent.

## CHAPTER XXXVIII. DIFFERENTIAL RENT. GENERAL REMARKS.

IN the analysis of ground-rent we shall start from the assumption, that products paying such a rent, that is, products a portion of whose surplus-value and general price resolves itself into ground-rent, are sold at their prices of production, like all other commodities. It suffices for our purposes to confine ourselves to products of agriculture and mining. In other words, their selling prices are made up of the elements of their cost (the value of the consumed constant and variable capital) plus a profit, which is determined by the average rate of profit and calculated on the total capital advanced, whether consumed or not consumed. We assume, then, that the average selling prices of these products are equal to their prices of production. The question is now, how can a ground-rent develop under these conditions, how can a portion of the profit become converted into ground-rent, so that a portion of the prices of the commodities falls into the hands of the landlord.

In order to show the general character of this form of ground-rent, we assume that most of the factories of a certain country are driven by steam engines, while a certain smaller number of them are driven by natural waterfalls. Let us further assume that the price of production in those industries amounts to 115 for a quantity of commodities which have consumed a capital of 100. The 15% of profit are calculated, not merely on the consumed capital of 100, but on the total capital invested in the production of this value in the commodities. We have previously shown that this price of production is not determined by the individual cost-price of every single producing industrial, but by the cost-price required on an average for the commodity under the average conditions of capital in the entire sphere of production. It is, in fact, the market price of production, as distinguished from its oscillations. For it is in the form of the market price, and in a wider sense of the regulating market price, or market price of production, that the nature of value asserts itself in commodities. It becomes evident, in this way, that it is not determined by the labor time necessary in the case of any individual producer for the production of a certain quantity

of commodities, or of some individual commodity, but by the socially necessary labor time. This is that quantity of labor time, which is necessary for the production of the socially required total quantity of commodities of any kind on the market under the existing average conditions of social production.

As definite figures are immaterial in this case, we shall furthermore assume that the cost price in the factories driven by water power is only 90 instead of 100. Since the regulating market price of production of this quantity of commodities is 115, with a profit of 15%, the factories driven by water power will also sell their commodities at 115, the average price regulating the market price. Their profit would then be 25 instead of 15; the regulating market price of production would allow them a surplus-profit of 10%, not because they sell their commodities above the price of production, but because they sell them at the price of production, because their commodities are produced, or their capital expanded, under exceptionally favorable conditions, under conditions, which are above the average prevailing in this sphere.

Two things become evident at once.

The surplus-profit of the producers, who use the natural waterfall as motive power, is in the same class with all surplus-profit (and we have already analysed this category when discussing the prices of production), which is not the result of mere transactions in the sphere of circulation, of mere fluctuations of market prices. This surplus-profit, then, is likewise equal to the difference between the individual price of production of these favored producers and the general social price of production regulating the market in this entire sphere. This difference is equal to the excess of the general price of production of the commodities over their individual price of production. The two regulating limits of this excess are on the one hand the individual cost price, and thus the individual price of production, on the other hand the general price of production. The value of the commodities produced with water power is smaller, because a smaller quantity of labor is required for their production, namely less labor materialised in the constant capital. The labor here employed is more productive, its individual power of production is greater than that employed in the majority of the factories of

the same kind. Its greater productive power is shown in the fact that it requires a smaller quantity of constant capital, a smaller quantity of materialised labor, than the others. It also requires less living labor, because the water wheel need not be heated. This greater individual power of production of the employed labor reduces the value, and at the same time the cost price and price of production of the commodity. For the individual industrial capitalist this expresses itself in a lower cost price of his commodities. He has to pay for less materialised labor, and less wages for less labor-power employed. Since the cost price of his commodities is smaller, his individual price of production is also smaller. His cost price is 90 instead of 100. His individual price of production would therefore be only  $103\frac{1}{2}$  instead of 115 ( $100: 115 = 90: 103\frac{1}{2}$ ). The difference between his individual price of production and the general one is limited by the difference between his individual cost price and the general one. This is one of the magnitudes which form the limits of his surplus-product. The other is the magnitude of the general price of production, into which the average rate of profit enters as a regulating factor. If coal should become cheaper, the difference between his individual cost-price and the general cost-price would decrease, and with it his surplus-profit. If he should be compelled to sell his commodities at their individual value, or at the price of production determined by its individual value, then the difference would disappear. It is on the one side a result of the fact that the commodities are sold at their general market-price, the price brought about by the equalisation of individual prices through competition, on the other side a result of the fact that the greater individual productivity of the laborers employed by him does not benefit the laborers, but their employer, as does all productivity of labor. This productivity represents itself as a faculty of capital.

Since the level of the general price of production is one of the limits of the surplus-product, the level of the average rate of profit being one of its factors, it can have no other source but the difference between the general and the individual price of production, and consequently the difference between the general and the individual rate of profit. An excess of this difference would imply the sale of products above the price of production regulated by the market, not at this price.

So far as the surplus profit of the manufacturer using natural water power instead of steam for motive power does not differ in any way from any other surplus profit. All normal surplus profit, that is all surplus profit not due through accidental sales or fluctuations of the market price, is determined by the difference between the individual price of production of the commodities of these particular capitals and the general price of production, which regulates in a general way the market prices of the commodities produced by the capitals of this sphere of production, or the market prices of the commodities of the total capital invested in this sphere of production.

But now we come to the difference.

To what circumstance does the industrial capitalist in the present case owe his surplus-profit, the surplus resulting for him personally from the price of production regulated by the average rate of profit?

He owes it in the last resort to a natural power, the motive power of water, which is found ready at hand in nature and which is not itself a product of labor like coal, which transforms water into steam. The water has no value, it need not be paid by an equivalent, it costs nothing. It is a natural agency of production, which is not produced by labor.

But this is not all. The manufacturer who works with a steam engine also employs natural powers, which cost him nothing and yet make his labor more productive and, to the extent that they cheapen the manufacture of the means of subsistence required for the laborers, increase the surplus-value and with it the profit. These natural powers are quite as much monopolised by capital as the natural powers of social labor arising from co-operation, division, etc. The manufacturer pays for the coal, but not for the faculty of the water to alter its aggregate state, of passing over into steam, not for the elasticity of the steam, etc. The monopolisation of natural powers, that is of the increased productivity of labor due to them, is common to all capital working with steam engines. It may increase that portion of the product of labor which represents surplus-value as against that portion which is converted into wages. To the extent that it does this, it raises the general rate of profit, but it does not make any surplus-profit, for this consists of the

excess of the individual profit over the average profit. The fact that the application of a natural power, of a waterfall, creates a surplus-profit in this case, cannot therefore be due solely to the circumstance that the increased productivity of labor is here due to a natural force. There must be still other modifying circumstances.

Look at the reverse side. The mere application of natural powers to industry may influence the level of the general rate of profit, because it affects the quantity of labor necessary to produce the means of subsistence. But in itself it does not create any deviations from the general rate of profit, and this is the point in which we are interested here. Furthermore, the surplus-profit, which some individual capital may ordinarily realise in its particular sphere of production — for the deviations of the rates of profits in the various spheres of production are continually balanced by competition into an average rate — are due, aside from accidental deviations, to a reduction of the cost-price, of the cost of production. This reduction arises either from the fact that a capital is used in greater than ordinary quantities, so that the dead expenses of the production are reduced, while the general causes increasing the productivity of labor, such as co-operation, division, etc., can exert themselves with a higher degree of intensity, their field of expression being larger. Or it may arise from the fact that, aside from the greater volume of the invested capital, better methods of labor, new inventions, improved machinery, chemical secrets in manufacture, etc., in short new and improved means of production and methods are used, which are above the average. The reduction of the cost price and the surplus profit arising from it arise here from the manner, in which the self-expanding capital is invested. They arise either from the circumstance that it is concentrated in one hand in extraordinarily large masses (a circumstance which is neutralised when capitals of the same size become the average), or from the circumstance that a capital of a certain size expands itself under exceptionally favorable circumstances (a circumstance which is neutralised as soon as the exceptional method of production becomes general or is superseded by a still more developed one).

The cause of the surplus profit, then, arises here from the capital itself (which includes the labor set in motion by it); it is either due to the greater size of the capital employed, or to its more improved application; and there

is no particular reason why all the capital in the same sphere of production should not be invested in the same way. In fact, the competition between the capitals tends to neutralise their differences more and more. The determination of value by the socially necessary labor time asserts itself by the cheapening of commodities and the necessity of making commodities under the same favorable conditions. But it is different with the surplus profit of the industrial capitalist who uses water power. The increased productive power of his labor is not due either to his capital or his labor, nor to the mere application of some natural force separate from capital and labor, but incorporated in the capital. It arises from the greater natural power of production of labor in conjunction with some other natural power, which natural power is not at the command of all capitals in this sphere, whereas such a thing as the elasticity of steam is. The application of this other natural power does not follow as a selfunderstood matter, whenever capital is invested in this sphere. It is a monopolised natural power, which, like a water fall, is only at the command of those who can avail themselves of particular pieces of the globe and its opportunities. It is not within the power of capital to call to life this natural premise for a greater productivity of labor, whereas any capital may transform water into steam. Water power is found only locally in nature, and wherever it does not exist, it cannot be created by any investment of capital. It is not dependent upon products which labor can secure, such as machines, coal, etc. It is dependent upon definite natural conditions of definite portions of the globe. That section of industrial capitalists who own waterfalls excludes the other section who do not own any from the application of this power, because the land, and particularly land supplied with water power, is limited. Of course this does not prevent the quantity of water power available for industrial purposes from being increased, even if the number of natural waterfalls in a certain country is limited. Water power may be artificially diverted, in order to exploit its motive force fully. Under certain conditions a water wheel may be improved so as to use the highest possible amount of water power; in places where the ordinary wheel is not suitable for supplying water, turbines may be used, etc. The possession of this natural power forms a monopoly in the hand of its owner, it is a premise for the increase of the productivity of the invested capital, which cannot be created by the process of production of the capital itself.<sup>126</sup> This natural power, which can be monopolised in this way, is always attached to the soil. Such a natural power does not

belong to the general conditions of that particular sphere of production, and not to those conditions, which may be made general.

Now let us assume that the waterfalls with the land on which they are found are held in the hands of persons, who are considered the owners of these portions of the globe, who are land owners. These owners may exclude others and prevent them from investing capital in the waterfalls or using waterfalls by means of capital. They can permit such a use or forbid it. The capital cannot create a waterfall out of itself. Therefore the surplus profit, which arises from this employment of waterfall, is not due to capital, but to the harnessing of a natural power, which can be monopolised and has been monopolised, by capital. Under these circumstances the surplus-profit is transformed into ground-rent, that is, it falls into the hands of the owner of the waterfall. If the industrial capitalist pays to the owner of the waterfall 10 pounds sterling annually, then his profit is 15 pounds sterling, that is 15% on the 100 which then make up his cost of production; and he is just as well off, or possibly better, as all other capitalists of his sphere of production, who work with steam. It would not matter, if this capitalist should be the owner of the waterfall. He would in that case pocket the surplus profit of 10 pounds in his capacity as a landowner, not in his capacity as an industrial capitalist, just because this surplus is not due to his capital as such, but to a limited natural power separate from his capital, over which he has command, because he has a monopoly of it. And so it is converted into ground-rent.

It is evident that this is always a differential rent, for it does not enter as a determining factor into the average price of production of commodities, but rather is based on it. It always arises from the difference between the individual price of production of the individual capital having command over monopoly of natural power and the general price of production of the total capital invested in that particular sphere of production.

This ground-rent does not arise from the absolute increase of the productivity of the employed capital, or of the labor appropriated by it, since this can only reduce the value of commodities; it is due to the greater relative fertility of definite individual capitals invested in a certain sphere of production, as compared with investments of capital, which are excluded

from these exceptional and natural conditions favoring the productivity. For instance, if the use of steam should offer overwhelming advantages not attached to the use of water power, or tending to neutralise the benefits to be derived from water power, then, water power would not be used and could not produce any surplus profit, or ground-rent, even though coal has a value and water power has not.

The natural power is not the source of the surplus profit, but only its natural basis, because this natural basis permits an increase in the productive power of labor. In the same way the use-value is the general bearer of the exchange-value, but not its cause. If the same use-value could be created without labor, it would have no exchange-value, yet it would have the same useful effect as ever. On the other hand, nothing can have an exchange-value unless it has a use-value, unless it has this useful bearer of labor. Were it not for the fact that the different values are neutralised into prices of production, and the different individual prices of production into one average price of production regulating the market, the mere increase in the productivity of labor by the use of a waterfall would merely lower the price of the commodities produced with the waterfall, without adding anything to the share of profit contained in those commodities. On the other hand, this increased productivity of labor would not be converted into surplus-value, were it not for the fact that capital appropriates the natural and social productivity of labor as though it were its own.

The private ownership of the waterfall has nothing to do with the creation of that portion of the surplus-value (profit), and of the price of a commodity in general, which is produced by the help of the waterfall. This surplus profit would also exist, if private property did not prevail, for instance, if the land supplied with the waterfall were appropriated by the industrial capitalist as masterless booty. Hence private property in land does not create that portion of value, which is transformed into surplus profit, but it merely enables the landowner, who has possession of the waterfall, to coax this surplus profit out of the pocket of the industrial capitalist into his own. It is the cause, not of the creation of this surplus profit, but of its transformation into ground-rent, of the appropriation of this portion of the profit, or of the price of commodities, by the owner of the land or of the waterfall.

It is evident that the price of the waterfall, that is the price which the owner of it would receive if he were to sell it to some other man, perhaps to the industrial capitalist, would not enter directly into the general price of production of the commodities, although it would enter into the individual cost-price of the industrial capitalist. For the rent arises here from the price of production of the commodities produced by steam machinery, and this price is regulated independently of the waterfall. Furthermore, this price of the waterfall is an irrational expression, behind which a real economic relation is concerned. The waterfall, like the earth in general, and like any natural force, has no value, because it does not represent any materialised labor, and therefore it really has no price, which is normally but the expression of value in money. Where there is no value, it is obvious that it cannot be expressed in money. This price is merely capitalised rent. The ownership of land enables the landowner to catch the difference between the individual profit and the average profit. The profit thus acquired, which is renewed every year, may be capitalised, and then it appears as the price of a natural power itself. If the surplus profit realised by the use of the waterfall amounts to 10 pounds sterling per year, and the average interest is 5%, then these 10 pounds sterling annually represent the interest on a capital of 200 pounds sterling; and this capitalisation of the annual 10 pounds sterling, which the waterfall enables its owner to catch, appears then as the capital-value of the waterfall itself. That it is not the waterfall itself, which has a value, but that its price is a mere reflex of the appropriated surplus profit, which the use of the waterfall yields to the industrial capitalist, capitalistically calculated, becomes at once evident in the fact that the price of 200 pounds sterling represents merely the product of a surplus profit of 10 pounds sterling for 20 years, whereas the same waterfall will enable its owner to catch these 10 pounds sterling every year for 30 years, or 100 years, or an indefinite number of years, so long as circumstances remain the same. On the other hand, if some new method of production, which is not suitable for water power, should reduce the cost price of the commodities produced by steam machinery from 100 to 90 pounds sterling, the surplus profit, and with it the rent, and with it the price of the waterfall, would disappear.

Now that we have explained our general conception of differential rent, we will pass on to its consideration in agriculture, strictly so-called. What applies to it will also apply on the whole to mines.

# CHAPTER XXXIX. THE FIRST FORM OF DIFFERENTIAL RENT.

(Differential Rent I.)

RICARDO is quite right when he writes the following sentences:

“Rent is always the difference between the produce obtained by the employment of two equal quantities of capital and labor” (Principles, ). [He means differential rent, for he assumes that no other rent but differential rent exists.] He should have added “On the same quantities of land,” so far as ground-rent and not surplus profit in general is concerned.

In other words, surplus profit, if normal and not due to accidental transactions in the process of circulation, is always produced as a difference between the products of two equal quantities of capital and labor. This surplus profit is transformed into ground rent, when two equal quantities of capital and labor are employed on equal quantities of land with unequal results. However, it is by no means absolutely necessary that this surplus profit should arise from unequal results of equal quantities of invested capital. The various investments may also employ unequal quantities of capital. Indeed, this is generally the case. But equal aliquot parts, for instance 100 pounds sterling of each, give unequal results; that is, their rates of profit are different. This is the general prerequisite for the existence of surplus profit in any sphere, where capital is invested. The second prerequisite is the transformation of this surplus profit into ground-rent (and of rent in general as distinguished from profit); it should always be analysed, when, how, under what conditions this transformation takes place.

Ricardo is also right in the following sentence, provided it is limited to differential rent: “Whatever diminishes the inequality in the produce obtained on the same or on new land, tends to lower rent; and whatever increases that inequality, necessarily produces an opposite effect and tends to raise it.” (P. 74.)

However, among these causes are not merely the general ones (fertility and location), but also 1) the distribution of taxes, according to whether it works uniformly or not; it always has the latter effect, for instance in England, when it is not centralised and when the tax is levied on the land, not on the rent; 2) the inequalities arising from the different development of agriculture in different parts of the country, since this line of industry, on account of its traditional character, is more difficult to level than manufacture; 3) the inequality in the distribution of capital among the capitalist tenants. Since the capture of agriculture by the capitalist mode of production, the transformation of independently producing farmers into wage workers, is in fact the last conquest of this mode of production, these inequalities are greater here than in any other line of industry.

After these preliminary remarks I will give a brief summary of the peculiarities of my own analysis as distinguished from that of Ricardo, etc.

We consider first the unequal results of equal quantities of capital, applied to different lands of equal area; or on lands with unequal areas, but calculated on the same aliquot parts of it.

The two general causes of these unequal results independent of capital, are 1) Fertility. (With reference to this first point the analysis should state, what is included in the natural fertility of lands, and what elements enter into it.) 2) The location of the lands. This is a deciding factor in colonies, and in general determines the succession in which lands shall be taken under cultivation. Furthermore it is evident that these two different causes of differential rent, fertility and location, may work in opposite directions. A certain soil may be very favorably located and yet be very poor in fertility, and vice versa. This circumstance is important, for it explains how it is that the work of opening the soil of a certain country to cultivation may equally well proceed from the worse to the better soil, instead of vice versa. Finally it is clear that the progress of social production has on the one hand the general effect of leveling the differences arising from location as a cause of ground-rent, by creating local markets and improving locations by means of facilities for communication and transportation; and that, on the other hand, it increases the differences of the individual locations in a certain district by separating agriculture from manufacture and forming great

centers of production on the one hand while relatively isolating the agricultural districts on the other hand.

For the present, however, we leave this point, location, out of consideration and confine ourselves to natural fertility. Aside from climatic factors, etc., the difference in natural fertility is one of the chemical compositions of the top soil, that is of its different contents in plant nourishment. However, assuming the chemical composition and natural fertility in this respect to be the same for two areas, the actual fertility will be different according to whether these elements of plant nourishment have a form, in which they may be more or less easily assimilated and immediately utilised for nourishing plants. Hence it will depend partly upon the chemical, partly upon the mechanical development of agriculture, to what extent the same natural fertility may be made available in fields of the same natural fertility. Fertility, although an objective quality of the soil, always implies economic relations, a relation to the existing chemical and mechanical development in agriculture, of course it changes with such a development. By dint of chemical applications (such as the use of certain liquid manures to stiff clay loam, or burning of heavy clay soils) or of mechanical appliances (such as special plows for heavy soils) the obstacles may be removed, which made a soil of the same fertility as some other actually less fertile (drainage also belongs under this head). Or even the succession of soils in cultivation may be changed thereby, as was the case, for instance, with light sandy soil and heavy clay soil in a certain period of development of English agriculture. This shows once more that historically, in the succession of soils under cultivation, one may pass just as well from very fertile soils to less fertile ones as vice versa. The same may come to pass by any artificially created improvement in the composition of the soil, or by a mere change in the methods of agriculture. Finally the same result may be brought about by a change in the succession of the predominant kinds of soil, owing to different conditions of the subsoil, as soon as it is likewise taken into cultivation and turned over into top layers. This is caused either by the employment of new methods of agriculture (such as planting of stock feed), or any mechanical appliances, which either turn the subsoil into top layers, or mix it with the top soil, or cultivate the subsoil without throwing it up.

All these influences upon the differential fertility of different lands amount to the practical result that for the economic fertility the state of the productivity of labor, in this case the faculty of agriculture of making the natural fertility of the soil immediately available, a faculty which varies in different periods of development, is as much an element in the so-called natural fertility of the soil as its chemical composition and its other natural qualities.

We assume, then, the existence of a certain stage of development of agriculture. We assume furthermore, that the predominant succession of soils is calculated with reference to this stage of development, a thing which is, of course, always the case with simultaneous investments of capital on the different soils. Under such circumstances differential rent may form either in an ascending or a descending succession, for although the succession is an established fact for the totality of the actually cultivated lands, a movement of succession leading to this formation always preceded it.

Let us assume the existence of four kinds of soil, A, B, C, D. Let us furthermore assume that the price of one-quarter of wheat is three pounds sterling, or 60 shillings. Since rent is here merely a differential rent, this price of 60 shillings per quarter for the worst soil is equal to the cost of production, that is equal to the capital plus the average profit.

Let A be this worst soil and yield for each 50 shillings of expenditure one-quarter of wheat worth 60 shillings, so that the profit is 10 shillings, or 20%.

Let B yield for the same expenditure 2 quarters of wheat, or 120 shillings. This would be 70 shillings of profit, or a surplus profit of 60 shillings.

Let C yield for the same expenditure 3 quarters, or 180 shillings; total profit 130 shillings, surplus profit 120 shillings.

Let D yield 4 quarters, 240 shillings, 190 shillings of profit, 180 shillings of surplus profit.

Then we shall have the following succession:  
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The respective rents are:  $D = 190 \text{ sh.} - 10 \text{ sh.}$ , or the difference between D and A;  $C = 130 - 10 \text{ sh.}$ , or the difference between C and A;  $B = 70 - 10 \text{ sh.}$ , or the difference between B and A; and the total rent for B, C, D equals 6 quarters, or 360 shillings, equal to the sum of the differences between D and A, C and A, B and A.

This succession representing a certain product in a certain condition may, abstractly considered, descend from D to A, from very fertile to less and less fertile soil, or rise from A to D, from relatively poor to more and more fertile soil, or may fluctuate in a now rising, now descending curve, for instance from D to C, from C to A, from A to B (and we have already mentioned the reasons why this might take place in reality).

The process leading to the descending succession took place in the following manner: The price of one-quarter of wheat rose gradually from, say, 15 shillings to 60 shillings. As soon as the 4 quarters produced by D (assume them to have been so many million quarters) did not suffice any more, the price of wheat rose to a point where the missing supply could be raised by C. That is to say, the price of wheat must have risen to 20 shillings per quarter. When it had risen to 30 shillings per quarter, B could be taken under cultivation, and when it reached 60 shillings per quarter, A could be taken in, and the capital invested in it did not have to be content with a lower rate of profit than 20%. In this way a rent was formed for D, first of 5 shillings per quarter, or 20 shillings for the 4 quarters produced by it; then of 15 shillings per quarter, or 60 shillings, then of 45 shillings per quarter, or a total of 180 shillings for 4 quarters.

If the rate of profit of D originally was likewise 20%, then its total profit on 4 quarters of wheat was also but 10 shillings, but this stood for more grain when the price was 15 shillings than it does when the price is 60 shillings. But since the grain enters into the reproduction of labor-power, and a portion of each quarter has to make good some wages and another some constant capital, the surplus-value under this condition was higher,

and to that extent, other things being the same, the rate of profit. (The matter of the rate of profit will have to be analysed separately and in detail.)

On the other hand, if the succession went the opposite way, that is, if the movement started from A, then the price of wheat at first rose above 60 shillings, when new land had to be taken under cultivation. But when the necessary supply was raised by B, a supply of 2 quarters, the price fell once more to 60 shillings. B raised wheat at a cost of 30 shillings per quarter, but sold it at 60 shillings, because its supply sufficed just to cover the demand. In this way a rent was formed, first of 60 shillings for B, and in the same way for C and D; always assuming that the market price remained at 60 shillings, although C and D relatively raised wheat having a value of 20 and 15 shillings respectively, because the supply of the one-quarter raised by A was as much needed as ever to satisfy the total demand. In this case the rising of the demand above the supply first raised by A, then by A and B, would not have made it possible to cultivate successively B, C and D, but would merely have caused a general extension of the sphere of cultivation, by which the more fertile lands came under its control later.

In the first succession, an increase in the price would raise the rent and lower the rate of profit. The lowering of the rate of profit might be entirely or partially checked by opposing circumstances. This point will have to be treated later. It should not be forgotten, that the general rate of profit is not determined uniformly in all spheres of production by the surplus-value. It is not the agricultural profit, which determines the industrial profit, but vice versa. But of this more anon.

In the second succession the rate of profit on the invested capital would remain the same. The mass of profit would present itself in less grain; but the relative price of grain, compared with that of other commodities, would have risen. Only, whatever increase there might be in the profit, would separate itself from the actual profit in the form of rent, instead of flowing into the pockets of the capitalist tenant and appearing as a growing profit. The price of grain, however, would remain unchanged under the conditions assumed here.

The development and growth of differential rent would remain the same, both with unaltered and with increasing prices, and with a continued progress from worse to better land as well as with a continued regression from better to worse land.

So far we have assumed 1) that the price rises in the one succession and remains stationary in the other; 2) that there is a continual progression from better to worse soil, or from worse to better soil.

But now let us assume that the demand for grain rises from its original figure of 10 to 17 quarters; furthermore, that the worst soil A is displaced by another soil A', which raises  $1\frac{1}{3}$  quarters at a price of production of 60 shillings (50 sh. cost plus 10 sh. for 20% profit), so that its price of production for one-quarter is 45 shillings; or, perhaps, the old soil A may have become improved through a continued rational cultivation, or may be cultivated more productively at the same cost, for instance, by the introduction of clover, etc., so that its product with the same investment of capital rises to  $1\frac{1}{3}$  quarters. Let us also assume that the classes B, C and D of soil supply the same product as ever, but that new classes of soil have been introduced, for instance, A' of a fertility between A and B, furthermore B' and B'' of a fertility between B and C. In that case we should witness the following phenomena:

The price of production of one-quarter of wheat, or its regulating market price, would have fallen from 60 shillings to 45 shillings, or by 25%.

The cultivation would have proceeded simultaneously from more fertile to less fertile soil, and from less fertile to more fertile soil. The soil A' is more fertile than A, but less fertile than the hitherto cultivated soils B, C and D. And B' and B'' are more fertile than A, A' and B, but less fertile than C and D. The succession would thus have proceeded in crisscross fashion. Cultivation would not have proceeded to soil absolutely less fertile than A, etc., but it would have proceeded to relatively less fertile than the soils C and D; on the other hand, cultivation would not have taken up soil absolutely more fertile, but at least relatively more fertile compared to the hitherto least fertile soils A or A and B.

The rent on B would have fallen; likewise the rent on C and D; but the total rental would have risen from 6 quarters to  $7 \frac{2}{3}$ ; the mass of the cultivated and rent paying lands would have increased, and the mass of the product would have risen from 10 quarters to 17. The profit, if remaining the same for A, expressed in grain, would have risen; but the rate of profit itself might have risen, because the relative surplus-value did. In this case the wages, and with them the investment of variable capital, and with it the total investment, would have been reduced on account of the cheapening of the means of subsistence. The total rental would have fallen from 360 shillings to 345 shillings.

Let us draw up the new succession.

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Finally, if only the classes of soil A, B, C and D were cultivated, but their productivity raised in such a way that A would produce 2 quarters instead of 1, B, 4 quarters instead of 2, C, 7 quarters instead of 3, and D, 10 quarters instead of 4, so that the same causes would have acted differently upon the various classes of soil, the total production would have increased from 10 quarters to 23. Assuming that the demand would absorb these 23 quarters by an increase of the population and the falling of prices, we should get the following table:

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The numbers in this and in other tables are arbitrarily chosen, but the assumptions are quite rational.

The first and principal assumption is that the improvement in agriculture acts differently upon different soils, and in this case more so upon the best classes of soil, C and D, than upon the A and B classes. Experience has shown that this is indeed the case, although the opposite may also take place. If the improvement should affect the lesser soils more than the better ones, the rent on these last ones would have fallen instead of rising.

But in our table we have assumed that the absolute growth of the fertility of all classes of soil is simultaneously accompanied by an increase of the higher relative fertility of the better classes of soil, C and D, which implies

an increasing difference between the various products with the same investment of capital, and thus an increase of the differential rent.

The second assumption is that the total demand must keep step with the increase of the total product. In the first place, one need not imagine such an improvement to come abruptly, but gradually, until the succession in table III is reached. In the second place, it is a mistake to say that the consumption of necessities of life does not grow with their cheapening. The abolition of the corn laws in England proved the reverse (see Newman), and the contrary view is derived merely from the fact that great and sudden differences in the harvests, caused by the weather, bring about at one time an extraordinary fall, at another an extraordinary rise in the prices of cereals. While in such a case the sudden and short cheapness does not get time to exert its full effect upon the extension of consumption, the opposite takes place when the cheapening process arises out of the lowering of the regulating price of production itself and has permanency. In the third place, a portion of the grain may be consumed in the shape of whiskey or beer. And the rising consumption of these articles is by no means confined within narrow limits. In the fourth place, this matter depends partly upon the increase of the population, and for the other part the country may be a grain exporting one, as England was far beyond the middle of the 18th century, so that the demand is not regulated by the boundaries of a mere national consumption. Finally the increase and cheapening of the wheat production may have the result of making wheat instead of rye or oats the principal article of consumption for the masses, so that the demand for it may grow for this reason alone, just as the opposite may take place when the product decreases and prices rise. — Under these assumptions, and with the figures previously chosen, succession No. III would show a fall in the price per quarter from 60 shillings to 30, that is 50%, that production compared to succession No. I would increase from 10 quarters to 23, in other words, by 130%; that the rent would remain stationary upon the soil B, be doubled upon C, and more than doubled upon D, and that the total rental would increase from 18 pounds sterling to 22, a growth of  $22 \frac{1}{9}\%$ .

A comparison of these three tables (taking table I twice, one rising from A to D, and one descending from D to A), which may be considered either as existing gradations under some definite stage of society, for instance, as

existing side by side in three different countries, or as succeeding one another in different periods of development in the same country, would show:

That the succession, when complete, whatever may have been the course of its formative process, always has the appearance of being in a descending line; for in studying the rent, the point of departure will always be the soil producing the maximum of rent, and the closing point will be the soil yielding no rent.

That the price of production of the worst soil, which yields no rent, is always the regulating market price, although this market price in table I, if its succession was formed in an ascending line, could not remain stationary, unless better and better soil were cultivated. In that case the price of the grain produced on the best soil is a regulating one to the extent that it depends upon the quantity produced on such soil in what measure the soil of class A shall remain the regulator. For instance, if B, C, D should produce more than the demand calls for, then A would cease to be the regulator. This is what Storch has in mind, when he adopts the best class of soil as the regulating one. In this manner the American price of cereals regulates the English price.

Differential rent arises from the differences in the natural fertility of the soil which depends upon the prevailing degree of development of cultivation (leaving aside for the present the question of location), in other words, from the limited area of the best lands, and from the circumstance that equal capitals must be invested in unequal soils, which yield unequal products with the same capital.

The existence of differential rent and of a graduated succession of differential rents may be due quite as much to a descending succession, which leads from the better to the worse soils, as to an ascending one, which takes the opposite direction. Or it may be brought about by alternating forward and backward movements. (Succession No. II may form by a process from D to A, or from A to D; succession No. II comprises both movements.)

According to its mode of formation, differential rent may develop with a stationary, rising or falling price of the products of the soil. With a falling price the total production and the total rental may rise, and rent may form on hitherto rentless lands, even though the worst soil A may have been displaced by a better one, or may itself have become improved, and although the rent may decrease on other better, or even the best, lands (table II); this process may also be accompanied by a fall of the total rent (in money). Finally, when prices are falling on account of a general improvement of cultivation, so that the product and the price of the product of the worst soils decrease, the rent may remain the same or may fall on a part of the better soils, but rise on the best soils. It is true that the differential rent of every soil, compared with the worst soil, depends upon the price, say, of the quarter of wheat, when the difference of the quantity of products is given. But when the price is given, differential rent depends upon the magnitude of the differences of the quantity of products, and if, with an increasing absolute fertility of all soils that of the better soil grows relatively more than that of the worse soil, the magnitude of this difference grows to that extent. In this way (see Table I), when the price is 60 shillings, the rent of D is determined by its differential product as compared to A, in other words, by its surplus of 3 quarters. The rent is therefore three times sixty, or 180 shillings. But in Table III, in which the price is 30 shillings, the rent is determined by the quantity of the surplus product of D as compared to A, that is 8 quarters, and therefore it is eight times thirty, or 240 shillings.

This does away with the primitive misconception of differential rent still found among men like West, Malthus, Ricardo, to the effect that it necessarily requires a progress toward worse and worse soil, or an ever decreasing productivity of agriculture. It rather may exist, as we have seen, with a progress to a better and better soil; it may exist when a better soil takes the lowest position formerly occupied by the worst soil; it may be accompanied with a progressive improvement of agriculture. Its premise is merely the inequality of the different kinds of soil. So far as the development of productivity is concerned, it implies that the increase of absolute fertility of the total area does not do away with this inequality, but either increases it, or leaves it unchanged, or merely reduces it somewhat.

From the beginning to the middle of the 18th century England's cereal prices fell continually in spite of the falling prices of gold and silver, while at the same time (viewing this entire period) there was an increase of rent, of the rental, of the area of the cultivated lands, of agricultural production, and of the population. This corresponds to Table I combined with Table II in an ascending line, but in such a way that the worst land A is either improved or eliminated from the grain area; this does not imply that it was not used for other agricultural or industrial purposes.

From the beginning of the 19th century (the date should be given more precisely) until 1815 there is a continual rise in the cereal prices, accompanied by a steady growth of the rent, of the rental, of the volume of the cultivated lands, of agricultural production, and of the population. This corresponds to Table I in a descending line. (Quote here some passages on the cultivation of inferior lands in those times.)

In Petty's and Davenant's time, the farmers and land owners complain about the improvements and the breaking of new ground; the rent on the superior soils falls, the total rental increases through the extension of the soils yielding rent.

(These three points should be illustrated later on by quotations; likewise the difference in the fertility of the different cultivated portions of the soil in a certain country.)

The general rule in differential rent is that the market-value always stands above the total price of production of the mass of products. For instance, take Table I. The ten quarters of the total product are sold at 600 shillings, because the market price is determined by the price of production of A, which amounts to 60 shillings per quarter. But the actual price of production is:

A 1 qr. = 60 sh. 1 qr. = 60 sh. B 2 qrs. = 60 sh. 1 qr. = 30 sh. C 3 qrs. = 60 sh. 1 qr. = 20 sh. D 4 qrs. = 60 sh. 1 qr. = 15 sh. 10 qrs. = 240 sh. Average 1 qr. = 24 sh.

The actual price of production of these 10 quarters is 240 shillings. But they are sold at 600 shillings, 250% too dear. The actual average price for 1

quarter is 24 shillings; the market price is 60 shillings, also 250% too dear.

This is a determination by the market-value, which is enforced on the basis of capitalist production by means of competition; it creates a false social value. This arises from the law of the market-value, to which the products of the soil are subject. The determination of the market-value of the products, including the products of the soil, is a social act, although performed by society unconsciously and unintentionally. It rests necessarily upon the exchange-value of the product, not upon the soil and its differences in fertility.

If we imagine that the capitalistic form of society is abolished and society is organized as a conscious and systematic association, then those 10 quarters represent a quantity of independent labor, which is equal to that contained in 240 shillings. In that case society would not buy this product of the soil at two and a half times the labor time contained in it. The basis of a class of land owners would thus be destroyed. This would have the same effect as a cheapening of the product to the same amount by foreign imports. While it is correct to say that, by retaining the present mode of production but paying the differential rent to the state, the prices of the products of the soil would remain the same, other circumstances remaining unchanged, it is wrong to say that the value of the products would remain the same, if capitalist production were superseded by association. The sameness of the market prices for commodities of the same kind is the way in which the social character of value asserts itself on the basis of capitalist production, as it does of any production resting on the exchange of commodities between individuals. What society in its capacity as a consumer pays too much for the products of the soil, what constitutes a minus for the realisation of its labor time in agricultural production, is now a plus for a portion of society, for the landlords.

A second circumstance, important for the analysis to be given under II in the next chapter, is the following:

It is not merely a question of the rent per acre, or per hectare, nor in general of a difference between the price of production and the market price, nor between the individual and general price of production per acre,

but it is also a question of how many acres of each class of soil are under cultivation. The point of importance is here primarily the magnitude of the rental, that is, of the total rent of the entire cultivated area; but it serves us at the same time as a transition to the development of a rise in the rate of the rent, although there is neither a rise in the prices, nor an increase in the differences of the relative fertility of the various kinds of soil when prices are falling.

We had above:

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Now let us assume that the number of cultivated acres is doubled in every class. Then we have:

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Let us assume two other cases, and let the first be one, in which production expands on the two inferior classes of soil, in the following manner:

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Finally let us assume an unequal expansion of production and of the cultivated area on all four classes, in the following manner:

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In the first place, the rent per acre remains the same in all these four cases I, I a, I b and I c. For in fact the result of the same investment of capital per acre of the same class of soil has remained unchanged. Nothing more has been assumed than a fact which may be observed in any country at any given moment, namely that the various classes of soil participate in certain definite proportions in the entire cultivated area. And furthermore, a fact which may be observed in any two countries that are compared, or in the same country at different periods of time, namely that the proportion varies in which the cultivated area is distributed among these classes.

If we compare Ia with I, then we see, if the cultivation of the soils of all four classes grows in the same proportion, that a doubling of the cultivated

acres doubles the total production, and at the same time doubles the rent in grain and money.

If we compare Ib and Ic successively with I, we see that in both cases a triplication of the area subject to cultivation takes place. It rises in both cases from 4 acres to 12, but in Ib it is the classes A and B which get the greatest share of the increase, although A pays no rent, and B yields the smallest differential rent. But of 8 newly cultivated acres A and B get 3 each, or 6 between the two of them, whereas C and D get only 1 acre each, or together 2 acres. In other words, three-quarters of the increase go to A and B, and only one-quarter to C and D. According to this assumption and comparing Ib with I, the trebled area of cultivation does not result in a trebled product, for the product does not increase from 10 to 30, but only to 26. On the other hand, seeing that a considerable portion of the increase takes place on A, which does not yield any rent, and since the principal portion of the remaining increase takes place on B, the rent in grain rises only from 6 quarters to 14, and the rent in money from 18 pounds sterling to 42.

But if we compare Ic with I, where the soil yielding no rent does not increase in area, and the soil yielding a minimum rent increases but slightly, while the principal portion of the increase takes place on C and D, we find that the trebled area results in an increase of production from 10 quarters to 36, more than three times the quantity. The rent in grain has risen from 6 quarters to 24, or quadrupled; and so has the money rent from 18 pounds sterling to 72.

In all these cases the price of the agricultural product naturally remains stationary. The total rental increases in all cases with the extension of cultivation, unless it takes place exclusively on the worst soil, which does not pay any rent. But the growth is unequal. In proportion as the extension of cultivation takes place upon the superior classes of soil and consequently the quantity of the products grows not merely at the ratio of expansion of the area, but even faster, the rent in grain and money increases. In proportion as the worst soil and the class next above it share principally in the expansion of the area (provided that the worst soil represents a constant class), the total rental does not rise in proportion to the extension of

cultivation. If there are two countries, in which the class A, that yields no rent, is of the same nature, the rental stands in the reverse ratio to the aliquot part represented by the worst soil and the lesser classes next above it in the total area of the cultivated soil, and therefore in the reverse ratio to the quantity of the products of equal investments of capital on the same total areas of land. The proportion between the quantity of the worst cultivated soil and that of the better soil, within the total cultivated area of a certain country, thus has the opposite effect upon the total rental than the proportion between the quality of the worst cultivated soil and that of the better soil has upon the rent per acre and, other circumstances remaining the same, upon the total rental. The confounding these two things has given rise to many mistaken objections to differential rent.

The total rental, then, increases by the mere extension of the cultivation, and by the consequent greater investment of capital and labor in the soil.

But the most important point is this: Although it is our assumption that the proportion of the rents upon the various classes of soil remains the same, calculated per acre, and therefore also the rate of rent considered with reference to the capital invested in each acre, yet we must observe the following: If we compare Ia with I, the case in which the number of cultivated acres and the capital invested in them have been proportionately increased, we find that just as the total production has increased proportionately to the expanded agricultural area, that is just as both of them have been doubled, so has the rental. It has risen from 18 pounds sterling to 36, just as the number of acres has risen from 4 to 8.

If we take the total area of 4 acres, we find that the total rental amounted to 18 pounds sterling, or the average rent, including the soil which does not pay any rent,  $4\frac{1}{2}$  pounds sterling. This calculation might be made, say, by a landlord owning all 4 acres. And in this way the average rent is statistically calculated upon a whole country. The total rental of 18 pounds sterling is secured by the investment of a capital of 10 pounds sterling. We call the ratio of these two figures the rate of rent; in the present case it is 180%.

The same rate of rent follows in Ia, where 8 instead of 4 acres are cultivated, but all classes of land have shared in the same proportion in the

increase. The total rental of 36 pounds sterling gives for 8 acres and an invested capital of 20 pounds sterling an average rent of  $4\frac{1}{2}$  pounds sterling per acre and a rate of rent of 180%.

But if we consider Ib, in which the increase has taken place mainly upon the two inferior classes of soil, we find there a rent of 42 pounds sterling upon 12 acres, or an average rent of  $3\frac{1}{2}$  pounds sterling per acre. The invested total capital is 30 pounds sterling, and the rate of rent 140%. The average rent per acre has decreased by one pound sterling, and the rate of rent has fallen from 180 to 140%. Here then we have an increase of the total rental from 18 pounds sterling to 42, and yet a fall of the average rent, calculated both per acre and per capital, while production grows also, but not proportionately. This takes place, although the rent upon all classes of soil, both per acre and per capital, remains the same. It does so, because three-quarters of the increase go to the class A, which does not pay any rent, and upon class B, which pays only the minimum rent.

If the total extension in the case Ib had taken place only upon the soil A, then we should have 9 acres upon A, 1 acre upon B, 1 acre upon C and 1 acre upon D. The total rental would be 18 pounds sterling, the same as before, the average rent upon the 12 acres would be  $1\frac{1}{2}$  p. st. per acre; and a rent of 18 pounds sterling on an invested capital of 30 pounds sterling would give a rate of rent of 60%. The average rent, both per acre and per invested capital, would have decreased, and the total rental would not have increased.

Finally, let us compare Ic with I and Ib. Compared to I, the area has been trebled, also the invested capital. The total rental is 72 pounds sterling upon 12 acres, or 6 pounds sterling per acre against  $4\frac{1}{2}$  pounds sterling in case I. The rate of rent upon the invested capital (72: 30 pounds sterling) is 240% instead of 180%. The total product has risen from 10 quarters to 36.

Compared to Ib, where the total area of the cultivated acres, the invested capital, and the difference between the cultivated classes are the same, but the distribution different, the product is 36 quarters instead of 26, the average rent per acre is 6 pounds sterling instead of  $3\frac{1}{2}$ , and the rate of rent with reference to the same invested total capital is 240% instead of 140%.

No matter whether we regard the various conditions in Tables Ia, Ib and Ic as existing side by side in different countries, or as existing successively in the same country, we come to the following conclusions: so long as we have the conditions mentioned hereafter, that is, so long as the price of cereals remains unchanged, because the worst rentless soil has the same product; so long as the differences in the productivity of the different cultivated soils remain the same; so long as the respective products of the same invested capitals are the same for aliquot parts (acres) of the areas cultivated in every class of soil; so long as the ratio between the rents per acre of each class of soils and with the same rate of rent upon the capital invested in each portion of the same kind of soil is constant: 1) the rental always increases with the extension of the cultivated area and with the consequent increased investment of capital, with the exception of the case in which the entire increase falls on the rentless soil. 2) Both the average rent per acre (total rental divided by the total number of acres) and the average rate of rent (total rental divided by the invested total capital) may vary very considerably; both of them in the same direction, but in different proportions compared to one another. If we leave out of consideration the case, in which the increase takes place upon the rentless soil, we find that the average rent per acre and the average rate of rent upon the capital invested in agriculture depend upon the proportional shares, which the various classes of soil claim in the cultivated area; or, what amounts to the same, upon the distribution of the employed total capital among the classes of soil of different fertility. Whether much or little land is cultivated, and whether the total rental is therefore larger or smaller (with the exception of the case, in which the increase is confined to A) the average rent per acre, or the average rent per invested capital, remains the same so long as the proportions of the participation of the various classes of soil in the total cultivated area remain unchanged. In spite of the rise, even of a very considerable one, in the total rental with the extension of cultivation and the expansion of the invested capital, the average rent per acre and the average rent per capital fall whenever the extension of the rentless lands, or of the lands of inferior fertility, increases more than that of the superior rent paying ones. On the other hand the average rent per acre and the average rent per capital increase in proportion as the better lands constitute a greater

part of the total area and employ a relatively greater share of the invested capital.

Hence, if we consider the average rent per acre, or hectare, of the total cultivated soil, in the way that is generally done in statistical works, by comparing either different countries at different epochs, or different epochs in the same country, we find that the average level of the rent per acre, and consequently the total rental, corresponds in certain proportions (although by no means equal ones, but rather more rapidly moving ones) to the absolute, not to the relative, productivity of agriculture in a certain country, that is, to the mass of products brought forth by it on an average upon the same area. For the larger the share taken by the superior soils in the total cultivated area, the greater is the mass of products brought forth by equal investments of capital upon equally large areas of land. And the higher is the average rent per acre. In the opposite case the reverse takes place. In this way the rent does not seem to be determined by the ratios of differential fertility, but of absolute fertility, and the law of differential rent seems thereby abolished. For this reason certain phenomena are disputed, or perhaps they are explained by non-existing differences in the average prices of cereals and in the differential fertility of the cultivated lands, whereas such phenomena are merely due to the fact that the ratio of the total rental, either to the total area of the cultivated soil, or to the total capital invested in this soil, so long as the fertility of the rentless soil remains the same and with it the price of production, and so long as the differences of the various classes of soil remain unchanged, is determined not merely by the rent per acre or the rate of rent per capital, but quite as much by the proportional number of acres of each class of soil in the total number of cultivated acres; or, what amounts to the same, by the distribution of the invested total capital among the various classes of land. Curiously enough this fact has been completely overlooked so far. At any rate we see (and this is important for the progress of our analysis), that the relative level of the average rent per acre, and the average rate of rent (or the ratio of the total rental to the total capital invested in the soil), may rise or fall, through the mere extensive expansion of cultivation, while prices remain the same, the differential fertilities of the various soils remain unaltered, and the rent per acre is constant, or while the rate of rent for the capital invested per acre in

every actual rent paying class of soil, or for every rent paying capital, remains unchanged.

We have to make the following additional remarks with reference to the form I of the differential rent, which also apply partly to form II:

We have seen that the average rent per acre, or the average rate of rent per capital, may rise with an extension of cultivation, with stationary prices, and unaltered differential fertilities of the cultivated lands. As soon as all the land in a certain country has been appropriated, while the investment of capital in land, the cultivation of the soil, and the population, have reached a certain level — all of which conditions are matters of fact as soon as the capitalist mode of production becomes the prevailing one and invades also agriculture — the price of the uncultivated soil of various classes (assuming differential rent to exist) is determined by the price of the cultivated lands of the same quality and equivalent location. The price is the same — after deducting the cost of breaking the ground — although this soil does not carry any rent. The price of the land is, indeed, nothing but the capitalised rent. But even in the case of cultivated lands their price pays only future rents, as for instance, when the regulating rate of interest is 5% and the rent for twenty years is paid in advance at one time. When land is sold, it is sold as a rent paying land, and the prospective character of the rent (which is here considered as a fruit of the soil, which it is only seemingly) does not distinguish the uncultivated from the cultivated soil. The price of the uncultivated lands, like their rent, which it represents as though it were its contracted formula, is quite illusory, so long as the land is not actually used. But it is thus determined beforehand and realised as soon as a purchaser is found. Hence, while the actual average rent of a certain land is determined by its real average rental per year and by its proportion to the entire cultivated area, the price of the uncultivated portions of land is determined by that of the cultivated land, and is therefore but a reflex of the capital invested in cultivated land and of the results obtained by such investments. Since all lands with the exception of the worst carry rent (and this rent, as we shall see under the head of differential rent II, rises with the mass of the capital and the corresponding intensity of cultivation), the nominal price of the uncultivated portions of the soil is thus formed, and thus they become commodities, a source of wealth for their owners. This explains at the same

time, why the price of land increases in the whole region, even in the uncultivated part (Opdyke). The speculation in land, for instance in the United States, rests merely upon this reflex, which capital and labor throw on the uncultivated land.

The advance in the extension of the cultivated soil in general takes place either toward inferior soil, or upon the various existing soils in different proportions according to the way in which they present themselves. The step toward inferior soil naturally is never made voluntarily, but cannot be due to anything but to rising prices (assuming the capitalist mode of production to be a fact), and under any mode of production it will be a result of necessity. However, this is not absolutely so. An inferior soil is preferred to a relatively better soil on account of its location, which decides the point during all extension of cultivation in new countries; furthermore for the reason that, while the formation of the soil in a certain region may belong to the superior ones, the better will nevertheless be relieved here and there by inferior soil, so that the inferior soil must be cultivated along with the superior on account of its location. If inferior soil is surrounded by superior soil, then the better soil gives to the poorer soil the advantage of location as against other and more fertile soil, which is not connected with the already cultivated soil, or with soil about to be cultivated.

In this way the state of Michigan was one of the first to export corn. Yet its soil is on the whole poor. But its vicinity to the state of New York and its water routes by lakes and by the Erie Canal gave to it the advantage before the naturally more fertile states which were farther west. The example of this state, as compared to the state of New York, shows us also the transition from superior to inferior soil. The soil of the state of New York, particularly the western portion of it, is far more fertile, particularly in the raising of wheat. This fertile soil was made sterile by robbing it, and now the soil of Michigan appeared as the more fertile.

“In 1836 wheat flour was shipped from Buffalo to the West, principally from the wheat belt of New York and Canada. At present, only 12 years later, enormous supplies of wheat and flour are brought from the West, by way of Lake Erie, and shipped East upon the Erie Canal, in Buffalo and the neighboring port of Blackrock. The export of wheat and flour was

particularly stimulated by the European famine in 1847. The wheat in western New York thus became cheaper, and the raising of wheat less profitable; this caused the New York farmers to throw themselves more upon cattle raising and dairying, fruit growing, etc., lines in which the Northwest, in their opinion, will be unable to compete with them directly.” (J. W. Johnston, Notes on North America, London, 1851, I, .)

It is a mistaken assumption that the land in colonies, and in new countries generally, which can export cereals at cheaper prices, must for that reason be necessarily of a greater natural fertility. The cereals are not only sold below their value in such cases, but below their price of production, namely below the price of production determined by the rate of profit in the older countries.

The fact that we, as Johnston says “are accustomed to connect with these new states, which ship annually such large supplies of wheat to Buffalo, the idea of great natural fertility and endless stretches of rich soil,” depends primarily upon economic conditions. The entire population of such a country, for instance of Michigan, is at first almost exclusively engaged in agriculture, and particularly in producing agricultural goods in large masses, which they can alone exchange for products of industry and tropical goods. The whole surplus product of this population appears, therefore, in the shape of cereals. This distinguishes from the outset the colonial states founded on the basis of the modern world market from those of former, particularly of antique, times. They receive from the world market finished products, which they would have to make themselves under different circumstances, such as clothing, tools, etc. Only on such a basis were the southern states of the Union enabled to make of cotton their staple product. The division of labor upon the world market permitted this. Hence, if they seem to produce a large surplus product in spite of their youth and small relative population, it is not due to the fertility of their soil, nor to the productivity of their labor, but to the onesided form of their labor, and therefore of the surplus product, in which this labor is incorporated.

Furthermore, a relatively inferior soil, which is newly cultivated and was never touched by civilisation before, has accumulated much easily soluble plant food, at least in its upper layers, provided the climatic conditions are

not extremely hard, so that it will yield crops without any manure for a long time, even with very superficial cultivation. The western prairies have the additional advantage of requiring hardly any expenses for clearing, since nature has cleared them herself.<sup>127</sup> In less fertile districts of this kind a surplus is produced, not through the great fertility of the soil or the yield per acre, but through the large number of acres, which may be superficially cultivated, because this soil costs the cultivator little or nothing compared with older countries. For instance, where share farming exists, as it does in certain parts of New York, Michigan, Canada, etc., there this condition is found. A family cultivates superficially, say, 100 acres, and although the product per acre is not large, the product of 100 acres yields a considerable surplus for sale. In addition to this cattle may be kept on natural pastures for almost nothing, without any artificial grass meadows. It is the quantity, not the quality of the soil, which decides the point here. The possibility of this superficial cultivation is naturally more or less rapidly exhausted, in a reverse ratio to the fertility of the new soil, and in a direct ratio to the export of its products. “And yet such a country will yield excellent harvests, even of wheat; whoever skims the first cream off the soil, will be able to ship an abundant surplus of wheat to the market” (L. c., ). In countries of older civilisation the property relations, the determination of the price of the uncultivated soil by that of the cultivated, etc., make such an extensive economy impossible.

That this soil does not have to be very rich, as Ricardo imagines, nor soils of equal fertility have to be cultivated, may be seen from the following: In the state of Michigan 465,900 acres were planted in 1848 with wheat and produced 4,739,300 bushels, or an average of  $10 \frac{1}{5}$  bushels per acre; deducting the seed grain this leaves less than 9 bushels per acre. Of the 29 counties of this state 2 produced an average of 7 bushels, 3 an average of 8 bushels, 2 one of 9, 7 one of 10, 6 one of 11, 3 one of 12, 4 one of 13 bushels, and only one county produced an average of 16 bushels, and another of 18 bushels per acre (L. c., ).

In practical agriculture a higher fertility of the soil coincides with a greater immediate utilisation of this fertility. This may be greater in a naturally poor soil than in a naturally rich one; but it is the kind of soil which a colonist will take up first, and must take up from lack of capital.

The extension of cultivation to greater areas — aside from the case just mentioned, in which recourse must be had to inferior soil than that hitherto cultivated — upon the various classes of soil from A to D, for instance, the cultivation of larger tracts of B and C, does not presuppose by any means a previous rise of the prices of cereals, any more than the annually increasing expansion, for instance of cotton spinning, presupposes a continual rise in the price of yarn. Although a considerable rise or fall of market prices affects the volume of production, nevertheless, aside from this, that relative overproduction which is in itself identical with accumulation always takes place even with average prices, whose stand has neither a paralysing nor an exceptionally stimulating effect upon production. This takes place in agriculture as well as in all other capitalistically managed lines of production. Under different modes of production, this relative overproduction is effected directly by the increase of population, and in colonies by continual immigration. The demand increases constantly, and in anticipation of this new capital is continually invested in new land, although the products of this land will vary according to circumstances. It is the formation of new capitals, which in itself brings this about. But so far as the individual capitalist is concerned, he measures the volume of his production by that of his available capital, to the extent that he himself can still superintend it. What he aims at is to occupy as much room as possible on the market. If there is any overproduction, he does not blame himself, but his competitors. The individual capitalist may expand his production by appropriating a larger aliquot share of the existing market, or by expanding the market itself.

# CHAPTER XL. THE SECOND FORM OF DIFFERENTIAL RENT.

(Differential Rent II.)

So far we have considered differential rent only as the result of the different productivity of different investments of capital upon equal areas of land with different fertilities, so that the differential rent was determined by the difference between the yield of the capital invested in the worst, rentless, soil and that of the capital invested in the superior soils, Here we had the invested capitals side by side upon different areas of land, so that every new investment of capital signified a more extensive cultivation of the soil, an expansion of the cultivated area. But in the last analysis the differential rent was by its nature merely the result of the different productivity of equal capitals invested in land.

But could it make any difference, perhaps, whether masses of capital of different productivities are invested successively on the same piece of land, or side by side on different pieces of land, provided that the results are the same?

In the first place, it cannot be denied that it is immaterial, so far as the formation of surplus profit is concerned, whether 3 pounds sterling of cost of production are invested in one acre of A and yield one-quarter of wheat, so that 3 pounds sterling are the price of production and regulating market price of 1 quarter, while 3 pounds sterling of cost of production applied to one acre of B give 2 quarters, and with them a surplus profit of 3 pounds sterling, while in the same way 3 pounds sterling of cost of production applied to one acre of C give 3 quarters and 6 pounds sterling of surplus profit, and finally 3 pounds sterling of cost of production applied to one acre of D give 4 quarters and 9 pounds sterling of surplus profit; or whether the same result is accomplished by applying these 12 pounds sterling of cost of production, or 10 pounds sterling of capital, with the same results and in the same succession upon one and the same acre. It is in either case a capital of 10 pounds sterling, a part of whose successively invested shares of a

value of 2½ pounds sterling each, whether invested in four acres of different fertility side by side, or successively upon one and the same acre, does not yield any surplus profit on account of their different products, whereas the other parts yield a surplus profit in proportion to the difference of their yield from that of the rentless investment.

The surplus profits and the various rates of surplus profit for different parts of the value of capital are formed in the same way in either case. And the rent is nothing but a form of this surplus profit, which constitutes its substance. But at any rate, there are some difficulties in this second method in the way of the transformation of surplus profit into rent, of this change of form, which implies the transfer of the surplus profit from the capitalist tenant to the owner of the land. This accounts for the obstinate resistance of the English tenants to an official statistics of agriculture. It accounts for the struggle between them and the landlords over the ascertainment of the actual results of an investment of capital (Morton). For the rent is fixed when the lease for the land is made out, and after that the surplus profits arising from excessive investments of capital flow into the pockets of the tenant so long as the lease lasts. Therefore the tenants fought for long leases, and on the other hand the landlords enforced by their superior numbers an increase of the tenancies at will, which could be cancelled annually.

It is evident from the outset that even though it is immaterial for the law forming the surplus profit, whether equal capitals are invested with unequal results side by side upon equal areas of land, or whether they are invested successively on the same land, it does make a considerable difference for the conversion of surplus profit into ground-rent. The latter method confines this conversion within boundaries, which are narrower on one side and less definite on the other. For this reason the business of the tax assessor, as Morton shows in his "Resources of Estates," becomes a very important, complicated and difficult profession in countries with an intensive cultivation (and economically we mean by intensive cultivation nothing else but the concentration of capital upon the same piece of land, instead of its distribution over adjoining pieces of land). If the improvements of the soil are of the more permanent kind, the artificially raised differential fertility of the soil coincides with its natural fertility as

soon as the lease expires, and this leads to the assessment of the rent by the basis of that which is due to the mere differences of fertility in different soils generally. On the other hand, so far as the formation of surplus profit is determined by the magnitude of the working capital, the amount of the rent paid by a certain amount of capital is added to the average rent of the country and care is taken that the new tenant commands sufficient capital to continue cultivation in the same intensive manner.

In the study of differential rent II, the following points must be noted:

Its basis and point of departure, not merely historically, but even as concerns its movements at any given period, is differential rent I, that is the simultaneous cultivation side by side of soils of different fertility and location; in other words the simultaneous application, side by side, of different portions of the total agricultural capital upon soil areas of different quality.

Historically this is a matter of course. In colonies the colonists have but little capital to invest. The principal agents of production are labor and land. Every individual head of a family seeks to acquire for himself and his, an independent field of employment, apart from that of his fellow colonists. This must be generally the case even under precapitalist modes of production in agriculture proper. In the case of sheep pastures, and generally of cattle raising as an independent line of production, the exploitation of the soil is more or less collective, and it is extensive from the outset. The capitalist mode of production starts out from former modes of production, in which the means of production are actually or legally the property of the tiller himself, in which agriculture is carried on by professionals. Naturally this mode of agriculture gives way but gradually to the concentration of means of production and their transformation into capital with a simultaneous change of direct producers into wage workers. So far as the capitalist mode of production asserts itself here in a typical manner, it does so at first mainly in sheep pastures and cattle raising; after that it does not assert itself by a concentration of capital upon a relatively small area of land, but in production on a larger scale, so that the expense of keeping horses and other costs of production may be saved; but in fact not by investing more capital in the same land. It is furthermore in the nature of

field tillage that capital, which implies at this stage also the means of production already produced, should become the dominating element of agriculture, when cultivation has reached a certain height and the soil has become correspondingly exhausted. So long as the tilled land constitutes a small area compared to the untilled, and so long as the strength of the soil has not been exhausted (and this is the case so long as cattle raising prevails with meat as the staple food, before agriculture proper and plant food have become dominant), the beginnings of the new mode of production show their opposition to peasants' economy mainly by large tracts of land which are tilled for the account of some capitalist, in other words, the new mode of production itself starts out with an extensive application of capital to larger areas of land. It should therefore be remembered from the outset, that differential rent No. I is the historical basis from which a start is made. On the other hand, the movement of differential rent No. II puts in its appearance at any given moment only upon a territory, which is itself but the variegated basis of differential rent No. I.

In differential rent No. II, the differences in the distribution of capital (and of the ability to get credit) among tenants are added to the differences in fertility. In manufacture proper, each line of business rapidly develops its own minimum volume of business and a corresponding minimum of capital, below which no individual business can be carried on successfully. In the same way each line of business develops, above this minimum, a normal size of capital, which the mass of producers must be able to command and do command. Whatever exceeds this, can form extra profits; whatever is below this, does not get the average profit. The capitalist mode of production invades agriculture but slowly and unevenly, as may be seen in England, the classic land of the capitalist mode of production in agriculture. To the extent that no free importation of cereals exists, or that its effect is but limited, because its volume is small, the producers working upon inferior soil and thus with worse than average conditions of production determine the market price. A large portion of the total mass of capital invested in husbandry and available for it is in their hands.

It is true that the farmer spends much labor on his small plot of land. But it is labor isolated from the objective social and material conditions of productivity, labor robbed and stripped of these conditions.

This circumstance makes it possible for the real capitalist tenants to appropriate a portion of the surplus profit; this would not be so, at least so far as this point is concerned, if the capitalist mode of production were as uniformly developed in agriculture as in manufacture.

Let us first consider the formation of surplus profit in differential rent No. II, without taking notice for the present of the conditions under which the conversion of this surplus profit into ground rent may take place.

It is evident, in that case, that differential rent No. II is but a different expression of differential rent No. I, but that it coincides with it in substance. The different fertility of the various kinds of soil exerts its influence in the case of differential rent No. I only to the extent that it brings about unequal results of the capitals invested in the soil, so that the products of equal capitals, or of equal aliquot parts of unequal capitals, are unequal. Whether this inequality takes place for different capitals invested successively in the same land, or for capitals invested in various tracts of different classes of soil, cannot alter anything in the differences of fertility, or in the differences of their products, nor in the formation of the differential rent for the more productively invested parts of capital. It is still the soil which shows different fertilities with the same investment of capitals, only that in this case the same soil does for a capital successively invested in different portions what different kinds of soil do in the case of differential rent No. I for various equally large portions of social capital invested in them.

If the same capital of 10 pounds sterling, which is shown by Table I to be invested in the shape of separate capitals of  $2\frac{1}{2}$  pounds sterling by different tenants in one acre of each of the soils A, B, C and D, were invested successively in one and the same acre D, so that its first investment yielded 4 quarters, the second 3 quarters, the third 2 quarters and the fourth 1 quarter (or vice versa), then the price of the 1 quarter, which is furnished by the least productive capital, namely the price of 3 pounds sterling, would not pay any differential rent, but would determine the price of production, so long as the supply of wheat with a price of production of 3 pounds sterling would be needed. And since our assumption is that the capitalist

mode of production prevails, so that the price of 3 pounds sterling includes the average profit made by a capital of  $2\frac{1}{2}$  pounds sterling generally, the other three portions of capital of  $2\frac{1}{2}$  pounds sterling each will make surplus profits according to the difference of their product, since this product is not sold at their own price of production, but at the price of production of the least productive investment of  $2\frac{1}{2}$  pounds sterling, which does not pay any rent and whose price of production is determined by the general law of prices of production. The formation of the surplus profits would be the same as in Table I.

We see here once more that differential rent No. II is conditioned upon differential rent No. I. The minimum product raised by a capital of  $2\frac{1}{2}$  pounds sterling upon the worst soil is here assumed to be 1 quarter. Take it then that the tenant using soil of class D invests in this same soil, aside from the  $2\frac{1}{2}$  pounds sterling which raise 4 quarters and pay a differential rent of 3 quarters, still another capital of  $2\frac{1}{2}$  pounds sterling, which raise only 1 quarter, like the same capital upon the worst soil A. This would be a rentless investment, which would pay him only the average profit. There would be no surplus profit, which could be converted into rent. On the other hand, this decreasing yield of the second investment of capital in D would not have any influence on the rate of profit. It would be the same as though  $2\frac{1}{2}$  pounds sterling had been invested in another acre of the soil of class A, a circumstance which would in no way affect the surplus profit, nor for that reason the differential rent of the classes A, B, C, and D. But for the tenant this additional investment of  $2\frac{1}{2}$  pounds sterling in D would have been quite as profitable as the investment of the original  $2\frac{1}{2}$  pounds sterling had been per acre of D, according to our assumption, although this had raised 4 quarters. Furthermore, if two other investments of  $2\frac{1}{2}$  pounds sterling each should yield an additional product of 3 quarters and 2 quarters respectively, another decrease would have taken place compared with the product of the first investment of  $2\frac{1}{2}$  pounds sterling in D, which amounted to 4 quarters and paid a surplus profit of 3 quarters, But it would be merely a decrease in the amount of surplus profit, and would not affect either the average profit or the regulating price of production. It would have such an effect only if the additional production yielding this decreasing surplus profit should make the production upon A superfluous and throw class A out of cultivation. In that case the decreasing fertility of the additional investments

of capital in class D would be accompanied by a fall of the price of production, for instance from 3 pounds sterling to  $1\frac{1}{2}$  pounds sterling, and the class B would become the rentless regulator of the market price.

The product of D would not be  $4 + 1 + 3 + 2 = 10$  quarters, whereas it was only 4 quarters formerly. But the price per quarter as regulated by B would have fallen to  $1\frac{1}{2}$  pounds sterling. The difference between D and B would be  $10 - 2 = 8$  quarters, at  $1\frac{1}{2}$  pounds sterling per quarter, or 12 pounds sterling, whereas the money rent in D used to be 9 pounds sterling. This should be noted. Calculated per acre, the amount of the rent would have risen by  $33\frac{1}{3}\%$  in spite of the decreasing rate of the surplus profits on the two additional capitals of  $2\frac{1}{2}$  pounds sterling each.

We see by this to what highly complicated combinations differential rent in general, and particularly form II coupled with form I, may give rise, whereas Ricardo, for instance, treats it very onesidedly and as a simple matter. One may meet, as in the above case, with a fall of the regulating market price and at the same time with a rise of the rent upon superior soils, so that both the absolute product and the absolute surplus product grow. (In differential rent No. I, in a descending line, the relative surplus product and thus the rent per acre may increase, although the absolute surplus product per acre may remain constant or even decrease.) But at the same time the fertility of the investments of capital made successively in the same soil decreases, although a large portion of them falls upon the superior lands. From a certain point of view — both as concerns the product and the prices of production — the productivity of labor has risen. But from another point of view it has decreased, because the rate of surplus profit and the surplus product per acre decrease for the various investments of capital in the same soil.

Differential rent No. II, with a decreasing fertility of the successive investments of capital, would be necessarily accompanied with a rise of the price of production and an absolute decrease of the productivity only in the case that these investments of capital could be made on none but the worst soil A. If one acre of A, which raised with an investment of a capital of  $2\frac{1}{2}$  pounds sterling 1 quarter at a price of production of 3 pounds sterling, should raise only a total of  $1\frac{1}{2}$  quarters with an additional investment of  $2\frac{1}{2}$

pounds sterling, or a total investment of 5 pounds sterling, then the price of production of this 1½ quarter would be 6 pounds sterling, or that of one quarter 4 pounds sterling. Every decrease of the productivity with a growing investment of capital would imply a relative decrease of the product per acre in such a case, whereas it would signify only a decrease of the surplus product upon superior soils.

The nature of the matter will carry with it the fact that with the development of intensive culture, i.e., with successive investments of capital upon the same soil, mainly the superior soils will show this tendency, or will show it to a greater degree. (We are not speaking now of permanent improvements, by which a hitherto useless soil is converted into useful soil.) The decreasing fertility of the successive investments of capital must, therefore, have principally the effect indicated above. The better soil is chosen, because it offers the best prospects that the capital invested in it will be profitable, since this soil contains the greater quantity of the useful elements of fertility, which need but be utilised.

When after the abolition of the corn laws the cultivation in England was made still more intensive, a great deal of the former wheat land was used for other purposes, particularly for cattle pastures, while the tracts best adapted to wheat and fertile were drained and otherwise improved. The capital for wheat culture was thus concentrated into a more limited area.

In this case — and all possible surplus rates between the highest surplus product of the best soil and the product of the rentless soil A coincide here, not with a relative, but with an absolute increase of the surplus product per acre — the newly formed surplus profit (eventually rent) does not represent a portion of a former average profit converted into rent (not a portion of the product in which the average profit formerly incorporated itself) but an additional surplus profit, which converted itself out of this form into rent.

Only in the case in which the demand for cereals would increase to such an extent, that the market price would rise above the price of production of A, so that for this reason the surplus product of A, B, or any other class of soil could be supplied only at a higher price than 3 pounds sterling, would the decrease of the results of an additional investment of capital in A, B, C

and D be accompanied by a rise of the price of production and of the regulating market price. To the extent that this would last for a certain length of time without calling forth the cultivation of additional soil (which should be at least of the quality of A), or without bringing on a cheaper supply through other circumstances, wages would rise in consequence of the dearness of bread, other circumstances remaining the same, and the rate of profit would fall accordingly. In this case it would be immaterial, whether the increased demand would be satisfied by drawing upon inferior soil than A, or by additional investments of capital, no matter upon which of the four classes of soil. Differential rent would then rise in connection with a falling rate of profit.

This one case, in which the decreasing fertility of additional capitals invested in already cultivated soils may lead to an increase of the price of production, a fall in the rate of profit, and a formation of higher differential rents — for this rent would rise under the given circumstances upon all classes of soil just as though inferior soil than A were regulating the market — has been stamped by Ricardo as the only case, the normal case, to which he reduces the entire formation of differential rent No. II.

This would also be the case, if only the class A of soils were cultivated, and if successive investments of capital upon it were not accompanied by a proportional increase of the product.

Here then differential rent No. I is entirely lost sight of when analysing differential rent No. II.

With the exception of this case, in which the supply from the cultivated classes of soil is insufficient, so that the market price stands continually higher than the price of production, until new soil of an inferior character is taken under cultivation in addition to the others, or until the total product of the additional capitals invested in the various classes of soil can be supplied only at a higher price of production than the hitherto customary one, with the exception of this case the proportional decrease in the productivity of the additional capitals leaves the regulating price of production and the rate of profit unchanged. For the rest three cases are possible.

If the additional capital upon any one of the classes of soil A, B, C or D yields only the rate of profit determined by the price of production of A, then no surplus profit, and therefore no rent, is formed, any more than there would be, if additional soil of the A class had been cultivated.

If the additional capital yields a larger product, then a new surplus profit (potential rent) is, of course, formed, provided the regulating price remains the same. This is not necessarily the case, namely it is not the case when this additional production throws the soil A out of cultivation and thus out of the succession of the competing soils. In this case the regulating price of production falls. The rate of profit would rise, if a fall in wages were connected with this, or if the cheaper product were to enter into the constant capital as one of its elements. If the increased productivity of the additional capital had taken place upon the best soils C and D, it would depend entirely upon the degree of the increased productivity and the mass of the additional capitals to what extent a formation of increased surplus profit (and thus increased rent) would be connected with the fall in prices and the rise of the rate of profit. This rate may also rise without a fall in wages, by a cheapening of the elements of constant capital.

If the additional investment of capital takes place with decreasing surplus profits, but in such a way that the product of such additional investment still leaves a surplus above the product of the same capital in A, a new formation of surplus profits takes place under all circumstances, unless the increased supply throws the soil A out of cultivation. This new formation of surplus profit may take place simultaneously upon all four soils, D, C, B and A. But if the worst soil A is crowded out of cultivation, then the regulating price of production falls, and it will depend upon the proportion between the reduced price of 1 quarter and the increased number of quarters yielding a surplus profit, whether the surplus profit expressed in money, and consequently the differential rent, shall rise or fall. But at any rate we meet here with the peculiarity, that in spite of decreasing surplus profits of successive investments of capital the price of production may fall, instead of rising, as it seems it ought to do at first sight.

These additional investments of capital with decreasing surplus products correspond entirely to the case, in which four new and separate capitals

would be invested in soils having a fertility ranging between A and B, B and C, C and D, for instance four capitals of  $2\frac{1}{2}$  pounds sterling each and yielding  $1\frac{1}{2}$ ,  $2\frac{1}{3}$ ,  $2\frac{2}{3}$ , and 3 quarters respectively. Surplus profits (potential rents) would form upon all these kinds of soil for all four additional capitals, although the rate of surplus profit, compared with the surplus profit of the same investment of capital, on the corresponding better soil, would have decreased. And it would be immaterial, whether these four capitals were invested in D, etc., or distributed between D and A.

We now come to one essential difference between the two forms of differential rent.

With a constant price of production and constant differences, the rental and the average rent per acre, or the average rent per capital, may rise under differential rent No. I. But the average is a mere abstraction. The actual amount of the rent, calculated per acre or per capital, remains the same here.

On the other hand, under the same conditions, the amount of the rent calculated per acre may rise, although the rate of rent, measured by the invested capital, remains the same.

Let us assume that production is doubled by the investment of 5 pounds sterling in each of the soils A, B, C and D instead of  $2\frac{1}{2}$  pounds sterling, a total of 20 pounds sterling instead of 10 pounds sterling, with the relative fertilities unchanged. This would be the same as though 2 acres instead of 1 were being cultivated, with the same cost, on each one of these classes of soil. The rate of profit would remain the same, also its ratio to the surplus profit or the rent. But if A were raising 2 quarters now, and B, 4, C, 6, D, 8, the price of production would nevertheless remain at 3 pounds sterling per quarter because this increment is not due to a doubled fertility of the same capital, but to the same proportional fertility of a doubled capital. The two quarters of A would now cost 6 pounds sterling, just as one quarter used to cost 3 pounds sterling. The profit would have doubled on all four classes of soils, but only because the invested capital did. But in the same proportion the rent would also have become doubled. It would now be two quarters for B instead of one, four for C instead of two, and six for D instead of three.

And corresponding to this the money rent for B, C, and D would now be 6 pounds sterling, 12 pounds sterling, and 18 pounds sterling respectively. Like the product per acre, so the rent in money per acre would be doubled, and consequently the price of the land also, in which this rent is capitalised. If calculated in this manner, the amount of the rent in grain and money rises, and thus the price of land, because the standard by which the calculation is made, the acre, is a tract of a constant magnitude. On the other hand, calculating it as the rate of rent on the invested capital, no change has taken place in the proportional amount of the rent. The total rental of 36 is proportioned to the invested capital of 20 as the rental of 18 was proportioned to the invested capital of 10. The same holds good for the ratio of the money rent of all classes of soil to the capital invested in them, for instance, 12 pounds sterling of rent in C are proportioned to 5 pounds sterling of capital, as 6 pounds sterling of rent used to be proportioned to 2½ pounds sterling of capital. No new differences arise here between the invested capitals, but new surplus profits arise, because the additional capital is invested in one of the rent paying soils, or in all of them, with the same proportional product. If this double investment were made only in one of these soils, for instance in C, the differential rent, calculated per capital, would remain the same between C, B, and D. For while its mass is doubled in C, so is the invested capital.

This shows that the amount of rent in products and money, and with it the price of the land, may rise while the price of production, the rate of profit, and the differences of fertility remain unchanged (and with them remain unchanged the rate of surplus profit or the rent, calculated on the capital).

The same may take place with decreasing rates of surplus profits and of rent, that is, with a decreasing productivity of the rent paying additional investments of capital. If the second investments of capital of 2½ pounds sterling had not doubled the product, but B would raise only 3½ quarters, C, 5 quarters, and D, 6 quarters, then the differential rent for the second capital of 2½ pounds sterling in B would be only ½ quarter instead of one quarter, in C, one quarter instead of two, and in D, two quarters instead of three. The proportions between rent and capital for the two successive investments would then be as follows:

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In spite of this decreased rate of the relative productivity of capital and thus of surplus profit, calculated per capital, the rent in grain and money would have risen in B from one to one and a half quarter (from 3 to 4½ pounds sterling), in C, from two quarters to three (from 6 pounds sterling to 9 pounds sterling), and in D, from three quarters to five (from 9 pounds sterling to 15 pounds sterling). In this case the differences for the additional capitals, compared with the capital invested in A, would have decreased, the price of production would have remained the same, but the rent per acre, and consequently the price of the land per acre, would have risen.

The combinations of differential rent No. II, which are conditioned upon differential rent No. I as their basis, are analysed in the following chapters.

## CHAPTER XLI. DIFFERENTIAL RENT II. — FIRST CASE: CONSTANT PRICE OF PRODUCTION.

THIS assumption implies that the market price is regulated the same as ever by the capital invested in the worst soil A.

If the additional capital invested in any one of the rent paying soils B, C, D, produces no more than the same capital upon the soil A, in other words, if it pays only the average profit by means of the regulating price of production, but no surplus profit, then the effect upon the rent is nil. Everything remains as it is. It is the same as though any number of acres of the A quality, of the worst soil, had been added to the cultivated area.

The additional capital brings forth upon every one of the different soils additional products proportional to their magnitude; in other words, the volume of production grows according to the specific fertility of every class of soil, in proportion to the magnitude of the additional capital. We started out in chapter XXXIX from the following Table I:

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This table is now transformed into Table II.

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It is not necessary in this case that the investment of capital should be doubled in all classes of soil, as it does in this Table. The law is the same, so long as additional capital is invested in one, or several, of the rent paying soils, no matter in what proportion. It is only necessary that production should increase upon every kind of soil in the same ratio as the capital. The rent rises here merely in consequence of an increased investment of capital in the soil, and in proportion to this increase. This increase of the product and of the rent in consequence of, and proportionately to, the increased investment of capital is just the same, so far as the quantity of the product and of the rent is concerned, as though the cultivated area of the rent paying lands of the same quality had been increased and taken under cultivation

with the same investment of capital as that previously invested in the same classes of land. In the case of Table II, for instance, the result would remain the same, if the additional capital of 2½ pounds sterling per acre were invested in one additional acre each of B, C and D.

This assumption, furthermore, does not imply a more productive investment of capital, but only an investment of more capital upon the area with the same success as before.

All proportional relations remain the same here. True, if we do not consider the proportional differences, but the purely arithmetical ones, then the differential rent may change upon the various classes of soil. Let us assume, for instance, that the additional capital has been invested only in B and D. In that case the difference between D and A is 7 quarters, whereas it was only 3 before; the difference between B and A is 3 quarters, whereas it was one; that between C and B is minus one, whereas it was plus one, etc. But this arithmetical difference, which is decisive in differential rent I, so far as it expresses the difference of productivity with equal investments of capital, is here quite immaterial, because it is a consequence of different additional investments, or of no additional investments, of capital, while the difference for each aliquot part of capital upon the various lands remains unchanged.

The additional capitals bring forth surplus products and thus form surplus profits, but at a decreasing rate, not in proportion to their increase.

TABLE III

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In the case of this third assumption it is again immaterial, whether the additional second investments of capital are uniformly distributed over the various classes of soil or not; whether the decreasing production of surplus profit proceeds in equal or unequal proportions; whether the additional investments of capital fall all of them upon the same rent paying class of soil, or whether they are distributed equally or unequally over soils of different quality paying rent. All these circumstances are immaterial for the law which we are developing here. The only premise is that additional investments of capital must yield a surplus profit upon any one of the rent

paying soils, but in a decreasing ratio to the amount of the increase of capital. The limits of this decrease move in the above illustration of Table III between 4 quarters = 12 p.st., the product of the first investment of capital upon the best soil D, and 1 quarter = 3 p.st., the product of the same investment of capital upon the worst soil A. The product of the best soil on the first investment of capital forms the maximum boundary, and the product of the same investment of capital in the worst soil A, which pays no rent and yields no surplus profit, forms the minimum limit of the product, which the successive investments of capital yield upon any of the various classes of soils producing a surplus profit with successive investments of capital and a decreasing productivity. Just as assumption No. II corresponds to a condition, in which new pieces of the same quality are added to the cultivated area among the superior soils, so that the quantity of any one of the cultivated soils is increased, so assumption No. III corresponds to a condition, in which additional pieces of soil are cultivated in such a way that their various degrees of fertility are distributed among soils between D and A, among soils from the best to the worst kind. If the successive investments of capital take place exclusively upon the soil D, they may include the existing differences between D and A, likewise those between D and C and those between D and B. If all the successive investments are made upon soil C, they will comprise only differences between C and A and C and B; if made exclusively upon B, only differences between B and A.

But this is the law: That the rent increases absolutely upon all these classes of soil, although not in proportion to the additional capital invested.

The rate of surplus profit, considering both the additional capital and the total capital invested in the soil, decreases; but the absolute magnitude of the surplus profit increases. In like manner the decreasing rate of profit on capital in general is generally accompanied by an absolutely increasing mass of profit. Thus the average surplus profit of the investment of capital upon B amounts to 90% on the capital, whereas it amounted to 120% on the first investment of capital. But the total surplus profit increases from one quarter to one and a half quarter, or from 3 pounds sterling to 4½ pounds sterling. Considering the total rent by itself — and not comparing it with the doubled magnitude of the advanced capital — it has risen absolutely. The

differences of the rents of the various kinds of soil and their relative proportions may vary here; but this variation in the differences is here a consequence, not a cause, of the increase of the rents compared to one another.

The case, in which the additional investments of capital upon the superior soils bring forth a greater product than the original ones, requires no further analysis. It is a matter of course that under this assumption the rent per acre will rise, and will do so at a greater rate than the additional capital, no matter upon which kind of soil the investment may have been made. In this case the additional investment of capital is accompanied by improvements. This includes the case, in which an additional investment of less capital produces the same or a greater result than did formerly an investment of more capital. This case is not quite identical with the former one, and this is a distinction, which is important in all investments of capital. For instance, if 100 make a profit of 10, and 200, employed in a certain form, make a profit of 40, then the profit has risen from 10% to 20%, and to that extent it is the same as though 50, employed in a more effective form, make a profit of 10 instead of 5. We assume here that the profit is combined with a proportional increase of the product. But the difference is this, that I must double the capital in the one case, whereas in the other I produce the double effect by the same capital. It is by no means the same whether I bring forth the same product as before with half as much living and materialized labor, or twice the product as before with the same labor, or four times the former product with twice the labor. In the first case, labor in a living or materialised form is released, which may be employed otherwise; the power to dispose of capital and labor increases. The release of capital (and labor) is in itself an augmentation of wealth; it has just the same effect as though this additional capital had been obtained by accumulation, but it saves the labor of accumulation.

Take it that a capital of 100 has produced a product of ten yards. The 100 may include both constant capital, living labor and profit. In that case one yard costs 10. Now if I can produce 20 yards with the same capital of 100, then one yard costs 5. On the other hand, if I can produce 10 yards with a capital of 50, then one yard likewise costs 5, and a capital of 50 is released, assuming the former supply of commodities to be sufficient. Again, if I

have to invest 200 of capital in order to produce 40 yards, then one yard also costs 5. The determination of the value, or price, does not indicate such differences as these, neither does the mass of products proportional to the investment of capital. But in the first case, capital is released; in the second case additional capital is saved to the extent that a duplication of production would be required; in the third case the increased product can be obtained only by an augmentation of the invested capital, although not in the same proportion as it would be if the increased product had to be supplied by the old productive power. (This belongs in Part I.)

From the point of view of capitalist production the employment of constant capital is always cheaper than that of variable capital, not where it is a question of increasing the surplus-value, but of reducing the cost price. For a saving of costs even in the element creating the surplus-value, labor, performs this service for the capitalist and makes profit for him, so long as the regulating price of production remains the same. This presupposes in fact the existence of a development of credit and of an abundance of loan capital corresponding to the capitalist mode of production. On the one hand I employ 100 pounds sterling of additional constant capital, if 100 pounds sterling are the product of five laborers during one year; on the other hand, 100 pounds sterling in variable capital. If the rate of surplus-value is 100%, then the value created by those five laborers is 200 pounds sterling; on the other hand, the value of 100 pounds sterling of constant capital is 100 pounds sterling, or perhaps 105 pounds sterling in its capacity as loan capital, if the rate of interest is 5%. The same sums of money express largely different values in product, according to whether they are advanced to production as values of constant or variable capital. Furthermore, as concerns the cost of the commodities from the point of view of the capitalist, there is also this difference that of 100 pounds sterling of constant capital only the wear and tear passes into the value of the product to the extent that this money is invested in fixed capital, whereas 100 pounds sterling invested in wages pass wholly into the values of commodities and must be reproduced in them.

In the case of colonists and of independent small producers in general, who have no command at all over capital or at least command it only at a high rate of interest, that part of the product which stands in place of wages

is their revenue, whereas it constitutes an investment of capital for the capitalist. The colonist, therefore, regards this expenditure of labor as the indispensable prerequisite of his product, which is the thing that interests him first of all. As for his surplus-labor, after deducting that necessary labor, it is evidently realised in a surplus-product and as soon as he can sell this, or even use it for himself, he looks upon it as something that cost him nothing, because it cost him no materialised labor. It is only the expenditure of materialised labor which appears to him as an outlay of wealth. Of course, he tries to sell as high as possible; but even a sale below value and below the capitalist price of production still appears to him as a profit, unless this profit is claimed beforehand by debts, mortgages, etc. But for the capitalist the investment of both variable and constant capital represents an outlay of capital. The relatively large outlay of the capitalist reduces the cost-price, and in fact the value of commodities, provided other circumstances remain the same. Hence, although the profit arises only from surplus-labor, consequently only from the employment of variable capital, still it may seem to the individual capitalist that living labor is the most expensive element of his cost of production, which should be reduced to a minimum above all others. This is but a capitalistically distorted form of the correct view that the relatively greater use of past labor, compared to living labor, signifies an increase in the productivity of social labor and a greater social wealth. From the point of view of competition, everything appears thus distorted and invested.

Assuming the prices of production to remain unchanged, additional investments of capital may be made with an unaltered, an increasing, or a decreasing productivity upon the better soils, that is upon all soils from B upward. Upon soil A this would be possible, under the conditions assumed by us, only in the case that productivity should remain the same, in which case this land continues to pay no rent, or in the case that productivity increases in which case a portion of the capital invested in A would produce rent, while the remainder would not. But it would be impossible, if the productivity upon A were to decrease, for in that case the price of production would not remain unchanged, but would rise. But under all these circumstances the surplus-product and the surplus-profit corresponding to it increases per acre, and with them eventually the rent, in grain or in money, regardless of whether the surplus-product yielded by them is proportional to

their magnitude, or above or below this proportion, regardless of whether the rate of the surplus-profit of capital remains constant, rises or falls when this capital increases. The growth of the mere mass of surplus-profit, or of the rent calculated per acre, that is, an increasing mass calculated on the same unaltered unit, in the present case on a definite quantity of land, such as an acre or an hectare, expresses itself as an increasing ratio. Hence the magnitude of the rent, calculated per acre, increases under such circumstances simply in consequence of the increase of the capital invested in the soil. This takes place when the price of production remain the same, no matter whether the productivity of the additional capital stays unaltered, or decreases, or increases. These last named circumstances modify the volume, in which the level of the rent per acre rises, but not the fact of this increase itself. This is a phenomenon, which is peculiar to differential rent No. II and distinguishes it from differential rent No. I. If the additional investments of capital, instead of being made successively one after another upon the same soil, were made side by side upon new additional soil of the corresponding quality, the mass of the rental would have increased, and, as previously shown, the average rent of the cultivated total area would likewise have increased, but not the size of the rent per acre. When results remain the same so far as the mass the value of the total production and of the surplus product are concerned, the concentration of capital upon a smaller area of land develops the size of the rent per acre, whereas its distribution over a larger area, under the same circumstances, and other circumstances remaining the same, does not produce this effect. But the more the capitalist mode of production develops, the more develops also the concentration of capital upon the same area of land, and the higher rises the rent calculated per acre. Consequently, if we have two countries, in which the prices of production are identical, the differences of the various kinds of soil the same, and the same amount of capital invested, but in such a way that the investment is made in the form of successive outlays upon a limited area in one country, whereas in the other country it is made more in the shape of co-ordinated outlays upon a wider are, then the rent per acre, and with it the price of land, would be higher in the first and lower in the second country, although the mass of the rent would be the same in both countries. The difference in the size of the rent could not be explained in such a case out of the natural fertility of the various kinds of soil, nor out of the quantity

of employed labor, but solely out of the different ways in which the capital is invested.

In speaking of a surplus-product in this case, we mean that aliquot part of the product, in which the surplus-profit presents itself. Ordinarily we mean by surplus-product that portion of the product, in which the total surplus-value is materialised, or in some cases that portion, in which the average profit presents itself. The specific significance, which this term assumes in the case of rent-paying capital, give rise to misunderstanding, as we have shown in another place.

## CHAPTER XLII. DIFFERENTIAL RENT II. — SECOND CASE: FALLING PRICE OF PRODUCTION.

THE price of production may fall, when the additional investments of capital take place with an unaltered, a falling, or a rising rate of productivity.

The Productivity of the Additional Investment of Capital Remains the Same.

In this case the assumption is that the product increases in the same proportion as the capital invested in the various soils and in accordance with their respective qualities. This implies, always assuming the differences of the various soil to remain unaltered, that the surplus-product increases in proportion to the increased investment of capital. This case, then, excludes any additional investment of capital upon soil A which might affect the differential rent. Upon this soil the rate of surplus-profit is 0; it remains 0, since we have assumed that the productive power of the additional capital and therefore the rate of surplus-profit remain the same.

But under these conditions the regulating price of production can fall only, because instead of the price of production of A that of the next best soil B, or of any better soil than A, becomes the regulator; so that the capital is withdrawn from A, or perhaps from B and A, in case the price of production of C should become the regulating one and all inferior soil should be eliminated from the competition of the wheat raising soils. The prerequisite for this would be, under the assumed conditions, that the additional product of the additional investments of capital should satisfy the demand, so that the product of the inferior soils A, etc., would become superfluous for the formation of a full supply.

Take, for instance, Table II, but in such a way that 18 quarters instead of 20 will satisfy the demand. Soil A would drop out; D and its price of production of 30 shillings would become regulating. In that case the differential rent would assume the following form:

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In other words, compared to Table II the ground-rent would have fallen in money from 36 pounds sterling to 9 pounds sterling and in grain from 12 quarters to 6 quarters, whereas the total output would have fallen only by 2, from 20 to 18. The rate of surplus-profit, calculated on the capital, would have fallen by one-half, from 180% to 90%. The fall of the price of production in this case is accompanied by a decrease of the rent in grain and money.

Compared to Table I there is merely a decrease in the money rent; the rent in grain in both cases is 6 quarters. But in the one case these bring 18 pounds sterling, in the other only 9 pounds sterling. So far as the soils C and D are concerned, the rent in grain compared to Table I remains the same. In fact, owing to the additional production put forth by the uniformly working additional capital, the product of A has been pushed out of the market, the soil A has been eliminated from the competition of the producing agents, and a new differential rent No. 1 has thus been formed, in which the better soil B plays the same role as formerly the inferior soil A. Consequently the rest of B disappears on the one side; on the other side nothing has been altered in the differences of B, C and D by the investment of additional capital, according to our assumption. For this reason that part of the product, which is converted into rent, is reduced.

If the above result, the satisfaction of the demand with A left out, should have been accomplished by the investment of more than double the capital upon C or D, or upon both, then the matter would assume a different aspect. Let us suppose, that a third investment of capital is made upon C.

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In this case, compared to Table IV, the product of C has risen from 6 quarters to 9, the surplus product from 2 quarters to 3, the money rent from 3 pounds sterling to 4½ pounds sterling. Compared to Table II, in which the money rent was 12 pounds sterling, and Table I, in which it was 6 pounds sterling, it has fallen off. The total rental in grain is 7 quarters. It has fallen compared to Table II, in which it was 12 quarters, but has risen compared to Table I, in which it was 6 quarters. In money the rest is 10½ pounds sterling

and has fallen compared to both of the other Tables, in which it was 18 and 36 pounds sterling respectively.

If the third investment of capital, amounting to  $2\frac{1}{2}$  pounds sterling, had been applied to soil B, it would indeed have altered the quantity of production, but would not have touched the rent, since the successive investments, according to our assumption, do not produce any differences upon the same soil, and soil B does not produce any rent.

Again, if we assume that the third investment of capital takes place upon D instead of C, we get

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Here the total product is 22 quarters, more than double that of Table I, although the invested capital is only  $17\frac{1}{2}$  pounds sterling as against 10 pounds sterling, in other words, not twice the size. The total product is also larger by 2 quarters than that of Table II, although the capital in it is larger, namely 20 pounds sterling.

Compared to Table I, the rent in grain upon soil D has increased from 2 quarters to 6, whereas the money rent has remained the same, 9 pounds sterling. Compared to Table II the grain rent of D is the same, namely 6 quarters, but the money rent has fallen from 18 pounds sterling to 9 pounds sterling.

Comparing the total rents, the grain rent of IV b is 8 quarters, larger than that of I which is 6 and than that of IV a which is 7 quarters; but it is smaller than that of II which is 12 quarters. The money rent of IV b, 12 pounds sterling, is larger than that of IV a, which is  $10\frac{1}{2}$  pounds sterling, and smaller than that of Table I, which is 18 pounds sterling and that of Table II, which is 36 pounds sterling.

In order that the total rental under the conditions of Table IV b, after the elimination of the rent upon B, may be equal to that of Table I, we need 6 pounds sterling of surplus product more, that is, 4 quarters at  $1\frac{1}{2}$  pounds sterling, which is the new price of production. Then we shall have once

more a total rental of 18 pounds sterling, the same as in Table I. The magnitude of the required additional capital will differ, according to whether we invest it upon C or D, or distribute it between these two.

In the case of C 5 pounds sterling of capital result in a surplus product of 2 pounds sterling, consequently 10 pounds sterling of additional capital will result in 4 quarters of additional surplus product. In the case of D 5 pounds sterling of additional capital would suffice for the purpose of producing 4 quarters of additional grain rent, under the conditions assumed here, namely that the productivity of the additional investments of capital will remain the same. We should then get the following Tables:

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The total money rental would be exactly one-half of what it was in Table II, where the additional capitals were invested under conditions, in which the prices of production remained the same.

The most important thing is to compare the above Tables with Table I.

We find that the total money rental has remained the same, namely 18 pounds sterling, while the price of production has fallen by one-half, from 60 shillings to 30 shillings per quarter, and that the grain rent has been correspondingly duplicated, from 6 quarters to 12. The rent upon B has disappeared; the money rent has risen by one-half in IV c, but fallen by one-half in IV d; upon D the money rent has remained the same, 9 pounds sterling, in IV c, and has risen from 9 pounds sterling to 15 pounds sterling in IV d. The production has risen from 10 quarters to 34 in IV c, and to 30 quarters in IV d; the profit from 2 pounds sterling to 5½ pounds sterling in IV c and to 4½ pounds sterling in IV d. The total investment of capital has risen in one case from 10 pounds sterling to 27½ pounds sterling, and in the other from 10 pounds sterling to 22½ pounds sterling, in either case by more than one-half. The rate of rent, that is, the rent calculated on the invested capital, is everywhere the same in all the Tables from IV to IV d for the respective kinds of soils, for this was implied by the assumption that every kind of soil should retain the same rate of productivity with the two successive investments of capital. But compared to Table I, this rate has

fallen, both for the average of all kinds of soil and for each one of them individually. In Table I it was 180% on an average, whereas in IV c it is  $(18 \div 27\frac{1}{2}) \times 100 = 65 \frac{5}{11}\%$  and in IV d it is  $(18 \div 22\frac{1}{2}) \times 100 = 80\%$ . The average money rent per acre has risen. Formerly, in Table I, its average was  $4\frac{1}{2}$  pounds sterling per acre upon all four acres, whereas now, in IV c and IV d, it is 6 pounds sterling per acre upon the three acres. Its average upon the rent paying soil was formerly 6 pounds sterling, whereas now it is 9 pounds sterling per acre. Hence the money value of the rent per acre has risen, and represents now double the grain product that it did formerly; but the 12 quarters of grain rent are now less than one-half of the total product of 33 and 27 quarters respectively, whereas in Table I the 6 quarters represent  $\frac{3}{5}$ ths of the total product of 10 quarters. Consequently, although the rent as an aliquot part of the total product has fallen, and has also fallen when calculated on the invested capital yet its money-value, calculated per acre, has risen and still more its value as a product. If we take soil D in Table IV d, we find that the cost of production expended in it amounts to 15 pounds sterling, of which  $12\frac{1}{2}$  pounds sterling are invested capital. The money rent is 15 pounds sterling. In Table I, for the same soil D, the cost of production was 3 pounds sterling, the invested capital  $2\frac{1}{2}$  pounds sterling the money rent 9 pounds sterling, that is, the money rent amounted to three times the cost of production and almost four times the capital. In Table IV d, the money rent for D, 15 pounds sterling, is exactly equal to the cost of production and only by  $\frac{1}{5}$ th larger than the capital. Nevertheless the money rent per acre is two-thirds larger, namely 15 pounds sterling instead of 9 pounds sterling. In Table I the grain rent of 3 quarters constitutes three quarters of the total product of 4 quarters; in Table IV d it is 10 quarters, or one-half of the total product of 20 quarters of one acre of D. This shows that the money value and grain value of the rent per acre may rise, although it forms a smaller aliquot part of the total yield and has fallen in proportion to the invested capital.

The value of the total product in Table I is 30 pounds sterling. The rent is 18 pounds sterling, more than one-half of it. The value of the total product of IV d is 45 pounds sterling, the rent is 18 pounds sterling, or less than one-half of it.

The reason, why in spite of the fall of the price by  $1\frac{1}{2}$  pounds sterling per quarter, a fall of 50%, and in spite of the reduction of the competing soil from 4 acres to 3, the total rent remains the same and the grain rent is doubled, while on a calculation per acre both the grain rent and money rent rise, is that more surplus product is created. The price of grain falls by 50%, the surplus product increases by 100%. But in order to accomplish this result, the total production under the conditions assumed by us must be trebled, and the investment of capital upon the superior soils must be more than doubled. In what proportion this last factor must increase, depends in the first place upon the distribution of the additional investments of capital among the superior and best kinds of soil, always assuming that the productivity of the capital upon every kind of soil increases proportionately to its size.

If the fall of the price of production were smaller, less additional capital would be required for the production of the same money rent. If the supply required for the purpose of throwing soil A out of cultivation — and this depends not merely upon the product per acre of A, but also upon the proportional share taken by A in the entire cultivated area — were larger, and with it also the amount of additional capital required upon better soils than A, then, other circumstances remaining the same, the money rent and the grain rent would have increased still more, although both of them would disappear upon the soil B.

If the eliminated capital of A had been 5 pounds sterling, we should have to compare Tables II and IV d: The total product would have increased from 20 quarters to 30. The money rent would be only half as large, that is, 18 pounds sterling instead of 36 pounds sterling; the grain rent would be the same, namely 12 quarters.

If a total product of 44 quarters, valued at 66 pounds sterling, could be produced upon D with a capital of  $27\frac{1}{2}$  pounds sterling — corresponding to the old rate of D, 4 quarters per  $2\frac{1}{2}$  pounds sterling of capital — then the total rental would once more reach the level of Table II, and we should get the following diagram:

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The total production would be 54 quarters as against 20 quarters in Table II, and the money rent would be the same, 36 pounds sterling. But the total capital would be 37½ pounds sterling, whereas it was 20 in Table II. The invested total capital would almost be doubled, while production would be nearly trebled; the grain rent would have been doubled, the money rent would have remained the same. Hence, if the price falls as a result of the investment of additional money-capital, while productivity remains the same, upon the better soils which pay rent, that is, all soils above A, then the total capital has a tendency not to increase in the same proportion as the production and the grain rent; so that the increase of the grain rent may offer a compensation for the loss in money rent due to the falling price. The same law also manifests itself through the fact that the invested capital must be larger in proportion as it is more largely invested upon C than D, upon the soils paying a smaller rent rather than upon the soils paying a larger rent. The point is simply this: In order that the money rent may remain the same or rise, a certain additional quantity of surplus product must be created, and this requires less capital in proportion as the productivity of the soils yielding a surplus product is greater. If the difference between B and C, C and D were still greater, still less additional capital would be required. The proportion is determined 1) by the proportion in which the price falls, in other words, by the difference between soil B, which is not paying any rent now, and soil A, which formerly was the soil that did not pay any rent; 2) by the proportion between the differences of the better soils from B upward; 3) by the amount of newly invested additional capital, and 4) by its distribution among the different qualities of soil.

In fact, we see that this law expresses merely the same thing which we ascertained already in the case of the first illustration: When the price of production is given, no matter what may be its figure, the rent may increase in consequence of additional investments of capital. For owing to the elimination of A, we have now a new differential rent No. I with B as the worst soil and 1½ pounds sterling per quarter as the new price of production? This applies to Tables IV as well as to Table II. It is the same law, only that we have as a basis soil B instead of A, and a price of production of 1½ pounds sterling instead of 3 pounds sterling.

The important thing here is this: To the extent that so and so much additional capital was necessary for the purpose of withdrawing the capital from soil A and satisfying the supply without it, we find that this may be accompanied by an unaltered, a rising, or a falling rent per acre, if not upon all soils, then at least upon some and so far as the average of the cultivated lands is concerned. We have seen that the grain rent and the money rent do not maintain a uniform ratio to one another. However, it is merely due to tradition that grain rent is still playing any role at all in political economy. One might demonstrate equally well that a manufacturer can buy much more of his own yarn with his profit of 5 pounds sterling than he could formerly with a profit of 10 pounds sterling. It shows at any rate, that the landlords, when they are at the same time owners or partners of manufacturing establishments, sugar factories, distilleries, etc., may still make a considerable profit even when the money rent is falling, in their capacity as producers of their own raw materials.<sup>128</sup>

The Rate of Productivity of the Additional Capitals Decreases.

This does not carry anything new into the problem, in so far as the price of production may also fall in this case as in the previously considered one, when additional investments of capital upon better soils than A make the product of A superfluous and withdraw the capital from A, or lead to the employment of A for the production of other things. We have analysed this eventuality exhaustively. We have shown that in this case the rent in grain and money per acre may increase, decrease, or remain unchanged.

For the purpose of easy comparison we reproduce

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Now let us assume that the figure of 16 quarters, supplied by B, C, D, with a decreasing rate of productivity, suffices to throw A out of cultivation. In that case Table III is transformed into the following

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Here the rate of productivity of the additional capitals is decreasing, and the decrease is different upon different soils, while the regulating price of production has fallen from 3 pounds sterling to  $1 \frac{5}{7}$  pounds sterling. The

investment of capital has risen by one-half, from 10 pounds sterling to 15 pounds sterling. The money rent has fallen by almost one-half, from 18 pounds sterling to  $9 \frac{3}{7}$  pounds sterling, while the grain rent has fallen only by one-twelfth, from 6 quarters to  $5 \frac{1}{2}$  quarters. The total product has risen from 10 to 16, or by 60%. The grain rent constitutes a little more than one-third of the total product. The advanced capital has a ratio of 15 to  $9 \frac{8}{7}$  to the money rent, whereas formerly this ratio was 10 to 18.

#### The Rate of Productivity of the Additional Capitals Increases.

This differs from Case I in the beginning of this chapter, in which the price of production falls while the rate of productivity remains the same, merely by the fact that soil A is thrown more quickly out of competition, if an increase of the product is required to effect this.

This may work its effects differently, according to the distribution of the investments over the various soils, no matter whether productivity be rising or falling. In proportion as these different effects balance the differences, or accentuate them, the differential rent of the better soils, and with it the total rental, will fall or rise, as we have seen in discussing differential rent No. I. For the rest, everything depends upon the size of the area and of the capital, which are thrown out of competition together with soil A, and upon the relative advanced of capital required with a rising productivity for the purpose of supplying the capital which is to cover the demand.

The only point which it is worth while to analyse here, and which alone carries us back to the investigation of the way in which this differential profit is converted into differential rent, is the following:

In the first case, in which the price of production remains the same, the additional capital which may be invested in the soil A is immaterial for the differential rent as such, since this soil A does not yield any rent now any more than it did before, the price of its product remains the same and continues to regulate the market.

In the second case of Variant No. I, in which the price of production falls while the rate of productivity remains the same, soil A will necessarily be

thrown out, and still more so in Variant No. II, in which both the price and production and the rate of productivity fall, since otherwise the additional capital upon soil A would have to raise the price of production. But here, in Variant No. III of the second case, in which the price of production falls, because the productivity of the additional capital rises, this additional capital may eventually be invested upon the soil A as well as upon the better soils.

We will assume that an additional capital of  $2\frac{1}{2}$  pounds sterling, when invested upon the soil A, produces  $1\frac{1}{5}$  quarter instead of 1 quarter.

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This Table VI should be compared with both Basic Tables I and Table II, in which the double investment of capital is combined with a constant productivity proportional to the investment of capital.

According to our assumption the regulating price of production falls. If it were to remain constant, at 3 pounds sterling, then the worst soil which used to pay no rent with an investment of  $2\frac{1}{2}$  pounds sterling, would then yield a rent, although no worse soil would have been drawn into cultivation. This would have been accomplished by increasing the productivity of this soil, but only for a part, not for the original capital invested in it. The first 3 pounds sterling of cost of production bring 1 quarter; the second bring  $1\frac{1}{5}$  quarter; but the entire product of  $2\frac{1}{5}$  quarters is now sold at its average price.

Since the rate of productivity increases with the additional investment of capital, this implies an improvement. This may consist of a general increase of the capital per acre (more fertilizer, more mechanical labor, etc.), or it may be due exclusively to this additional investment that any difference in the quality and productiveness of the investment is brought about. In both cases the investment of 5 pounds sterling of capital per acre brings forth a product of  $2\frac{1}{5}$  quarters, whereas the investment of the one-half of this capital, or  $2\frac{1}{2}$  pounds sterling, brought forth a product of only 1 quarter. The product of the soil A, leaving aside the question of transient market conditions, could not continue to be sold at a higher price of production instead of all the new average price unless a considerable area of the class A

would remain under cultivation with a capital of only 2½ pounds sterling. But as soon as the new scale of 5 pounds sterling of capital per acre would become universal, and with it an improvement of cultivation, the regulating price of production would have to fall to 2 8-11 pounds sterling. The difference between the two portions of capital would disappear, and in that case the cultivation of one acre of soil A with a capital of only 2½ pounds sterling would be abnormal, would not correspond to the new conditions of production. It would then no longer be a difference between the yields of different portions of capital upon the same acre, but between a sufficient and an insufficient investment of capital per acre. This shows, 1), that an insufficient capital in the hands of large number of capitalist farmers (it must be a large number, for a small number would simply be compelled to sell below their price of production) produces the same effect as a differentiation of soils in a descending line. The inferior cultivation upon inferior soil increases the rent upon the superior soils; it may even create a rent upon better cultivated soil of the inferior kind, which would otherwise yield no rent. It shows, 2), that differential rent, to the extent that it arises from successive investments of capital in the same total area, resolved itself in reality into an average, in which the effects of the different investments of capital are no longer visible and distinguishable, so that the worst soil does not yield any rent, but rather, a), the average price or the total product of, say, one acre of A is made the new regulating price, and, b), the effects of the different investment of capital appear as changes in the total quantity of capital per acre, which is required under the new conditions for the adequate cultivation of the soil, and thus the individual successions of invested capital as well as their respective effects are indistinguishably amalgamated. It is the same with the individual differential rents of the superior kinds of soil. In every case they are determined by the difference of the average products of the various soils, compared to the product of the worst soil, with the increase of capital which has become the normal one.

No soil yields any product without an investment of capital. Even in the case of simple differential rent, or differential rent No. I, some capital must be invested. When we say that one acre of class A, which regulates the price of production, gives so and so much of a product at that and that price, and that the superior soils B, C and D yield so much differential product and so much money rent at the regulating price of production, it is always

understood that a certain amount of capital is invested in A which is normal under the prevailing conditions. In the same way a certain minimum capital is required for every individual line of industry, in order that commodities may be produced at their price of production.

If this minimum is altered in consequence of successive investments of capital which are accompanied by improvements, it is done gradually. So long as a certain number of acres, say, of A, do not receive this additional first capital, a rent is created upon the better cultivated portions of A by the unaltered price of production, and the rent of all superior soils, such as B, C, D, is raised. But as soon as the new method of cultivation has become general enough to be the normal one, the prices of production falls; the rent of the superior soils declines then, and that portion of the soil A, which does not enjoy the normal running capital, must sell its product below its individual price of production, and therefore below the average profit.

In the case of a falling price of production this happens also, even assuming the productivity of the additional capital to be decreasing, as soon as the required total product is supplied in consequence of increased investments of capital by the superior classes of soil, so that the running capital is withdraw, say, from A and A does not compete any longer in the production of this one staple, say wheat. The quantity of capital, which is now required on an average as an investment upon the new regulating soil, B, is now considered the normal one; and when we speak of the different fertility of the soils, it is understood that this new normal quantity of capital is employed per acre.

On the other hand, it is evident that this average investment of capital, for instance 8 pounds sterling per acre in England before 1848, and 12 pounds sterling after that year, will form the standard in the making of leases for land. For any capitalist farmer spending more than that the surplus profit does not assume the form of rent during the time of his contract. Whether this takes place after the expiration of his contract, will depend upon the competition of the capitalist farmers, who are in a position to make the same extra advance. We are not speaking here of such permanent improvements of the soil as continue to guarantee an increased product with the same or with even a decreasing investment of capital. Such

improvements, although products of capital, have the same effect as the natural differences of quality of the land.

We see, then, that an element must be considered in the case of differential rent No. II, which does not appear in differential rent No. I as such, since this last rent may continue independently of any change in the normal investment of capital per acre. It is on one hand the obliteration of the results of different investments of capital upon the regulating soil A, the product of which now appears simply as a normal average product per acre. It is on the other hand the change in the average minimum, or in the average magnitude of invested capital per acre, so that this change presents itself as a quality of the soil. It is finally the difference in the manner of transforming surplus profit into the form of rent.

Table VI shows furthermore, compared with Tables I and II, that the grain has increased more than double as compared to I, and by 1 1/5 quarters as compared to II; while the money rent has doubled as compared to I, but has not changed as compared with II. It would have increased considerably, if (other conditions remaining the same) the additional capital had been placed more upon the superior soils, or if the effects of the addition of capital to A had been less appreciable, so that the regulating average price of the quarter from A had stood higher.

If the increase of productivity by means of additional capital should produce different results upon different soils, it would cause a change in their differential rents.

At any rate we have demonstrated, that the rent per acre, for instance with a doubled capital, may not only be doubled, but more than doubled, while the price of production is falling in consequence of an increased rate of productivity of the additional capitals (as soon as the productivity grows at a greater rate than the advance of capital). But it may also fall, if the price of production should fall much lower as a result of a more rapid increase of productivity upon the soil A.

Let us assume that the additional investments of capital, for instance upon B and C, do not increase the productivity as much as they do upon A,

so that the proportional differences would decrease for B and C, and the increase of the product did not make up for the fall in price, then, compared to Table II, the rent upon D would rise, and would fall upon B and C:

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Finally, the money rent would rise, if more additional capital were invested upon the superior soils under the same proportional increase of fertility than upon A, or if the additional investments of capital upon the superior soils worked with an increasing rate of productivity. In both cases the differences would increase.

The money rent falls, when the improvement due to additional investments of capital which reduces the differences all over, or in part, affects A more than B and C. It falls so much the more, the less the productivity of the superior soils increases. It depends upon the proportion of inequality in the effects, whether the grain rent shall rise, fall, or remain stationary.

The money rent rises, and so does the grain rent, assuming the proportional difference in the additional fertility of the different soils to remain unaltered, when more capital is added to the rent paying soils than to the rentless soil A, and more capital placed upon the soils with high than those with low rents, or when the fertility, assuming the same additional capital to be used, increases more upon the better and best soils than upon A, and at that in proportion as this increase in fertility is greater upon the better classes of soil than upon the lesser ones.

But under all circumstances the rent rises relatively, when the increased productive power is a result of an addition of capital, and not merely a result of increased fertility with an unaltered investment of capital. This is the absolute point of view, which shows that here, as in former cases, the rent and the increased rent per acre (as in the case of differential rent I upon the entire cultivated area — the amount of the average rental) are a result of an increased investment of capital in the soil, no matter whether this capital does its work with a constant rate of productivity at constant or decreasing prices, or with a decreasing rate of productivity at constant or falling prices, or with an increasing rate of productivity at falling prices. For our

assumption of a constant price with a constant, falling, or rising rate of productivity of the additional capitals, and of a falling price with a constant, falling, or rising rate of productivity, resolves itself into a constant rate of productivity of the additional capital at constant or falling prices, a falling rate of productivity at constant or falling prices, and a rising rate of productivity at constant and falling prices. Although the rent may remain stationary or may fall in all these cases, it would fall more, if the additional investment of capital, other circumstances remaining the same; were not a prerequisite of an increased fertility. An addition of capital, then, is always the cause of the relative magnitude of this rent, although it may have decreased absolutely.

## CHAPTER XLIII. DIFFERENTIAL RENT NO. II. — THIRD CASE: RISING PRICE OF PRODUCTION.

[A RISING price of production presupposes that the productivity of the least productive quality of land, which pays no rent, decreases. The regulating price of production cannot rise above 3 pounds sterling per quarter, unless the 2½ pounds sterling invested in soil A produce less than one-quarter, or the 5 pounds sterling less than two-quarters, or unless, even inferior soil than A has to be taken under cultivation.

If the productivity of the second investment of capital should remain the same, this would be possible only in the case that the productivity of the first investment of capital would have decreased. This case occurs often enough. It happens, for instance, when the top soil, exhausted and superficially plowed, produces inferior crops with the old style of cultivation, and when the subsoil, thrown up by deeper plowing, produces better crops than formerly under a more rational treatment. But strictly speaking this special case does not belong here. The falling off in the productivity of the first investment of 2½ pounds sterling implies for the superior soils, even when conditions with them should be analogous, a decrease of the differential rent No. I; but here we are considering only differential rent No. II. Since the present special case cannot occur without the previous existence of differential rent No. II, but represents in fact a reaction of a certain modification of differential rent No. I upon No. II, we will give an illustration of it.

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The money rent, and the yield in money, are the same as in Table II. The increased regulating price of production makes up exactly for what has been lost in the quantity of the product; since both of them vary in an inverse proportion, it is a matter of course that the product of both will remain the same.

In the above case we had assumed that the productive power of the second investment of capital was higher than the original productivity of the first investment. The matter remains the same, if we assume that the second investment has only the same productivity as that of the first, as shown in the following:

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Here likewise the rising of the price of production at the same ratio fully compensates for the decrease in the productivity both in the yield and rent in money.

The third case shows itself in its pure form only when the second investment of capital declines in its productivity, while that of the first remains constant, as assumed everywhere in the first and second cases. Here differential rent No. I is not touched, the change affects only that part which arises from differential rent No. II. We give below two illustrations: In the first we assume that the productivity of the second investment of capital has been reduced by one-half, in the second by one-fourth.

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Table IX is the same as Table VIII, only that the decrease in productivity in VIII falls upon the first investment of capital, and in IX upon the second investment of capital.

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In this table, likewise, the total yield, the money rental, and the rate of rent remain the same as in Tables II, VII and VIII, because the product and the selling price have once more varied in an inverse proportion, while the invested capital has remained the same.

But how do matters stand in the other case, which is possible with a rising price of production, namely in the case that a soil, which so far was too poor to be cultivated, is taken under cultivation?

Let us suppose that such a soil, which we will designate by a, is entering into competition. Then the hitherto rentless soil A would yield a rent, and the foregoing Tables VII, VIII and X would assume the following forms:

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By the interpolation of soil a there arises a new differential rent No. I. Upon this new basis differential rent No. II likewise develops in an altered form. The soil a has a different fertility in every one of the above three Tables. The series of successively increasing productivities begins only with soil A. The series of rising rents corresponds to this. The rent of the least rent producing soil forms a constant magnitude, which is simply added to all higher rents; only after the deduction of this constant magnitude does the series of differences clearly appear among the higher rents, and so does its parallelism with the succession of fertilities of the various kinds of soil. In all Tables, the fertilities from A to D have a proportion of 1 : 2 : 3 : 4, and the rents are correspondingly in VIIa as  $1 : 1+7 : 1+2\times 7 : 1+3\times 7$ , in VIIIa as  $1\frac{1}{5} : 1\frac{1}{5} + 7\frac{1}{5} : 1\frac{1}{5} + 2\times 7\frac{1}{5} : 1\frac{1}{5} + 3\times 7\frac{1}{5}$ , and in Xa as  $\frac{2}{3} : \frac{2}{3} + 6\frac{2}{3} : \frac{2}{3} + 2\times 6\frac{2}{3} : \frac{2}{3} + 3\times 6\frac{2}{3}$ . In brief, if the rent of A = n, and the rent of the soil of next higher fertility = n + m, then the series is as n : n + m : n + 2m : n + 3m, etc. — F. E.]

[Since the foregoing third case had not been elaborated in the manuscript, only its title being there, the editor had to supplement the work as he did above. It remains now to draw the general conclusions following from the entire foregoing analysis of differential rent in its three principal cases and nine subcases. The illustrations chosen in the manuscript do not suit this purpose very well. In the first place, they compare pieces of land, equal portions of which have yields at the ratio of 1 : 2 : 3 : 4. These are differences, which strongly exaggerate and which lead to utterly forced results in the further development of the assumptions and calculations made upon this basis. In the second place, these proportions create a wrong impression. If degrees of fertility of the proportion 1 : 2 : 3 : 4, etc., produce rents in a series of 0 : 1 : 2 : 3 : 4, etc., one feels tempted to derive the second series from the first and to explain the duplication, triplication, etc., of the rents out of the duplication, triplication, etc., of the total yields. But this would be wholly incorrect. The rents show proportions like that of 0 : 1 : 2 : 3 : 4 even when the degrees of fertility are proportioned as n : n + 1 : n + 2 : n + 3 : n + 4; the rents are not proportioned as the degrees of fertility,

they are rather proportioned as the differences of fertility, beginning with the rentless soil as a zero point.

The tables of the original had to be given for the illustration of the text. But in order to obtain a suitable basis for the following results of our analysis, I present below a new series of tables, in which the yields are indicated in bushels ( $\frac{1}{8}$  quarter or 36.35 liters) and shillings.

The first of these tables, Table XI, corresponds to the former Table I. It shows the yields and rents for five qualities of soil, A to E, with a first investment of a capital of 50 shillings, which makes a profit of 10 shillings, so that the total cost of production per acre is 60 shillings. The yields in grain are placed at low figures, 10, 12, 14, 16, 18 bushels per acre. The resulting regulating price of production is 6 shillings per bushel.

The following 13 tables correspond to the three cases of differential rent No. II, with an additional investment of a capital of 50 shillings per acre upon the same soil, with a constant, falling and rising price of production. Every one of these cases, again, is represented as it turns out, 1) with a constant, 2) with a falling, 3) with a rising productivity of the second investment of capital as compared to the first. This results furthermore in a few other cases, which are presented separately.

In case I, with a constant price of production, we have:

Variant No. 1: The productivity of the second investment of capital remains the same (Table XII.)

Variant No. 2: The productivity declines. This can take place only when soil A receives no second investment of capital, and it may take place in such a way that

the soil B likewise produces no rent (Table XIII), or,

the soil B does not lose all rent (Table XIV).

Variant No. 3: The productivity increases. (Table XV.) This case likewise excludes a second investment of capital upon soil A.

In case II, with a falling price of production, we have:

Variant No. 1: The productivity of the second investment of capital remains the same (Table XVI).

Variant No. 2: The productivity declines (Table XVII). These two variants are conditioned upon the throwing of soil A out of competition, and soil B producing no rent and regulating the price of production.

Variant No. 3: The productivity increases (Table XVIII). In this case the soil A remains the regulator.

In case III, with a rising price of production, two eventualities are possible; soil A may remain without rent and regulate the price, or, an inferior class of soil than A enters into competition and regulates the price, in which case A produces a rent.

First eventuality: Soil A remains the regulator.

Variant No. 1: The productivity of the second investment remains the same (Table XIX). This will happen under the conditions assumed by us only when the productivity of the first investment decreases.

Variant No. 2: The productivity of the second investment decreases (Table XX). This does not exclude the possibility that the first investment may retain the same productivity.

Variant No. 3: The productivity of the second investment (Table XIX) increases; this, again, presupposes a falling productivity of the first investment.

Second eventuality: An inferior quality of soil (designated as a) enters into competition; soil A yields a rent.

Variant No. 1: The productivity of the second investment remains the same (Table XXII).

Variant No. 2: The productivity declines (Table XXIII).

Variant No. 3: The productivity increases (Table XXIV).

These three variants appear under the general conditions of the problem and require no further remarks.

We herewith produce the Tables.

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When a second investment is placed upon the same soil, we have the following eventualities:

First Case: The Price of production remains unaltered.

Variant No. 1: The productivity of the second investment remains the same.

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Variant No. 2: The productivity of the second investment of capital declines; soil A receives no second investment.

If soil B ceases to yield a rent.

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If soil B does not lose all the rent.

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Variant No. 3: The productivity of the second investment of capital increases; no second investment upon soil A.

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Second case: The price of production declines.

Variant No. 1: The productivity of the second investment of capital remains the same. Soil A is thrown out of competition, soil B loses its rent.

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Variant No. 2: The productivity of the second investment of capital declines; soil A is thrown out of competition, soil B loses its rent.

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Variant No. 3: The productivity of the second investment of capital increases; soil A remains in the competition. Soil B produces rent.

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Third Case: The price of production rises.

If soil A remains without rent and continues to regulate the price.

Variant No. 1: The productivity of the second investment of capital remains the same; this implies a decreasing productivity of the first investment of capital.

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Variant No. 2: The productivity of the second investment of a capital decreases; this does not exclude a constant productivity of the first investment.

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Variant No. 3: The productivity of the second investment of capital rises, which implies, under the assumed conditions, a declining productivity of the first investment.

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If an inferior soil (designated as a) becomes the regulator of prices and soil A produces a rent. This admits of a constant productivity of the second investment in the case of all variants.

Variant No. 1: The productivity of the second investment of capital remains the same.

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Variant No. 2: The productivity of the second investment of capital declines.

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Variant No. 3: The productivity of the second investment increases.  
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These tables lead to the following conclusions:

In the first place they show that the series of rents maintains the same proportions as the series of degrees of fertility, taking the rentless regulating soil as the zero point. Not the absolute yields, but only the differences in yield are the determining elements of rent. Whether the different kinds of soil produce 1, 2, 3, 4, 5 bushels, or whether they produce 11, 12, 13, 14, 15, bushels of yield per acre, the rents are in both cases seriatim 0, 1, 2, 3, 4, bushels, or money to that amount.

But the result of our analysis is far more important with respect to the total yields of rent with a repeated investment of capital upon the same soil.

In five cases out of the analysed thirteen the total amount of the rents is doubled with the duplication of the investment of capital; instead of 10 times 12 shillings it becomes 10 times 24 shillings, or 240 shillings. These cases are:

Case I, constant price, Variant No. 1, the increase of productivity remaining the same (Table XII).

Case II, falling price, Variant No. III: increasing expansion of production (Table XVIII).

Case III, increasing price, first eventuality, where soil A remains the regulator, in all three Variants (Tables XIX, XX, and XXI).

In four cases the rent increases by more than double, namely:

Case I, Variant No. III, constant price, increasing expansion of production (Table XV). The amount of the rent rises to 330 shillings.

Case III, second eventuality, where soil A produces a rent, in all three variants (Table XXII, rent 15 times 30 = 450 shillings; Table XXIII, rent 5 times 20 plus 10 times 28 = 380 shillings; Table XXIV, rent 5 times 15 plus 15 times  $33 \frac{1}{3}$  = 581 $\frac{1}{4}$  shillings).

In one case the rent rises, but not to double the amount of the rent produced by the first investment of capital:

Case I, constant price, Variant II: falling productivity of the second investment, under conditions, in which B does not wholly lose its rent (Table XIV, rent 4 times 6 plus 6 times 21 = 150 shillings).

Finally, it is only in three cases that the total rent, with a second investment upon all kinds of soil, remains at the same level as with the first investment (Table XI); these are the cases, in which the soil A is thrown out of competition and soil B becomes the regulator and pays no rent. In this case the rent B is not only lost, but is also deducted from every succeeding link of the rent series. This is the basis of the above result. We mean the following cases:

Case I, Variant II, when the conditions are such that soil A is eliminated (Table XIII). The sum of the rent is six times twenty, or  $10 \times 12 = 120$ , as in Table XI.

Case II, Variants I and II. Here soil A is necessarily eliminated, according to the assumption (Tables XVI and XVII) and the sum of the rent is again  $6 \times 20 = 10 \times 12 = 120$  shillings.

This is to say: In the great majority of all possible cases the rent rises, both per acre of the rent paying soils and for the total amount, as a result of an increased investment of capital upon the land. Only in three cases out of the thirteen analysed cases the total amount of the rent remains unaltered. These are the cases, in which the lowest quality of soil, which hitherto paid no rent, drops out of competition and the next higher one takes its place and loses its rent. But even in these cases do the rents upon the superior soils rise in comparison to the rents due to the first investment. When the rent of C falls from 24 to 20, then that of D and E rises from 36 to 48 respectively to 40 and 60 shillings.

A fall of the total rents below the level of the first investment of capital (Table XI) would be possible only in the case that soil B as well as soil A would drop out of competition and soil C become regulating and rentless.

The more capital is applied to a certain soil, and the higher the development of agriculture and of civilization in general is in a certain country, the more do the rents rise per acre and per total amount of rental, and the more immense becomes the tribute paid by society to the great land owners in the form of surplus profits — so long as the different soils taken under cultivation remain capable of competition.

This law explains the wonderful vitality of the class of great landlords. No social class lives so sumptuously, no other claims like it a right to a traditional luxury in keeping with its “estate,” regardless of where the money for that purpose may come from, no other class piles debt upon debt as lightheartedly as it. And yet it always lands on its feet — thanks to the capital invested by other people in the soil, whereby the landlord collects a rent, which stand in no proportion to the profits to be drawn out of the soil by the capitalist.

However, the same law also explains, why the vitality of the great landlord is gradually exhausted.

When the English corn taxes were abolished in 1846, the English manufacturers believed that they had transformed the landowning aristocracy into paupers. Instead of that they became richer than ever. How did that happen? Very simple. In the first place, the renting capitalists were now compelled by contract to invest 12 pounds sterling annually instead of 8 pounds, as heretofore. And in the second place, the landlords, being strongly represented also in the Lower House, granted to themselves a heavy subsidy for the drainage and other permanent improvements of their lands. Since no total displacement of the worst soil took place, but at the worst a temporary employment of such soil for other purposes, the rents rose in proportion to the increased investment of capital, and the landed aristocracy were better off than ever before.

But everything is perishable. The transoceanic steamboats and the railroads of North and South America and India enabled very peculiar masses of land to enter into competition upon the European grain markets. There were on the one hand the North American prairies, the Argentine

pampas, steppes, made fertile for the plow by nature itself, virgin soil, which offered rich harvest for years to come even with a primitive cultivation and without any fertilization. Then there were the lands of the Russian and Indian communes, that had to sell a portion of their product, and an increasing one at that, for the purpose of obtaining money for the taxes wrung from them by the pitiless despotism of the state, very often by means of torture. These products were sold without regard to their cost of production, sold at the price offered by the dealer, because the peasant had to have money under all circumstances when tax paying day came around. And against the competition of the virgin prairie soils and of the Russian and Indian peasants ground down by taxation, the European capitalist farmer and peasant could not stand up at the old rents. A portion of the soil of Europe fell definitely out of the competition for the raising of grain, the rents fell everywhere. Our second case Variant II (falling prices and falling productivity of the additional investment of capital) became the rule for Europe. This accounts for the woes of the landlords from Scotland to Italy, and from Southern France to Eastern Prussia. Fortunately all prairie lands have not been taken under cultivation. There are enough of them left to ruin all the great landlords of Europe and the small ones into the bargain. — F. E.]

The heads, under which rent is to be analyzed, are the following:

Differential rent.

Meaning of differential rent. Illustration by water power. Transition to real agricultural rent.

Differential rent No. I, arising from different fertilities of different pieces of land.

Differential rent No. II, arising from successive investments of capital upon the same soil. Differential rent No. II is to be analysed

with a stationary price of production.

with a falling price of production.

with a rising price of production.

And furthermore

the transformation of surplus profit into rent.  
Influence of this rent upon the rate of profit.

Absolute rent.  
The price of land.  
Final Remarks concerning ground rent.

As the general result of our analysis of differential rent we come to the following conclusions:

The formation of surplus profits may take place in different ways. On the one hand it may come about by the help of differential rent No. I, that is, by an investment of the entire agricultural capital upon one soil area consisting of soils of different fertilities. Or, it may come about by means of differential rent No. II, that is by means of the varying differential productivity of successive investments of capital upon the same soil, which signifies here a greater productivity, say in wheat measured by quarters, than is secured with the same investment of capital upon the worst rentless soil, which regulates the price of production. But no matter how these surplus profits may arise, their transformation into rents, their transfer from the capitalist farmer to the landlord, always presupposes that the various individual prices of production represented by the partial products of the individual capitals invested in succession (independently of the general price of production by which the market is regulated) have previously been reduced to an individual average price of production. The excess of the general regulating price of production of the product of one acre over its individual average price, forms and measures the rent per acre. In differential rent No. I the differential results may be distinguished by themselves, because they take place upon differentiated portions of land lying side by side, with an investment of capital and a degree of cultivation considered normal per acre. In differential rent No. II they must first be made distinguishable; they must in fact be reconverted into differential rent No. I, and this cannot take place in any other but the indicated way. Take for instance Table III, Chapter XLI, 3.

Soil B gives for the first investment of capital  $2\frac{1}{2}$  pounds sterling 2 quarters per acre, and for the second equally large one  $1\frac{1}{2}$  quarters; together  $3\frac{1}{2}$  quarters upon the same acre. These  $3\frac{1}{2}$  quarters do not show what part of them is a product of the investment of capital No. I and what part a product of capital No. II, for they are all grown upon the same soil. They are in fact the product of the total capital of 5 pounds sterling; and the actual condition of the matter is that a capital of  $2\frac{1}{2}$  pounds sterling produced 2 quarters, and a capital of 5 pounds sterling produced only  $3\frac{1}{2}$  quarters, not 4 quarters. The case would be just the same, if these 5 pounds sterling were producing 4 quarters, so that the proceeds of both investments of capital would be the same, or even 5 quarters, so that the second investment of capital would yield a surplus of 1 quarter. The price of production of the first 2 quarters is  $1\frac{1}{2}$  pounds sterling per quarter, and that of the second  $1\frac{1}{2}$  quarters is 2 pounds sterling per quarter. Consequently the  $3\frac{1}{2}$  quarters together cost 6 pounds sterling. This is the individual price of production of the total product, and it makes an average of 1 pound and  $14\frac{2}{7}$  shillings per quarter, in round figures  $1\frac{3}{4}$  pounds sterling. With the average price of production regulated by soil A, namely 3 pounds sterling, this makes a surplus profit of  $1\frac{1}{4}$  pounds sterling per quarter, and for the total  $3\frac{1}{2}$  quarters profit of  $4\frac{3}{8}$  pounds sterling. With the average price of production of B this is represented by about  $1\frac{1}{2}$  quarters. In other words, the surplus profit of B is represented by an aliquot portion of the product of B, by these  $1\frac{1}{2}$  quarters, which express the rent in terms of grain, and which under the prevailing price of production sell at  $4\frac{1}{2}$  pounds sterling. But on the other hand, the surplus product of one acre of B compared to that of A is not without ceremony a formation of surplus profit, is not offhand a surplus product. According to our assumption one acre of B produces  $3\frac{1}{2}$  quarters, whereas one acre of A produces only 1 quarter. The surplus of the product of B is, therefore,  $2\frac{1}{2}$  quarters, but the surplus product is only  $1\frac{1}{2}$  quarters; for the capital invested in B is twice that of A, and for this reason its cost of production is doubled. If soil A should also receive an investment of 5 pounds sterling, and the rate of productivity should remain the same, then the product would amount to 2 quarters instead of 1 quarter, and it would then be seen that the actual surplus product is found, not by a comparison of  $3\frac{1}{2}$  with 1, but of  $3\frac{1}{2}$  with 2, so that it would be only  $1\frac{1}{2}$  quarter, not  $2\frac{1}{2}$  quarters. Furthermore, if B should invest a third capital of  $2\frac{1}{2}$  pounds sterling, which would produce only 1 quarter, so that this quarter would cost

3 pounds sterling, the same as that of A, then its selling price would cover only the cost of production, would yield only the average profit, but not a surplus profit, and would not offer anything that could be converted into rent. The product per acre of any kind of soil, compared with the product per acre of soil A, shows neither whether it is a product of the same or of a larger investment of capital, nor whether the additional product covers merely the price of production, nor whether it is due to a greater productivity of the additional capital.

With a decreasing rate of productivity of the additional investments of capital, whose limits, so far as the new formation of surplus profit is concerned, is that investment of capital which just covers the cost of production, in other words, which produces one quarter at the same expense as the same investment of capital in one acre of soil A, amounting to 3 pounds sterling according to our assumption, we come to the following conclusions on the basis of what has gone before: That the limit, where the total investment of capital in one acre of B would not yield any more rent, is reached when the individual average price of production of the product per acre of B would rise to the price of production per acre of A.

If B invests only such additional capital as pays just the price of production, but forms no surplus profit, no rent, then this raises only the individual average price of production per quarter, but does not affect the surplus profit, or eventually the rent, formed by previous investments of capital? For the average price of production always remains under that of A, and when the excess over the price per quarter decreases, then the number of quarters increases in the same ratio, so that the total excess over the price remains unaltered.

In the case assumed, the first two investments of capital of 5 pounds sterling produce  $3\frac{1}{2}$  quarters upon B, which amounts to  $1\frac{1}{2}$  quarters of rent, at  $4\frac{1}{2}$  pounds sterling, according to our assumption. Now, if a third investment of capital of  $2\frac{1}{2}$  pounds sterling is added, which produces only one additional quarter, then the total price of production (including a profit of 20%) of the  $4\frac{1}{2}$  quarters is 9 pounds sterling, so that the average price per quarter is 2 pounds sterling. The average price of production per quarter upon B has then risen from  $1\frac{5}{7}$  pounds sterling to 2 pounds sterling, so

that the surplus profit per quarter, compared with the regulating price of A, has fallen from  $1 \frac{2}{7}$  pounds sterling to 1 pound sterling. But  $1 \times 4\frac{1}{2} = 4\frac{1}{2}$  pounds sterling, just as formerly  $1 \frac{2}{7} \times 3\frac{1}{2} = 4\frac{1}{2}$  pounds sterling.

upon B, and that these investments produce one quarter only at its average price of production, then the total product per acre would be  $6\frac{1}{2}$  quarters, and their cost of production 15 pounds sterling. The average price of production per quarter of B would have risen once more, from 1 pound sterling to  $2 \frac{4}{13}$  pound sterling, and the surplus profit per quarter, compared with the regulating price of production of A, would have dropped once more, from 1 pound sterling to  $\frac{9}{13}$  pound sterling. But these  $\frac{9}{13}$  would now have to be calculated upon  $6\frac{1}{2}$  quarters instead of  $4\frac{1}{2}$  quarters. And  $\frac{9}{13} \times 6\frac{1}{2} = 1 \times 4\frac{1}{2} = 4\frac{1}{2}$  pounds sterling.

The inference from this is, in the first place, that no raising of the regulating price of production is necessary under these circumstances, in order to make possible additional investments of capital even to the point where the additional capital ceases wholly to produce any surplus profit and yields only the average profit. It follows furthermore that the sum of the surplus profit per acre remains the same here, no matter how much the surplus profit per quarter may decrease; this decrease is always balanced by a corresponding increase of the quarters produced per acre. In order that the average price of production may rise to the general price of production (in this case to 3 pounds sterling for soil B) it is necessary that additions should be made to the capital, which must have a product of a higher price of production than the regulating one of 3 pounds sterling. But we shall see that this does not suffice without further ado in order to raise the average price of production per quarter of B to the general price of production of 3 pounds sterling.

Let us assume that soil B produced.

$3\frac{1}{2}$  quarters as before at a price of production of 6 pounds sterling; this with two investments of capital of  $2\frac{1}{2}$  pounds sterling each, which both form surplus profits, but of a decreasing amount.

1 quarter at 3 pounds sterling; an investment of capital, in which the individual price of production shall be equal to the regulating price of production.

1 quarter at 4 pounds sterling; an investment of capital, in which the individual price of production shall be higher by 25% than the regulating price.

We should then have  $5\frac{1}{2}$  quarters per acre, at 13 pounds sterling, with an investment of a capital of 10 pounds sterling; this would be four times the original investment of capital, but not quite three times the product of the first investment of capital.

$5\frac{1}{2}$  quarters per acre at 13 pounds sterling make an average price of production of  $2\frac{4}{11}$  pounds sterling, which would give a surplus of  $\frac{7}{11}$  pound per quarter at the regulating price of production of 3 pounds sterling. This surplus may be converted into rent.  $5\frac{1}{2}$  quarters sold at the regulating price of production of 3 pounds sterling make  $16\frac{1}{2}$  pounds sterling. After deducting the cost of production of 13 pounds sterling a surplus, or rent of  $3\frac{1}{2}$  pounds sterling remains, which, calculated at the present average price of production per quarter of B, that is, at  $2\frac{4}{11}$  pounds per quarter, represent  $1\frac{5}{72}$  quarters. The money rent would have fallen by 1 pound sterling, the grain rent by about  $\frac{1}{2}$  quarter, but in spite of the fact that the fourth additional investment upon B does not produce a surplus profit, but even less than the average profit, a surplus profit and a rent still continue to exist. Let us assume that not only the investment of capital as illustrated in No. 3), but also that in No. 2), produce at a cost exceeding the regulating price of production, then the total production is  $3\frac{1}{2}$  quarters at 6 pounds sterling plus 2 quarters at 8 pounds sterling, total  $5\frac{1}{2}$  quarters at 14 pounds sterling cost of production. The average price of production per quarter would be  $2\frac{6}{11}$  pounds sterling, and it would leave a surplus of  $\frac{5}{11}$  pound sterling. The  $5\frac{1}{2}$  quarters, sold at 3 pounds sterling, make  $16\frac{1}{2}$  pounds sterling; subtract the 14 pounds sterling of cost of production, and  $2\frac{1}{2}$  pounds sterling remain for rent. At the present average price of production upon B this would be equivalent to  $\frac{55}{56}$  quarters. In other words, a rent would still remain, although less than before.

This shows at any rate, that upon the better soils with additional investments of capital, whose product costs more than the regulating price of production, the rent does not disappear, at least not within the bounds of admissible practice, although it must decrease, and will do so in proportion, on the one hand, to the aliquot part formed by this unproductive capital in the total investment of capital, on the other hand in proportion to the decrease of its fertility. The average price of its fertility would still stand below the regulating price and would still leave a surplus profit that could be converted into rent.

Let us now assume that the average price per quarter of B coincides with the general price of production, in consequence of four successive investments of capital ( $2\frac{1}{2}$ ,  $2\frac{1}{2}$ , 5 and 5 pounds sterling) with a decreasing productivity.

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The capitalist renter in this case sells every quarter at its individual price of production, and consequently the total number of quarters at their average price of production per quarter, which coincides with the regulating price of 3 pounds sterling. Hence he still makes a profit of 20%, or 3 pounds sterling, upon his capital of 15 pounds sterling. But the rent is gone. What has become of the surplus in this compensation of individual prices of production per quarter with the general price of production?

The surplus profit on the first  $2\frac{1}{2}$  pounds sterling was 3 pounds sterling; on the second  $2\frac{1}{2}$  pounds sterling it was  $1\frac{1}{2}$  pounds sterling; total surplus profit on one-third of the invested capital, that is, on 5 pounds sterling,  $4\frac{1}{2}$  pounds sterling, or 90%.

In the case of investment No. 3) the 5 pounds sterling do not only yield no surplus profit, but its product of  $1\frac{1}{2}$  quarters, if sold at the general price of production, gives a minus of  $1\frac{1}{2}$  pounds sterling. Finally, in the case of investment No. 4), which amounts likewise to 5 pounds sterling, its product of 1 quarter, if sold at the general price of production, gives a minus of 3 pounds sterling. Both investments of capital together give a minus of  $4\frac{1}{2}$  pounds sterling, equal to the surplus profit of  $4\frac{1}{2}$  pounds sterling, which was realized on investments Nos. 1) and 2).

The surplus profits and deficits balance one another. Therefore the rent disappears. In fact this is possible only because the elements of surplus-value, which form a surplus profit, or rent, now pass into the formation of the average profit. The capitalist renter makes this average profit of 3 pounds sterling on 15 pounds sterling, or of 20%, at the expense of the rent.

The compensation of the individual average price of production of B to the general price of production A, which regulates the market, presupposes that the difference, by which the individual price of the product of the first investment of capital stands below the regulating price, is more and more compensated and finally balanced by the difference, by which the product of the subsequent investments of capital stands above the regulating price. What appears as a surplus profit, so long as the product of the first investment of capitals sold by itself, becomes by degrees a part of their average price of production, and thereby enters into the formation of the average profit, until it is finally absorbed in this way.

If only 5 pounds sterling are invested in B, instead of 15 pounds sterling, and if the additional  $2\frac{1}{2}$  quarters of the last Table are produced by taking  $2\frac{1}{2}$  new acres of A under cultivation with an investment of  $2\frac{1}{2}$  pounds sterling per acre, then the invested additional capital would amount only to  $6\frac{1}{4}$  pounds sterling, so that the total investment on A and B for the production of these 6 quarters would be only  $11\frac{1}{4}$  pounds sterling instead of 15 pounds sterling, and the total cost of production of these including the profit of  $13\frac{1}{2}$  pounds sterling. The 6 quarters would still be sold at 18 pounds sterling, but the investment of capital would have decreased by  $3\frac{3}{4}$  pounds sterling, and the rent upon B would be  $4\frac{1}{2}$  pounds sterling per acre, as before. It would be different, if the production of additional  $2\frac{1}{2}$  quarters would require that inferior soil than A, for instance A — 1, A — 2, should be taken under cultivation; so that the price of production per quarter, for  $1\frac{1}{2}$  quarters on soil A — 1 would be 4 pounds sterling, and for the last quarter on soil A — 2 would be 6 pounds sterling. In this case these 6 pounds sterling would be the regulating price of production per quarter. The  $3\frac{1}{2}$  quarters of B would then be sold at 21 pounds sterling instead of  $10\frac{1}{2}$  pounds sterling, and this would leave a rent of 15 pounds sterling instead of  $4\frac{1}{2}$  pounds sterling, or in grain a rent of  $2\frac{1}{2}$  quarters instead of  $1\frac{1}{2}$  quarter.

In the same way the one quarter on A would now leave a rent of 3 pounds sterling, or of  $\frac{1}{2}$  quarter.

Before we discuss this point any further, we will pause to make the following observation.

The average price of one quarter of B is compensated and coincides with the general price of production of 3 pounds sterling per quarter, regulated by A, as soon as that portion of the total capital, which produces the excess of  $1\frac{1}{2}$  quarter, is balanced by that portion of the total capital, which produces a deficit of  $1\frac{1}{2}$  quarter. How soon this compensation is effected, or how much capital with less than average productivity must be invested in B for that purpose, will depend, assuming the surplus productivity of the first investments of capital to be given, upon the relative underproductivity of the later invested capitals, compared with an investment of the same amount upon the worst regulating soil A, or upon the individual price of production of their product, compared with the regulating price.

We now come to the following conclusions from the foregoing:

So long as the additional capitals are invested in the same soil with a surplus productivity, even a decreasing one, the absolute rent in grain and money increases per acre, although it decreases relatively, in proportion to the advanced capital (in other words, the rate of surplus profit, or rent). The limit is here formed by that additional capital, which yields only the average profit, or the price of production of whose product coincides with the general price of production. The price of production remains the same under these circumstances, unless the production upon the lesser soils becomes superfluous through an increased supply. Even with a falling price may these additional capitals still produce a surplus profit, though a smaller one, within certain limits.

The investment of additional capital, which produces only the average profit, whose surplus productivity is therefore zero, does not alter anything in the level of the existing surplus profit, and consequently of the rent. The individual average price per quarter increases thereby upon the superior soils; the surplus per quarter decreases, but the number of quarters, which

carry this decreased surplus, increases, so that the product remains the same.

Additional investments of capital, whose product has an individual price of production exceeding the regulating price, whose surplus productivity is therefore not merely zero, but less than zero, that is, a minus lower than the productivity of the same investment of capital upon the regulating soil A, bring the individual average price of production of the total product of the superior soil closer to the general price of production, reduce more and more the difference between both, which forms the surplus profit, or rent. More and more of that which forms a surplus profit, or rent, passes over into the formation of the average profit. But nevertheless the total capital invested in one acre of B continues to yield a surplus profit, although a decreasing one in proportion as the capital with undernormal productivity and the degree of its underproductivity increase. The rent, with an increasing capital and increasing production, decreases in this case absolutely per acre, not merely relatively as compared to the increasing size of the invested capital, as in the second case.

The rent cannot disappear, unless the individual average price of production of the total product of the better soil B coincides with the regulating price, so that the entire surplus profit of the first more productive investment of capital is consumed in the formation of the average profit.

The minimum limit of the fall for the rent per acre is the point at which it disappears. But this point does not assert itself, as soon as the additional investments of capital work with an underproductivity, but rather as soon as the additional investment of the underproductive capitals becomes so great that their effect paralyzes the overproductivity of the first investments of capital, so that the productivity of the total capital becomes the same as that of A, and the individual average price of the quarter of B the same as that of the quarter of A.

In this case, likewise, the regulating price of production, 3 pounds sterling per quarter, remains the same, although the rent would have disappeared. Only after this point would have been passed, would the price of production have to rise in consequence of an increase of either the degree

of underproductivity of the additional capital or of the magnitude of the additional capital of the same underproductivity. For instance, if in the above Table  $2\frac{1}{2}$  quarters were produced instead of  $1\frac{1}{2}$  quarters, at 4 pounds sterling per quarter, upon the same soil, then we should have altogether 7 quarters at 22 pounds sterling cost of production; the quarter would cost  $3\frac{1}{7}$  above the general price of production which would have to rise.

For a long time, then, additional capital with underproductivity, or even increasing underproductivity, might be invested, until the individual average price per quarter of the best soils would become equal to the general price of production, until the excess of the latter over the former, and with it the surplus profit and the rent, would entirely disappear.

And even in this case the disappearance of the rent from the better kinds of soil would only signify that the individual average price of their products would coincide with the general price of production, so that this last price would not have to rise.

In the above illustration, upon soil B, which is there the lowest of the better rent paying soils,  $3\frac{1}{2}$  quarters were produced by a capital of 5 pounds sterling with a surplus productivity, and  $2\frac{1}{2}$  quarters by a capital of 10 pounds sterling with underproductivity, together 6 quarters, of which  $\frac{5}{12}$  are produced by the capitals with underproductivity. And only at this point does the individual average price of production of the 6 quarters rise to 3 pounds sterling and coincide with the general price of production.

Under the law of landed property, however, the last  $2\frac{1}{2}$  quarters could not have been produced in this way at 3 pounds sterling per quarter, with the exception of the case, in which they may be produced upon  $2\frac{1}{2}$  new acres of the soil A. The case, in which the additional capital produces only at the general price of production, would have been the limit. Beyond it the additional investment of capital would have to cease upon the same soil.

If the capitalist renter once pays  $4\frac{1}{2}$  pounds sterling of rent for the first two investments of capital, he must continue to pay them, and every investment of capital, which produces one quarter below 3 pounds sterling, would cause him a deduction from his profit. The compensation of the

individual price of production, in the case of underproductivity, is thereby prevented.

Let us take this case in the previous illustration, in which the price of production of the soil A, at 3 pounds sterling per quarter, regulates the price for B.

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The cost of production of the  $3\frac{1}{2}$  quarters in the first two investments is likewise 3 pounds sterling per quarter for the capitalist renter, since he has to pay a rent of  $4\frac{1}{2}$  pounds sterling, the difference between his individual price of production and the general price of production not flowing into his pocket. In his case, then, the excess of the price of the first two investments of capital cannot serve for the compensation of the deficit incurred in the production of the third and fourth investment of capital.

The  $1\frac{1}{2}$  quarters in investment No. 3) cost the capitalist renter, with profit included, 6 pounds sterling; but at the regulating price of 3 pounds sterling per quarter he can sell them only for  $4\frac{1}{2}$  pounds sterling. In other words, he would not only lose his whole profit, but also  $\frac{1}{2}$  pound sterling, or 10% of his invested capital of 5 pounds sterling. The loss of profit and capital in the case of investment No. 3) would amount to  $1\frac{1}{2}$  pound sterling, and in the case of investment No. 4) 3 pounds sterling, together  $4\frac{1}{2}$  pounds sterling, just as much as the rent of the better investments amounts to, whose individual price of production cannot take part in the compensation of the individual average price of production of the total product of B, because its surplus is paid as a rent to some third person.

If the demand should require that the additional  $1\frac{1}{2}$  quarters must be produced by a third investment of capital, then the regulating market price would have to rise to 4 pounds sterling per quarter. In consequence of this rise in the regulating market price the rent upon B would rise for the first and second investment, and a rent would be formed upon A.

Although the differential rent is but a formal transformation of surplus profit into rent, since property in land enables the owner in this case to draw the surplus profit of the capitalist renter into his own hands, we find

nevertheless that the successive investment of capital upon the same land, or, what amounts to the same, the increase of the capital invested in the same land, reaches its limit far more rapidly when the rate of productivity of the capital decreases and the regulating price remains the same, so that in fact a more or less artificial barrier is erected as a consequence of the mere formal transformation of surplus profit into ground rent, — which is the result of private property in land. The rise of the general price of production, which becomes necessary when the limit is narrowed beyond the ordinary, is in this case not merely the cause of a rise of the differential rent, but the existence of differential rent as rent is at the same time a reason for the earlier and more rapid rise of the general price of production, in order to insure by this means the supply of the needed larger product.

Furthermore we must make a note of the following facts:

By an addition of capital to soil B the regulating price could not, as above, rise to 4 pounds sterling, if soil A should supply the additional product below 4 pounds sterling by a second investment of capital, or if new and worse soil than A should come into competition, whose price of production would be higher than 3 but lower than 4 pounds sterling. We see, then, that differential rent No. I and differential rent No. II, while the first is the basis of the second, are at the same time mutual limits for one another, by which now a successive investment of capital upon the same soil, now an investment of capital side by side upon new soil, is brought about. In like manner they act as mutual boundaries in other cases, for instance, when better land is taken up.

## CHAPTER XLIV. DIFFERENTIAL RENT EVEN UPON THE WORST SOIL UNDER CULTIVATION.

LET us assume that the demand for grain is rising, and that the supply cannot be made to cover the demand, unless successive investments of capital with deficient productivity are made upon the rent-paying soils, or by an additional investment of capital, likewise with a decreasing productivity, upon soil A, or by the investment of capital in new lands of a lesser quality than A.

Let us take soil B as a representative of the rent paying soils.

The additional investment of capital demands a rising of the market price above the prevailing price of production of 3 pounds sterling per quarter, in order that the increased production of one quarter (which may here stand for one million quarters, as may every acre for one million acres) upon B may be possible. An increased production may also take place upon soils C and D, etc., the soils paying the highest rent, but only with a decreasing power to produce a surplus; but it is assumed that the one quarter upon B must necessarily be produced in order to cover the demand. If this one quarter is more easily produced by investing more capital in B than with the same addition of capital to A, or by descending to soil A — 1, which may, perhaps, produce one quarter only for 4 pounds sterling, whereas the additional capital upon A might do so at  $3\frac{3}{4}$  pounds sterling per quarter, then the additional capital upon B will regulate the market price.

Let us also assume that A produces one quarter at 3 pounds sterling, as it did heretofore. Let B likewise, as before, produce altogether  $3\frac{1}{2}$  quarters at an individual price of production of 6 pounds sterling for its total output. Now, if an addition of 4 pounds sterling becomes necessary upon B (including the profit) in order to produce an additional quarter, whereas it might be produced upon A at  $3\frac{3}{4}$  pounds sterling, then it would naturally be produced upon A, not upon B. Let us assume, then, that this additional quarter can be produced upon B with an additional cost of production of  $3\frac{1}{2}$

pounds sterling. In this case  $3\frac{1}{2}$  pounds sterling would become the regulating price for the entire production. B would now sell its product of  $4\frac{1}{2}$  quarters at  $15\frac{3}{4}$  pounds sterling. The cost of production of the first  $3\frac{1}{2}$  quarters, or 6 pounds sterling, would have to be deducted from this, also that of the last quarter, or  $3\frac{1}{2}$  pounds sterling, total  $9\frac{1}{2}$  pounds sterling. This leaves a surplus profit for rent of  $6\frac{1}{4}$  pounds sterling, as against the former  $4\frac{1}{2}$  pounds sterling. In this case one acre of A would also yield a rent of  $\frac{1}{2}$  pound sterling; but not the worst soil A, but the better soil B would regulate the price of production with  $3\frac{1}{2}$  pounds sterling. Of course we assume here that new soil of the quality of A is not accessible in the same favorable location as that hitherto cultivated, but that either a second investment of capital upon the already cultivated soil A is required at a higher cost of production, or the cultivation of still inferior soil, such as A — 1. As soon as differential rent No. II comes into action by successive investments of capital, the limits of the rising price of production may be regulated by better soil, and the worst soil, the basis of differential rent No. I, may also carry a rent. Under these circumstances all cultivated lands would pay a rent under a mere differential rent system. We should then have the following two Tables, in which we mean by the term cost of production the sum of the invested capital plus 20% profit, in other words, on every  $2\frac{1}{2}$  pounds sterling of capital  $\frac{1}{2}$  pound sterling of profit, total 3 pounds sterling.

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This is the condition of affairs, before the new capital of  $3\frac{1}{2}$  pounds sterling is invested in B, which supplies only one quarter. After this investment has been made, we have the following condition:

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[This, again, is not quite correctly calculate. The capitalist renter of B has to meet a cost of production of  $9\frac{1}{2}$  pounds sterling for the  $4\frac{1}{2}$  quarters and besides  $4\frac{1}{2}$  pounds sterling in rent, a total of 14 pounds sterling; average per quarter  $3\frac{1}{2}$  pounds sterling. This average price of his total production thus becomes the regulating market price. According to this the rent upon A would amount to  $\frac{1}{9}$  pound sterling instead of  $\frac{1}{2}$  pound sterling and that upon B would remain  $4\frac{1}{2}$  pounds sterling, as heretofore.  $4\frac{1}{2}$  quarters at  $3\frac{1}{2}$  pounds sterling make 14 pounds sterling, and if we deduct  $9\frac{1}{2}$  pounds sterling of cost of production we have  $4\frac{1}{2}$  pounds sterling left

for surplus profit. We see, then, that in spite of the required change in figures this illustration shows the way in which the better rent paying soil, by means of differential rent No. II, may regulate the price and thus transform all soil, even a hitherto rentless one, into rent paying soil. — F. E.]

The grain rent must rise, as soon as the regulating price of production of the grain rises, that is, as soon as the quarter of grain rises upon the regulating soil, or the regulating investment of capital upon one of the various kinds of soil. It is the same as though all kinds of soil had become less productive, and as though they were producing only 5-7 quarter instead of one quarter with a new investment of 2½ pounds sterling. Whatever they produce more in grain with the same investment of capital, is converted into a surplus product, in which the surplus profit and with it the rent are incorporated. Assuming that the rate of profit remains the same, the capitalist renter will have to buy less grain with his profit. The rate of profit may remain the same, if the wages do not rise, either because they are depressed to the physical minimum, below the normal value of labor-power, or because the other things needed for consumption by the laborer and supplied by the manufacturer have become relatively cheaper; or because the working day has been prolonged or has become more intensive, so that the rate of profit in other than agricultural lines of production, which, however, regulates the agricultural profit, has remained the same or has risen; or, finally, because there may be more constant and less variable capital employed in agriculture, even though the total capital invested be the same.

Now we have considered the first condition in which rent may arise upon the worst soil A without taking still worse soil under cultivation; that is, in which rent may arise out of the difference between the old individual price of this land, which was hitherto the regulating price of production, and the new, higher, price of production, at which the last additional capital with less than normal productive power upon the better soil supplies the necessary additional product.

If the additional product had to be supplied by soil A — 1, which cannot produce one quarter at less than 4 pounds sterling, then the rent would have

risen to one pound sterling upon A. But in this case the soil A — 1 would have taken the place of A as the worst cultivated soil, and A would have risen in the scale to the place of the lowest link in the series of rent paying soils. Differential rent No. I would have changed. This case, then, is outside of the consideration of differential rent II, which arises out of the different productivity of successive investments of capital upon the same piece of land.

But aside from this, differential rent may arise upon soil A in two other ways.

In the first place, it may arise so long as the price remains unchanged (any price, even a lower one compared to former ones), if the additional investment of capital creates a surplus product, which it must always do, on first sight, and up to a certain point, upon the worst soil.

In the second place, it may arise, if the productivity of the successive investments of capital upon soil A decreases.

The assumption in either case is that the increased production is required on account of the condition of the demand.

But from the point of view of differential rent, a peculiar difficulty arises here on account of the previously developed law, according to which it is always the individual average price of production per quarter in the total production (or the total investment of capital) which acts as the determining factor. In the case of soil A, however, it is not, as it is in the case of the better soils, a question of a price of production existing outside of it, which limits the equalization of the individual price of production and the general price of production, for new investments of capital. For the individual price of production of A is precisely the general price of production regulating the market price.

Let us assume:

When productive power of successive investments of capital is increasing, that one acre of A will produce 3 quarters instead of 2 quarters

with an investment of 5 pounds sterling of capital, corresponding to 6 pounds sterling of cost of production. The first investment of  $2\frac{1}{2}$  pounds sterling supplies one quarter, the second 2 quarters. In this case 6 pounds sterling of cost of production will correspond to a product of 3 quarters, so that the average price of one quarter will be 2 pounds sterling. If the 3 quarters are sold at 2 pounds sterling per quarter, then A does not produce any rent any more than it did before. Only the basis of differential rent No. II has been altered. The regulating price of production is now 2 pounds sterling instead of 3 pounds. A capital of  $2\frac{1}{2}$  pounds sterling produces now an average of  $1\frac{1}{2}$  quarters upon the worst soil instead of 1 quarter, and this is now the official productivity for all better soils with an investment of  $2\frac{1}{2}$  pounds sterling. A portion of the ordinary surplus product now passes over into the formation of their necessary product, just as a portion of their surplus profit now passes over into the formation of the average profit.

But if the calculation is made as it is upon the better soils, where the average calculation does not alter anything in the absolute surplus, because the general price of production is the limit of the investment of capital, then one quarter of the first investment of capital costs 3 pounds sterling and the 2 quarters of the second investment costs only  $1\frac{1}{2}$  pounds sterling. This would give rise to a grain rent of one quarter and a money rent of 3 pounds sterling upon A, but the 3 quarters would be sold at the old price of 9 pounds sterling all together. If a third investment of  $2\frac{1}{2}$  pounds sterling of capital were made at the same productivity as the second investment, then the total production would be 5 quarters at 9 pounds sterling of cost of production. If the individual average price of A should remain the regulating price, then one quarter would be sold at  $1\frac{4}{5}$  pound sterling. The average price would have fallen once more, not through a new rise of the productivity of the third investment of capital, but merely through the addition of a new investment of capital with the same additional productivity as the second one. Instead of raising the rent upon the rent paying soils, the successive investments of capital of a higher, but sustained, fertility upon the soil A would lower the price of production and with it the differential rent upon all other soils in the same proportion, under conditions remaining the same. On the other hand, if the first investment of capital, which produces one quarter at 3 pounds sterling, should remain in force by itself, then 5 quarters would be sold at 15 pounds sterling, and the

differential rent of the later investments of capital upon soil A would amount to 6 pounds sterling. The additional capital per acre of soil A, whatever might be the manner of its application, would be an improvement in this case, and it would make the original portion of capital more productive. It would be nonsense to say that  $\frac{1}{3}$  of the capital had produced one quarter and the other  $\frac{2}{3}$  four quarters. For 9 pounds sterling per acre would always produce 5 quarters, while 3 pounds sterling would produce only one quarter. Whether a rent would arise here or not, whether a surplus profit would be made or not, would depend wholly upon circumstances. Normally the regulating price of production would fall. This would be the case, if this improved, but more expensive cultivation of soil A should take place only for the reason that it takes place upon all better soils, in other words, if a general revolution in agriculture should occur. And the assumption in that case would be that this soil is worked with 6 or 9 pounds sterling instead of 3 pounds. This would apply particularly, if the greater part of the cultivated acres of soil A, by which the bulk of the supply of this country is furnished, should be handled by this new method. But if the improvement should extend only to a small portion of the area of A, then this better cultivated portion would yield a surplus profit, which the landlord would be quick to transform wholly or in part into rent and fix permanently in the form of rent. In this way a rent might be gradually formed upon all soil of the A quality, in proportion as more and more of the area of this soil is taken under cultivation by the new method, and the surplus productivity might be confiscated wholly or in part, according to market conditions. The equalization of the price of production of soil A to the average price of its product at an increased investment might thus be prevented by the fixation of the surplus profit of this increased investment of capital in the form of rent. If so, this would be once again an illustration of the way in which the transformation of surplus profit into ground-rent, in other words, the intervention of property in land, raises the price of production, as we have already noticed in the case of the better soils upon which the productivity of the additional capitals decreased, so that here the differential rent would not be a mere result of the difference between the individual and the general price of production. It would prevent, in the case of soil A, the identification of both prices in one, because it would interfere with the regulation of the price of production by the individual price of production of A. It would maintain a higher price of production than the

necessary one and thus create a rent. Even if grain were freely imported from abroad, the same result could be brought about or perpetuated by compelling the tenants to use soil capable of competing in the raising of grain at the price of production regulated from abroad for other purposes, for instance for pastures, so that only rent paying soils could raise grain, that is, only soils whose individual average price of production per quarter would be below the price of production determined from abroad. On the whole it may be assumed that the price of production will fall, but not to the level of its average. Rather will it be higher than the average, but below the price of production of the worst cultivated soil A, so that the competition of new lands of the class A is held back.

When the productive power of the additional capitals is decreasing, let us assume that soil A — 1 can produce the additional quarter only at 4 pounds sterling, whereas soil A produces it at  $3\frac{3}{4}$  pounds sterling, that is, more cheaply than the lesser soil, but still more dearly than the quarter produced by the first investment of capital upon it. In this case the total price of the two quarters produced upon A would be  $6\frac{3}{4}$  pounds sterling, and the average price per quarter  $3\frac{3}{8}$  pounds sterling. The price of production would rise, but only by  $\frac{3}{8}$  pounds sterling, whereas it would rise by another  $\frac{3}{8}$ , or to  $3\frac{3}{4}$  pounds sterling, if the additional capital were invested upon new soil, which could produce at  $3\frac{3}{4}$  pounds sterling and thus bring about a proportional raise of all other differential rents.

The price of production of  $3\frac{3}{8}$  pounds sterling per quarter of A would thus be brought to the figure of its average price of production with an increased investment of capital, and would be the regulating price; it would not yield any rent, because it would not produce any surplus profit.

However, if this quarter, produced by the second investment of capital, were sold at  $3\frac{3}{4}$  pounds sterling, then the soil A would yield a rent of  $\frac{3}{4}$  pound sterling, and it would do so upon all acres of A, even those with no additional investment of capital, which would still produce one quarter at 3 pounds sterling. So long as any uncultivated fields of A remain, the price could rise only temporarily to  $3\frac{3}{4}$  pounds sterling. The competition of new fields of A would hold the price of production at 3 pounds sterling, until all lands of the A class would be exhausted, whole favorable location would

enable them to produce a quarter at less than  $3\frac{3}{4}$  pounds sterling. This would be a likely assumption, although the landlord will not let any tenant have any land free of rent, if one acre of A pays rent.

It would depend once more upon the greater or smaller generalization of the second investment of capital in the available soil A, whether the price of production shall be brought down to an average or whether the individual price of production of the second investment of capital shall be regulating at  $3\frac{3}{4}$  pounds sterling. This last case will take place only when the landlord gets time to fix the surplus profit, which would be made until the demand would be satisfied at the price of  $3\frac{3}{4}$  pounds sterling, permanently in the form of rent.

Concerning the decreasing productivity of the soil with successive investments of capital, see Liebig. We have seen that the successive decrease of the surplus productive power of the investments of capital always increases the rent per acre, so long as the price of production remains the same, and this may take place even when the price of production is falling.

But in a general way the following remarks may be made.

From the point of view of the capitalist mode of production there is always a relative increase in the price of products, when a product cannot be secured unless an expense is incurred, a payment made, which did not have to be met formerly. For by a reproduction of the capital consumed in production we mean only the reproduction of values, which were represented by certain means of production. Natural elements passing into production as agencies, no matter what role they play in production, do not enter into the problem as parts of capital, but as free gifts of nature to capital, that is, as a free natural productivity of labor, which, however, appears as a productive power of capital, as do all other productive powers under the capitalist system. Therefore, if such a natural power, which originally does not cost anything, takes part in production, it does not count in the determination of prices, so long as the product supplied by its help suffices for the demand. But if a larger product is demanded than that which can be supplied by the help of this natural power, so that the additional

product must be created without this power, or by assisting it with human labor power, then a new additional element enters into capital. A relatively larger investment of capital is required for the purpose of securing the same product. All other circumstances remaining the same, the price of the product is raised.

(From a manuscript “Started about the Middle of February, 1876.”)

Differential Rent and Rent as a mere interest on capital invested in the soil.

The so-called permanent improvements — which change the physical, and in part also the chemical, condition of the soil by means of operations requiring an expenditure of capital, and which may be regarded as an incorporation of capital in the soil — nearly all amount to giving to a certain piece of land in a certain limited locality such qualities as are possessed by some other piece of land at some other locality, sometimes quite near to the other one, by nature. One piece of land is by nature level, another has to be leveled; one possesses natural drainage, another has to be drained artificially; one has naturally a deep top soil, another must be artificially deepened; one clay soil is naturally mixed with a proper modicum of sand, another has to be treated for the purpose of making it so; one meadow is irrigated or moistened naturally, another requires labor to get it into this condition, or in the language of bourgeois economists, it requires capital.

It is indeed a very exhilarating theory, which calls rent by the name of interest in the case of one piece of land, whose comparative advantages have been acquired, whereas it does not do so in the case of a piece of land which has the same advantages naturally. (As a matter of fact, this is distorted in practice into saying that because rent really coincides in the one case with interest, it must falsely be called interest in cases where this is positively not the case.) However, the land yields a rent after the investment of capital, not because capital has been invested, but because the investment of capital makes this land more productive than it was formerly. Assuming that all land requires this investment, then every piece of land which has not received it must first pass through this stage, and the rent which the soil already endowed with capital yields (the interest which it may pay in a

certain case), constitutes as much a differential rent as though it possessed this advantage by nature and the other land had to acquire it artificially.

This rent, which may be resolved into pure interest, becomes altogether a differential rent, as soon as the invested capital is sunk in the land. Otherwise the same capital would have to appear twice as capital.

It is one of the most amusing incidents, that all opponents of Ricardo, who combat the determination of value exclusively by labor, criticize in the case of differential rent arising from differences of soil the determination of value by nature instead of by labor. But at the same time they credit the location of the land with this determination, or perhaps, even more, the interest on capital sunk in the land during its cultivation. The same labor produces the same value in the product created during a certain time. But the magnitude, or the quantity, of this product, and consequently also that portion of value, which falls upon some aliquot part of this product, depends only upon the quantity of the product, so long as the quantity of labor is given, and the quantity of the product, in its turn, depends upon the productivity of the given quantity of labor, not upon the size of this quantity. It is immaterial, whether this productivity is due to nature or to society. Only in the case in which the productivity costs labor, and consequently capital, does it increase the cost of production by a new element, but this is not the case with nature alone.

## CHAPTER XLV. ABSOLUTE GROUND-RENT.

IN the analysis of ground-rent we proceeded from the assumption, that the worst soil does not pay any ground-rent, or, to put it more generally, that only such land pays ground-rent as produces at an individual price of production which is below the price of production regulating the market, so that in this way a surplus profit arises which is transformed into rent. It should be remembered that the law of differential rent as such is entirely independent of the correctness or incorrectness of this assumption.

Let us call the general price of production, by which the market is regulated,  $P$ . Then  $P$  coincides for the product of the worst soil  $A$  with its individual price of production; that is to say, its price pays for the constant and variable capital consumed in its production plus the average profit (profits of enterprise plus interest).

The rent amounts to zero in this case. The individual price of production of the next better soil  $B$  is equal to  $P'$ , and  $P$  is larger than  $P'$ ; that is  $P$  pays more than the actual price of production of the product of the soil  $B$ . Now let us assume that  $P$  minus  $P'$  is  $d$ ; in this case  $d$ , the excess of  $P$  over  $P'$ , is a surplus profit, which the tenant realises upon class  $B$  of soil. This  $d$  is converted into rent, which must be paid to the landlord. Let the actual price of production of the third class of soil,  $C$ , be  $P''$ , and  $P$  minus  $P''$  equal to  $2d$ ; then this  $2d$  is converted into rent; likewise let the individual price of production of the fourth class of soil,  $D$ , be  $P'''$ , and  $P$  minus  $P'''$  equal to  $3d$ , which is converted into ground-rent, etc. Now take it that the assumption of a rent upon soil  $A$  equal to zero and of a price of production equal to  $P$  plus zero is wrong. Rather let the class  $A$  of soil also pay a rent, equal to  $r$ . In that case we come to two conclusions.

First: The price of the product of the land of class  $A$  would not be regulated by its price of production, but by containing a surplus above it would come to  $P+r$ . For assuming the capitalist mode of production to be in a normal condition, that is, assuming that the surplus  $r$ , which the tenant pays to the landlord, is neither a deduction from wages nor from the average profit of capital, it can be paid only by selling the product above its price of

production, so that a surplus profit arises, which the tenant might keep if he did not have to turn it over to the landlord as a rent. In that case the regulating market price of the total product of all soils existing on the market would not be the price of production, which capital generally makes in all spheres of production, which is a price equal to the cost of production plus the average profit, but it would be the price of production plus the rent,  $P+r$ , and not merely  $P$ . For the price of the product of soil A expresses generally the limit of the regulating general market price, at which the total product can be supplied, and to the extent it regulates the price of this total product.

Secondly: Nevertheless the law of differential rent would not be suspended in this case, although the general price of the products of the soil would be essentially modified. For if the price of the product of class A should be  $P + r$ , and this should be the general market price, then the price of class B would be likewise  $P + r$ , and so would be the price of classes C, D, etc. But since  $P - P' = d$ , in the case of class B, it is evident that  $(P + r) - (P' + r)$  is also equal to  $d$ , and  $P - P''$  in the case of class C would mean that  $(P + r) - (P'' + r)$  is equal to  $2d$ , and  $P - P'''$  in the case of class D would mean that the formula  $(P + r) - (P''' + r)$  is equal to  $3d$ , and so forth. In other words, the differential rent would still be regulated by the same law as before, although the rent would contain an element independent of this law and would show a general increase in the same way as would the price of the products of the soil. It follows, then, that no matter what may be the condition of the rent upon the least fertile lands, the law of differential rent is not only independent of it, but that also the only manner of viewing differential rent in keeping with its character, is to place the rent of class A at zero. Whether this is zero or larger than zero, is immaterial, so far as the differential rent is concerned, and is not considered in the calculation.

The law of differential rent, then, is independent of the results of the following investigations.

If we now go more deeply into the question, as to what is the sound basis of the assumption that the product of the worst soil A does not pay any rent, we necessarily get the answer: If the market price of the products of the land, say of grain, reaches such a level that an additional investment of

capital in the class A of soils pays the ordinary price of production and yields the ordinary average profit to the capitalist, then this is sufficient incentive for investing additional capital in soil of class A. In other words, this condition satisfies the capitalist that new capital may be invested at the average profit and employed in the normal manner.

It should be noted here that in case, likewise, the market price must be higher than the price of production of A. For as soon as the additional supply has been created, the relation between supply and demand has been altered. Formerly the supply was insufficient, now it is sufficient. So the price must fall. In order to fall, it must have been higher than the price of production of A. But the lesser fertility of the newly added soils of class A brings it about that the price does not fall quite as low as it was at the time when the price of production of the class B regulated the market. The price of production of A forms the limit, not for the temporary, but for the relatively permanent rise of market price.

On the other hand, if the newly cultivated soil is more fertile than that of the hitherto regulating class A, yet only to the extent of satisfying the increased demand, then the market price remains unchanged. The inquiry as to whether the lowest class of land pays any rent, nevertheless coincides also in this case with our present inquiry, for here again the assumption that class A does not pay any rent must be explained out of the fact that the market price satisfies the capitalist tenant that this price will cover the invested capital plus the average profit, in brief, that the market price will cover the price of production of his commodities.

At any rate, the capitalist tenant can cultivate soil of class A under these conditions, in so far as he has any decision in this matter in his capacity as a capitalist. The prerequisite for a normal self-expansion of capital is now present upon soil A. But the fact that the average conditions of self-expansion would now enable the capitalist tenant to invest capital in soil of the class A if he did not have to pay any rent, does not imply that such land is at the disposal of the capitalist without any further ceremony. The circumstance that the capitalist tenant might invest his capital at the average profit, if he did not have to pay any rent, is no incentive for the landlord to lend his land to the tenant gratis and be so philanthropic as to grant free

credit to this friend in business. To assume that this would be done would be to do away with private property in land, for its existence is precisely an obstacle to the investment of capital and to the liberal self-expansion of capital through land. This obstacle does not fall by any means before the simple reflection of the tenant that the condition of grain prices would enable him to get the average profit out of an investment of capital in class A of soil, if he did not have to pay any rent, in other words, if he could proceed as though private property in land did not exist. But differential rent is based upon the fact that private property in land exists, that the land monopoly is an obstacle of capital, for without it the surplus profit would not be converted into ground-rent and would not fall into the hands of the landlord instead of those of the capitalist tenant. Private property in land remains as an obstacle, even where differential rent as such is not paid, that is, upon soils of the class A. If we observe the cases, in which capital may be invested in the land, in a country with capitalist production, without paying any rent, we shall find that they imply, all of them, a practical abolition of private property in land, even if not a legal abolition, a condition which is found only under very definite circumstances, which are in their very nature accidental.

First: This may take place when the landlord is himself a capitalist, or the capitalist himself a landlord. In this case he may himself exploit his land, as soon as the market price shall have risen sufficiently to enable him to get the price of production, that is, cost of production plus the average profit, out of what is now land of class A. But why? Because for himself private property in land is not an obstacle to the investment of his capital. He can treat his land simply as an element of nature, and can listen wholly to considerations of expediency concerning his capital, to capitalist considerations. Such cases occur in practice, but only as exceptions. Just as the capitalist cultivation of the land presupposes the separation of the active capital from property in land, so it excludes as a rule the self-management of property in land. It is evident, that the opposite is only an exception. If the increased demand after grain requires the cultivation of a larger area of land of the class A than is in the hands of self-managing proprietors, in other words, if a part of such land must be rented in order to be cultivated at all, then this hypothetical conception of the obstacle created by private property in land for capital and its investment at once collapses. It is an

absurd contradiction to start out from the differentiation between capital and land, capitalist tenants and landlords, which corresponds to the capitalist system, and then to turn around and assume that the landlords, as a rule, exploit their own land in all cases and to the full extent, where capital would not get a rent out of the cultivation of the soil, if private property in land were not separate and distinct from it. (See the passage from Adam Smith concerning mining rent, quoted further along.) Such an abolition of private property in land is accidental. It may or may not occur.

Secondly: In the total area of some rented land there may be certain portions, which do not pay any rent under the existing condition of market prices, so that they are virtually loaned gratis, although the landlord does not look upon it in that light, because he does not consider the special rent of some particular patches in the total rental of his rented land. In such a case, so far as such patches are exempt from rent, private property as an obstacle to the investment of capital is obliterated for the capitalist tenant, and his contract with the landlord implies as much. But he does not pay any rent for such patches for the simple reason that he pays rent for the land to which they belong. The assumption in this case deals with a combination, in which the worse land of the class A is not an independent resort by which to supply the missing product, but rather an inseparable part of some better land. But the case to be investigated is precisely that in which certain pieces of land of class A are independently cultivated, and must be rented separately under the general conditions of capitalist production.

Thirdly: A capitalist tenant may invest additional capital upon the same rented land, although the additional product secured in this way nets him only the price of production at the prevailing market prices, so that he gets only the average profit, but does not get any surplus profit with which to pay rent. In that case he pays ground-rent with a portion of the capital invested in the land, but does not pay any ground-rent with the remainder of his invested capital. How little this assumption solves the problem in question, is seen by the following considerations: If the market price (and the fertility of the soil) enables him to obtain a larger yield with his additional capital, so that this additional capital secures for him not merely the price of production, the same as his old capital, but also a surplus profit, then he pockets this surplus profit himself so long as his present lease runs.

But why? Because the obstacle of private property has been eliminated for his capital during the time of his lease. But the simple fact, that new and inferior soil must be independently cleared and independently rented, in order to secure this surplus profit for him, proves that the investment of additional capital upon the old soil no longer suffices to fill the required increased demand. One assumption excludes the other. It is true that one might say: The rent of the worst soil A is itself a differential rent compared either to the land cultivated by the owner himself (which is an accidental exception), or with the additional investment of capital upon the old leaseholds which do not produce any rent. However, this would be a differential rent, which would not arise from the difference in fertility of the various classes of soil, and which would, therefore, not be based upon the assumption that class A of soil does not pay any rent and sells its product at the price of production. And furthermore, the question as to whether additional investments of capital upon the same leasehold produce any rent or not is quite immaterial for the question, whether the new soil of class A, which is about to be taken under cultivation, pays any rent or not, just as it is immaterial for the organization of a new and independent manufacturing business whether another manufacturer of the same line of business invests a portion of his capital in interest-bearing papers, because he cannot use all of it in his business; or whether he makes certain improvements, which do not secure the full profit for him, but at least more than interest. This is immaterial for him. The new establishments must produce the average profit and are built on this assumption. It is true that the additional investments upon the old leaseholds and the additional cultivation of new land of class A mutually restrict one another. The limit, up to which additional capital may be invested upon the same leasehold under less favorable conditions of production, is determined by the new competing investments upon soil of class A; on the other hand, the rent which may be produced by this class of soil is limited by the competing additional investments of capital upon the old leaseholds.

But all these false subterfuges do not solve the problem, which in simple language consists of this: Assuming the market price of grain (which shall be typical of all products of the soil in this inquiry) to be sufficient for the purpose of taking portions of soil of class A under cultivation and securing the price of production (cost of production plus average profit) by means of

the capital invested in these new fields, in other words, assuming the conditions for the normal self-expansion of capital upon the soil A to be existent, is this sufficient cause for making the investment of such capital really possible? Or must the market price raise to a point where even the worst soil A will produce a rent? Does the monopoly of the land owner place an obstacle in the way of the capitalist who wants to invest, an obstacle which would not exist from the capitalist's point of view without that monopoly in land? The conditions, under which this question is put, show that the question as to whether capital may really be invested in soil of A class A, which would produce the average profit, but no rent is not at all solved by the fact that, for instance, additional investments upon the old leaseholds may exist, which produce only the average profit but no rent at the prevailing market prices. The question still remains unanswered. The fact that the additional investments, which do not produce any rent, do not satisfy the demand is proved by the necessity of taking new land under cultivation out of class A. If the additional cultivation of land of class A takes place only to the extent that it produces a rent, that is, more than the price of production, then only two cases are possible. Either the market price must be such that even the last additional investment of capital upon the old leaseholds produce a surplus profit, which may be pocketed by the tenant or by the landlord. This raise in price and this surplus profit of the last additional investment of capital would then be a result of the fact that soil A cannot be cultivated without producing a rent. For if the price of production were sufficient to bring about a cultivation of land A, if the mere average profit were enough for that, then the price would not have risen to this point and the competition of new lands would have manifested itself as soon as they could produce just this price of production. The additional investments upon the old leaseholds, which do not produce any rent, would then have to compete with the investments upon soil A, which likewise do not produce any rent. Or, the last investments upon the old leaseholds may not produce any rent, but still the market price may have risen sufficiently to make the cultivation of soil A possible and to get a rent out of it. In this case, the additional investment of capital, which does not produce any rent, would be possible only for the reason that soil A could not be cultivated until the market price enabled it to produce a rent. Without this condition its cultivation would have begun when prices stood lower; and those later investments of capital upon the old leaseholds, which require a high market

price in order to produce the ordinary profit without any rent, could not have taken place. For they produced only the average profit at the high market prices. At a lower market price, which would have become the regulating market price of production from the time that soil A would have been taken under cultivation, those later investments upon the old leaseholds could not have produced this average profit, and this means that the investments would not have been made under such conditions. In this way, the rent of soil A would indeed form a differential rent, compared to the investments upon the old leasehold, which do not produce any rent. But the fact that the area of A forms such a differential rent is but a consequence of the condition that this area is not taken under cultivation at all, unless it produces a rent. The first condition in this case is that the necessity of this rent, which is not based upon any differences of soil, must exist and from a barrier to the possible investment of additional capitals upon the old leaseholds. In either case, the rent of soil A would not be a simple consequence of the rise in grain prices, but on the contrary, the fact that the worst soil must produce a rent in order to become available for cultivation would be the cause of a rise in the price of grain to the point at which this condition may be fulfilled.

The differential rent has this peculiarity, that the landlord merely catches the surplus profit which would otherwise go into the pocket of the tenant, and which the tenant may actually pocket under certain circumstances during the time of his lease. The property in land is here merely the cause of the transfer of a portion of the price of the product, which arises without any active participation of the landlord in production and resolves itself into surplus profit. This transfer of a portion of the price from one individual to another, from the capitalist to the landlord, is due to private property in land. But private ownership of land is not the cause which creates this portion of the price, or brings about the rise in the price, upon which it is conditioned. On the other hand, if the worst soil A cannot be cultivated — although its cultivation would yield the price of production — until it produces something in excess of the price of production, then private property in land is the creative cause of this rise in price. Private property in land itself has created rent. This fact is not altered, if, as in the second case mentioned, the rent now produced by soil A is a differential rent compared with the last additional investment of capital upon the old leaseholds, which

pays only the price of production. For the circumstance, that soil A cannot be cultivated, until the regulating price of production has risen high enough to admit of a rent for soil A, is in this case the sole reason of the rise of the market price to that level, which enables the last investments upon the old leaseholds to secure the price of production, by means of which a rent is obtained from soil A. The fact that this soil has to pay any rent at all is in this case the cause which creates a differential rent between soil A and the last investment upon the old leaseholds.

Speaking in general of the fact that class A of soil, under the assumption that the price of grain is regulated by the price of production, does not pay any rent, we mean rent in the categorical sense of the word. If the tenant pays a rent, which is either a deduction from the normal wages of his laborers, or from his own normal average profit, then he does not pay a rent which is clearly distinguished from wages and profit in the price of his product. We have already indicated that this takes place continually in practice. To the extent that the wages of the agricultural laborers in a certain country are continually depressed below the normal level of wages, so that a part of the wages, being deducted from them, passes generally over into the rent, this is no exception for the tenant upon the worst kind of soil. In the same price of production, which makes the cultivation of the worst soil possible, these low wages already form a constituent element, and the sale of his product at the price of production does not enable the tenant upon this soil to pay any rent. The landlord might rent his land also to some laborer, who may be satisfied to pay all or a part of that in the form of rent which he may get in the selling price above the wages. In all these cases, however, no real rent is paid, but merely lease money. But wherever conditions correspond to the capitalist mode of production, rent and lease money must coincide. It is precisely this normal condition which must be analyzed here.

A reference to colonial conditions proves even less for our problem than do the above-mentioned cases, in which actual investments of capital under conditions of capitalist production may take place upon the land without producing any rent. What makes a colony of a colony — we have in mind only true agricultural colonies — is not merely the vast area of fertile lands in a natural state. It is rather the circumstance that these lands are not appropriated, are not brought under private ownership. It is this which

makes the enormous difference between the old countries and the colonies, so far as the land is concerned, it is this nonexistence, legal or actual, of private property in land, as Wakefield remarks correctly;<sup>129</sup> and long before him the elder Maribeu, the physiocrat, and other older economists had discovered. It is quite immaterial here, whether the colonists take possession of the land without further ceremony, or whether they pay to the state a fee for a valid title to the land under the title of a nominal price of land. It is also immaterial, that already settled colonists may be legally the owners of land. In fact the land ownership is not an obstacle to the investment of capital here, nor to the employment of labor upon land without any capital. The setting of a part of the land by the established colonists does not prevent the newcomers from employing their capital or their labor upon new land. Therefore, if we are asked to investigate the influence of private ownership of land upon the prices of the products of land and upon the rent in places where such ownership is an obstacle to the investment of capital, it is very absurd to speak of free bourgeois colonies, in which neither the capitalist mode of production in agriculture, nor the form of private property belonging to it, exist, and in which the latter does not exist at all in fact. Ricardo is an illustration of this in his chapter on ground-rent. In the beginning he says that he is going to investigate the effect of the appropriation of land upon the value of the products of the soil, and immediately after that he takes for an illustration the colonies, assuming that real estate exists in a relatively elementary form and that its exploitation is not limited by the monopoly of private ownership in land.

The mere legal property in land does not create any ground-rent for the landlord. But it gives him the power to withdraw his land from exploitation until the economic conditions permit him to utilize it in such a way that it will yield him a surplus, whenever the land is used either for agriculture proper or for other productive purposes, such as buildings, etc. He cannot increase or decrease the absolute quantity of its field of employment, but he can do so with its marketable quantity. For this reason, as Fourier has already remarked, a characteristic fact in all civilized countries is that a comparatively considerable portion of the land always remains uncultivated.

Assuming, then, that the demand requires the opening up of new lands, and that these lands are less fertile than those hitherto cultivated, will the landlord rent such lands for nothing, just because the market price of the products of the soil has risen high enough to pay to the tenant the price of production on his investment in this land and enable him to reap the average profit? By no means. The investment of capital must net him a rent. He does not rent his land until he can get lease money for it. Therefore the market price must have risen above price of production to the point  $P+r$ , so that a rent can be paid to the landlord. Since the real estate does not net any income, according to our assumption, until it is rented, so that it is economically valueless until then, a small rise of the market price above the price of production will suffice to bring the new land of the worst class upon the market.

The question is now: Does it follow from the ground-rent of the worst soil, which cannot be derived from any difference of fertility, that the price of the products of the soil is necessarily a monopoly price in the ordinary meaning of the term, or a price, into which the rent enters like a tax, only with the distinction that the landlord levies the tax instead of the state? It is a matter of course that this tax has certain definite economic limits. It is limited by the additional investments of capital upon the old leaseholds, by the competition of the products of the soil of foreign countries, which are imported free of duty, by the competition of the landlords among themselves, and finally by the wants and the solvency of the consumers. But this is not the point. The point is whether the rent paid by the worst soil passes into the price of its products, which price regulates the general market price according to our assumption, and whether it enters into this price in the same way as a tax enters into the price of commodities which are dutiable, in other words, whether this rent enters into the price as an element independent of its value.

This does not necessarily follow by any means, and the contention that it does has been made only because the distinction between the value of commodities and their price of production had not been understood up to the present. We have seen that the price of production of a commodity is by no means identical with its value, although the prices of production of all commodities, considered as a whole, are regulated only by their total value,

and although the movement of the prices of production of the various kinds of commodities, taking all other circumstances as equal, is controlled exclusively by the movement of their values. It has been demonstrated that the price of production of a commodity may stand above or below its value, and coincides but rarely with its value. Hence the fact that the products of the soil are sold above their prices of production does not prove by any means that they are sold above their values. Neither does the fact, that the products of industry are, on an average sold at their prices of production, prove that they are sold at their values. It is possible that the products of agriculture are sold above their price of production and below their value, while many products of industry bring the price of production only because they are sold above their value.

The relation of the price of production of a certain commodity to its value is exclusively determined by the proportion, in which the variable part of their capital with which it is produced stands to its constant part, or by the organic composition of the capital producing it. If the composition of the capital in a certain sphere of production is lower than that of the social average capital, in other words, if its variable portion, which is used for wages, is relatively larger than its constant portion, which is invested in material requirements of production, compared to the social average capital, then the value of its products must stand above their price of production. In other words, such a capital, employing more living labor, produces at the same rate of exploitation of labor more surplus-value, and therefore more profit, than an equally larger aliquot portion of the social average capital. The value of its products stands, therefore, above their price of production, since this price of production is equal to the cost of production plus the average profit, and the average profit is lower than the profit produced in these commodities. The surplus-value produced by the social average capital is smaller than that produced by a capital of this lower composition. On the other hand, when the capital invested in a certain sphere of production is of higher than average composition, then the case is reversed. The value of the commodities produced by it stands below their price of production, and this is generally the case with the products of the most highly developed industries.

If the capital in a certain sphere of production is of a lower composition than the social average capital, then this is primarily an expression of the fact that the productive power of the social labor in this particular sphere of production is below the average; for the prevailing degree of productive power shows itself in the relative preponderance of the constant over the variable capital, or in the continual decrease of the portion used in a certain capital for wages. On the other hand, if the capital in a certain sphere of production is of a higher composition, then it expresses a development of the productive power above the average.

Leaving aside the work of artists, which is naturally excluded from our discussion, it is a matter of course that different spheres of production require different proportions of constant and variable capital according to their technical peculiarities, and that living labor must occupy more room in some, less room in others. For instance, in the extractive industries, which must be clearly distinguished from agriculture, raw material as an element of constant capital is wholly absent, and even the auxiliary material plays only rarely an important role in them. Nevertheless the progress of development may be measured also in them by the relative increase of the constant over the variable capital.

If the composition of the capital in agriculture proper is lower than that of the social average capital, then this would be on its face an expression of the fact that in countries with a developed production agriculture has not progressed as far as the industries which work up its products. This fact could be explained, aside from all other economic circumstances which are of paramount importance, from the earlier and more rapid development of mechanical sciences, and especially by their application, compared to the later and partly quite recent development of chemistry, geology and physiology, and particularly their application to agriculture. For the rest it is an indubitable and long known fact<sup>130</sup> that also the progress of agriculture expresses itself steadily in a relative increase of the constant over the variable capital. Whether in a certain country with capitalist production, for instance in England, the composition of the agricultural capital is lower than that of the social average capital, is a question which can be decided only by statistics, and which need not be discussed in detail for the purposes of this inquiry. So much is theoretically accepted that the value of the

agricultural products cannot be higher than their price of production unless this condition obtains. In other words, a capital of a certain size in agriculture produces more surplus-value, or what amounts to the same, sets in motion and commands more surplus-labor (and with it employs more living labor) than a capital of the same size in industry of social average composition.

This assumption, then, suffices for that form of rent which we are analyzing here, and which can take place only so long as this assumption holds good. Wherever this assumption falls, the form of rent corresponding to it falls likewise.

However, the mere fact of an excess of the value of agricultural products over their price of production would not suffice in itself for the explanation of the existence of a ground-rent, which is independent of differences of fertility or of successive investments of capital upon the same land, a rent which is to be clearly differentiated from differential rent, and which we may therefore call absolute rent. Quite a number of manufactured products have the peculiarity that their value is higher than their price of production, and yet they do not produce any excess above the average profit, a surplus profit, which might be converted into rent. On the other hand, the existence and meaning of the price of production and of the average rate of profit which it implies rest upon the fact that the individual commodities are not sold at their value. The prices of production arise from an equalization of the values of commodities. This equalization after restoring their respective capital values to the various spheres of production, in which they were consumed, distributes the entire surplus-value, not in proportion as it has been produced in the individual spheres of production and incorporated in their commodities, but in proportion to the magnitude of the capital invested in them. Only in this way is an average profit brought about and with it the price of production, whose characteristic element this average profit is. It is the continual tendency of the capitals to bring about this equalization in the distribution of the surplus-value produced by the total capital by means of competition, and to overcome all obstacles to this equalization. This implies the tendency to permit only such surplus profits as arise under all circumstances, not from differences between the values and the prices of production of the commodities, but rather from the general prices of

production, which regulates the market and from the individual prices of production, which differ from it. In other words, only such surplus profits are tolerated, which occur within a certain sphere of production and not such as occur between two different spheres of production, so that they do not touch the general prices of production of the different spheres, or their general rate of profit, but which rather have for their basis the conversion of values into prices of production and into an average rate of profit for the whole. This condition rests, however, as previously explained, upon the continually changing proportional distribution of the total social capital among the various spheres of production, upon the unremitting emigration and immigration of capitals, upon their transfer from one sphere to another, in short upon their free movement between the various spheres of production, which represent so many available fields of investment for the independent constituents of the total capital of society. And the other assumption in this case is that no barrier, or at least only a temporary and accidental barrier, interferes with the competition of the capitals, for instance in some sphere of production, in which the value of the commodities is higher than their prices of production, or where the produced surplus-value is larger than the average profit, so that nothing prevents the reduction of value to a price of production and the proportional distribution of the excess of surplus-value of this sphere of production among all spheres exploited by capital. But if the reverse happens, if capital meets some foreign power, which it cannot overcome, or which it can but partially overcome, and which limits its investment in certain spheres, admitting it only under conditions which wholly or partly exclude that general equalization of surplus-value to an average profit, then it is evident that the excess of the value of commodities in such spheres of production over their prices of production would give rise to a surplus profit, which could be converted into rent and made independent as such compared to profit. Such a foreign power is private ownership of land, when it builds obstacles against capital in its endeavor to invest in land, such a power is the landlord in his relation to the capitalist.

Private property in land is then the barrier which does not permit any new investment of capital upon hitherto uncultivated or unrented land without levying a tax, in other words, without demanding a rent, although the land to be taken under new cultivation may belong to a class which does

not produce any differential rent, and which, were it not for the intervention of private property in land, might have been cultivated at a small increase in the market price, so that the regulating market price would have netted to the cultivator of this worst soil nothing but his price of production. But on account of the barrier raised by private property in land, the market price must rise to a point, where the land can pay a surplus over the price of production, in other words, where it can pay a rent. Now, since the value of the commodities produced by agricultural capital is higher than their price of production, as we have assumed, this rent (with the exception of one case which we shall discuss immediately) forms the excess of the value over the price of production, or a part of it. Whether the rent consumes the entire difference between the value and the price of production, or only a greater or smaller part of it, will depend wholly upon the relation between supply and demand and upon the area of the new land taken in cultivation. So long as the rent is not equal to the excess of the value of agricultural products over their price of production, a portion of this excess would always enter into the general equalization and proportional distribution of all surplus-value among the various individual capitals. As soon as the rent is equal to the excess of the value over the price of production, this entire portion of the surplus-value over and above the average profit would be withdrawn from the equalization. But whether this absolute rent is equal to the whole surplus of value over the price of production, or only equal to a part of it, the agricultural products would always be sold at a monopoly price, not because their price would exceed their value, but because their price would be equal to their value, or because their price would be lower than their value but higher than their price of production. Their monopoly would consist in the fact that they are not, like other products of industry whose value is higher than the general price of production, leveled to the plane of the price of production. Since one portion of the value and of the price of production is an actually existing constant element, namely the cost price, representing the capital  $k$  consumed in production, their difference consists in the other, the variable, portion, the surplus-value, which amounts to  $p$  in the price of production, that is, to the profit which is equal to the total surplus-value calculated on the social capital and on every individual capital as an aliquot part of the social capital. This profit equals in the value of commodities the actual surplus-value created by this particular capital, and forms an integral part of the value of commodities created by this capital. If

the value of commodities is higher than their price of production, then the price of production is  $k+p$ , the value  $k+p+d$ , so that  $p+d$  represents the surplus-value contained in it. The difference between the value and the price of production is, therefore, equal to  $d$ , the excess of the surplus-value created by this capital over the surplus-value assigned to it by the average rate of profit. It follows from this that the price of agricultural products may stand higher than their price of production, without reaching up to their value. It follows, furthermore, that up to a certain point a permanent increase in the price of agricultural products may take place, before their price reaches their value. It follows also that the excess in the value of agricultural products over their price of production can become a determining element of their general market price only because there is a monopoly in private ownership of land. It follows, finally, that in this case the increase in the price of the product is not the cause of the rent, but rather the rent is the cause of the increase in the price of the product. If the price of the product of the unit of the worst soil is equal to  $P+r$ , then all differential rents will rise by the corresponding multiples of  $r$ , since the assumption is that  $P+r$  becomes the regulating market price.

If the average composition of the non-agricultural capital were  $85c+15v$ , and the rate of surplus-value 100%, then the price of production would be 115. If the composition of the agricultural capital were  $75c+25v$ , and the rate of surplus-value the same, then the value of the agricultural product and the regulating market price would be 125. If the agricultural and the non-agricultural product should be leveled to the same average price (we assume for the sake of brevity that the total capital in both lines of production is equal), then the total surplus-value would be 40, or 20%, upon the 200 of capital. The product of the one as of the other would be sold at 120. In the equalization into the prices of production the average market prices of the non-agricultural capital would stand above, and those of the agricultural capital below their value. If the agricultural products were sold at their full value, they would stand higher by 5, and the industrial products lower by 5, than they do in the equalization. If the market conditions do not permit the sale of the agricultural products at their full value, at the full surplus above the price of production, then the result hangs between the two extremes; the industrial products would be sold a little above their value, and the agricultural products a little above their price of production.

Although the private ownership of land may drive the price of the products of the soil above their price of production, it does not depend upon this ownership, but upon the general condition of the market, to what extent the market price shall exceed the price of production and approach the value, and to what extent the surplus-value created in agriculture over and above the given average profit shall either be converted into rent or enter into the general equalization of the surplus-value to an average profit. At any rate this absolute rent, which arises out of the excess of value over the price of production, is but a portion of the agricultural surplus-value, a conversion of this surplus-value into rent, its appropriation by the landlord; so does the differential rent arise out of the conversion of surplus-profit into rent, its appropriation by the landlord, under an average price of production which acts as a regulator. These two forms of rent are the only normal ones. Outside of them the rent can rest only upon an actual monopoly price, which is determined neither by the price of production nor by the value of commodities, but by the needs and the solvency of the buyers. Its analysis belongs in the theory of competition, where the actual movement of market-prices is considered.

If all the land suitable for agriculture in a certain country were leased — assuming the capitalist mode of production and normal conditions to be general — then there would not be any soil that would not pay any rent; but there might be certain parts of some capitals invested in land that might not produce any rent. For as soon as the land has been rented, private property in land ceases to be an absolute barrier against the investment of the necessary capital. Still it continues to act as a relative barrier even after that, to the extent that the appropriation of the capital incorporated in the soil by the landlord draws very definite lines for the activity of the tenant. Only in this case would all rent be converted into a differential rent, although this would not be a differential rent determined by any differences in the fertility of the soil, but rather by differences between the surplus profits arising from the last investments of capital in a certain soil and the rent paid for the lease of the soil of the worst quality. Private property in land serves as an absolute barrier to the investment of capital only to the extent that it exacts a tribute for the permission of giving access to the land. As soon as this access has been gained, it can no longer set any absolute obstacles in the

way of the size of any investment of capital in a certain soil. The building of houses meets a barrier in the private ownership of the land upon which the houses are to be built by people who do not own this land. But after this land has once been leased for the purpose of building houses on it, it depends upon the tenant whether he wants to build a large or a small house.

If the average composition of the agricultural capital were the same, or higher than that of social average capital, then absolute rent, in the sense in which we use this term, would disappear; that is, absolute rent which is different from differential rent as well as from the rent which rests upon an actual monopoly price. The value of agricultural capital would not stand above its price of production, in that case, and the agricultural capital would not set any more labor in motion, would not realize any more surplus labor, than the non-agricultural capital. The same would take place, if the composition of the agricultural capital would gradually become the same as that of the average social capital with the progress of civilization.

It looks at first glance like a contradiction, that we should assume that on the one hand the composition of the agricultural capital should become higher, in other words that its constant portion should increase faster than its variable one, and on the other hand that the price of the agricultural product should rise high enough to admit of the payment of a rent on the part of worse soil than that cultivated previously, a rent which in this case could come only from an excess of the market price over the value and the price of production, in short, a rent which could be due only to a monopoly price of the product.

It is necessary to make a clear distinction here.

In the first place, we saw in the discussion of the way, in which the rate of profit is formed, that capitals, which have the same composition, so far as their technological side is concerned, so that they set the same amount of labor in motion compared to machinery and raw materials, may nevertheless have different compositions owing to the different values of the constant portions of capital. The raw materials or the machinery may be dearer in one capital than in the other. In order to set the same quantity of labor in motion (and this would have to be the case, according to our

assumption, in order that the same mass of raw materials might be worked up), a larger capital would have to be advanced in the one case than in the other, since I cannot set the same amount of labor in motion, if the raw material, which must be paid out of 100, costs 40 in one case and 20 in another. But it would become evident that these two capitals have the same technological composition, as soon as the price of the expensive raw material would fall to the level of the cheap. The proportions of value between constant and variable capital would become the same in that case, although no change would have taken place in the technical proportions between the living labor and the mass and nature of the material requirements or production employed by this capital. On the other hand, a capital of low organic composition might assume the appearance of being in the same class with one of a higher organic composition, as soon as the value of its constant parts would rise through changes in the composition of its values. For instance, one capital might be composed of  $60\ c + 40\ v$ , because it employs much machinery and raw material compared to living labor, and another capital might be composed of  $40\ c + 60\ v$ , because it employs 60% of living labor, 10% of machinery, and 30% of raw material. In this case a simple rise in the value of raw and auxiliary materials from 30 to 80 would wipe out the difference in composition, for then the second capital would be composed of 10 machinery, 80 raw materials, and 60 labor-power, or of  $90\ c + 60\ v$ , which, in percentages, would also be equal to  $60\ c + 40\ v$ , although no change would have taken place in the technical composition. In other words, capitals of the same organic composition may have a different value-composition, and capitals with the same percentages of value-composition may be at different levels of organic composition and thus express different steps in the development of labor's social productivity. The mere circumstance, then, that the agricultural capital might stand upon the general level, would not prove that the social productivity of labor is equally high-developed in it. Nothing would be shown thereby but that its own product, which itself forms one of the conditions of its own production, had become dearer, or that auxiliary materials, such as manure, which used to be close at hand, must now be brought from far distant places, etc.

But aside from this, the peculiar character of agriculture must be taken into consideration.

Even though labor saving machinery, chemical helps, etc., may occupy more space in agriculture, so that the constant capital increases not merely in value, but also in mass, as compared to the mass of the employed labor-power, the question in agriculture (as in mining) is not only one of the social, but also of the natural productivity of labor which depends upon natural conditions. It is possible that the increase of the social productivity in agriculture barely balances or does not even make up for, the decrease in natural power — and compensation through social productivity will always be effective for a short time only — so that in spite of the technical development there is no cheapening of the product, and that at best a greater increase in its price is prevented. It is also possible that the absolute mass of products decreases with a rising price of cereals, while the relative surplus product increases. This could take place, if the constant capital, consisting chiefly of machinery or animals, which require only a reproduction of their wear and tear, would increase relatively, and if the variable capital invested in wages, which must always be reproduced in full out of the product, should decrease correspondingly.

On the other hand it is possible, that only a moderate rise of the market price above the average is necessary, in order to cultivate and draw a rent from soil, which would have required a greater rise of the market prices so long as the technical helps were less developed.

The fact that, say in cattle raising on a large scale, the mass of the employed labor-power is very small compared with the constant capital represented by the cattle, might be considered as a refutation of the claim that the percentage of labor-power set in motion by agricultural capital is larger than that employed by the average social capital outside of agriculture. But it should be noted here that we have taken for our basis in the analysis of rent that portion of the agricultural capital, which produces the principal vegetable food, which is the chief means of subsistence among civilized nations. Adam Smith — and this is one of his merits — has already demonstrated that quite a different method of determining prices is observed in cattle raising, and for that matter generally in the production of agricultural capitals not engaged in raising the principal means of subsistence, say of cereals. For in this case the price of cattle is determined

by the fact that the price of the product of the soil used for cattle raising, say as an artificial pasture, but which might just as well be transformed into cereal fields of a certain quality, must rise high enough to produce the same rent as cereal land of the same quality. In other words, the rent of cereal lands becomes a determining element in the price of cattle. For this reason Ramsay has justly remarked that the price of cattle is artificially raised by the rent, by the economic expression of private ownership of land, in short by the private ownership of land.

Adam Smith says in Book I, Chapter XI, Part I, of his *Wealth of Nations*, that in consequence of the extension of cultivation the uncultivated fallow land no longer suffices to supply the demand for cattle. A large portion of the cultivated lands must be used for breeding and fattening cattle, the price of which must be high enough to pay not merely for the labor spent upon them, but also for the rent which the landlord and the profit which the tenant might have drawn out of this land, had it been cultivated as a field. The cattle raised upon the least tilled peat bogs are sold according to their weight and quality in the same market and at the same price as those raised upon the best cultivated land. The owners of peat bogs profit thereby and raise the rent of their lands in proportion to the prices of cattle.

In this case, likewise, Smith represents the differential rent in favor of the worst soil as distinguished from grain rent.

The absolute rent explains some phenomena, which seem to make a mere monopoly price responsible for the rent, at first sight. Take, for instance, the owner of some forest, which exists without any human assistance, say in Norway. This will do to make a connection with Adam Smith's example. If this owner of the forest receives a rent from some capitalist, who has timber cut, perhaps on account of some demand from England, or if this owner has the timber cut in his own capacity as a capitalist, then a greater or smaller rent will accrue to him in the timber, aside from the profit on the invested capital. This looks like a pure increment from monopoly in the case of this product of nature. But as a matter of fact the capital consists here almost exclusively of variable elements invested in labor-power, and therefore it sets more surplus labor in motion than another capital of the same size. The value of the timber

contains a greater surplus of unpaid labor, or of surplus-value, than that of a product of some capital of higher organic composition. For this reason the average profit can be drawn from this timber, and a considerable surplus in the form of rent can fall into the hands of the owner of the forest. On the other hand it may be assumed that, owing to the ease with which the felling of timber as a line of production may be extended, the demand must rise very considerably, in order that the price of timber should equal its value, so that the entire surplus of unpaid labor (over and above that portion which falls into the capitalist's hands as an average profit) may accrue to the landlord in the form of rent.

We have assumed that the newly cultivated soil is of a still lesser quality than the worst previously cultivated one. If it is better, it pays a differential rent. But here we are analyzing precisely that case, in which the rent does not appear as a differential rent. There are only two cases possible under these circumstances. Either the newly cultivated soil is inferior to the previously cultivated soil, or it is just as good. If it is inferior, then we have already analyzed the question. Nothing remains for us to analyze but the case in which it is just as good.

We have already stated in our analysis of differential rent, that the progress of cultivation may just as well take equally good, or even better soil under new treatment as worse soil.

First. In differential rent (or any rent, generally speaking, since even in the case of differential rent the question comes up, whether on the one hand the fertility of the soil in general, and on the other hand its location, admit of its cultivation at the regulating market price in such a way as to produce a profit and a rent) two conditions work in different directions, now paralyzing each other, now alternately exerting the determining influence. The rise of the market price — provided that the cost price of cultivation has not fallen, in other words, provided that no technical progress becomes a new impetus to further cultivation — may bring more fertile soil under cultivation, which was formerly excluded from competition by its location. Or it may, in the case of inferior soil, enhance the advantage of location to such an extent, that its lesser fertility is balanced thereby. Or, without any rise in the market price, the location may carry better soils into competition

through the improvement of means of communication, as we have seen on a large scale in the prairie states of North America. The same takes place also in the older civilized countries, continually if not to the same extent as in the colonies, in which, as Wakefield correctly states, the location determines the case. To sum up, then, the contradictory effects of location and fertility, and the variableness of the factor of location, which is continually balanced and passes perpetually through progressive changes tending towards a balance, carry alternately better or worse classes of soil into new competition with the older ones under cultivation.

Second. With the development of natural history and agronomics the fertility of the soil is also changed, by changing the means through which the elements of the soil may be rendered immediately serviceable. In this way light kinds of soil in France and in the eastern counties of England, which were considered inferior at one time, have recently risen to first place. (See Passy.) On the other hand soil, which was considered inferior, not for the reason that its chemical composition was bad, but that it placed certain mechanical and physical obstacles in the way of cultivation, is turned into good land, as soon as the means for overcoming such obstacles have been discovered.

Third. In all old civilized countries old historical and traditional conditions, for instance in the form of government lands, community lands, etc., have accidentally withdrawn large tracts of land from cultivation, and these come back into it very gradually. The succession, in which they are taken under cultivation, depends neither upon their good quality nor upon their location, but upon wholly external circumstances. In following up the history of English communal lands, as they were successively turned into private property through the Enclosure Bills and cultivated, nothing would be more ridiculous than the phantastic assumption, that a modern agricultural chemist like Liebig had indicated the selection of land in this succession, had designated certain fields for cultivation on account of their chemical peculiarities and excluded others. What decided the point in this case was the opportunity which tempted the thieves, it was the more or less plausible pretenses offered by the great landlords to excuse their appropriation of such lands.

Fourth. Aside from the fact that the stage of development reached at any time by the increased population and capital sets a certain barrier to the extension of cultivation, even though it be an elastic barrier, and aside from the effects of accidents, which temporarily influence the market price, such as a series of good or bad seasons, the extension of agriculture over a larger area depends upon the entire condition of the market in capitals and upon the business condition of the whole country. In periods of stringency it will not be enough that uncultivated soil may produce the average profit for the tenant — no matter whether he pays any rent or not — in order that additional capital be invested in agriculture. On the other hand, in periods with a plethora of capital it will flow into agriculture, even without any rise in market prices, so long as only the other normal conditions are present. Better soil than that hitherto cultivated would be excluded from competition for the sole reason that its location would be unfavorable, or that it would present insurmountable obstacles to its employment for the time being, or that it was kept out by accident. For this reason we must occupy ourselves with soils which are just as good as those last cultivated. Now there is always the difference in the cost of clearing for cultivation between the new soil and the last cultivated one. And it depends upon the stand of market prices and of credit whether new land is cleared or not. As soon as this soil actually enters into competition, the market price falls once more to its former level, assuming other conditions to be equal, and the new soil will then produce the same rent as the corresponding soil formerly cultivated as the last. The theory that it does not produce any rent is proved by its champions by assuming what they are precisely called upon to prove, namely that the soil which used to be the last did not pay any rent. One might prove in the same way that the houses which were built last do not produce any rent except the house rent proper, although they are leased. In fact, however, they do produce a rent even before they yield any house rent, for they often stand vacant for a long time. Just as successive investments of capital in a certain piece of land may bring a proportional surplus and thereby the same rent as the first investment, so fields of the same quality as those last cultivated may bring the same yield at the same cost. Otherwise it would be altogether inexplicable, how fields of the same quality could ever be taken successively under cultivation, and not all of them at the same time, or rather not a single one of them in order to avoid their coming into competition at all. The landlord is always ready to draw a rent, in other

words, to receive something for nothing. But capital requires certain conditions before it can comply with this wish of the landlord. The competition of the lands among themselves does not, therefore, depend upon the wish of the landlord that they should, but upon the opportunities offered to capital for competition with other capitals upon the new fields.

To the extent that the agricultural rent proper is purely a monopoly price, such a price can only be small, just as the absolute rent can only be small under normal conditions, whatever may be the surplus of the product's value over its price of production. The nature of absolute rent, therefore, consists in this: Equally large capitals in different spheres of production produce, according to their different average composition, so long as the rate of surplus-value, or the degree of labor exploitation, is the same, different amounts of surplus-value. In industry these different masses of surplus-value are leveled into an average profit and distributed among the individual capitals uniformly and as aliquot parts of the social capital. Private property in land prevents such an equalization among capitals invested in the soil, whenever production requires real estate, either for agriculture or for the extraction of raw materials, and catches a portion of the surplus value which would otherwise assist in the formation of the average rate of profits. The rent, then, forms a portion of the value, or more specifically of the surplus-value, of commodities and instead of falling into the hands of the capitalists, who extract it from their laborers, it is captured by the landlords, who extract it from the capitalists. The assumption is in this case that the agricultural capital sets more labor in motion than an equally large portion of the non-agricultural capital. How far the difference goes, or whether it exists at all, depends upon the relative development of agriculture as compared to industry. In the nature of the case this difference must decrease with the progress of agriculture, unless the proportion, in which the variable capital decreases as compared to the constant, is still greater in the industrial than in the agricultural capital.

This absolute rent plays an even more important role in the extractive industry, properly so-called, where one element of constant capital, the raw material, is wholly missing, and where, with the exception of those lines, in which the capital consisting of machinery and other fixed capital is very considerable, by far the lowest composition of capital exists. Precisely here,

where the rent seems wholly due to a monopoly price, extraordinarily favorable market conditions are necessary in order that commodities may be sold at their value, or that rent may become equal to the entire excess of surplus-value in a commodity over its price of production. This applies, for instance, to rent in fishing waters, stone quarries, naturally grown forests, etc.<sup>131</sup>

## **CHAPTER XLVI. BUILDING LOT RENT. MINING RENT. PRICE OF LAND.**

DIFFERENTIAL rent appears every time and follows the same laws as the agricultural differential rent, wherever rent exists at all. Wherever natural forces can be monopolized and thereby guarantee a surplus profit to the industrial capitalist using these forces, whether it be waterfalls, or rich mines, or waters teeming with fish, or a favorably located building lot, there the person who by his or her title to a portion of the globe has been privileged to own these things will capture a part of the surplus profit of the active capital by means of rent. Concerning mining lands, Adam Smith has explained that the basis of their rent, like that of all land not employed in agriculture, is regulated by the agricultural rent (Book I, Chapter, XI, 2 and 3). This form of rent is distinguished, first, by the overwhelming influence exerted by location upon differential rent (an influence which is very considerable in vineyards and in building lots of large cities); secondly, by the palpable passiveness of the owner, whose sole activity consists (especially in mines) in exploiting the progress of social development, toward which he contributes nothing and for which he risks nothing, unlike the industrial capitalist; and finally by the preponderance of the monopoly price in many cases, particularly by the most shameless exploitation of poverty (poverty is for house rent a more lucrative source than the mines of Potosi ever were for Spain<sup>132</sup> and by the tremendous power wielded by private property in land when united with industrial capital in the same hand and used for the purpose of practically excluding the laborers in their struggle for wages from the earth as a place of domicile.<sup>133</sup> . One section of society thus exacts from another a tribute for the permission of inhabiting the earth. Private property in land implies the privilege of the landlord to exploit the body of the globe, the bowels of the earth, the air, and with them the conservation and development of life. Not only the increase of population, and with it the growing demand for shelter, but also the development of fixed capital, which is either incorporated in the soil or takes root in it and is based upon it, such as all industrial buildings, railroads, warehouses, factory buildings, docks, etc., necessarily increase the building rent. A mistake between the house rent, to the extent that it is

an interest and mortgage upon the capital invested in a house, and the rent for the mere land is not possible in this case, even with all the good will of a Carey, particularly when the landlord and the building speculator are different persons, as they are in England. Two elements should be considered here: On the one hand, the exploitation of the earth for the purpose of reproduction or extraction, on the other hand the space required as an element of all production and all human activity. Private property in land demands its tribute in both directions. The demand for building lots raises the value of the land as a building ground and foundation, and the simultaneous demand for elements of the terrestrial globe serving as building material grows with it.<sup>134</sup>

That it is the ground-rent, and not the house, which forms the actual object of building speculation in rapidly growing cities, especially when building is carried on as an industry, as it is in London, we have already shown in Volume II, Chapter XII, pages 266-267, of the present work, where we quoted from the testimony of a large London building speculator, Edward Capps, given before the Select Committee on Bank Acts. The same man said on that occasion, No. 5435: I believe that a man who wants to get on in the world can hardly expect to get along by sticking to a fair trade....He must of necessity build also on speculation, and that on a large scale; for the contractor makes very little profit out of the buildings themselves, he makes his principal profits out of the rise of ground-rents. He takes up, for instance, a piece of land and pays 300 pounds sterling annually for it. If he erects the right class of houses upon it after a careful building plan, he may succeed in making 400 or 500 pounds sterling out of it, and his profit would consist much more of the increased ground-rent of 100 or 150 pounds sterling annually than of the profit from the buildings, which in many cases he does not consider at all.

And it should not be forgotten that after the lapse of the lease, at the end of 99 years, as a rule, the land with all the buildings upon it and with the ground-rent, generally increased to twice or thrice its original amount, reverts from the building speculator or from his legal successor to the original landlord who was the last to rent it.

The mining rent, in its strict meaning, is determined in the same way as the agricultural rent.

There are some mines, the product of which barely suffices to pay for the labor and to reproduce the capital invested in it together with the ordinary profit. They yield some profit to the contractor, but no rent to the landlord. They can be worked to advantage only by the landowner, who in his capacity of a contractor makes the ordinary profit out of his invested capital. Many coal mines in Scotland are operated in this way, and cannot be operated in any other way. The landowner does not permit anybody to work them without the payment of rent, but no one can pay any rent for them. (Adam Smith, Book I, Chapter XI, 2.)

It is necessary to distinguish, whether the rent flows from a monopoly price, because a monopoly price of the product or of the soil exists independently of it, or whether the products are sold at a monopoly price, because a rent exists. When we speak of a monopoly price, we mean in a general way a price which is determined only by the eagerness of the purchasers to buy and by their solvency, independently of the price which is determined by the general price of production and by the value of the products. A vineyard producing wine of very extraordinary quality, a wine which can be produced only in a relatively small quantity, carries a monopoly price. The winegrower would realize a considerable surplus profit from this monopoly price, the excess of which over the value of the product would be wholly determined by the wealth and the fine appetite of the rich wine drinkers. This surplus profit, which flows from a monopoly price, is converted into rent and in this form falls into the hands of the landlord, thanks to his title to this piece of the globe, which is endowed with peculiar properties. Here, then, the monopoly price creates the rent. On the other hand, the rent would create a monopoly price, if grain were sold not merely above its price of production, but also above its value, owing to the barrier erected by the private ownership of the land against the investment of capital upon uncultivated soil without the payment of rent. That it is only the title of a number of persons to the possession of the globe which enables them to appropriate a portion of the surplus labor of society to themselves, and to do so to an increasing extent with the development of production, is concealed by the fact that the capitalized rent, this capitalized tribute,

appears as the price of the land, and that the land may be sold like any other article of commerce. The buyer, therefore, does not feel that his title to the rent is obtained gratis, and without the labor, the risk, and the spirit of enterprise of the capitalist, but rather that he has paid for it with an equivalent. To the buyer, as we have previously remarked, the rent appears merely as interest on the capital, with which he has bought the land and consequently his title to the rent. In the same way, the slave-holder considers a negro, whom he has bought, his property, not because slavery as such entitles him to that negro, but because he has acquired him just as he does any other commodity, by means of sale and purchase, but the title itself is only transferred, not created by sale. The title must exist, before it can be sold, and a series of sales cannot create this title by repetition any more than one single sale can. It was created in the first place by the conditions of production. As soon as these have arrived at a point, where they must shed their skin, the material source of the title, justified economically and historically and arising from the process which creates the material requirements of life, falls to the ground, and with it all transactions based upon it. From the point of view of a higher economic form of society, the private ownership of the globe on the part of some individuals will appear quite as absurd as the private ownership of one man by another. Even a whole society, a nation, or even all societies together, are not the owners of the globe. They are only its possessors, its users, and they have to hand it down to the coming generations in an improved condition, like good fathers of families.

In the following analysis of the price of land we leave out of consideration all fluctuations of competition, all land speculation, and small landed property, in which the land is the principal instrument of the producers and must, therefore, be bought by them at any price.

The price of land may rise, although the rent may not rise with it. This may take place,

by a mere fall of the rate of interest, which may cause the rent to be sold more dearly, so that the capitalized rent, the price of land rises;  
because the interest of the capital incorporated in the land rises.

The price of land may rise, because the rent increases.

The rent may increase, because the price of the product of the land rises, in which case the rate of differential rent always rises, whether the rent upon the worst cultivated soil be large, small or nonexistent. But by the rate we mean the ratio of that portion of surplus-value, which is converted into rent, to the invested capital, which produces the product of the soil. This differs from the ratio of the surplus product to the total product, for the total product does not comprise the entire invested capital, namely not the fixed capital, which continues to exist by the side of the product. But it includes the fact that upon the soils carrying a differential rent an increasing portion of the product is converted into an overplus of a surplus product. Upon the worst soil the increase in the price of the product of the soil first creates a rent and consequently a price of land.

But the rent may also increase without a rise in the price of the product of the soil. This price may remain unaltered, or may even decrease.

If the price remains constant, the rent can grow only (aside from monopoly prices) because, on the one hand, the same amount of capital remains invested in the older lands, while new lands of a better quality are cultivated, which, however, suffice only to cover the increased demand, so that the regulating market price remains unchanged. In this case the price of the old lands does not rise, but the price of the newly cultivated lands rises above that of the older lands.

Or, on the other hand, the rent rises because the mass of the capital exploiting the land increases, while the relative productivity and the market price remain the same. Although the rent remains the same in this case, compared to the invested capital, still its mass, for instance, may be doubled, because the capital itself has doubled. Since no fall in the price has occurred, the second investment of capital yields a surplus profit as well as the first, and it likewise is converted into rent after the expiration of the lease. The mass of the rent rises here, because the mass of capital producing a rent increases. The contention that different investments of capital in succession upon the same piece of land can produce a rent only to the extent that their yield is unequal, so that a differential rent arises, amounts to the

contention that when two capitals of 1,000 pounds sterling each are invested upon fields of equal productivity, only one of them can produce a rent, although these fields belong to the better class of soil, which produces a differential rent. (The mass of the rental, the total rent of a certain country, grows therefore with the mass of capital invested, although the price of the individual pieces of land, or the rate of rent, or the mass of rent upon the individual pieces of land, does not necessarily increase; the mass of the rental grows in this case with the extension of cultivation over a wider area. This may even be combined with a fall of the rent upon the individual holdings.) On the other hand, this contention would lead to another, to the effect that the investment of capital upon two different pieces of land side by side follows different laws than the successive investment of capital upon the same piece of land, whereas differential rent is precisely derived from the identity of the law in both cases, that is, from the increased productivity of investments of capital either upon the same field or upon different fields. The only modification which exists here and is overlooked is that successive investments of capital, when invested upon different pieces of land, meet the barrier of private ownership of land, which is not the case with successive investments of capital upon the same piece of land. This accounts for the opposite effects, by which these two forms of investments keep each other in check in practice. Whatever difference appears here is not due to capital. If the composition of the capital remains the same, and with it the rate of surplus-value, then the rate of profit remains unaltered, so that the mass of profits is doubled when the capital is doubled. In like manner the rate of rent remains the same under the conditions assumed by us. If a capital of 1,000 pounds sterling produces a rent of  $x$ , then a capital of 2,000 pounds sterling, under the assumed conditions, produces a rent of  $2x$ . But calculated with reference to the area of land, which has remained unaltered, since the doubled capital works upon the same field, according to our assumption, the level of the rent has risen together with its mass. The same acre, which brought a rent of 2 pounds sterling, now brings 4 pounds sterling.<sup>135</sup>

The relation of a portion of the surplus-value, of money rent — for money is the independent expression of value — to the land is in itself absurd and irrational. For the magnitudes, which are here measured by one another, are incommensurable, a certain use-value, a piece of land of so and

so many square feet on the one hand, and of so much value, especially surplus-value, on the other. This expresses in fact nothing else but that, under the existing conditions, the ownership of so and so many square feet of land enables the landowner to catch a certain quantity of unpaid labor, which capital wallowing in square feet like a hog in potatoes has realized [The manuscript here has in brackets, but crossed out, the name "Liebig."] But on first sight the expression is the same as though some one were to speak of the relation of a five-pound note to the diameter of the earth. However, the reconciliation of the irrational forms, in which certain economic conditions appear and assert themselves in practice, does not concern the active agents of these relations in their every day life. And as they are accustomed to moving about in them, they do not find anything strange about them. A complete contradiction has not the least mystery for them, They are as much at home among the manifestations which, separated from their internal connections and isolated by themselves, seem absurd, as a fish in the water. The same thing that Hegel says with reference to certain mathematical formulæ applies here. The thing which seems irrational to ordinary common sense is rational, and what seems rational to it is irrational.

When considered in connection with the land area itself, a rise in the mass of the rent expresses itself in the same way that a rise in the rate of the rent does, and this accounts for the embarrassment caused to some thinkers when the conditions, which would explain the one case, are absent in the other.

Finally, the price of land may also rise, even when the price of the products of the soil decreases.

In this case, the differential rent and with it the price of land of the better classes may have risen, owing to further differentiations. Or, if this should not be the case, the price of the products of the soil may have fallen through a greater productivity of labor, but in such a way that the increased productivity more than balances this. Let us assume that one quarter cost 60 shillings. Now, if the same acre, with the same capital, should produce two quarters instead of one, and the price of one quarter should fall to 40 shillings, then two quarters would cost 80 shillings, so that the value of the

product of the same capital upon the same acre would have risen by one-third, although the price per quarter would have fallen by one-third. How this is possible without selling the product above its price of production or above its value, has been shown in the analysis of differential rent. As a matter of fact it is possible only in two ways. Either some bad soil is placed outside of competition, but the price of the better soil increases with the increase of differential rent, owing to the fact that the general improvement affects the various kinds of soil differently. Or, the same price of production (and the same value, in case absolute rent should be paid) expresses itself upon the worst soil through a larger mass of products, when the productivity of labor has become greater. The product represents the same value as before, but the price of its aliquot parts has fallen, while their number has increased. This is impossible, when the same capital has been employed; for in this case the same value always expresses itself through any portion of the product. It is possible, on the other hand, when additional capital has been used for gypsum, guano, etc., in short for improvements which extend their effects over several years. The premise is that the price of the individual quarter falls, but not to the same extent that the number of quarters increases.

These different conditions under which rent may rise and with it the price of land in general, or of particular kinds of land, may partly exist side by side and compete, or the one may exclude the other, so that they act alternately. But it follows from the foregoing that it will not do to conclude offhand that a rise in the price of land signifies also a rise of rent, or that a rise of rent, which always carries with it a rise in the price of land, also signifies a rise in the price of the products of the land.<sup>136</sup>

Instead of tracing to their source the natural causes which lead to an exhaustion of the soil, and which, by the way, were unknown to all economists who have written anything on differential rent, owing to the condition of agricultural chemistry in their day, the shallow conception has been advanced, that any amount of capital cannot be invested in a limited space of land. For instance, the "Westminster Review" maintained against Richard Jones, that all England could not be fed by cultivating Soho Square. If this is considered a special disadvantage of agriculture, it is precisely the opposite which is true. It is possible to invest capital successively with good

results, because the soil itself serves as a means of production, which is not the case with a factory, or is true of it only to a limited extent, since there the land serves only as a basis, as a space, as a foundation for operations upon a certain area. It is true that, compared to scattered handicrafts, great industries may concentrate large productive plants in a small space. But even so, a definite space is always required at any stage of development, and the building of high structures has its practical limits. Beyond these limits any expansion of production demands also an extension of the land area. The fixed capital invested in machinery, etc., does not improve through use, but on the contrary, it wears out. New inventions may, indeed permit some improvement in this respect, but with any given development of the productive power the machine will always deteriorate. If the productive power is rapidly developed, the entire old machinery must be replaced by a better one, so that the old is lost. But the soil, if properly treated, improves all the time. The advantage of the soil is that successive investments of capital may bring gains without losing the older ones, and this implies the possibility of differences in the yields of these successive investments of capital.

# CHAPTER XLVII. GENESIS OF CAPITALIST GROUND-RENT.

## Introductory Remarks.

WE must be clear in our minds about the real difficulty in the analysis of ground-rent from the point of view of modern economics, to the extent that it is a theoretical expression of the capitalist mode of production. Even many of the more modern writers have not grasped this yet, as is shown by every renewed attempt to find a “new” explanation of ground-rent. The novelty consists almost always in a relapse into long outgrown conceptions. The difficulty is not to explain the surplus product and the surplus-value produced by agricultural capital. This question is solved by the general analysis of the surplus-value produced by all productive capital, no matter in what sphere it may be invested. The difficulty consists rather in demonstrating the source of the surplus over and above the general surplus-value paid by capital invested in the soil to the landlord in the form of rent after the general surplus-value has been distributed among the various capitals by means of the average profit, in other words, after the various capitals have shared in the total surplus-value produced by the social capital in all spheres of production in proportion to their relative size. Quite aside from the practical motives, which urged the modern economists as spokesmen of the industrial capitalists against the landlords to investigate this question, motives which we shall indicate more clearly in the chapter on the history of ground-rent, the question was of paramount interest for them as a theory. To admit that the rising of rent for capital invested in agriculture was due to some particular effect of the sphere of investment, to peculiar qualities of the land itself, was equivalent to giving up the conception of value as such, equivalent to abandoning all attempts at a scientific understanding of this field. Merely the simple observation that the rent is paid out of the price of the products of the soil, a thing which takes place even where rent is paid in kind, provided that the tenant is to get his price of production out of the land, showed the absurdity of the attempt to explain the excess of this price over the ordinary price of production, in other words, to explain the relative dearness of the products of agriculture

out of the excess of the natural productivity of agricultural industry over the productivity of the other lines of industry. For the reverse is true. The more productive labor is, the cheaper is every aliquot part of its product, because the mass of use-values is so much greater, in which the same quantity of labor and with it the same value is incorporated.

The entire difficulty in the analysis of rent, therefore, consists in the explanation of the excess of agricultural profit over the average profit. It is not a question of surplus-value as such, but of the peculiar surplus of surplus-value found in this sphere of production, not a question of the “net product,” but of the excess of this net product over the net product of the other lines of industry. The average profit itself is a product, formed under very definite historical conditions of production by the movement of the process of social life, a product which requires very far-reaching interrelations, as we have seen. In order that we may be able to speak at all of a surplus over the average profit, this average profit itself must already exist as a standard and as a regulator of production, such as it is under capitalist production. For this reason there can be no such thing as a rent in the modern sense, a rent consisting of a surplus over the average profit, over and above the proportional share of each individual capital in the total surplus-value produced by the entire social capital, so long as capital does not perform the function of enforcing all surplus-labor and appropriating at first hand all surplus-value, so long as capital has not yet brought under its control the social labor, or has done so only sporadically. It shows the naiveté of a man like Passy (see further along) that he speaks of a rent, a surplus over the profit, in primitive society, a surplus over and above a historically defined form of surplus-value, which, according to Passy, might almost exist without any society.

For the older economists, who make the first beginning in an analysis of the capitalist mode of production, which was still undeveloped in their day, the analysis of rent either offers no difficulty, or a difficulty of another sort. Petty, Cantillon, and in general the writers who are closer to feudal times, assume that ground-rent is the normal form of surplus-value, whereas profit to them is still vaguely combined with wages, or at best looks to them like a portion of surplus-value filched by the capitalist from the landlord. These writers take their departure from a condition, in which the agricultural

population still constitutes the overwhelming majority of the nation, and in which the landlord still appears as the individual, who appropriates at first hand the surplus labor of the direct producers through his land monopoly, in which land therefore still appears as the chief requisite of production. These writers could not yet face the question, which, contrary to them, seeks to investigate from the point of view of capitalist production, how it happens that private ownership in land manages to wrest from capital a portion of the surplus-value produced by it at first hand (that is, filched by it from the direct producers) and first appropriated by it.

The physiocrats are troubled by a difficulty of another kind. Being in fact the first systematic spokesman of capital, they try to analyze the nature of surplus-value in general. This analysis coincides for them with the analysis of rent, the only form of surplus-value that exists for them. Therefore the rent-paying, or agricultural capital, is to them the only capital which produces any surplus-value, and the agricultural labor set in motion by it the only labor which makes for surplus-value, which quite correctly is considered the only productive labor from a capitalist point of view. They are right in considering the production of surplus-value as the essential thing. Aside from other merits set forth by us in the volume dealing with "Theories of Surplus-Value," they have the great merit of going back from the merchants' capital, which performs its functions wholly in the sphere of circulation, to the productive capital. In this they are opposed to the mercantile system, which, with its crude realism, constitutes the dominating vulgar economy of that time pushing the beginnings of scientific analysis by Petty and his successors into the background by means of its practical interests. By the way, in this critique of the mercantile system we aim only at its conceptions of capital and surplus-value. We have already indicated previously that the monetary system correctly proclaims production for the world market and the transformation of the product into commodities, and thus into money, as the prerequisite and condition of capitalist production. In the further development of this system into the mercantile system, it is no longer the transformation of the value of commodities into money, but the production of surplus-value, which decides the point, but merely from the meaningless point of view of the sphere of circulation and with the understanding that this surplus-value must present itself as surplus money in the surplus of the balance of trade. The characteristic mark of the interested

merchants and manufacturers of that time, which is adequate to the period of capitalist development represented by them, is found in the fact that their principal aim in the transformation of the feudal and agricultural societies into industrial ones and in the corresponding industrial struggle of the nations upon the world market is a hastened development of capital, which is not supposed to take place in the so-called natural way, but by means of forced measures. It makes a tremendous difference, whether the national capital is gradually and slowly transformed into industrial capital, or whether the time of this development is hastened by means of a tax which they impose through protective duties mainly upon the real estate owners, the middle class and small farmers, and the handicraftsmen, by the accelerated expropriation of the independent direct producers, by a violently hastened accumulation and concentration of capitals, in short by a hastened introduction of the conditions of capitalist production. It makes at the same time an enormous difference in the capitalist and industrial exploitation of the natural powers of national production. Hence the national character of the mercantile system is not a mere phrase in the mouths of its spokesmen. Under the pretense of occupying themselves merely with the wealth of the nation and the resources of the state, they practically proclaim the interests of the capitalist class and the gathering of riches to be the ultimate end of the state, and so they proclaim bourgeois society against the old supernatural state. But at the same time they are conscious of the fact that the development of the interests of capital and of the capitalist class, of capitalist production, is the foundation of the national power and of the national preponderance in modern society.

The physiocrats are, furthermore, correct in stating that the production of surplus-value, and with it all development of capital, has for its natural basis the productivity of agricultural labor. If human beings are not capable of producing by one day's labor more means of subsistence, which signifies in its strictest sense more products of agriculture, than every laborer needs for his own reproduction, if the daily expenditure of his entire labor-power suffices only to produce the means of subsistence indispensable for his own individual needs, then there can be no mention of any surplus product nor of any surplus-value. A productivity of agricultural labor exceeding the individual requirements of the laborer is the basis of all societies, and is above all the basis of capitalist production, which separates a continually

increasing portion of society from the production of the immediate requirements of life and transforms them into “free heads,” as Steuart has it, making them available for exploitation in other spheres.

But what are we to say of more recent writers on economics, such as Daire, Passy, etc., who repeat the most primitive conceptions concerning the natural requirements of surplus labor and surplus-value in general, at a time when classic economy is in its declining years, or even on its deathbed, and who imagine that they are thus saying something new and convincing on ground-rent, after this ground-rent has long developed a peculiar form and has become a specific part of surplus-value?

It is precisely characteristic of vulgar economy that it repeats things which were new, original, deep and justified during a certain outgrown stage of development, at a time when they have become platitudinous, stale, false. In this way it confesses that it has not the slightest suspicion of the problems which used to occupy the attention of classic economy. It confounds them with questions that could be posed only on a low level in the development of bourgeois society. It is the same with its restless and self-complacent rumination of the physiocratic phrases concerning free trade. These phrases have long lost all theoretical interest, no matter how much they may engage the practical attention of this or that modern state.

In natural economy, properly so-called, when no part of the agricultural product, or but a very insignificant part of it, enters into the process of circulation, or even but a relatively small portion of that part of the product which represents the revenue of the landlord, as it did in many Roman *latifundiæ*, or upon the *villae* of Charlemagne, or more or less during the entire Middle Ages (see Vincard, *Histoire du Travail*), the product and the surplus product of the large estates consists by no means purely of the products of agricultural labor. Domestic handicrafts and manufacturing labor, as side issues to agriculture, which forms the basis, is the prerequisite of that mode of production upon which natural economy rests, in European antiquity and Middle Ages as well as in the Indian commune of the present day, in which the traditional organization has not yet been destroyed. The capitalist mode of production completely dissolves this connection. This process may be studied on a large scale during the last third of the 18th

century, in England. Brains that had grown up in more or less semi-feudal societies, for instance Herrenschwand, still consider this separation of manufacture from agriculture as a foolhardy social adventure, as an unthinkably risky mode of existence, even as late as the close of the 18th century. And even in the agricultural societies of antiquity, which show the greatest analogy to capitalist agriculture, namely Carthage and Rome, the similiarity with plantation management is greater than with that form which really corresponds to the capitalist mode of exploitation.<sup>137</sup>

There existed at one time a formal analogy, which, however, appears as a deception in all essential points to a man familiar with the capitalist mode of production, and who does not, like Mr. Mommsen,<sup>138</sup> discover a capitalist mode of production in every monetary economy. This formal analogy did not exist at all in continental Italy during antiquity, but at best only in Sicily, because this island served as an agricultural tributary for Rome, so that its agriculture was chiefly aimed at export. It was there that tenants of the modern kind existed.

An incorrect conception of the nature of rent is based upon the fact that rent in a natural form, either as tithes to the church, or as a curiosity perpetuated by old contracts, has dragged itself into modern times out of the natural economy of feudal days, quite contrary to the conditions of the capitalist mode of production. This creates the impression that rent does not arise from the price of the agricultural product, but from its mass, not from social conditions, but from the soil. We have shown previously that a surplus product, representing a mere increase in the mass of products, does not constitute any surplus-value, although surplus-value represents itself in a surplus product. A surplus product may represent a minus in value. Otherwise the cotton industry of 1860, compared to that of 1840, would represent an enormous surplus-value, whereas on the contrary the price of the yarn has fallen. The rent may increase enormously through a succession of crop failures, because the price of cereals rises, although this surplus-value is represented by an absolutely decreasing mass of dearer wheat. Vice versa, the rent may fall through a succession of fertile years, because the price falls, although the fallen rent is represented by a greater mass of cheaper wheat.

With regard to rent in kind it should be noted that it is a mere tradition dragged over from an outgrown mode of production and eking out an existence as a ruin. Its contradiction to the capitalist mode of production is shown by the fact that it disappeared from private contracts of its own accord, and that it was shaken off by force as an inconsistency in such instances as the church tithes in England, where legislation was able to step in. Furthermore, where rent in kind continued to exist on the basis of capitalist production, it was nothing else, and could be nothing else, but an expression of money rent in medieval garb. For instance, wheat is quoted at 40 shillings per quarter. One portion of this wheat has to reproduce the wages contained in it, and must be sold in order to be available for renewed expenditure. Another portion must be sold in order to pay its share of the taxes. Seeds and even a part of the manure enter as commodities into the process of reproduction, wherever the capitalist mode of production and division of labor are developed, and they must be bought for the purposes of reproduction. Therefore another portion of this quarter must be sold, in order to get money for these things. To the extent that they do not have to be bought as actual commodities, but are taken in their natural form out of the product, in order to enter once more as means of production into its reproduction — which is done, not only in agriculture, but in many other lines of production which create constant capital — they figure in the accounts as money of account and are thus deducted as component parts of the cost-price. The wear and tear of machinery, and of fixed capital in general, must be made good in money. And finally comes the profit, which is calculated on the basis of this sum of costs expressed either in real or in accounting money. This profit is represented by a definite portion of the gross product, which is determined by its price. The portion which then remains is the rent. If the rent in kind stipulated by contract is greater than this remainder determined by the price, then it is not a rent, but a deduction from the profit. On account of this possibility alone rent in kind is an old form, to the extent that it does not follow the price of the product, but may amount to more or less than the real rent, so that it may not only contain a deduction from the profit, but also from elements required for the reproduction of the capital. In fact, this rent in kind, so far as it is a rent, not merely in name but in essence, is exclusively determined by the excess of the price of the product over, its cost of production. Only it assumes this variable magnitude to be a constant one. But it is such a comforting

reflection that the natural product should suffice, in the first place, to maintain the laborer, in the second place, to leave for the capitalist tenant more food than he needs, and finally, that the remainder should form a natural rent. The same fancy is indulged in when a manufacturer of cotton goods produces 200,000 yards of them. These yards are supposed to suffice for the purpose of clothing his laborers, his wife and all his offspring, together with himself abundantly, to leave over some cotton for sale, and besides to pay an enormous rent with cotton goods. The matter is so simple! Deduct the cost of production from 200,000 yards of cotton goods, and a surplus must remain for rent. But it is indeed a naïve conception, to deduct the cost of production of, say, 10,000 pounds sterling from 200,000 yards of cotton, without knowing the selling price, to deduct money from cotton goods, to deduct from a natural use-value an exchange-value, and thus to determine the surplus of yards of cotton goods over pounds of sterling. It is worse than the squaring of the circle, which is at least based upon the conception that there is a boundary at which straight lines and curves flow imperceptibly into each other. But such is the recipe of Mr. Passy. Deduct money from cotton goods, before the cotton goods have been converted into money, either in your head or in reality! What remains is the rent, which, however, is to be grasped tangibly (see for instance, Karl Arnd) and not by deviltries of sophistry. The entire restoration of rent in kind amounts really to this foolishness, to this deduction of the price of production from so and so many bushels of wheat, the subtraction of a sum of money from a cubic measure.

#### Labor Rent.

If we observe ground-rent in its simplest form, that of labor rent, which means that the direct producer cultivates during a part of the week, with instruments of labor (plow, cattle, etc.), actually or legally belonging to him, the soil owned by him in fact, and works during the remaining days upon the estate of the feudal lord, without any compensation from the feudal lord, the proposition is quite clear, for in this case rent and surplus-value are identical. The rent, not the profit, is here the form through which the unpaid surplus labor expresses itself. To what extent the laborer, the self-sustaining serf, can here secure for himself a surplus above his indispensable necessities of life, a surplus above the thing which we would call wages under the capitalist mode of production, depends, other circumstances

remaining unchanged, upon the proportion, in which his labor time is divided into labor time for himself and forced labor time for his feudal lord. This surplus above the indispensable requirements of life, the germ of that which appears as profit under the capitalist mode of production, is therefore wholly determined by the size of the ground-rent, which in this case not only is unpaid surplus labor, but also appears as such. It is unpaid surplus labor for the “owner” of the means of production, which here coincide with the land, and so far as they differ from it, are mere accessories to it. That the product of the laboring serf must suffice to reproduce both his subsistence and his requirements of production, is a fact which remains the same under all modes of production. For it is not a result of its specific form, but a natural requisite of all continuous and reproductive labor, of any continued production, which is always a reproduction, including the reproduction of its own labor conditions. It is furthermore evident that in all forms, in which the direct laborer remains the “possessor” of the means of production and labor conditions of his own means of subsistence, the property relation must at the same time assert itself as a direct relation between rulers and servants, so that the direct producer is not free. This is a lack of freedom which may be modified from serfdom with forced labor to the point of a mere tributary relation. The direct producer, according to our assumption, is here in possession of his own means of production, of the material labor conditions required for the realization of his labor and the production of his means of subsistence. He carries on his agriculture and the rural house industries connected with it as an independent producer. This independence is not abolished by the fact that these small farmers may form among themselves a more or less natural commune in production, as they do in India, since it is here merely a question of independence from the nominal lord of the soil. Under such conditions the surplus labor for the nominal owner of the land cannot be filched from them by any economic measures, but must be forced from them by other measures, whatever may be the form assumed by them.139

This is different from slave or plantation economy, in that the slave works with conditions of labor belonging to another. He does not work as an independent producer. This requires conditions of personal dependence, a lack of personal freedom, no matter to what extent, a bondage to the soil as its accessory, a serfdom in the strict meaning of the word. If the direct

producers are not under the sovereignty of a private landlord, but rather under that of a state which stands over them as their direct landlord and sovereign, then rent and taxes coincide, or rather, there is no tax which differs from this form of ground-rent. Under these circumstances the subject need not be politically or economically under any harder pressure than that common to all subjection to that state. The state is then the supreme landlord. The sovereignty consists here in the ownership of land concentrated on a national scale. But, on the other hand, no private ownership of land exists, although there is both private and common possession and use of land.

The specific economic form, in which unpaid surplus labor is pumped out of the direct producers, determines the relation of rulers and ruled, as it grows immediately out of production itself and reacts upon it as a determining element. Upon this is founded the entire formation of the economic community which grows up out of the conditions of production itself, and this also determines its specific political shape. It is always the direct relation of the owners of the conditions of production to the direct producers, which reveals the innermost secret, the hidden foundation of the entire social construction, and with it of the political form of the relations between sovereignty and dependence, in short, of the corresponding form of the state. The form of this relation between rulers and ruled naturally corresponds always with a definite stage in the development of the methods of labor and of its productive social power. This does not prevent the same economic basis from showing infinite variations and gradations in its appearance, even though its principal conditions are everywhere the same. This is due to innumerable outside circumstances, natural environment, race peculiarities, outside historical influences, and so forth, all of which must be ascertained by careful analysis.

So much is evident in the case of labor rent, the simplest and most primitive form of rent: The rent is here the original form of surplus-value and coincides with it. Furthermore, the identity of surplus-value with unpaid labor of others does not need to be demonstrated by any analysis in this case, because it still exists in its visible, palpable form, for the labor of the direct producer for himself is still separated by space and time from his labor for the landlord, and this last labor appears clearly in the brutal form

of forced labor for another. In the same way the “quality” of the soil to produce a rent is here reduced to a tangibly open secret, for the nature which here furnishes the rent also includes the human labor-power bound to the soil, and the property relation which compels the owner of labor-power to exert this quality and to keep it busy beyond the measure required for the satisfaction of his own material needs. The rent consists directly in the appropriation, by the landlord, of this surplus expenditure of labor-power. For the direct producer pays no other rent. Here, where surplus-value and rent are not only identical, but where surplus-value obviously has the form of surplus labor, the natural conditions, or limits, of rent lie on the surface, because those of surplus-value do. The direct producer must, 1), possess enough labor-power, and 2), the natural conditions of his labor, which means in the first place the soil cultivated by him, must be productive enough, in one word, the natural productivity of his labor must be so great that the possibility of some surplus labor over and above that required for the satisfaction of his own needs shall remain. It is not this possibility which creates the rent. The rent is not created until compulsion makes a reality of this possibility. But the possibility itself is conditioned upon subjective and objective facts of nature. And there is nothing mysterious about it. If the labor-power is small, and the natural conditions of labor poor, then the surplus labor is small, but so are in that case the wants of the producers on one side and the relative numbers of the exploiters of surplus labor on the other, and so is finally the surplus product, by which this little productive surplus labor is represented for those few exploiting land owners.

Finally, labor rent implies in itself that, all other circumstances remaining equal, it will depend wholly upon the relative amount of surplus labor, or forced labor, to what extent the direct producer shall be enabled to improve his own condition, to acquire wealth, to produce a surplus over and above his indispensable means of subsistence, or, if we wish to anticipate the capitalist mode of expression, whether he shall be able to produce a profit for himself, and how much of a profit, meaning a surplus over the wages produced by himself. The rent is here the normal, all absorbing, one might say legitimate, form of surplus labor. So far from being a surplus over the profit, which means in this case in excess of any other surplus over the wages, it is rather the amount of profit, and even its very existence, which

depends, other circumstances being equal, upon the amount of rent, or upon the forced surplus labor to be surrendered to the landlord.

Some historians have expressed astonishment that it should be possible for the forced laborers, or serfs, to acquire any independent property, or relatively speaking, wealth, under such circumstances, since the direct producer is not an owner, but only a possessor, and since all his surplus labor belongs legally to the landlord. However, it is evident that tradition must play a very powerful role in the primitive and undeveloped circumstances, upon which this relation in social production and the corresponding mode of production are based. It is furthermore clear that here as everywhere else it is in the interest of the ruling section of society to sanction the existing order as a law and to perpetuate its habitually and traditionally fixed limits as legal ones. Aside from all other matters, this comes about of itself in proportion as the continuous reproduction of the foundation of the existing order and of the relations corresponding to it gradually assume a regulated and orderly form. And such regulation and order are themselves indispensable elements of any mode of production, provided that it is to assume social firmness and an independence from mere accident and arbitrariness. It is just through them that society is rendered more firm and emancipated relatively from mere arbitrariness and mere accident. Society assumes this form by the repeated reproduction of the same mode of production, where the process of production stagnates and with it the corresponding social relations. If this continues for some time, this order fortifies itself by custom and tradition and is finally sanctioned as an expressed law. Since the form of this surplus labor, of forced labor, rests upon the imperfect development of all productive powers of society, and upon the crudeness of the methods of labor itself, it will naturally absorb a much smaller portion, relatively, of the total labor of the direct producers than under developed modes of production, particularly under the capitalist mode of production. Take it, for instance, that the forced labor for the landlord originally amounted to two days per week. These two days of forced labor are fixed, are a constant magnitude, legally regulated by laws of usage or written laws. But the productivity of the remaining days of the week, over which the direct producer has independent control, is a variable magnitude, which must develop in the course of his experience, together with the new wants he acquires, together with the expansion of the

market for his product, together with the increasing security which guarantees independence for this portion of his labor-power. These things will spur him on to a greater exertion of his labor-power, and it must not be forgotten that the employment of his labor-power is by no means confined to agriculture, but includes rural house industry. The possibility of a certain economic development, depending, of course, upon the favor of circumstances, upon inborn race characteristics, etc., is open in this case.

### Rent in Kind.

The transformation of labor rent into rent in kind does not change anything in the nature of rent, economically speaking. This nature, in the forms of rent considered here, is such that rent is the sole prevailing and normal form of surplus labor, or surplus-value. This, again, expresses the fact that rent is the only surplus labor, or the only surplus product which the direct producer, being in possession of the labor conditions needed for his own reproduction, must give up to the owner of the land, which under this state of things is the one condition of labor embracing everything. And furthermore it expresses the fact that land is the only labor condition, which stands opposed to the direct producer as a property independent of him and held in the hands of another, being personified by the landlord. To the extent that rent in kind is the prevailing and dominant form of ground-rent, it is always more or less in the company of survivals of the preceding form, that is of rent paid directly by labor, forced labor, no matter whether the landlord be a private person or the state. Rent in kind requires a higher state of civilization for the direct producer, a higher stage of development of his labor and of society in general. And it is distinguished from the preceding form by the fact that the surplus labor is no longer performed naturally, is no longer performed under the direct supervision and compulsion of the landlord or of his representatives. The direct producer is rather driven by the force of circumstances than by direct coercion, rather by legal enactment than by the whip, to perform surplus labor on his own responsibility. Surplus production, in the sense of a production beyond the indispensable needs of the direct producer, and within the field of production actually in his own possession, upon the soil exploited by himself and no longer upon the lord's estate outside of his own land, has become a matter of fact rule here. In this relation the direct producer is more or less master of the employment of his whole labor time, although a

part of this labor time, at first practically the entire surplus portion of it, belongs to the landlord without any compensation. Only, the landlord does not get this surplus labor any more in its natural form, but rather in the natural form of the product in which it is realized. The burdensome interruption by the labor for the landlord (see Volume I, chapter X, 2, Manufacturer and Boyard), which disturbs the reproduction of the serf more or less, according to the way in which forced labor is regulated, disappears, wherever rent in kind has its pure form, or at least it is reduced to a few short intervals during the year, which demand a continuation of rent by forced labor by the side of rent in kind. The labor of the producer for himself and his labor for the landlord are no longer palpably separated by time and space. This rent in kind, in its pure form, while it may drag itself along sporadically into more highly developed modes of production and conditions of production, nevertheless requires for its existence a natural economy, that is an economy in which the conditions of production are either wholly or for the overwhelming part produced by the system itself in such a way that they are reproduced directly out of its gross product. It furthermore requires the combination of domestic rural industry with agriculture. The surplus product, which forms the rent, is the product of this combined agricultural and industrial family labor, no matter whether rent in kind contains more or less of the industrial product, as it often does in the middle ages, or whether it is paid only in the form of actual products of the soil. In this form of rent it is by no means necessary that rent in kind, which represents the surplus labor, should fully exhaust the entire surplus labor of the rural family. Compared to labor rent, the producer rather has more elbow room to gain time for some surplus labor whose product shall belong to himself, as does that of the labor which produces his indispensable means of subsistence. This form will also give rise to greater differences in the economic situation of the individual direct producers. At least the possibility for such a differentiation exists, and so does the possibility that the direct producer may have acquired the means to exploit other laborers for himself, but this does not concern us here, since we are dealing with rent in its pure form. Neither can be pay any heed to the endless variety of combinations, by which the various forms of rent may be united, adulterated and amalgamated.

Owing to the peculiar form of rent in kind, by which it is bound to a definite kind of products and of production, owing furthermore to the indispensable combination of agriculture and domestic industry attached to it, also to the almost complete selfsufficiency in which the peasant family supports itself and to its independence from markets and from the movement of production and history in the social spheres outside of it, in short owing to the character of natural economy in general this form is quite suitable for becoming the basis of stationary conditions of society, such as we see in Asia. Here, as previously in the form of labor rent, ground-rent is the normal form of surplus-value, and thus of surplus labor, that is of the entire surplus labor performed without any equivalent by the direct producer for the benefit of the owner of his essential means of production, the land, a labor which is still performed under compulsion, although no longer in the old brutal form. The profit, if, falsely anticipating, we may so call that portion of the direct producer's labor which exceeds his necessary labor and which he keeps for himself, has so little to do with determining the rent in kind, that this profit rather grows up behind the back of the rent and finds its natural limit in the size of the rent in kind. This rent may assume dimensions which seriously threaten the reproduction of the conditions of labor, of the means of production. It may render an expansion of production more or less impossible, and grind the direct producers down to the physical minimum of means of subsistence. This is particularly the case, when this form is met and exploited by a conquering industrial nation, as India is by the English.

#### Money Rent.

By money rent we mean here — for the sake of distinction from the industrial and commercial ground-rent resting upon the capitalist mode of production, which is but a surplus over the average profit — that ground-rent which arises from a mere change of form of rent in kind, just as this rent in kind, in its turn, is but a modification of labor rent. Under money rent, the direct producer no longer turns over the product, but its price, to the landlord (who may be either the state or a private individual). A surplus of products in their natural form is no longer sufficient; it must be converted from its natural form into money. Although the direct producer still continues to produce at least the greater part of his means of subsistence himself, a certain portion of this product must now be converted into

commodities, must be produced as commodities. The character of the entire mode of production is thus more or less changed. It loses its independence, it remains no longer detached from the social connections. The proportion of the cost of production, which now is more and more complicated with the expenditure of money, now becomes a determining factor. At any rate, the excess of that portion of the gross product, which must be converted into money, over that portion, which has to serve either as means of reproduction or as means of direct subsistence, assumes a determining role. However, the basis of this rent remains the same as that of the rent in kind, from which it starts, although money rent likewise approaches its dissolution. The direct producer still is the possessor of the land, either by inheritance or by some other traditional right, and he has to perform for his landlord, who is the owner of the land, of his most essential instrument of production, forced surplus labor, that is, unpaid labor for which no equivalent is returned, and this forced surplus labor is now paid in money obtained by the sale of the surplus product. The property in requirements of labor separate from the land, such as agricultural implements and other movable things, is transformed into the property of the direct producer even under the preceding form of rent, first in fact, then legally, and this is the condition even more under money rent. The transformation of rent in kind into money rent, taking place first sporadically, then on a more or less national scale, requires a considerable development of commerce, of city industries, of the production of commodities in general, and with them of the circulation of money. It furthermore requires that products should have a market price, and that they are sold more or less approximately at their values, which need not necessarily be the case under the preceding forms. In the East of Europe we may still see in a certain measure this transformation with our own eyes. How little it can be carried through without a certain development of the social productivity of labor, is proved by various unsuccessful attempts to carry it through under the Roman emperors, and by relapses into rent in kind after the attempt had been made to convert at least that portion of rent in kind into a money rent which had to be paid as a state tax. The same difficulties of transition are shown, for instance, by the prerevolutionary time in France, when money rent was combined and adulterated by survivals of the forms preceding it.

Money rent, as a converted form of rent in kind and as an antagonist of rent in kind, is the last form, and the dissolving form, of that form of ground-rent, which we have considered so far, namely of ground-rent, which we have considered so far, namely of ground-rent as the normal form of surplus-value and of the unpaid surplus labor to be performed for the owner of the means of production. In its pure form, this rent, like labor rent and rent in kind, does not represent any surplus above the profit. It absorbs the profit, as it is understood. To the extent that profit arises in fact as a separate portion of the surplus labor by the side of the rent, money rent as well as rent in its preceding forms still is the normal barrier of such embryonic profit, which can only develop in proportion as the possibility of exploitation grows, whether it be the producer's own surplus labor or the surplus labor of another, which remains after the surplus represented by money rent has been paid. If any profit actually arises along with this rent, this profit is not a barrier of rent, but the rent is rather a barrier of this profit. However, we repeat that money rent is at the same time the disappearing form of the rent which we have considered so far, of that rent which is identical with surplus-value and surplus labor, of ground-rent as the normal and prevailing form of surplus-value.

In its further development money rent must lead — aside from all intermediate forms, such as that of the small peasant who is a tenant — either to the transformation of land into independent peasants' property, or into the form corresponding to the capitalist mode of production, that is, to rent paid by the capitalist tenant.

With the coming of money rent the traditional and customary relation between the landlord and the subject tillers of the soil, who possess and cultivate a part of the land, is turned into a pure money relation fixed by the rules of positive law. The cultivating possessor thus becomes virtually a mere tenant. This transformation serves on the one hand, provided that other general conditions of production permit such a thing, to expropriate gradually the old peasant possessors and to put in their place capitalist tenants. On the other hand it leads to a release of the old possessors from their tributary relation by buying themselves free from their landlord, so that they become independent farmers and free owners of the land tilled by them. The transformation of rent in kind into money rent is not only

necessarily accompanied, but even anticipated by the formation of a class of propertyless day laborers, who hire themselves out for wages. During the period of their rise, when this new class appears but sporadically, the custom necessarily develops among the better situated tributary farmers of exploiting agricultural laborers for their own account, just as the wealthier serfs in feudal times used to employ serfs for their own benefit. In this way they gradually acquire the ability to accumulate a certain amount of wealth and to transform themselves even into future capitalists. The old selfemploying possessors of the land thus give rise among themselves to a nursery for capitalist tenants, whose development is conditioned upon the general development of capitalist production outside of the rural districts. This class grows very rapidly, when particularly favorable circumstances come to its aid, as they did in England in the 16th century, where the progressive depreciation of money made them rich, under the customary long leases, at the expense of the landlords.

Furthermore: As soon as rent assumes the form of money rent, and with it the relation between rent paying peasants and landlords becomes a relation fixed by contract — a development which is not possible unless the world market, commerce and manufacture have reached a relatively high level — the leasing of land to capitalists necessarily also puts in its appearance. These men, having stood outside of the rural barrier so far, now transfer to the country and to agriculture some capital acquired in the cities and with it the capitalist mode of production as developed in those cities, which implies the creation of the product in the form of a mere commodity and as a mere means of appropriating surplus-value. This form can become the general rule only in those countries, which dominate the world market in the period of transition from the feudal to the capitalist mode of production. When the capitalist tenant steps between the landlord and the actually working tiller of the soil, all conditions have been dissolved, which arose from the old rural mode of production. The capitalist tenant becomes the actual commander of these agricultural laborers and the actual exploiter of their surplus labor, whereas the landlord has any direct relations only with this capitalist tenant, the relation being a mere money relation fixed by contract. This transforms also the nature of the rent, not merely in fact and accidentally, as it did sometimes even under the preceding forms, but normally, by transforming its acknowledged and prevailing mode. Instead

of continuing as the normal form of surplus-value and surplus labor, it becomes a mere surplus of this surplus labor over that portion of it, which is appropriated by the exploiting capitalist in the form of profit. And now the total surplus labor, both profit and surplus above the profit, are extracted by him directly, appropriated in the form of the surplus product, and turned into money. It is only the surplus portion of the surplus-value extracted by him from the agricultural laborer by direct exploitation, by means of his capital, which he turns over to the landlord as rent. How much or how little he gives away to him depends, as a rule, upon the limits set by the average profit which is realized by the capital in the non-agricultural spheres of production, and by the non-agricultural prices of production regulated by this average profit. From a normal form of surplus-value and surplus labor the rent has now transformed itself into a surplus peculiar to the agricultural sphere of production, exceeding that portion of the surplus labor, which is claimed at first hand by capital as its legitimate and normal share. Profit, instead of rent, has now become the normal form of surplus-value, and rent exists only as a form, not of surplus-value in general, but of one of its offshoots, called surplus profit, which assumes an independent existence only under very peculiar circumstances. It is not necessary to dwell any further upon the way in which this transformation is accompanied by a gradual transformation of the mode of production itself. This is shown by the mere fact that it is the normal thing for the capitalist tenant to produce the products of the soil as commodities, and that, while formerly only the surplus over his means of subsistence was converted into commodities, now but a relatively small part of these commodities is directly used as means of subsistence for him. It is no longer the land, but the capital, which has now brought under its direct sway and under its own productivity the labor of the agriculturalist.

The average profit and the price of production regulated by it are formed outside of the conditions of the rural country within the circles of city commerce and manufacture. The profit of the rent-paying farmers does not enter into it as a balancing element, for their relation to the landlord is not a capitalist one. To the extent that he makes profits, that is, realizes a surplus above his necessary means of subsistence, either by his own labor or by the exploitation of other people's labor, it is done behind the back of the normal relationship. Other circumstances being equal, the size of this profit does

not determine the rent, but on the contrary, it is determined by the limits set by the rent. The high rate of profit in the Middle Ages is not entirely due to the low composition of the capital, in which the variable capital, invested in wages, predominates. It is due also to the robbery committed against the land, the appropriation of a portion of the landlord's rent and of the income of his vassals. While the country exploits the town politically in the Middle Ages, wherever feudalism has not been broken down by an exceptional development of the towns, the town, on the other hand, everywhere and without exception exploits the land economically by its monopoly prices, its system of taxation, its guild organizations, its direct mercantile fraud and its usury.

One might imagine that the mere advent of the capitalist tenant in agricultural production would prove that the price of those products of the soil, which had always paid a rent in one form or another, must stand above the prices of production of manufacture, at least at the time of this advent. And this for the reason that the price of such products of the soil had reached the level of a monopoly price or that it had risen as high as the value of the products of the soil, and that this value actually stood above the price of production regulated by the average profit. Unless this were so, the capitalist tenant could not very well realize first the average profit out of the price of these products, at the existing prices of the products of the soil, and then pay out of this same price a surplus above his profit in the form of rent. One might conclude from this that the average rate of profit, which guides the capitalist tenant in his contract with the landlord, had been formed without including the rent, and that as soon as this average rate of profit assumes a regulating part in agricultural production it finds this surplus ready at hand and turns it over to the landlord. It is in this traditional manner that, for instance, Rodbertus explains this matter.

But several points must be considered here.

This advent of capital as an independent and leading power in agriculture does not take place generally all at once, but gradually and separately in various lines of production. It seizes at first, not agriculture proper, but such lines of production as cattle raising, especially sheep raising, whose principal product, wool, offers a steady surplus of the market price over the

price of production during the rise of industry, and this is not balanced until later. This was the case in England during the 16th century.

Since this capitalist production appears at first but sporadically, nothing can be argued against the assumption, that it takes hold in the beginning only of such groups of land as are able, through their particular fertility, or their exceptionally favorable location, to pay a differential rent in the long run.

Even assuming that at the time of the advent of this mode of production, which indeed requires an increasing preponderance of the demand in the towns, the prices of the products of the soil stood higher than the price of production, as was doubtless the case during the last third of the 17th century in England, nevertheless, as soon as this mode of production will have worked its way somewhat out of the mere subordination of agriculture to capital, and as soon as the improvement of agriculture and the reduction of its cost of production, which accompany its development, will have taken place, the balance will be restored by a reaction, a fall in the price of the products of the soil, as happened in the first half of the 18th century in England.

In this traditional way, then, rent as a surplus above the average profit cannot be explained. Whatever may be the historical circumstances of the time in which rent appears at first, once that it has taken root it cannot exist under any other modern conditions than those previously explained.

Finally, it should be noted in the transformation of rent in kind into money rent, that with it capitalized rent, or the price of land, and its salableness and sale become essential elements, and that with them not only the formerly rent-paying tenant may be transformed into an independent peasant proprietor, but also urban and other moneyed people may buy real estate, in order to lease them either to peasants or to capitalists and thus to enjoy rent in the form of interest on capital so invested; that, therefore, this likewise assists in the transformation of the former mode of exploitation, of the relation between the owner and the actual tiller of the land, and of the rent itself.

Share Farming (Metairie System) and Small Peasants' Property.

We have now arrived at the end of our line of development of ground-rent.

In all these forms of ground-rent, whether labor rent, rent in kind, or money rent (as a mere change of form of rent in kind), the rent-paying party is always supposed to be the actual tiller and possessor of the land, whose unpaid surplus labor passes directly into the hands of the landlord. Even in the last form, money rent — to the extent that it is “pure,” in other words, a mere change of form of rent in kind — this is not only possible, but actually takes place.

As a form of transition from the original form of rent to capitalist rent, we may consider the metairie system, or share farming, under which the manager (tenant) furnishes not only labor (his own or that of others), but also a portion of the first capital, and the landlord furnishes, aside from the land, another portion of the first capital (for instance cattle), and the product is divided between the tenant and the landlord according to definite shares, which differ in various countries. In this case, the tenant lacks the capital required for a thorough capitalist operation of agriculture. On the other hand, the share thus appropriated by the landlord has not the pure form of rent. It may actually include interest on the capital advanced by him and a surplus rent. It may also absorb practically all the surplus labor of the tenant, or leave to him a greater or smaller portion of this surplus labor. But the essential point is that rent no longer appears here as the normal form of surplus-value in general. On the one hand, the tenant, whether he employ his own labor or another's, is supposed to have a claim upon a portion of the product, not in his capacity as a laborer, but as a possessor of a part of the instruments of labor, as his own capitalist. On the other hand, the landlord claims his share not exclusively in his capacity as the owner of the land, but also as a lender of capital.<sup>140</sup>

A remainder of the old community in land, which had been preserved after the transition to independent peasant economy, for instance in Poland and Roumania, served there as a subterfuge for accomplishing a transition to the lower forms of ground-rent. A portion of the land belongs to the individual farmers and is tilled independently by them. Another portion is

tilled collectively and creates a surplus product, which serves either for the payment of community expenses, or as a reserve in case of crop failures, etc. These last two parts of the surplus product, and finally the whole surplus product together with the land, upon which it has been grown, are gradually usurped by state officials and private individuals, and by this means the originally free peasant proprietors, whose obligation to till this land collectively is maintained, are transformed into vassals, who are compelled to perform forced labor or pay rent in kind, while the usurpers are transformed into owners, not only of the stolen community lands, but of the lands of the peasants themselves.

We need not dwell upon actual slave economy (which likewise passes through a development from the patriarchal system, working pre-eminently for home use, to the plantation system, working for the world market) nor upon that management of estates, under which the landlords carry on agriculture for their own account, own all the instruments of production, and exploit the labor of free or unfree servants, who are paid in kind or in money. In this case, the landlord and the owner of the instruments of production, and thus the direct exploiter of the laborers counted among these instruments of production, are one and the same person. Rent and profit likewise coincide then, there being no separation of the different forms of surplus-value. The entire surplus labor of the workers, which is here represented by the surplus product, is extracted from them directly by the owner of all the instruments of production, to which the land and, under the original form of slavery, the producers themselves, belong. Where capitalist conceptions predominate, as they did upon the American plantations, this entire surplus-value is regarded as profit. In places where the capitalist mode of production does not exist, nor the conceptions corresponding to it have been transferred from capitalist countries, it appears as rent. At any rate, this form does not present any difficulties. The income of the landlord, whatever may be the name given to it, the available surplus product appropriated by him, is here the normal and predominating form, under which the entire unpaid labor is directly appropriated, and the property in land forms the basis of this appropriation.

There is, furthermore, the small peasants' property. Here the farmer is the free owner of his land, which appears as his principal instrument of

production, the indispensable field of employment for his labor and his capital. No lease money is paid under this form. Rent, therefore, does not appear as a separate form of surplus-value here, although in countries, in which capitalist industry in other lines is developed, it appears as a surplus profit by comparison with other lines of production. But it is a surplus profit which, like all the rest of the product of his labor, falls into the hands of the farmer himself.

This form of property in land requires that, as was the case under the earlier forms, the rural population should have a great preponderance over the city population, so that, while capitalist production may generally prevail, it is nevertheless but relatively little developed, concentration of capitals moves in narrow circles in the other lines of production, and dissipation of capitals predominates. Under these conditions, the greater part of the rural product will have to be consumed, as a direct means of subsistence, by the producers, the farmers themselves, and only the surplus above that will pass as commodities into the commerce with the cities. Whatever may be the manner, in which the average market price of the products of the soil is regulated in this case, the differential rent, a surplus portion of the price of commodities from the superior or more favorably located lands, must evidently exist in this case just as it does under the capitalist mode of production. This differential rent would exist, even if this form should appear under social conditions, in which no general market price has as yet been developed. It appears then in the spare surplus product. Only it flows into the pocket of the farmer, whose labor realises itself under favorable natural conditions. It is precisely under this form that the assumption is correct, as a rule, that no absolute rent exists, so that the worst soil does not pay any rent. For under this form the price of land enters as an element into the actual cost of production for the farmer, since in the course of the further development of this form the price of land may have been figured, for instance in the case of a division of an estate, at a certain money value, or, in view of the continuous change in the ownership of the whole property, or of its parts, the land may have been bought by the tiller himself, largely by taking up money on a mortgage. In this way the price of land, which is nothing else but a capitalized rent, is a pre-existing condition and rent seems to exist independently of any differentiation in the fertility and location of the land. Absolute rent is conditioned either upon the

realized surplus of the value of the product above its price of production, or a monopoly price exceeding the value of the product. But since agriculture is carried on here largely as an agriculture for direct subsistence, so that the land is an indispensable field of employment for the labor and capital of the majority of the population, the regulating market price of the product will come up to its value only under extraordinary circumstances. But its value will, as a rule, stand higher than its price of production on account of the predominance of the element of living labor, although this excess of its value over its price of production will be in its turn limited by the low composition of the capital, even of that of the industries outside of agriculture, in countries with a predominance of small farmers' property. For the small farmer the limit of exploitation is not set by the average profit of the capital, if he is a small capitalist, nor by the necessity of making a rent, if he is a landowner. Nothing appears as an absolute limit for him, as a small capitalist, but the wages which he pays to himself, after deducting his actual costs. So long as the price of the product covers these wages, he will cultivate his land, and will do so often down to the physical minimum of his wages. As for his capacity as a landlord, the barrier of property is eliminated in his case, since it can exert its influence only against a capital (including labor) separated from it, by erecting an obstacle against its investment. It is true that interest on the price of land, which generally has to be paid to another, the holder of the mortgage, also forms a barrier. But this interest can be paid out of that portion of the surplus labor, which would form the profit under capitalist conditions. The rent anticipated in the price of land, and in the interest paid for it, cannot be anything else but a portion of the capitalized surplus labor of the farmer, performed by him beyond the labor indispensable for his subsistence, without realising this surplus labor in a part of the value of commodities equal to the entire average profit, and still less in a surplus profit, which would constitute a surplus above the surplus labor realised in the average profit. The rent may be a deduction from the average profit, or even the only portion of it which is realised. In order that the small farmer may cultivate his land, or may buy land for cultivation, it is therefore not necessary, as it is under a normal capitalist production, that the market price of his products should rise high enough to allow him the average profit, and still less a surplus above this average profit fixed in the form of a rent. Therefore it is not necessary that the market price should rise, either as high as the value or as high as the

price of production of his product. This is one of the causes which keeps the price of cereals lower in countries with a predominance of small farmers than in countries with a capitalist mode of production. One portion of the surplus labor of the farmers, who work under the least favorable conditions, is given to society without an equivalent and does not pass over into the regulation of the price of production or into the formation of values in general. This lower price is also a result of the poverty of the producers and by no means of the productivity of their labor.

This form of free farmers' property managing their own affairs, as the prevailing, normal, form constitutes on the one hand the economic foundation of society during the best times of classical antiquity, on the other hand it is found among modern nations as one of the forms arising from the dissolution of feudal landlordism. In this way we meet the yeomanry in England, the peasantry in Sweden, the farmers in France and Western Germany. We do not mention the colonies here, since the independent farmer there develops under different conditions.

The free ownership of the selfemploying farmer is evidently the most normal form of landed property for small scale production, that is, for a mode of production, in which the possession of the land is a prerequisite for the ownership of the product of his own labor by the laborer, and in which the agriculturist, whether he be a free owner or a vassal, always has to produce his own means of subsistence independently, as a single laborer with his family. The ownership of the soil is as necessary for the complete development of this mode of production as the ownership of the instrument is for the free development of handicraft production. This ownership forms here the basis for the development of personal independence. It is a necessary stage of transition for the development of agriculture itself. The causes which bring about its downfall show its limitations. These causes are: Destruction of rural house industries, which form its normal supplement, as a result of the development of great industries; a gradual deterioration and exhaustion of the soil subjected to this cultivation; usurpation, on the part of the great landlords, of the community lands, which form everywhere the second supplement of small peasants' property and alone enable them to keep cattle; competition, either of plantation systems or of great agricultural enterprises carried out on a capitalist scale.

Improvements of agriculture, which on the one hand bring about a fall in the prices of the products of the soil, and on the other require greater investments and more diversified material conditions of production, also contribute towards this end, as they did in England during the first half of the 18th century.

Small peasants' property excludes by its very nature the development of the social powers of production of labor, the social forms of labor, the social concentration of capitals, cattle raising on a large scale, and a progressive application of science.

Usury and a system of taxation must impoverish it everywhere. The expenditure of capital in the price of the land withdraws this capital from cultivation. An infinite dissipation of means of production and an isolation of the producers themselves go with it. Also an enormous waste of human energy. A progressive deterioration of the conditions of production and a raising of the price of means of production is a necessary law of small peasants' property. Fertile seasons are a misfortune for this mode of production.<sup>141</sup>

One of the specific evils of small scale agriculture, when combined with the free ownership of the land, arises from the fact that the agriculturist invests a capital in the purchase of the land. (The same applies also to the form of transition, in which the great landlord invests capital, first, for the purpose of buying land, and secondly, for the purpose of managing it as his own tenant). Owing to the changeable nature, which the land here assumes as a mere commodity, the changes of ownership increase,<sup>142</sup> so that the land, from the point of view of the farmer, passes again into the calculation as a new investment of capital with every new generation, every division of estates, in other words, that it becomes land bought by him. The price of land here forms an overwhelming element of the individual false cost of production, or of the cost price of the product for the individual producer.

The price of land is nothing but the capitalized, and therefore anticipated, rent. If agriculture is carried on by capitalist methods, so that the landlord receives only the rent, and the tenant pays nothing for the land except his annual rent, then it is evident that the capital invested by the owner of the

land himself in the purchase of the land constitutes an interest-bearing investment of capital for him, but that it has nothing to do with the capital invested in agriculture itself. It forms neither a part of the fixed nor of the circulating capital employed here;<sup>143</sup> it merely secures for the buyer a title to the annual rent, but has nothing to do with the production of the rent itself. For the buyer of land pays his capital out to the one who sells the land, and the seller relinquishes his ownership of the land for this consideration. This capital does not exist any more as the capital of the buyer after that. He has not got it any longer. Therefore it does not belong to the capital, which he can invest in any way in the land itself. Whether he bought the land at a high or a low price, or whether he received it for nothing, does not alter anything in the capital invested by the tenant in his establishment, and does not make any change in the rent, but merely changes the question, whether it appears to him as interest or not as interest, or as a high or a low interest.

Take, for instance, the slavery system. The price paid for a slave is nothing but the anticipated and capitalized surplus-value or profit, which is to be ground out of him. But the capital paid for the purchase of a slave does not belong to the capital, by which profit, surplus labor, is extracted from him. On the contrary. It is capital, which the slave holder gives away, it is a deduction from the capital, which he has available for actual production. It has ceased to exist for him, just as the capital invested in the purchase of land has ceased to exist for agriculture. The best proof of this is the fact, that it does not come back into existence for the slave holder or the land owner, until he sells the slave or the land once more. Then the same condition of things holds good for the buyer. The fact that he has bought the slave does not enable him to exploit the slave without further ceremony. He is not able to do so until he invests some other capital in production by means of the slave.

The same capital does not exist twice. It does not exist one time in the hands of the seller, and a second time in the hands of the buyer of the land. It passes from the hands of the buyer to those of the seller, and that settles the matter. The buyer has then no longer any capital, but in its stead he has a piece of land. The fact that the rent produced by a real investment of capital in this land is figured by the new owner of the land as interest on a capital,

which he did not invest in the soil, but gave away as a purchase price for the land, does not alter the economic nature of the factor land in the least, any more than the fact that some one may have paid 1,000 pounds sterling for 3% consols has anything to do with the capital, out of whose revenue the interest on the national debt is paid.

In fact, the money expended in the purchase of land, like that spent for the purchase of national bonds, is merely capital in itself, just as any amount of values is capital in itself on the basis of capitalist production. It is potential capital. The thing paid for the land, like that paid for national bonds or any other purchased commodity, is a sum of money. This is capital in itself, because it may be converted into capital. It depends upon the use to which the seller puts it, whether the money obtained by him really becomes capital or not. For the buyer it can never again perform the functions of capital, any more than any other money which he has finally spent. It figures in his calculations as interest-bearing capital, because he considers the income, which he receives as rent from his land or as interest on his bonds, as interest on the money, which he paid for his title to this revenue. He cannot realise it as capital unless he sells his title again. If he does, then the new buyer assumes the same relationship in which the old one was, and the money spent in this transaction cannot transform itself into actual capital by any change of hands.

In the case of small property in land the illusion, that the land itself has value and may, therefore, pass as a capital into the price of production of the product, like a machine or raw materials, fortifies itself still more. But we have seen that the rent, and with it capitalised rent, or the price of land, can pass over into the price of the products of the soil in two cases only. The first case is that, in which the value of the products of the soil stands higher than their price of production and the market conditions enable the landlord to realise this difference; this condition of values and prices of production obtains, when the composition of the agricultural capital raises the value above the price of production. This agricultural capital has nothing to do with the capital invested in the purchase of the land. The second case is that in which a monopoly price exists. And both cases occur less under small peasants' property and small land ownership than under any other form, because production largely satisfies the producers' own wants in their case

and is carried on independently of the regulation by the average rate of profit. Even where small peasants' economy is carried on upon leased land, the lease money comprises more than under any other conditions a portion of the profit and even a deduction from the wages; this money is then only a nominal rent, not a rent representing an independent category as compared to wages and profit.

The expenditure of money-capital for the purchase of land, then, is not an investment of agricultural capital. It is a proportionate deduction from the capital, which the small farmers can employ in their own sphere of production. It reduces to that extent the size of their means of production and thereby narrows the economic basis of their reproduction. It subjects the small farmer to the money lender's extortion, since credit, in the strict meaning of the term, occurs but rarely in this sphere. It is an obstacle to agriculture, even where such a purchase takes place in the case of large estates. In fact, it contradicts the capitalist mode of production, which is on the whole indifferent to the question whether the land-owner is in debt, no matter whether he inherited or bought his estate. The management of the leased estate itself is not altered in its nature, whether the landowner pockets the rent himself or whether he has to pay it over to the holder of his mortgage.

We have seen that the price of land is regulated by the rate of interest, if the ground-rent is a given magnitude. If the rate of interest is low, then the price of land is high, and vice versa. Normally, then, a high price of land and a low rate of interest would have to go hand in hand, so that if the farmer paid a high price for the land in consequence of a low rate of interest, the same low rate of interest should also secure for him his running capital on easy terms of credit. But in reality, things turn out differently under small peasants' property, as the prevailing form. In the first place, the general laws of credit do not apply to the farmer, since these laws rest upon the capitalist as a producer. In the second place, where small peasants' property predominates — we are not speaking of colonies here — and the small peasant forms the foundation of the nation, the formation of capital, that is social reproduction, is relatively weak, and the formation of loanable money-capital, in the sense in which we have previously analyzed this term, is still weaker. For this is conditioned upon concentration and the existence

of a class of rich and idle capitalists (Massie). In the third place, where the ownership of the land is a necessary condition for the existence of the greater part of the producers, as it is here, and an indispensable field of investment for their capital, the price of land is raised independently of the rate of interest, and often in an inverse ratio to it, by the preponderance of the demand for land over its supply. If sold in small lots, the land in this case brings a far higher price than it does by its sale in large estates, because the number of small buyers is large and that of the large buyers small (Bandes Noires, Rubichon; Newman). For all these reasons the price of land rises here while the rate of interest is relatively high. The relatively low interest, which the farmer here derives from the capital invested in the purchase of land (Mounier), corresponds on the other hand to the high rate of interest exacted by usury, which he himself has to pay to his mortgage creditors. The Irish system shows the same thing, only in another form.

This price of land, an element foreign in itself to production, may here rise to such a point that it makes production impossible (Dombasle).

The fact that the price of land plays such a role, that the sale and purchase of land, the circulation of land as a commodity, develops to this degree, is a practical result of capitalist development, since a commodity is here the form generally assumed by all products and all instruments of production. On the other hand, this development takes place only wherever capitalist production develops but to a limited extent and does not bring forth all its peculiarities. For this condition rests precisely upon the fact that agriculture is no longer, or not yet, subject to the capitalist mode of production, but rather to a mode handed down from obsolete forms of society. The disadvantages of the capitalist mode of production, which makes the producers dependent upon the money price of their products, coincide here with the disadvantages due to the imperfect development of capitalist production. The farmer becomes a merchant and an industrial without the conditions which would enable him to produce his goods as commodities.

The conflict between the price of land, as an element in the cost price of the producers, but not an element in the price of production of the product (even though the rent should pass as a determining element into the price of

the products of the soil, the capitalized rent, which is advanced for 20 years or more, does not pass into their price in this way), is but one of the forms through which the antagonism between private ownership of the land and between a rational agriculture, a normal social utilization of the soil, expresses itself. But on the other hand, the private ownership of the land, and with it the expropriation of the direct producers from the land — the private property of some, which implies lack of private property on the part of others — is the basis of the capitalist mode of production.

Here, in agriculture on a small scale, the price of the land a form and result of private ownership of the land, appears as a barrier of production itself. In agriculture on a large scale, and in the case of large estates resting upon a capitalist mode of production, private ownership likewise acts as a barrier, because it limits the tenant in his investment of productive capital, which in the last analysis benefits, not him, but the landlord. In both forms the exploitation and devastation of the powers of the soil takes the place of a consciously rational treatment of the soil in its role of an eternal social property, of an indispensable condition of existence and reproduction for successive generations of human beings. And besides, this exploitation is made dependent, not upon the attained degree of social development, but upon the accidental and unequal situations of individual producers. In the case of small property this happens from lack of means and science, by which the social productivity of labor-power might be utilized. In the case of large property, it is done by the exploitation of such means for the purpose of the most rapid accumulation of wealth for the tenant and proprietor. The dependence of both of them upon the market price is instrumental in accomplishing this result.

All critique of small property resolves itself in the last resort into a critique of private ownership as a barrier and obstacle of agriculture. And so does all counter-critique of large property. In either case, we leave aside, of course, all minor considerations of politics. This barrier and this obstacle, which are set up by all private property of land against agricultural production and against a rational treatment, conservation and improvement of the soil itself, develop on both sides merely in different forms. In the controversy over these specific forms of the evil its ultimate cause is forgotten.

Small property in land is conditioned upon the premise that the overwhelming majority of the population is rural, and that not the social, but the isolated labor predominates; that, therefore, in view of such conditions, the wealth and development of reproduction, both in its material and intellectual sides, are out of the question and with them the prerequisites of a rational culture. On the other hand, large landed property reduces the agricultural population to a continually decreasing minimum, and induces on the other side a continual increase of the industrial population crowded together in large cities. In this way it creates conditions, which cause an incurable break in the interconnections of the social circulation of matter prescribed by the natural laws of life. As a result the strength of the soil is wasted, and this prodigality is carried far beyond the boundaries of a certain country by commerce (Liebig).

While small property in land creates a class of barbarians standing half way outside of society, a class suffering all the tortures and all miseries of civilized countries in addition to the crudeness of primitive forms of society, large property in land undermines labor-power in the last region, in which its primal energy seeks refuge, and in it which stores up its strength as a reserve fund for the regeneration of the vital power of nations, the land itself. Large industry and large agriculture on an industrial scale work together. Originally distinguished by the fact, that large industry lays waste and destroys principally the labor-power, the natural power, of human beings, whereas large agriculture industrially managed destroys and wastes mainly the natural powers of the soil, both of them join hands in the further course of development, so that the industrial system weakens also the laborers of the country districts, and industry and commerce supply agriculture with the means by which the soil may be exhausted.

**PART VII. THE REVENUES AND THEIR  
SOURCES.**

# CHAPTER XLVIII. THE TRINITARIAN FORMULA.

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CAPITAL — Profit (Profit of Enterprise plus Interest), Land — Ground-Rent, Labor — Wages, this is the trinitarian formula which comprises all the secrets of the social process of production.

Furthermore, since interest, as previously demonstrated, appear as the characteristic product of capital, and profit of enterprise distinguishes itself from interest by appearing as wages independent of capital, the above trinitarian formula reduces itself more specifically to the following: Capital — Interest, Land — Ground-Rent, Labor — Wages. Here profit, the specific mark characterizing the form of surplus-value belonging to the capitalist mode of production, is happily eliminated.

Now, if we look more closely at this economic trinity, we observe:

The alleged sources of the annually available wealth belong to widely dissimilar spheres and have not the least analogy with one another. They have about the same relation to each other as lawyer's fees, carrots, and music.

Capital, Land, Labor! But capital is not a thing. It is a definite interrelation in social production belonging to a definite historical formation of society. This interrelation expresses itself through a certain thing and gives to this thing a specific social character. Capital is not the sum of the material and produced means of production. Capital means rather the means of production converted into capital, and means of production by themselves are no more capital than gold or silver are money in themselves. Capital signifies the means of production monopolized by a certain part of society, the products and material requirements of labor made independent of labor-power in living human beings and antagonistic to them, and personified in capital by this antagonism. Capital means not merely the products of the laborers made independent of them and turned into social

powers, the products turned into rulers and buyers of their own producers, but also the social powers and the future...(illegible) form of labor, which antagonize the producers in the shape of qualities of their products. Here, then, we have a definite and, at first sight, very mystical, social form of one of the factors in a historically produced process of social production.

By the side of this factor we have the land, the unorganic nature as such, a crude and uncouth mass, in its whole primal wildness. Value is labor. Therefore surplus-value cannot be land. The absolute fertility of the soil accomplishes no more than that a certain quantity of labor produces a certain product conditioned upon the natural fertility of the soil. The difference in the fertility of the soil brings it about that the same quantities of labor and capital, hence the same value, express themselves in different quantities of agricultural products, so that these products have different individual values. The equalization of these individual values into market-values is responsible for the fact that the “advantages of fertile over inferior soil...are transferred from the cultivator or consumer to the landlord.” (Ricardo, Principles, .)

And finally, the third party in this conspiracy is a mere ghost, “Labor,” a mere abstraction, and which does not exist when taken by itself, or, if we take...(illegible), the productive activity of human beings in general, by which they promote the circulation of matter between themselves and nature, divested not only of every definiteness of social form and character, but even of its mere natural existence, independent of society, lifted above all societies, being the common attribute of unsocial man as well as of man with any form of society and a general expression and assertion of life.

## II.

Capital — Interest; Private Land, Private Ownership of the Earth, in modern form and corresponding to the capitalist mode of production — Rent; Wage Labor — Wages. This is supposed to be the connection between the sources of revenue. Wage Labor and Private Land, like Capital, are historically determined social forms; one a social form of labor, the other a social form of the monopolized terrestrial globe, and both forms belong to the same economic formation of society corresponding to capital.

The first remarkable thing about this formula is that Land and Labor are placed indiscriminately by the side of Capital. The one, Capital, is a definite form of an element of production belonging to a definite mode of production having a definite cast. It is an element of production combined with and represented by a definite social form. The other two, Land on the one hand and Labor on the other, are two elements of the real labor process. In their material form they are common to all modes of production, they are the material elements of all processes of production, and have nothing to do with the social form of productive processes.

Secondly. In this formula (Capital — Interest, Land — Ground-Rent, Labor — Wages of Labor), capital, land and labor respectively appear as sources of interest (instead of profit), ground-rent and wages, and these things appear as their fruits; capital, land and labor appear as the cause, interest, ground-rent and wages as the effect; and this is done in such a way that each individual source is combined with the thing which it puts forth and produces. All three revenues, interest (instead of profit), rent, wages, are three parts of the value of the product; generally speaking they are parts of value, or, expressed in money, they are certain parts of money, certain parts of price. The formula “Capital — Interest” has indeed the least meaning of any formula of capital; still it is one of its formulæ. But how is land supposed to create value, that is, a socially defined quantity of labor, or even that particular portion of the value of its own products which forms the rent? For instance, land takes part as an agent of production, in the creation of a use-value, of a material product, of wheat. But it has nothing to do with the production of the value of wheat. To the extent that value is represented by wheat, we consider wheat merely as a definite quantity of materialized social labor, regardless of the particular substance, in which this labor is materialized, or of the particular use-value of this substance.

This is not in contradiction with the fact that, in the first place, other circumstances being equal, the cheapness or dearness of the wheat depends upon the productivity of the soil. The productivity of agricultural labor is conditioned upon natural circumstances, and the same quantity of labor is represented by many or by few products, use-values, according to the productivity of such labor. How large the quantity of labor may be, which is

materialized in one bushel of wheat, depends upon the number of bushels produced by the same quantity of labor. It depends, in this case, upon the productivity of the soil, in what proportions of product value shall be materialized. But this value is given, independently of such a distribution. Value is represented by use-value; and use-value is a prerequisite for the creation of exchange-value; but it is folly to construe an antagonism by placing upon one side a use-value, like land, and upon the other side an exchange-value, and at that some particular portion of exchange-value. In the second place...[here the manuscript stops short].

### III.

Vulgar economy really does nothing else but to interpret, in doctrinaire fashion, the ideas of persons entrapped in capitalist conditions of production and performing the function of agents in such production, to systematize and to defend these ideas. We need not wonder, then, that vulgar economy feels particularly at home in the estranged form of manifestation, in which economic conditions are absurd and complete contradictions, and that these conditions appear so much more self-explanatory to it, the more their internal connection is concealed. So long as the ordinary brain accepts these conceptions, vulgar economy is satisfied. But all science would be superfluous, if the appearance, the form, and the nature of things were wholly identical. Vulgar economy has not the slightest inkling of the fact that the trinity from which it takes its departure, namely Land — Rent, Capital — Interest, Labor — Wages of Labor (or Price of Labor), are on their very face three incompatible propositions. First we have the use-value Land, which has no value, and the exchange-value Rent. Here a social relation is conceived as a thing and proportioned to nature. Two incommensurable magnitudes are supposed to be proportional to each other. Then we have Capital — Interest. If capital is conceived as a certain sum of values independently represented by money, then it is manifestly nonsense to say that a certain value shall be valued higher than its value. It is precisely in the formula Capital — Interest that all intermediate links are eliminated, and capital is reduced to its most general formula, which for this reason is inexplicable by itself and absurd. It is also for this reason that the vulgar economist prefers the formula Capital — Interest, with its occult faculty of making a value unequal to itself, to the formula of Capital —

Profit, which approaches more nearly to the actual capitalist relations. Then again, driven by the restless thought that four is not five and that 100 dollars cannot be 110 dollars, he flees from Capital as an exchange-value to the material substance of capital, to its use-value as a material requirement of labor, as machinery, raw materials, etc. By this means he succeeds in putting into the place of the first incomprehensible relation, which makes four equal to five, a wholly incommensurable one between a use-value, a thing, upon the one hand, and a definite relation of social production, surplus-value, upon the other, as he does also in the case of private property in land. As soon as the vulgar economist has arrived at this incommensurable magnitude, everything becomes clear to him, and he no longer feels the need of thinking any further. For he has arrived at what is “rational” in bourgeois conception. Finally we have Labor — Wages of Labor, or Price of Labor. This last expression, as we have shown in Volume I, contradicts on its very face the conception of value as well as of price. Price, generally speaking, is but a definite expression of value. And “Price of Labor” is just as irrational as a yellow logarithm. But here the vulgar economist is all the more satisfied, because it brings him to the deep understanding of the bourgeois, that he pays for labor with money, and because the fact that this formula contradicts the conception of value relieves him from all obligation to understand value.

We have seen that the capitalist process of production is a historically determined form of the social process of production in general. This process is on the one hand the process by which the material requirements of life are produced, and on the other hand a process which takes place under specific historical and economic conditions of production and which produces and reproduces these conditions of production themselves, and with them the human agents of this process, their material conditions of existence and their mutual relations, that is, their particular economic form of society. For the aggregate of these relations, in which the agents of this production live with regard to nature and to themselves, and in which they produce, is precisely their society, considered from the point of view of its economic structure. Like all its predecessors, the capitalist process of production takes place under definite material conditions, which are at the same time the bearers of definite social relations maintained towards one another by the individuals in the process of producing their life's requirements. These

conditions and these relations are on the one hand prerequisites, on the other hand results and creations of the capitalist process of production. They are produced and reproduced by it. We have also seen that capital (the capitalist is merely capital personified and functions in the process of production as the agent of capital), in the social process of production corresponding to it, pumps a certain quantity of surplus labor out of the direct producer, or laborer. It extorts this surplus without returning an equivalent. This surplus labor always remains forced labor in essence, no matter how much it may seem to be the result of free contract. This surplus labor is represented by a surplus-value, and this surplus-value is materialized in a surplus product. It must always remain surplus labor in the sense that it is labor performed above the normal requirements of the producer. In the capitalist system as well as in the slave system, etc., it merely assumes an antagonistic form and is supplemented by the complete idleness of a portion of society. A certain quantity of surplus labor is required for the purpose of discounting accidents, and by the necessary and progressive expansion of the process of reproduction in keeping with the development of the needs and the advance of population, called accumulation from the point of view of the capitalist. It is one of the civilizing sides of capital that it enforces this surplus labor in a manner and under conditions which promote the development of the productive forces, of social conditions, and the creation of the elements for a new and higher formation better than did the preceding forms of slavery, serfdom, etc. Thus it leads on the one hand to a stage, in which the coercion and the monopolization of the social development (including its material and intellectual advantages) by a portion of society at the expense of the other portion are eliminated; on the other hand it creates the material requirements and the germ of conditions, which make it possible to combine this surplus labor in a higher form of society with a greater reduction of the time devoted to material labor. For, according to the development of the productive power of labor, surplus labor may be large in a small total labor day, and relatively small in a large total labor day. If the necessary labor time equals three, and the surplus labor three, then the total working day is equal to six, and the rate of surplus labor 100%. If the necessary labor is equal to nine, and the surplus labor three, then the total working day is twelve and the rate of surplus labor only 33 1/3%. Furthermore, it depends upon the productivity of labor, how much use-value shall be produced in a definite time, hence also in a definite surplus

labor time. The actual wealth of society, and the possibility of a continual expansion of its process of reproduction, do not depend upon the duration of the surplus labor, but upon its productivity and upon the more or less fertile conditions of production, under which it is performed. In fact, the realm of freedom does not commence until the point is passed where labor under the compulsion of necessity and of external utility is required. In the very nature of things it lies beyond the sphere of material production in the strict meaning of the term. Just as the savage must wrestle with nature, in order to satisfy his wants, in order to maintain his life and reproduce it, so civilized man has to do it, and he must do it in all forms of society and under all possible modes of production. With his development the realm of natural necessity expands, because his wants increase; but at the same time the forces of production increase, by which these wants are satisfied. The freedom in this field cannot consist of anything else but of the fact that socialized man, the associated producers, regulate their interchange with nature rationally, bring it under their common control, instead of being ruled by it as by some blind power; that they accomplish their task with the least expenditure of energy and under conditions most adequate to their human nature and most worthy of it. But it always remains a realm of necessity. Beyond it begins that development of human power, which is its own end, the true realm of freedom, which, however, can flourish only upon that realm of necessity as its basis. The shortening of the working day is its fundamental premise.

In a capitalist society, this surplus-value, or this surplus product (leaving aside accidental fluctuations in its distribution and considering only the regulating law of these fluctuations), is divided among the capitalists as a dividend in proportion to the percentage of the total social capital held by each. In this shape the surplus-value appears as the average profit, which falls to the share of the capital, an average profit, which in its turn is separated into profits of enterprise and interest, and which in this way may fall into the hands of different kinds of capitalists. This appropriation and distribution of the surplus-value, or surplus product, by the capital however, has its barrier in private ownership of land. Just as the active capitalist pumps surplus labor, and with it surplus-value and surplus products in the form of profit out of the laborer, so the landlord in his turn pumps a portion

of this surplus-value, or surplus product, out of the capitalist, in the shape of rent, according to the laws previously demonstrated by us.

Hence, when speaking of profit as that portion of surplus-value, which falls to the share of capital, we mean average profit (profits of enterprise plus interest), which has already been limited by deducting the rent from the aggregate profits (identical in mass with the aggregate surplus-value). That rent has been deducted in the premise here. Profits of capital (profits of enterprise plus interest) and ground-rent are merely particular constituents of surplus-value, categories, by which surplus-value is distinguished according to whether it falls into the hands of capital or of private land. This classification does not alter its nature in any way. If added together, these parts form the sum of the social surplus-value. Capital pumps the surplus labor, which is represented by surplus-value and surplus product, directly out of the laborers. To this extent it may be regarded as the producer of surplus-value. Private Land has nothing to do with the actual process of production. Its role is confined to carrying a portion of the produced surplus-value from the pockets of capital to its own. However, the landlord plays a role in the capitalist process of production, not merely by the pressure, which he exerts upon capital, nor by the fact that large property in land is a prerequisite and condition of capitalist production, seeing that it separates the laborer from the means of production, but particularly because the landlord appears as the personification of one of the most essential requirements of production.

Finally, the laborer, in his capacity as the owner and seller of his individual labor-power, receives a portion of his product under the name of wages, in which that portion of his labor is materialized, which we call necessary labor, that is, the labor required for the conservation and reproduction of his labor-power, regardless of whether the conditions of this conservation and reproduction are scanty or bountiful, favorable or unfavorable.

Whatever may be the disparity of these conditions in other respects, they all have this in common: Capital yields year after year a profit to the capitalist, land a ground-rent to the landlord, and labor-power, under normal conditions and so long as it remains a useful labor-power, a wage to the

laborer. These three parts of the total value produced annually, and the corresponding parts of the annually created total product, may be annually consumed by their respective owners, without draining the source of their reproduction (leaving aside for the present any consideration of accumulation). They are like the annually consumable fruits of a perennial tree, or rather of three trees. They form the annual revenue of three classes, the capitalist, the landlord and the laborer. They are revenues distributed at large by the active capitalist in his capacity as the direct exploiter of surplus labor and employer of labor in general. In this way the capital appears to the capitalist, the land to the landlord, and the labor-power or rather the labor itself, to the laborer (since he sells labor-power only to the extent that it is actively employed, and since the price of his labor-power, as previously shown, necessarily appears as the price of his labor under the capitalist system) as three different sources of their respective revenues, of profit, ground-rent and wages. They are so in fact in the sense that capital is for the capitalist a perennial pumping machine of surplus labor, the land for the landlord a perennial magnet attracting a portion of the surplus-value pumped out by capital, and finally, labor the continually self-renewing condition and the ever self-renewing means of acquiring a portion of the value created by the laborer and with it a part of the social product measured by this portion of value, the necessities of life, under the title of wages. They are so, furthermore, in the sense that capital fixes a portion of the value, and thus of the product, of annual labor in the form of profit, the private land fixes another portion in the form of rent, and wage labor fixes a third portion in the form of wages, and converts them by this transformation into revenues of the capitalist, the landlord, and the laborer, without, however, creating the substance itself, which is transformed into these different categories.

Their distribution rather presupposes the existence of this substance, namely the total value of the annual product, which is nothing but materialized social labor. But this is not the form, in which the matter appears to the human agents in production, to the human bearers of the various functions in the process of production. It rather appears to them reversed. We shall point out in the further course of our analysis, why this happens. Capital, ground-rent and labor appear to those human agents in production as three different, independent sources, from which arise three

different constituents of the annually produced value, and of the product, in which it exists. They fancy that not merely the different forms of this value as revenues falling to the share of particular agents in the social process of production, but this value itself arises from these sources, and with it the substance of these forms of revenue.

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...Differential rent is bound up with the relative fertility of the soil, in other words, with qualities, which arise from the soil as such. But in the first place, to the extent that it rests upon the different individual values of the products of different kinds of soil, it is determined only in the manner just mentioned; in the second place, to the extent that it rests upon the regulating general market value, which differs from the individual value, it is a social law carried through by means of competition, and this law has nothing to do either with the soil or with the different degrees of its fertility.

It might seem that a rational relation was expressed at least in the term “Labor — Wages of Labor.” But this is no more the case than it is in the term “Land — Ground-Rent.” To the extent that labor creates value, and materializes itself in the value of commodities, it has nothing to do with the distribution of this value among the different categories. And so far as it has the specifically social character of wage labor, it does not create any value. We have already shown that wages of labor, or price of labor, is but an irrational expression for the value, or price, of labor-power; and the definite social conditions, under which this labor-power is sold, have nothing to do with labor as a general agent in production. Labor is also materialized in that portion of the value of a commodity, which forms the price of labor-power in the shape of wages; it creates this portion just as it does the other portions of the product; but it does not materialize itself in this portion to any other extent, or in any other way, than it does in the portions representing rent or profit. Besides, if we regard labor as a faculty creating value, we do not look upon its concrete form as a means of production, but upon its social relation, which differs from that of wage labor.

Even the term “Capital — Profit” is not correct here. If capital is viewed in the only relation, in which it produces surplus-value, namely in its

relation to the laborer, in which it extorts surplus labor by compulsion exerted upon the wage laborer and his labor-power, then this surplus-value comprises not merely profit (profit of enterprise plus interest), but also rent, in short, the entire undivided surplus-value. Here, on the other hand, as a source of revenue, it is considered only in relation with that portion, which falls into the hands of the capitalist. This is not the surplus-value which it extracts, all together, but only that portion, which it extracts for the capitalist. Still more is all connection lost, as soon as the formula is transformed into “Capital — Interest.”

Now, having first considered the disparity of the above three sources, we must note, in the second place, that their products, their offspring, the revenues, all belong to the same sphere, namely that of value. However, this relation, not only between incommensurable magnitudes, but also between wholly unlike, mutually unrelated, and incomparable things, is accounted for by the fact that capital, like land and labor, is indeed taken only in its meaning as a material substance, that is, simply as a produced means of production, and in so doing both its relation to the laborer and its value are ignored.

In the third place, if understood in this way, the formula Capital — Interest (Profit), Land — Rent, Labor — Wages of Labor, presents a uniform and symmetrical inconsistency. In fact, when wage labor does not appear as a socially determined form of labor, but rather all labor is considered naturally as wage labor (because it appears in this light to people who are biased by capitalist conditions of production), then the particular, specific, social forms observed by the material requirements of labor (the produced means of production and the land) towards wage labor (which is in its turn a prerequisite of those conditions), easily coincide with the material existence of these requirements of labor, or with the form possessed by them generally in the actual labor process, divested of all historically determined social forms, or even of any social form. The changed form of the requirements of labor, divested of labor and facing it as an independent element, which is assumed by the produced means of production when they become capital, and by the land when it becomes monopolized land, private property, this form belonging to a definite period of history then coincides with the existence and the function of the

produced means of production and of the earth, in the general process of production. Those means of production are then capital in themselves, by nature; capital is merely an “economic name” for those means of production; and in the same way land is then naturally the earth monopolized by a certain number of landlords. Just as the products become an independent power opposed to the producer when they become capital and capitalists (for capitalists are but the personification of capital), so the land becomes personified in the landlord and likewise rises on its feet to demand, as an independent power, its share of the product created by its assistance. Thus it is not the land, which receives its due portion of its product for the reproduction and improvement of its productivity, but the landlord, who takes a share of this product and sells or wastes it. It is evident that capital is conditioned upon labor in the capacity of wage labor. But it is likewise evident that if wage labor is taken as a point of departure for labor, so that the identity of any labor with wage labor appears to be a matter of course, then capital and monopolized land must also appear as the natural form of the material requirements of production as distinguished from labor. It then appears natural for the material prerequisites of labor to be capital, and this looks like their general character necessarily arising from their function in the labor process. Capital and produced means of production thus become identical terms. In like manner land and land monopolized by private owners become identical terms. In this way the requirements of production in their assumed natural capacity of capital are considered as the source of profit, and so does the land assume the guise of the source of rent.

Labor as such, in its simple capacity as a useful productive activity, refers to the means of production, not as concerns their form due to social conditions, but rather as concerns their material substance, their capacity as material and means of labor. And they are distinguished merely as use-values, the land as an unproduced, the others as produced means of production. If, then, labor is identical with wage labor, so is the particular social form assumed by the requirements of labor in their opposition to labor identical with their material existence. The requirements of labor are then natural capital, and the land is natural private property. The formal separation of these requirements of labor from labor, the peculiar form of their independence as compared to labor, thus becomes a necessary

attribute, an inherent character, inseparable from the material conditions of production. The social character given to them in the process of capitalist production by a definite epoch of history becomes a natural character belonging to them, as it were, from time immemorial, as elements in the process of production. So it is that the respective part played by the earth as the original field of activity of labor, as the realm of natural forces, as the pre-existing armory of all objects of labor, and the other respective part played by the produced means of production (instruments, raw materials, etc.) in the general process of production, must seem to be expressed in the respective shares claimed by them as capital and private land, in other words, which are pocketed by their social representatives in the form of profit (interest) and rent, just as the laborer seems to receive in his wages that share which is due to his labor in the process of production. Rent, profit and wages thus seem to grow out of the role played by the land, the produced means of production, and the labor in the simple labor process, even when we look upon this labor process as one passing merely between man and nature, without regard to any historical determination.

It is merely the same thing in another form, when it is argued that the product, in which the labor of the wage laborer materializes itself for himself, as his income, his revenue, is just his wages, is just that portion of value (and of the social product measured by this value), which represents his wages. If wage labor is identical with any labor, then so is the wage and the product of labor, and so is the portion of value representing wages and the value created by any labor. But in this way the other portions of value, profit and rent, also become independent and separated from wages, and must seem to arise from sources of their own, which differ from that of wages and are independent of it. They must seem to arise out of the participating elements of production, by the owners of which they are claimed, so that profit seems to come from the means of production, the material elements of capital, and rent from the earth, or nature, represented by the landlord (Roscher).

Private land, capital and wage labor are thus transformed into actual sources of revenue. It is thought that rent, profit and wages and the respective portions of the product representing these parts of value, in which they exist and for which they may be exchanged, arise from these

sources directly, and that the value of the product itself arises in the last analysis from them.<sup>146</sup> They are not considered as sources of revenue in the sense that capital assigns to the capitalist, in the form of profit, a portion of the surplus-value extracted by him from labor, that monopoly in land attracts for the landlord another portion in the form of rent, and that labor gives to the laborer the remaining portion of value in the form of wages. They are not conceived as sources, by which one portion of value is transformed into profit, another into rent, a third into wages.

In the case of the simplest categories of the capitalist mode of production, and even of the production of commodities, in the case of commodities and money, we have already pointed out the mystifying character, which transforms the social conditions that use the material elements of wealth as bearers of production into qualities of these things themselves (commodities) and still more pronouncedly transforms the interrelations of production themselves into a thing (money). All forms of society, to the extent that they reach the stage in which commodities are produced and money circulated, take part in this perversion. But under the capitalist mode of production and in the case of capital, which forms its ruling category, its determining relationship in production, this enchanted and perverted world develops still more. If we consider capital in the actual process of production, as a means of extracting surplus-value, then this relationship is still very simple. The actual connection impresses itself upon the bearers of this process, the capitalists, and they are conscious of it. The violent struggle about the limits of the working day shows this clearly. But even within this undisguised sphere, the sphere of the direct process between labor and capital, matters do not rest in this simplicity. With the development of relative surplus-value in the typical, specifically capitalist mode of production, by which the social powers of production of labor are developed, these powers of production and the social interrelations of labor in the actual labor process seem transferred from labor to capital. This endows capital with a very mystic nature, since all of labor's social powers of production appear to be due to capital, not to labor as such, and seem to sprout from the womb of capital itself. Then the process of circulation intervenes, with its changes of substance and form, to which all parts of the capital, even of agricultural capital, must submit to the extent that the specifically capitalist mode of production develops. This is a sphere, in

which the conditions under which value is originally produced are pushed completely into the background. Even in the direct process of production the capitalist acts at the same time in the capacity of a producer of commodities, of a manager in the production of commodities. Hence this process of production appears to him by no means as a simple process by which surplus-value is produced. But whatever may be the surplus-value extorted by capital in the actual process of production and offered in the shape of commodities, the value and surplus-value contained in the commodities must first be realized in the process of circulation. And both the restitution of the values advanced in production and, particularly, the surplus-value contained in the commodities do not seem to be merely realized in the circulation, but actually to rise from it. This appearance of things is strengthened by two circumstances. In the first place, it is strengthened by the profit made through cheating, cunning, inside knowledge, ability and a thousand market constellations in the selling of commodities. In the second place, it is enhanced by the circumstance that a second determining element, the time of circulation, is here added to the labor time. It is true that the time of circulation asserts itself as a negative barrier against the formation of value and surplus-value, but it has the appearance of being quite as positive a cause as labor itself and of carrying into the problem a determining element independent of labor and due to the nature of capital itself.

In Volume II we had of course, to present merely the forms created and determined by this sphere of circulation, to demonstrate the further development of the form of capital, which takes place in it. But in reality this sphere is the sphere of competition, which, considered in each individual case, is dominated by accident. In other words, the internal law, which enforces itself in these accidents and regulates them, does not become visible until large numbers of these accidents are grouped together. It remains invisible and unintelligible to the individual agents in production. Furthermore: The actual process of production, considered as the unison of the strict process of production and the process of circulation, gives rise to new formations, in which the vein of the internal connections is lost, the conditions of production become separate identities, and the component parts of value become ossified into forms independent of one another.

We have seen that the conversion of surplus-value into profit is determined as much by the process of circulation as it is by the process of production. The surplus-value, in the form of profit, is no longer referred back to that portion of capital, which is invested in labor and from which it arises, but to the total capital. The rate of profit is regulated by laws of its own, which admit, or even require, a change in it while the rate of surplus-value remains unaltered. All this obscures more and more the true nature of surplus-value and thus the actual running gear of capital. Still more is this done by the transformation of profit into average profit and of the values into prices of production, into the regulating averages of the market prices. Here a complicated social process intervenes, the process by which the capitals are equalized, and which separates the relative average prices of the commodities from their values, as it separates also the average profits of the various spheres of production (quite aside from the individual investments of capital in each particular sphere of production) from the actual exploitation of labor by the different capitals. No longer does the average price of the commodities merely seem to differ from their value, but it actually does differ, it actually is not the same as the labor realised in them, and the average profit of some particular capital differs from the surplus-value, which this capital has extracted from the laborers employed by it. The value of the commodities appears no longer directly down to their very last boundaries, but remains visible only in the influence of the fluctuating productivity of labor upon the rise and fall of the prices of production. The profit seems to be determined only incidentally by the direct exploitation of labor, namely to the extent that this exploitation permits the capitalist to realize a profit differing from the average profit at the regulating market prices, which appear to be independent of such exploitation. The normal average profits themselves seem immanent in capital and independent of exploitation. The abnormal exploitation, or even the average exploitation under exceptionally favorable conditions, seems to determine only the deviations from the average profit, not this profit itself. The division of profit into profit of enterprise and interest (not to mention the intervention of commercial profit and financial profit founded upon the circulation and seemingly arising wholly from it and not at all from the process of production itself) completes the self-dependence of the form of surplus-value, the ossification of its form as compared to its substance. One portion of the profit, as compared to the other, separates itself wholly from the

relationship of capital as such and pretends to be an offspring not of the process by which wage labor is exploited, but of the wage labor of the capitalist himself. On the other hand, interest then seems to be independent both of the wage labor of the laborer and of that of the capitalist, and to arise from no other source but capital itself. Capital, appearing originally, on the surface of circulation, as a capitalist fetish, as a self-expanding value, now assumes in the form of interest-bearing capital, its most estranged and peculiar shape. For this reason the formula “Capital — Interest,” as the third link in “Land — Rent” and “Labor — Wages of Labor,” appears much more consistent than “Capital — Profit,” since in “Profit” there still remains a recollection of its origin, which is not only extinguished in “Interest,” but also placed in opposition to this origin and fixed in this antagonistic form.

Capital, as an independent source of surplus-value, is finally joined by private land, which acts as a barrier against average profit and transfers a portion of the surplus-value to a class that neither does any work of its own, nor directly exploits labor, nor can find moral consolation, like interest-bearing capital, in devotional subterfuges such as the alleged risk and sacrifice of lending money to others. Since a part of the surplus-value seems here bound up directly, not with a social relation, but with a natural element, the land, the form of the mutual estrangement and ossification of the various parts of surplus-value is completed, their internal connection completely disrupted, and its source entirely buried, because the relations of production have been made selfdependent in spite of the fact that they are bound up with the different material elements of the process of production.

In Capital — Profit, or better Capital — Interest, Land — Rent, Labor — Wages of Labor, in this economic trinity expressing professedly the connection of value and of wealth in general with their sources, we have the complete mystification of the capitalist mode of production, the transformation of social conditions into things, the indiscriminate amalgamation of the material conditions of production with their historical and social forms. It is an enchanted, perverted, topsy-turvy world, in which Mister Capital and Mistress Land carry on their goblin tricks as social characters and at the same time as mere things. It is the great merit of classic economy to have dissolved this false appearance and illusion, this self-isolation and ossification of the different social elements of wealth by

themselves, this personification of things and conversion of conditions of production into entities, this religion of everyday life. It did so by reducing interest to a portion of profit, and rent to the surplus above the average profit, so that both of them meet in surplus-value. It represented the process of circulation as a mere metamorphosis of forms, and finally reduced value and surplus-value of commodities to labor in the actual process of production. Nevertheless even the best spokesmen of classic economy remained more or less the prisoners of the world of illusion which they had dissolved critically, and this could not well be otherwise from a bourgeois point of view. Consequently all of them fall more or less into inconsistencies, half-way statements, and unsolved contradictions. On the other hand, it is equally natural that the actual agents of production felt completely at home in these estranged and irrational forms of Capital — Interest, Land — Rent, Labor — Wages of Labor, for these are the forms of the illusion, in which they move about and in which they find their daily occupation. It is also quite natural that vulgar economy, which is nothing but a didactic, more or less dogmatic, translation of the ordinary conceptions of the agents of production and which arranges them in a certain intelligent order, should see in this trinity, which is devoid of all internal connection, the natural and indubitable basis of its shallow assumption of importance. This formula corresponds at the same time to the interests of the ruling classes, by proclaiming the natural necessity and eternal justification of their sources of revenue and raising them to the position of a dogma.

In our description of the way, in which the conditions of production are converted into entities and into independent things as compared to the agents of production, we do not enter into a discussion of the manner, in which the interrelations of the world market, its constellations, the movements of market prices, the periods of credit, the cycles of industry and commerce, the changes from prosperity to crises, appear to these agents as overwhelming natural laws that rule them irresistibly and enforce their rule over them as blind necessities. We do not enter into such a discussion, because the actual movements of competition belong outside of our plan, and because we have to present only the internal organization of the capitalist mode of production, as it were, in its ideal average.

In preceding forms of society this economic mystification arises principally in the case of money and of interest-bearing capital. In the nature of the case it is out of the question where, in the first place, production is mainly for use, for the satisfaction of immediate wants, and where, in the second place, slavery or serfdom form the broad foundation of social production, as they did in antiquity and during the Middle Ages. The rule of the conditions of production over the producers in those systems is concealed by the relation between masters and servants, which appear and are visible as the direct motive powers of the process of production. In the primitive societies, in which natural communism prevails, and even in the ancient urban communes, it is this community itself which appears as the basis of production, and its reproduction appears as its ultimate purpose. Even in the medieval guild system neither capital nor labor appear untrammelled. Their relations are rather defined by the corporate rules, by the conditions connected with them, and by the conceptions of professional duties, mastership, etc., which accompany them. Only when the capitalist mode of production...

## **CHAPTER XLIX. A CONTRIBUTION TO THE ANALYSIS OF THE PROCESS OF PRODUCTION.**

FOR the purposes of the following analysis we may leave out of consideration the distinction between the price of production and the value, since this distinction falls altogether to the ground, when, as is the case here, the value of the total annual product of labor is under discussion, in other words, the value of the product of the total social capital.

Profit (profit of enterprise plus interest) and rent are nothing but peculiar forms assumed by particular parts of the surplus-value of commodities. The magnitude of the surplus-value is the limit of the sum of parts, into which it may be divided. The average profit plus the rent are, therefore, equal to the surplus-value. It is possible that a part of the surplus labor contained in the commodities, and thus of the surplus-value, does not take part directly in the equalization tending toward an average rate of profit, so that a part of the value of commodities is not expressed at all in their price. But in the first place, this is balanced either by the fact that the rate of profit increases, when the commodities sold below their value form an element of the constant capital, or by the fact that profit and rent are represented by a larger product, when the commodities sold below their value pass over into that portion of the value which is consumed as revenue in the shape of articles for individual consumption. In the second place, the average movement strikes the balance. At any rate, even if a portion of the surplus-value is not expressed in the price and is lost so far as the formation of prices is concerned, the sum of average profit plus rent in their normal form can never be larger than the total surplus-value, although it may be smaller. Their normal form is conditioned upon wages corresponding to the value of labor-power. Even monopoly rent, to the extent that it is not a deduction from wages, and does not constitute a special category, must be indirectly always a part of the surplus-value. If it is not a part of the surplus price above the cost of production of the commodity itself, of which it is a constituent part, as in the case of differential rent, or a spare portion of the surplus-value of the commodity itself, of which it is a constituent part,

above that portion of its own surplus-value which is measured by the average profit (as in the case of absolute rent), it is at least a part of the surplus-value of other commodities, that is, of commodities which are exchanged for this commodity, which has a monopoly price.

The sum of average profit plus ground-rent can never be greater than the magnitude of which they are the parts and which exists before they are so partitioned. It is, therefore, immaterial for our discussion, whether the entire surplus-value of the commodities, that is, all the surplus labor materialized in the commodities, is realized in their price or not. The surplus labor is not entirely realized for the simple reason that, owing to the continual change in the amount of socially necessary labor for the production of a certain commodity, a change arising out of the continual change in the productive power of labor, one portion of the commodities is always produced under abnormal conditions and must, therefore, be sold below its individual value. At any rate, profit plus rent equal the total realized surplus-value (surplus-labor), and for the purposes of the present discussion the realized surplus-value may be assumed as equal to all surplus-value; for profit and rent are realized surplus-value, or generally speaking the surplus-value which passes into the prices of commodities, which is practically all the surplus-value forming a constituent part of this price.

On the other hand, the wages, which are the third significant form of revenue, are always equal to the variable portion of capital, which is the portion invested, not in means of production, but in the purchase of living labor-power, in the payment of laborers. (The labor paid in the expenditure of revenue is itself paid in wages, profit, or rent, and therefore does not form any portion of the value of commodities by which it is paid. Hence it is not considered in the analysis of the value of commodities and of the component parts into which it is divided.) Wages are the materialization of that portion of the total working day of the laborer, in which the value of the variable capital and thus the price of labor is reproduced. It is that portion of the value of commodities, in which the laborer reproduces the value of his own labor-power, or the price of his labor. The total working day of the laborer is divided into two parts. One portion is that in which he performs the amount of labor necessary to reproduce the value of his own means of subsistence. It is the paid portion of his total labor, that portion which is

necessary for his own maintenance and reproduction. The entire remaining portion of the working day, the entire surplus quantity of labor performed above the value of the labor realized in his wages, is surplus labor, unpaid labor, represented by the surplus-value of his entire product in commodities (and thus by a surplus quantity of commodities), surplus-value, which in its turn is divided into differently named parts, into profit (profit of enterprise plus interest) and rent.

The entire portion of the value of commodities, then, in which the total labor of the laborers added during one day, or one year, is realized, is divided into the value of wages, into profit and into rent. For this total labor is divided into necessary labor, by which the laborer creates that portion of the value of his product, with which he is himself paid, that is, his wages, and into unpaid surplus labor, by which he creates that portion of the value of the product, which represents surplus-value and which is later divided into profit and rent. Aside from this labor the laborer does not perform any labor, and he does not create any value outside of the total value of the product, which assumes the forms of wages, profit and rent. The value of the annual product, in which the new labor added by the laborer during the year is incorporated, is equal to the wages, or the value of the variable capital, plus the surplus-value, which in its turn is divided into profit and rent.

The entire portion of the value of the annual product, then, which the laborer creates in the course of the year, is expressed in the annual sum of the values of the three revenues, the values of wages, profit, and rent. Evidently, therefore, the value of the constant portion of capital is not reproduced in the value of the annually created product, for the wages are only equal to the value of the variable portion of capital advanced in production, and rent and profit are only equal to the surplus-value, the produced excess of value above the total value of the advanced capital, which is equal to the value of the constant plus the value of the variable capital.

It is immaterial for the difficulty to be solved here that a portion of the surplus-value converted into the form of profit and rent is not consumed as revenue, but is accumulated. That portion, which is saved up as a fund for

accumulation, serves for the formation of new, additional, capital, but not for the reproduction of the old capital, neither of that portion of the old capital which is invested in wages nor of that which is invested in means of production. We may, therefore, assume here for the sake of simplicity that the revenues pass wholly into individual consumption. The difficulty has a twofold aspect. On the one hand, the value of the annual product, in which these revenues, wages, profit and rent, are consumed, contains a portion of value, which is equal to the portion of value of the constant part of capital used up in it. It contains this portion of value in addition to the other portion, which resolves itself into wages and that which resolves itself into profit and rent. Its value is therefore equal to wages plus profit plus rent plus C (its constant portion of value). How can an annually produced value, which equals only wages plus profit plus rent, buy a product which has a value of wages plus profit plus rent plus C?

How can the annually produced value buy a product, which has a higher value than its own?

On the other hand, if we leave aside that portion of the constant capital which did not pass over into the product, and which, therefore, continues to exist after the annual production of commodities as it did before it; in other words, if we leave aside the employed, but not consumed fixed capital, we find that the constant portion of the advanced capital has been wholly transferred to the new product in the shape of raw and auxiliary materials, whereas a part of the instruments of labor has been wholly consumed and another part of them only partially, so that only a part of its value has been consumed in production. This entire portion of the constant capital, which has been consumed in production, must be reproduced in its natural form. Assuming all other circumstances, particularly the productive power of labor, to remain unchanged, this portion requires for its reproduction the same amount of labor as before, that is, it must be replaced by its equivalent in value. If it is not, then reproduction itself cannot take place on the old scale. But who is going to perform this labor, and who performs it?

In the first question, to-wit, Who is going to pay for the constant portion of value, and with what? it is assumed that the value of the constant capital consumed in production reappears as a part of the value of the product. This

does not contradict the assumptions of the second difficulty. For we have demonstrated already in Volume I, Chapter VII (The Labor Process and the Process of Producing Surplus-Value), that the mere addition of new labor, although it does not reproduce the old value, but creates merely an addition to it, creates only additional value, still preserves at the same time the old value in the product; that this is done, however, by labor, not to the extent that it is a labor producing value, labor in general, but in its function as a definite productive labor. Therefore no additional labor was necessary for the purpose of preserving the value of the constant portion in the product, in which the revenue, that is, the entire value created during the year, is expended. On the other hand, it requires new additional labor to replace the value and use-value of the constant capital consumed during the past year, for unless this is replaced no reproduction is possible at all.

All newly added labor is represented in the value newly created during the year, and this is divided into the three revenues, that is, into wages, profit and rent. On the one hand, then, no spare social labor remains for the reproduction of the consumed constant capital, which must partially be replaced in its natural form and its value, and partially merely in its value (for the mere wear and tear of fixed capital). On the other hand, the value annually created by labor, divided into wages, profit and rent, and to be spent in these forms, does not suffice to pay for, or buy, the constant portion of capital, which must be contained in the annual product outside of itself.

We see, then, that the problem presented here has already been solved in the discussion of the reproduction of the total social capital, Volume II, Part III. We return to it here, in the first place, for the reason that the surplus-value had not been developed in that volume into its revenue forms, profit (profit of enterprise plus interest) and rent and, therefore, could not be treated in these forms; in the second place, because the formula of wages, profit and rent is connected with an incredible aberration of the analysis, which pervades the entire political economy since Adam Smith.

In Volume II we divided all capital into two great classes: Class I, producing means of production, and Class II, producing articles of individual consumption. The fact that certain products may serve as well for

personal consumption as for means of production (a horse, cereals, etc.), does not invalidate the absolute correctness of this division in any way. It is, in fact, no hypothesis, but merely the expression of a fact.

Take the annual product of a certain country. One portion of the product, whatever may be its ability to serve as means of production, passes over into individual consumption. It is the product for which wages, profit and rent are spent. This product is the product of a definite section of the social capital. It is possible that this same capital may also produce products belonging to Class I. To the extent that it does that, it is not the portion of capital consumed in the shape of the product of Class II, a product belonging actually to individual consumption, which supplies the productively consumed products passing into Class I. This entire product II, which passes into individual consumption, and for which the revenue is spent, is the material form of the capital consumed in it plus the produced surplus. It is also the product of a capital invested in the mere production of articles of consumption. And in the same way section I of the annual product, which serves as means of reproduction and consists of raw materials and instruments of labor, is the product of a capital invested in the mere production of means of production. By far the greater part of the products forming the constant capital exists also materially in a form, in which it cannot pass into individual consumption. To the extent that it might be so used, for instance, to the extent that a farmer might eat his seed corn, butcher his teaming cattle, etc., the economic barrier puts him into the same position in which he would be if this portion did not have a consumable form.

We have already said that we leave out of consideration, in both classes, the fixed part of the constant capital, which continues to exist so far as its material substance and value are concerned, independently of the annual product of both classes.

In Class II, consisting of products for which wages, profit and rent are spent and the revenues thus consumed, the product consists of three parts, so far as its value is concerned. One part is equal to the value of the constant portion of capital consumed in production; a second part is equal to the value of the variable capital invested in wages; finally, a third part is

equal to the value of the produced surplus-value, that is, equal to profit plus rent. The first part of the product of Class II, the value of the constant portion of capital, cannot be consumed either by the capitalists of Class II, or by the laborers of this class, or by the landlords. It does not form any part of their revenues, but must be replaced in its natural form, and must be sold in order that this may be done. On the other hand, the other two parts of this product are equal to the value of the revenues created in this class, equal to wages plus profit plus rent.

In Class I the product consists of the same parts, so far as its form is concerned. But that part, which here forms revenue, wages plus profit plus rent, in short, the variable portion of capital plus the surplus-value, is not consumed here in the natural form of the products of this Class I, but in products of the Class II. The value of the revenues of Class I must, therefore, be consumed in the shape of that portion of the products of Class II, which forms the constant capital of II, that must be reproduced. That portion of the product of Class II, which must reproduce its constant capital, is consumed in its natural form by the laborers, the capitalists and the landlords of Class I. They spend their revenues for this product of II. On the other hand, the product of I, to the extent that it represents a revenue of Class I, is productively consumed in its natural form by Class II, whose constant capital it replaces in its natural form. Finally, the consumed constant portion of the capital of Class I is replaced out of the products of this class itself, which consist of instruments of labor, raw and auxiliary materials, either by an exchange of the capitalists of I among themselves, or in such a way that a portion of these capitalists can use their own product once more as means of production.

Let us take the diagram used in Volume II, Chapter XX, II, for simple reproduction:

$$\begin{aligned} 4000 c + 1000 v + 1000 s &= 6000 \\ 2000 c + 500 v + 500 s &= 3000, \text{ Total } 9000. \end{aligned}$$

According to this, the producers and landlords of II consume  $500 v + 500 s = 1,000$  as revenue;  $2,000 c$  remain to be reproduced. This is consumed by the laborers, capitalists and rent owners of I, whose income is

$1,000 v + 1,000 s = 2,000$ . The consumed product of II is consumed as a revenue by I, and that portion of the revenue of I, which represents an unconsumable product, is consumed as a constant capital by II. It remains to account for the 4,000 c of I. This is replaced out of the product of I itself, which is 6,000, or rather 6,000 minus 2,000, for these last 2,000 have already been converted into constant capital of II. It should be noted that these numbers have been chosen at random, and so the proportion between the value of the revenues of I and the value of the constant capital of II also appears arbitrary. But it is evident that so far as the process of reproduction is normal and takes place under otherwise unchanged circumstances, leaving aside the question of accumulation, the sum of the values of wages, profit and rent in Class I must be equal to the value of the constant portion of the capital of Class II. Otherwise Class II will not be able to reproduce its constant capital, or Class I will not be able to convert its revenue from unconsumable into consumable articles.

The value of the annual product in commodities, just like the value of the commodities produced by some particular investment of capital, and like the value of any individual commodity, resolves itself into two parts: Part A, which replaces the value of the advanced constant capital, and Part B, which presents itself in the form of wages, profit and rent. This last part of value, B, stands in opposition to the Part A to the extent that this Part A, under otherwise equal circumstances, in the first place never assumes the form of revenue, and in the second place always flows back in the form of capital, and of constant capital at that. The other portion, B, however, carries within itself an antagonism. Profit and rent have this in common with wages that all three of them are forms of revenue. Nevertheless they differ essentially from each other in that profit and rent are surplus-value, unpaid labor, whereas wages are paid labor. That portion of the value of the product, which represents spent wages and reproduces wages, and must be reconverted into wages under the conditions assumed by us, flows back first in the shape of variable capital, as a portion of the capital that once more must be advanced for the purposes of reproduction. This portion has a double function. It exists first in the form of capital and is exchanged as such for labor-power. In the hands of the laborer it is converted into revenue, which he draws out of the sale of his labor-power, and as revenue it is spent for means of subsistence and consumed. This double process is

revealed through the intervention of money circulation. The variable capital is advanced in money, paid out as wages. This is its first function as capital. It is converted into labor-power and transformed into the expression of labor-power, into labor. This is the capitalist's side of the process. In the second place, the laborers buy with this money a part of the commodities produced by them, which part is measured by this money, and is consumed by them as revenue. If we imagine the circulation of money to be eliminated, then a part of the product of the laborer is in the hands of the capitalist in the form of existing capital. He advances this part as capital, hands it over to the laborer for new labor-power, while the laborer consumes it directly or indirectly by means of exchange for other commodities, as his revenue. That portion of the value of the product, then, which is destined in the course of reproduction to be converted into wages, into revenue for the laborers, flows back at first into the hands of the capitalist in the form of capital, more accurately of variable capital. That it should flow back in this form is an essential requirement, in order that labor as wage labor, the means of production as capital, and the process of production itself as a capitalist process may always be reproduced.

In order to avoid useless difficulties, it is necessary to distinguish the gross output and the net output from the gross income and the net income.

The gross output, or the gross product, is the total reproduced product. With the exception of the employed but not consumed portion of the fixed capital, the value of the gross output, or of the gross product, is equal to the value of the capital advanced and consumed in production, that is, the constant and variable capital plus the surplus-value, which resolves itself into profit and rent. Or, if we consider the product of the total social capital instead of that of some individual capital, the gross output is equal to the material elements forming the constant plus variable capital, plus the material elements of the surplus product, in which profit and rent are materialized.

The gross income is that portion of value and that portion of the gross product measured by it, which remains after deducting that portion of value and that portion of the total product measured by it, which replaces the constant capital advanced and consumed in production. The gross income,

then, is equal to the wages (or to that portion of the product which is to become once more the income of the laborer) plus the profit plus the rent. On the other hand, the net income is the surplus-value, and thus the surplus product, which remains after the deduction of the wages, and which, in fact, represents the surplus-value realized by capital and to be divided with the landlords, and the surplus product measured by it.

Now we have seen that the value of each individual commodity and the value of the total commodities produced by each individual capital is divided into two parts, one of which replaces only constant capital, and the other of which, although a part of it flows back as variable capital, that is, also in the form of capital, nevertheless is destined to be wholly transformed into a gross income, and to assume the form of wages, profit and rent, the sum of which makes up the gross income. We have also seen that the same is true of the value of the annual total product of a certain society. There is only this difference between the product of the individual capitalist and that of society: From the point of view of the individual capitalist the net income differs from the gross income, for this last includes the wages, whereas the first excludes them. Viewing the income of the whole society, the national income consists of wages plus profit plus rent, that is, of the gross income. But even this is an abstraction to the extent that the entire society, on the basis of capitalist production, places itself upon the capitalist standpoint and considers only the income divided into profit and rent as the net income.

On the other hand, the dream of men like Say, to the effect that the entire output, the entire gross output, resolves itself into the net income of the nation and cannot be distinguished from it, so that this distinction disappears from the national point of view, is but the necessary and ultimate expression of the absurd dogma pervading political economy since Adam Smith, that the value of commodities resolves itself in the last analysis into an income, into wages, profit and rent.<sup>147</sup>

Of course, it is very easy to understand, in the case of each individual capitalist, that a portion of his product must be reconverted into capital (even aside from an expansion of reproduction, or accumulation), not only into variable capital, which is destined to become in its turn an income for

the laborers, a form of revenue, but also into constant capital, which can never be converted into revenue. The simplest observation of the process of production shows this clearly. The difficulty does not begin, until the process of production is studied as a whole. The fact has to be faced that the value of the entire portion of the product, which is consumed in the form of wages, profit and rent (immaterial whether the consumption is individual or productive), resolves itself under analysis wholly into a sum of values formed by wages plus profit plus rent, that is, into the total value of the three revenues, although the value of this portion of the product quite as well as that which does not pass over into the revenues contains a portion of value, equal to C, equal to the value of the constant capital contained in it, which on its very face cannot be limited by the value of the revenue. On the one hand we have the practically irrefutable fact, on the other hand the equally undeniable theoretical contradiction. This difficulty is most easily circumvented by the assertion that the value of commodities contains another portion of value, differing only seemingly, from the one existing in the form of revenue only from the point of view of the individual capitalist. The phrase that a thing is revenue for one man and capital for another saves all further thought. But then it remains an insoluble riddle, how the old capital is to be replaced, when the value of the entire product can be consumed as revenue; and how it is that the value of the product of each individual capital can be equal to the sum of the values of the three revenues plus C, the constant capital, whereas the sum of the values of the products of all capitals can be equal to the sum of the values of the three revenues plus zero. And the riddle must be solved by declaring that any analysis is incapable of finding out the simple elements of price, and must be satisfied with the faulty cycle and the progress into infinity. So that the thing which appears as constant capital may be resolved into wages, profit and rent, whereas the values of the commodities, in which wages, profit and rent are materialized, are determined in their turn by wages, profit and rent, and so forth to infinity.<sup>148</sup>

The entirely false dogma to the effect that the value of commodities resolves itself in the last analysis into wages plus profits plus rent expresses itself in the assertion that the consumer must ultimately pay for the total value of the total product, or that the money circulation between producers and consumers must ultimately be equal to the money circulation between

the producers themselves (Tooke). All these assertions are as false as the axiom upon which they are founded.

The difficulties, which lead to this false and *prima facie* absurd analysis, are briefly the following:

The first difficulty is that the fundamental relationship of constant and variable capital, hence also the nature of surplus-value, and with them the entire basis of the capitalist mode of production, are not understood. The value of each portion of any product of capital contains a certain portion of value equal to the constant capital, another portion of value equal to the variable capital (converted into wages for the laborer), and another portion of value equal to surplus-value (which later on becomes profit and rent). How is it possible that the laborer with his wages, the capitalist with his profit, the landlord with his rent, should be able to buy commodities, each one of which contains not only one of these elements, but all three of them, and how is it possible that the sum of the values of wages, profit and rent, that is, of the three sources of revenue together, should be able to buy the commodities passing over into the total consumption of the recipients of these incomes, since these commodities contain another portion of value, namely constant capital, outside of the other portions of value? How can they buy a value of four with a value of three?<sup>149</sup>

We have given our analysis in Volume II, Part III.

The second difficulty is that the way, in which labor, by adding a new value, preserves old value in a new form without producing this old value anew, is not understood.

The third difficulty is that the connections of the process of reproduction are not understood, as it presents itself, not from the point of view of individual capital, but from that of the total capital. The difficulty is to explain how it is that the product, in which wages and surplus-value, in short the entire value produced by all the labor newly added during the current year, can be converted into money, can reproduce the constant part of its value and yet at the same time resolve itself into a value confined within the limits of the revenues; and how it is that the constant capital

consumed in production can be replaced by the substance and value of new capital, although the total sum of the newly added labor is realized only in wages and surplus-value, and is fully represented by the sum of the values of both. It is here where the main difficulty lies, in the analysis of reproduction and of the proportions of its various component parts, both as concerns their material substance and the proportions of their value.

To these difficulties is added another one, which is intensified still more as soon as the various component parts of the surplus-value appear in the form of revenues independent of each other. This is the difficulty that the fixed marks of revenue and capital are interchanged and occupy different places, so that they seem to be merely relative determinations from the point of view of the individual capitalist and to disappear as soon as the total process of production is viewed as a whole. For instance, the revenue of the laborers and capitalists of Class I, which produces constant capital, replaces the value and the substance of the constant capital of the capitalists of Class II, which produces articles of consumption. One may, therefore, get around the difficulty by means of the conception that the thing which is revenue for one is capital for another. This promotes the idea that these functions have nothing to do with the actual peculiarities of the component parts of value in the commodities. Furthermore: Commodities which are ultimately intended for the purpose of forming the substantial elements in the expenditure of revenue, in other words, articles of consumption, pass through various stages during the year, such as woolen yarn, cloth. In the one stage they form a portion of the constant capital, in the other they are consumed individually, and thus pass wholly into the revenue. One may, therefore, imagine with Adam Smith that the constant capital is but seemingly an element of the value of commodities, which disappears in the total interrelation. Furthermore, a similar exchange takes place between variable capital and revenue. The laborer buys with his wages that portion of the commodities which form his revenue. In this way he creates at the same time for the capitalist the money form of the variable capital. Finally: One portion of the products, which form constant capital, is replaced in its natural form or by means of exchange by the producers of the constant capital themselves. The consumers have nothing to do with this process. When this is overlooked the impression is created that the revenue of the

consumers replaced the entire product, even the constant portion of its value.

Aside from the confusion created by the transformation of the values into prices of production, another confusion is due to the transformation of surplus-value into different, separate, independent forms of revenue traced back to different elements of production, into profit and rent. It is forgotten that the values of commodities are the basis, and that the division of the values of commodities into separate portions, and the further development of these portions of value into forms of revenue, their transmutation into relations of the various owners of the different agencies in production to these parts of value, their distribution among these owners according to definite categories and titles, does not alter anything in the determination of value or in its law. Neither is the law of value changed by the fact that the equalization of profit, that is, the distribution of the total value among the various capitals, and the obstacles, which private land to some extent puts in the way of this equalization (in absolute rent), makes the regulating average prices different from the individual values of the commodities. This again affects merely the addition of the surplus-value to the different prices of commodities, but does not abolish the surplus-value itself, nor the total value of commodities in its capacity as the source of these different constituents of value.

This is the confusion, which we shall consider in our next chapter, and which is necessarily connected with the illusion that the value arises out of its own component parts. First the various component parts of value receive independent forms in the revenues, and in their capacity as revenues they are referred back to the particular substantial elements of production as their alleged sources instead of to the values of commodities, which are their real source. They are actually referred back to those sources, not as components of value, but as revenues, as components of value falling to the share of definite classes of agents in production, the laborer, the capitalist and the landlord. But one might imagine that these parts of value, instead of arising out of the distribution of the value of commodities, rather form it by their composition, and this leads to that nice and faulty circle, which makes the value of commodities arise out of the sum of the values of wages, profit,

rent, and the value of wages, profit and rent, in their turn, is to be determined by the value of commodities, etc.150

Considering reproduction in its normal condition, only a part of the newly added labor is employed for production and thus for the reproduction of the constant capital. This is precisely the portion which replaces the constant capital used up in the production of articles of consumption, of substantial parts of the revenue. This is balanced by the fact that this constant portion does not require any additional labor on the part of Class II. Looking upon the total process of reproduction as a whole, in which this equalising exchange between Classes I and II is included, this constant capital is not a product of newly added labor, although the product of this labor could not be created without that capital. This constant capital, looking upon it from the point of view of substance, is exposed to certain accidents and dangers in the process of reproduction. (Furthermore, considering it from the point of view of value, it may be depreciated through a change in the productive power of labor; but this refers only to the individual capitalist.) Accordingly a portion of the profit, of surplus-value and of the surplus-product, in which only newly added labor is represented, so far as its value is concerned, serves as an insurance fund. In this case it does not matter, whether this insurance fund is managed by separate insurance companies or not. This is the only part of the revenue which is neither consumed as such nor serves necessarily as a fund for accumulation. Whether it actually serves in the accumulation, or covers merely a shortage in reproduction, depends upon accident. This is also the only portion of the surplus-value and surplus-product, and thus of surplus-labor, which would continue to exist, outside of that portion which serves for accumulation and for the expansion of the process of reproduction, even after the abolition of the capitalist system. This, of course, is conditioned upon the premise that the portion regularly consumed by the direct producers does not remain limited to its present minimum. Outside of the surplus-labor for those, who on account of age can not yet or no longer take part in production, all surplus labor for non-workers would disappear. If we transport ourselves back to the beginnings of society, we find no produced means of production, hence no constant capital, the value of which could pass into the product, and which would have to be replaced in its natural form out of the product in reproduction on the same scale, and to a degree

measured by its value. But nature there supplies immediately the means of subsistence, which do not have to be produced. For this reason nature gives to the savage having but few wants the time, not to use non-existing means of production in new production, but to transform, outside of the labor required for the appropriation of naturally existing means of production, other products of nature into means of production, bows, stone knives, boats, etc. This process among savages, considered merely from the side of its substance, corresponds to the reconversion of surplus-labor into new capital. In the process of accumulation, this conversion of the product of surplus labor into capital takes place continually; and the fact that all new capital arises out of profit, rent, or other forms of revenue, that is, out of surplus labor, leads to the mistaken idea that all value of commodities arises from some revenue. On the other hand, this reconversion of profit into capital rather shows on closer analysis, that the additional labor, which is always represented in the form of revenue, does not serve for the conservation, or reproduction, of the old capital, but for the creation of new surplus capital to the extent that it is not consumed as revenue.

The whole difficulty arises from the fact that all newly added labor, to the extent that the value created by it is not dissolved into wages, appears as profit, that is, as a value which does not cost the capitalist anything and therefore cannot make good some capital advanced by him. This value rather exists in the form of available additional wealth, or, from the point of view of the individual capitalist, in the form of his revenue. But this newly created value can just as well be consumed productively as individually, equally well as capital and as revenue. In view of its natural form, some of it must be productively consumed. It is, therefore, evident that the annually added labor creates capital as well as revenue; this becomes evident in the process of accumulation. That portion of the labor-power, which is employed in the creation of new capital (analogous to that portion of the working day of a savage employed, not for the appropriation of subsistence, but for the manufacture of tools by which to appropriate subsistence), becomes evident in the fact that the entire product of surplus labor presents itself at first in the shape of profit; this use of it has indeed nothing to do with this surplus-product itself, but refers merely to the private relation of the capitalist to the surplus-value pocketed by him. In fact, the surplus-value created by the capitalist is divided into revenue and capital, that is,

into articles of consumption and additional means of production. But the old constant capital, which was handed over from last year (outside of the portion that was injured and to that extent destroyed, in short, the old constant capital that does not have to be reproduced, and so far as there is any break in the process of reproduction, the insurance covers that), so far as its value is concerned, is not reproduced by the newly added labor.

We see, furthermore, that a portion of the newly added labor is continually absorbed in the reproduction and replacement of consumed constant capital, although this newly added labor resolves itself altogether in revenues, in wages, profit and rent. But it is always overlooked, 1) that one portion of the value of this new labor is not a product of this new labor, but previously existing and consumed constant capital; that the portion of the product, in which this part of value presents itself, cannot be converted into revenue, but replaces the means of production of this constant capital in their natural form. 2) It is overlooked that the portion of value, in which this newly added labor is actually represented, is not consumed as revenue in its natural form, but replaces the constant capital in another sphere, where it is moulded into a natural form, in which it may be consumed as revenue, but which in its turn is not wholly a product of newly added labor.

To the extent that reproduction takes place on the same scale, every consumed element of the constant capital must be replaced by a new natural specimen of the same kind, if not in quantity and form, then at least in natural effectiveness. If the productive power of labor remains the same, then this natural replacement implies the reproduction of the same value, which the constant capital had in its old form. But if the productive power of labor is increased, so that the same substantial elements may be reproduced with less labor, then a smaller portion of value of this product can completely replace the constant part in its natural shape. The surplus may then be employed in the formation of additional capital, or a larger portion of the product may be given the form of articles of consumption, or the surplus labor may be reduced. On the other hand, if the productive power of labor decreases, then a larger portion of the product must be used for the replacement of the old capital; the surplus product decreases.

The reconversion of profit, or of any form of surplus-value, into capital shows — without considering the historically defined economic form and looking upon it merely as a simple formation of new means of production — that the condition still continues, in which the laborer performs surplus labor for the purpose of producing means of production, outside of the labor by which he acquires his means of subsistence. Transformation of profit into capital signifies merely the employment of a portion of the surplus labor in the formation of new, additional, means of production. That this takes place in the shape of a conversion of profit into capital, signifies merely that not the laborer, but the capitalist has control of the surplus labor. That this surplus labor must first pass through a stage, in which it appears as revenue (whereas in the case of a savage it appears as surplus labor aiming directly at the manufacture of means of production), means simply that this labor, or its product, is appropriated by the non-laborer. But what is actually converted into capital, is not the profit as such. Transformation of surplus-value into capital signifies merely that the surplus-value and the surplus-product are not consumed individually as revenue of the capitalist. What is actually so converted is the value, the materialized labor, that is, the product in which this value directly presents itself, or for which it is exchanged after having been converted into money. Even when the profit is reconverted into capital, it is not this definite form of surplus-value, not the profit, which is the source of the new capital. The surplus-value is merely changed from one form into another. But it is not this change of form which gives it the character of capital. It is the commodity and its value, which now perform the function of capital. But that the value of the commodity is not paid for — and only by this means does it become surplus-value — is quite immaterial for the materialization of labor, for value itself.

The misunderstanding expresses itself in various forms. For instance, it is said that the commodities, of which the constant capital consists, also contain elements of wages, profit and rent. Or, that the thing, which is revenue for the one, is capital for some one else, and that these are but subjective relations. Thus the yarn of the spinner contains a portion of value representing profit for him. If the weaver buys the yarn, he realizes the profit of the spinner, but for himself this yarn is merely a part of his constant capital.

Aside from the remarks made on this score concerning the relations between revenue and capital, we add the following observations: The value which passes with the yarn as a constituting element into the capital of the weaver, is the value of the yarn. In what manner the parts of this value have resolved themselves for the spinner into capital and revenue, or, in other words, into paid and unpaid labor, is immaterial for the determination of the value of the commodity itself (aside from modifications by the average profit). Back of this lurks the idea that the profit, or the surplus-value in general, is a surplus above the value of the commodity, which can be made only by raising the price, by mutual cheating, by making a gain through sale. When the price of production is paid, or the value of the commodity, this pays, naturally, also for those portions of the value of commodities, which present themselves to the seller in the shape of revenue. Of course, we are not speaking of monopoly prices here.

In the second place, it is quite correct to say that the component parts of a commodity which make up the constant capital, like any other value of commodities, may be reduced to parts of value, which resolve themselves for the producers and the owners of the means of production into wages, profit and rent. This is merely a capitalist form of expression for the fact that all value of commodities is but the measure of the socially necessary labor contained in the commodities. But we have already shown in Volume I, that this does not prevent a separation of the produced commodities of any capital into separate parts, of which the one represents exclusively the constant portion of capital, another the variable portion of capital, and a third one only surplus-value.

Storch expresses the opinion of many others, when he says: “The salable products, which make up the national revenue, must be considered in political economy in two ways. They must be considered in their relations to individuals as values and in their relations to the nation as goods. For the revenue of a nation is not appreciated like that of an individual, by its value, but by its utility or by the wants which it can satisfy.” (*Considerations sur le revenu national*, .)

In the first place, it is a false abstraction to regard a nation, whose mode of production is based upon value and otherwise capitalistically organized,

as an aggregate body working merely for the satisfaction of the national wants.

In the second place, after the abolition of the capitalist mode of production, but with social production still in vogue, the determination of value continues to prevail in such a way that the regulation of the labor time and the distribution of the social labor among the various groups of production, also the keeping of accounts in connection with this, become more essential than ever

## CHAPTER L. THE SEMBLANCE OF COMPETITION.

WE have shown, that the value of commodities, or the price of production regulated by their total value, resolves itself into:

One portion of value replacing constant capital, or representing past labor, used up in the form of means of production in the making of the commodity. This, in brief, is the value, or price, which these means of production carried into the process of production of the commodities. We never speak of individual commodities in this case, but of commodity-capital, that is, of that form, in which the product of capital during a certain period of time, say of one year, presents itself, and of which the individual commodity forms one element, which, moreover, so far as its value is concerned, resolves itself into the same analogous constituents.

One portion of value representing variable capital, which measures the income of the laborer and converts itself into wages for him. The laborer has produced these wages in this variable portion of value. This, briefly, is that portion of value, which represents the paid portion of the new labor added to the above constant portion in the production of commodities.

Surplus-Value, which is that portion of the value of the produced commodities, in which the unpaid, or surplus labor is incorporated. This last portion of the value in its turn assumes the independent forms, which are at the same time forms of revenue, namely the forms of profit on capital (interest on capital as such and profit of enterprise on capital in productive work) and ground-rent, which is claimed by the owner of the land participating in the process of production. The parts mentioned under 2) and 3), that is, that portion of value, which always assumes the revenue forms of wages (but only after having first gone through the form of variable capital), profit and rent, is distinguished from the constant portion mentioned under 1) by the fact that in it that entire portion of value is dissolved, in which the additional labor added to that constant part, to the means of production of the commodities, is materialized. Now, if we leave

aside the constant portion, then it is correct to say that the value of a commodity, to the extent that it represents newly added labor, continually resolves itself into three parts, which form three forms of revenue, namely wages, profit and rent,<sup>151</sup> in which the respective magnitudes of value, that is the aliquot portions, which they constitute in the total value, are determined by various peculiar laws, which we have analysed previously. But on the other hand, it would be a mistake to say that the value of wages, the rate of profit, and the rate of rent form independent constituent elements of value, whose composition gives rise to the value of commodities, leaving aside the constant part; in other words, it would be a mistake to say that they are constituent elements of the value of commodities, or of the price of production.<sup>152</sup>

The difference is easily seen.

Take it that the value of the product of a capital of 500 is equal to  $400 c + 100 v + 150 s = 650$ ; let the 150 s be divided into 75 profit + 75 rent. We will also assume, in order to forestall useless difficulties, that this is a capital of average composition, so that its price of production and its value coincide; this coincidence always takes place, whenever the product of such an individual capital may be considered as the product of some portion of the total capital corresponding to the same magnitude.

Here the wages, measured by the variable capital, form 20% of the advanced capital; the surplus-value, calculated on the total capital, forms 30%, namely 15% profit and 15% rent. The entire portion of value of the commodity representing the newly added labor is equal to  $100 v + 150 s = 250$ . Its magnitude does not depend upon its division into wages, profit and rent. We see by the proportion of these parts to each other that a labor-power, which is paid with 100 in money, say 100 pounds sterling, has supplied a quantity of labor represented by money to the amount of 250 pounds sterling. We see from this that the laborer performed one and a half times as much surplus labor as he did labor for himself. If the working day contained 10 hours, then he worked 4 hours for himself and 6 hours for the capitalist. Therefore the labor of the laborers paid with 100 pounds sterling is expressed in money to the amount of 250 pounds sterling. Outside of this value of 250 pounds sterling there is nothing to divide between laborer and

capitalist, between capitalist and landlord. It is the total value newly added to the value of 400, which is the value of the means of production. The value of 250 thus produced and determined by the quantity of labor materialized by it in the commodities forms the limit of the dividend, which the laborer, the capitalist and the landlord will be able to draw out of this value in the shape of the revenues, wages, profit and rent.

Take it that a capital of the same organic composition, that is, of the same proportion between the employed living labor-power and the constant capital set in motion by it, should be compelled to pay 150 pounds sterling instead of 100 pounds sterling for the same labor-power which sets in motion the constant capital of 400. And let us further assume that profit and rent should share the surplus-value in a different proportion. As we have assumed that the variable capital of 150 pounds sterling sets the same quantity of labor in motion as the variable capital of 100 did, the newly added value would be 250 as before, and the total value of the product would be 650, also as before. But the formula would then read:  $400 c + 150 v + 100 s$ , and these 100 s would be divided, say, into 45 profit and 55 rent. The proportion, in which the newly produced total value would now be divided among wages, profit and rent, would now be very different. The magnitude of the advanced total capital would also be very different, although it would set only the same total quantity of labor in motion. The wages would amount to  $27 \frac{8}{11}\%$ , the profit to  $8 \frac{2}{11}\%$ , and the rent to 10% of the advanced capital. The total surplus-value would, therefore, amount to a little over 18%.

In consequence of the raise in wages the unpaid portion of the total labor would be changed and with it the surplus-value. If the working day contained 10 hours, the laborer would work 6 hours for himself and 4 hours for the capitalist. The proportion of profit and rent would also be changed, the reduced surplus-value would be divided in a different proportion between the capitalist and the landlord. Finally, since the value of the constant capital would have remained the same, while the value of the advanced variable capital would have risen, the reduced surplus-value would express itself in a still more reduced rate of gross profit, by which we mean here the proportion between the total surplus-value and the advanced total capital.

The change in the value of wages, in the rate of profit, and in the rate of rent, whatever might be the effect of the laws regulating the proportion of these parts, could move only within the limits set by the newly produced value of commodities amounting to 250. An exception could take place only, if rent should rest upon a monopoly price. This would not alter the law itself, but merely complicate its analysis. For if we consider only the product itself in this case, then merely the division of the surplus-value would be different. But if we consider its relative value as compared to other commodities, then we should find no other difference but that a portion of the surplus-value had been transferred from them to this particular commodity.

Let us sum up:

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In the first place, the surplus-value falls by one-third from its former figure, it falls from 150 to 100. The rate of profit falls by a little more than one-third, from 30% to 18%, because the reduced surplus-value must be calculated on an increased advance of total capital. But it does not fall in the same proportion as the rate of surplus-value. This last falls from 150/100 to 100/150, that is, from 150% to 66 2/3%, whereas the rate of profit falls only from 150/500 to 100/550 or from 30% to 18 2/11%. The rate of profit, then, falls proportionately more than the mass of surplus-value, but less than the rate of surplus-value. We find, furthermore, that the values as well as the masses of products remain the same, so long as the same quantity of labor is employed, although the advanced capital has increased by the augmentation of its variable portion. This increase of the advanced capital would indeed make itself felt for a capitalist who would start out in business. But looking upon reproduction as a whole, the augmentation of the variable capital means merely that a larger portion of the new value added by newly performed labor is converted into wages, and thus at first into variable capital instead of into surplus-value and surplus products. The value of the product thus remains the same, because it is bounded on the one hand by the value of the constant capital, 400, and on the other hand by the figure 250, in which the newly added labor is represented. Both of these values remain unaltered. The product would represent the same amount of

use-value in the same quantity of exchange-value, to the extent that it would return into the constant capital, so that the same mass of elements of constant capital would retain the same value. The matter would be different, if the wages should rise, not because the laborer would receive a larger share of his own labor, but if he should receive a larger portion of his own labor, because the productivity of labor would have decreased. In this case, the total value, in which this same labor, paid and unpaid, would be incorporated, would remain the same. But the mass of products, in which this quantity of labor would be incorporated, would be the same, so that the price of each aliquot portion of this product would rise, because each portion would contain more labor. The increased wages of 150 would not represent any more labor than the wages of 100 did before; the reduced surplus-value of 100 would represent merely two-thirds of the product which it did previously, only 66 2/3% of the mass of use-values, which were formerly represented by 100. In this case the constant capital would also become dearer to the extent that this product would go back into it. But this would not be the result of the increase in wages. This increase in wages would rather be a result of the increase in the price of commodities and a result of the diminished productivity of the same quantity of labor. Here the impression is given that the raise in wages made the product dearer; however, this raise is not the cause, but rather a result of a change in the value of the commodities, due to the decreased productivity of labor.

On the other hand, so long as all other circumstances remain the same, so long as the same quantity of employed labor is represented by 250, and the value of the means of production handled by it should then rise or fall, then the value of the same quantity of products would rise or fall by the same magnitude.  $450 c + 100 v + 150 s$  make the value of the product equal to 700. But  $350 c + 100 v + 150 s$  would make the value of the same quantity of products only equal to 600, as against a former 650. Hence, if the advanced capital should increase or decrease, while it sets the same quantity of labor in motion, the value of its product would rise or fall, other circumstances remaining the same, if the increase or decrease of the advanced capital is due to a change in the value of the constant portion of capital. On the other hand, the value of the product remains unchanged, if the increase or decrease of the advanced capital is caused by a change in the value of the variable portion of capital, provided that the productivity of

labor remains the same. In the case of the constant capital, the increase or decrease of its value is not balanced by any opposite movement. But in the case of the variable capital, so long as the productivity of labor remains the same, an increase or decrease of its value is balanced by the opposite movement on the part of the surplus-value, so that the value of the variable capital plus the surplus-value, that is, the new value added by new labor to the means of production and newly incorporated in the product, remains the same.

But if the increase or decrease of the value of the variable capital is due to a rise or fall in the price of commodities, that is, to an increase or decrease of the productivity of the labor employed by this investment of capital, then the value of the product is affected. Only, the rise or fall of wages in this case is not a cause, but an effect.

On the other hand, if the constant capital in the above illustration should remain at 400 c, and if the change from  $100 v + 150 s$  to  $150 v + 100 s$ , that is, an increase of the variable capital, should be due to a decrease in the productivity of labor, not in this same particular line of industry, say in cotton spinning, but perhaps in agriculture, so that it would be a result of a rise in the price of foodstuffs, then the value of the product would remain unchanged. The value of 650 would still be represented by the same quantity of cotton yarn.

The foregoing leads furthermore to the following conclusions: If a decrease in the expenditure of constant capital is due to economies, etc., in such lines of production as supply agriculture with their products, then this, like a direct improvement in the productivity of the employed labor itself, may lead to a reduction of wages, because it would lead to a cheapening of the subsistence of the laborer, and this would imply an increase of the surplus-value; so that the rate of profit in this case would grow for two reasons, namely on the one hand, because the value of the constant capital would decrease, and on the other hand, because the surplusvalue would increase. In our analysis of the conversion of surplus-value into profit we assumed that the wages would not fall, but remain constant, because there we had to investigate the fluctuations of the rate of profit, independent of the changes in the rate of surplus-value. Moreover, the laws which we

developed in that case are general ones, and apply also to investments of capital, the products of which do not pass over into the consumption of the laborer, and in that case changes in the value of the product are without influence upon the wages.

We know, then, that the separation and distribution of the new value added by new labor annually to the means of production, or to the constant part of capital, among the various forms of revenue, namely wages, profit and rent, do not alter the limits of this value itself, do not alter the sum of value to be so distributed; neither can a change in the proportions of these different parts alter their sum, which makes up this given magnitude of value. A given figure of 100 always remains the same, whether it is divided into  $50 + 50$ , or into  $20 + 70 + 10$ , or into  $40 + 30 + 30$ . That portion of the value of the product, which is divided into these revenues, is determined, like the constant portion of the value of capital, by the value of commodities, that is, by the quantity of the labor incorporated in them from case to case. In the first place, then, the quantity of value of the commodities to be distributed among wages, profit and rent is given; in other words, the absolute limit of the sum of the portions of value of these commodities. In the second place, as concerns the individual categories themselves, their average and regulating limits are likewise given. The wages form the basis in this limitation. The wages are regulated on the one side by a natural law; their minimum is determined by the physical minimum required by the laborer for the conservation of his labor-power and for its reproduction; this means a minimum quantity of commodities. The value of these commodities is determined by the labor time required for their reproduction; it is determined by that portion of the new labor added to the means of production, or by that portion of each working day, which the laborer must have for the production and reproduction of an equivalent for the value of these necessary means of subsistence. For instance, if his average daily food requirements have the value of six hours of average labor, then he must work on an average six hours per day for himself. The actual value of his laborpower differs from this physical minimum; it differs according to climate and condition of social development; it depends not merely upon the physical, but also upon the historically developed social needs, which become second nature. But in every country and at any given period this regulating average wage is a given magnitude. The value of all

other revenues thus has its limit. It is always equal to the value, in which the total working day (which coincides in the present case with the average working day, since it comprises the total quantity of labor set in motion by the total social capital) is incorporated, minus that portion of this working day, which is incorporated in wages. Its limit is therefore determined by the limit of that value, in which the unpaid labor is expressed, that is, by the quantity of this unpaid labor. While that portion of the working day, which is required by the laborer for the reproduction of the value of his wages, finds its ultimate limit in the physical minimum of wages, the other portion of the working day, in which surplus labor is incorporated, and with it that portion of value which stands for surplus-value, finds its limit in the physical maximum of the working day, that is, in the total quantity of daily labor time, during which the laborer can be active altogether and still preserve and reproduce his labor-power. As we are here concerned in the distribution of that value, which represents the total labor newly added per year, the working day may here be regarded as a constant magnitude, and is taken for granted as such, no matter how much or how little it may differ from its physical maximum. The absolute limit of that portion of value, which forms surplus-value, and which resolves itself into profit and ground-rent, is thus given. It is determined by the excess of the unpaid portion of the working day over its paid portion, which means by that portion of the value of the total product, in which this surplus labor is realized. If we call the surplus-value thus limited and calculated on the advanced total capital the profit, as I have done, then this profit, so far as its absolute magnitude is concerned, is equal to the surplus-value and, therefore, determined in its boundaries by the same laws as it. On the other hand, the level of the rate of profit is likewise a magnitude inclosed within certain limits by the value of commodities. This rate is the proportion of the total surplus-value to the total social capital advanced in production. If this capital is equal to 500 (say millions) and the surplus-value equal to 100, then 20% form the absolute limit of the rate of profit. The distribution of the social profit at this rate among the various capitals invested in the different spheres of production creates prices of production, which swerve from the values of commodities, and these prices of production are the real regulating average market prices. But this deviation of prices of production from values abolishes neither the determination of prices by values nor the lawful limits of profit. Instead of the value of a commodity being equal to the capital

consumed in it plus the surplus-value contained in it, its price of production is then equal to the capital,  $k$ , consumed in it plus the surplus-value falling to its share as a result of the average rate of profit, for instance 20% of the capital advanced in its production, counting both the consumed and the merely employed capital. But this addition of 20% is itself determined by the surplus-value created by the total social capital, and by its proportion to the value of this capital; and for this reason it is 20% and not 10% or 100%. The transformation of the values into prices of production, then, does not abolish the limits of profit, but merely alters its distribution among the various particular capitals, which make up the total social capital, distributes it uniformly among them in the proportion in which they form parts of the value of this total capital. The market prices fall below or rise above these regulating prices of production, but these fluctuations balance each other. If one studies price lists during a certain long period, and if one subtracts the cases, in which the real value of commodities is altered by a change in the productivity of labor, and likewise the cases, in which the process of production has been previously disturbed by natural or social accidents, one will be surprised, in the first place, by the relatively narrow limits of the fluctuations, and, in the second place, by the regularity of their mutual compensation. The same domination of the regulating averages will be found here, which Quételet pointed out in the case of social phenomena. If the equalization of the values of commodities into prices of production does not meet any obstacles, then the rent resolves itself into differential rent, that is, it is limited to the equalization of the surplus-profits, which would be given to some of the capitalists by the regulating prices of production, but which are then appropriated by the landlords. Here, then, the rent has its definite limit of value in the fluctuations of the individual rates of profit, which are caused by the regulation of the prices of production through the general rate of profit. If private ownership of land places obstacles in the way of the equalization of the values of commodities into prices of production, and appropriates absolute rent, then this absolute rent is limited by the excess of the value of the products of the soil over their prices of production, that is, by the excess of the surplus-value in them over the rate of profit assigned to the capitals by the average rate of profit. This difference then forms the limit of the rent, which is always but a certain portion of surplus-value produced and existing in the commodities.

Finally, if the equalization of the surplus-value into average profit meets with obstacles in the various spheres of production in the shape of artificial or natural monopolies, particularly of monopoly in land, so that a monopoly price would be possible, which would rise above the price of production and above the value of the commodities affected by such a monopoly, still the limits imposed by the value of commodities would not be abolished thereby. The monopoly price of certain commodities would merely transfer a portion of the profit of the other producers of commodities to the commodities with a monopoly price. A local disturbance in the distribution of the surplus-value among the various spheres of production would take place indirectly, but they would leave the boundaries of the surplus-value itself unaltered. If a commodity with a monopoly price should enter into the necessary consumption of the laborer, it would increase the wages and thereby reduce the surplus-value, if the laborer would receive the value of his labor-power, the same as before. But such a commodity might also depress wages below the value of labor-power, of course only to the extent that wages would be higher than the physical minimum of subsistence. In this case the monopoly price would be paid by a deduction from the real wages (that is, from the quantity of use-values received by the laborer for the same quantity of labor) and from the profit of the other capitalists. The limits, within which the monopoly price would affect the normal regulation of the prices of commodities, would be accurately fixed and could be closely calculated.

Just as the division of the newly added value of commodities into necessary and surplus labor, wages and surplus-value, and its general division between revenues, finds its given and regulating limits, so the division of the surplus-value itself into profit and ground-rent finds its limit in the laws regulating the equalization of the rate of profit. In the division into interest and profits of enterprise the average profit itself forms the limit for both of them. It furnishes the given magnitude of value, which they may divide among themselves and which is the only one that they can so divide. The definite proportion of this division is here accidental, that is, it is determined exclusively by conditions of competition. Whereas in other cases the balancing of supply and demand implies the cessation of the deviation of market prices from their regulating average prices, that is, the cessation of the influence of competition, it is here the only determinant.

But why? Because the same factor in production, the capital, has to divide its share of the surplus-value between two owners of the same factor in production. But the fact that no definite, lawful, limit for the division of the average profit is found, does not do away with its limit as a part of the value of commodities, any more than the fact that two partners in a certain business, being under the influence of different circumstances, divide their profit unequally, affects the limits of this profit in any way.

Hence, although that portion of the value of commodities, in which the value of the new labor added to the means of production is incorporated, is divided into different parts, which assume independent forms as revenues, this is no reason why wages, profit and ground-rent should be considered as constituting elements, whose addition, or sum, would be the source of the regulating price of commodities (natural price, *prix nécessaire*); it is no reason to think that not the value of commodities, after the subtraction of the constant portion of value, is the original unit separated into these three parts, but rather the price of each one of these three parts is independently determined, and that the price of commodities is then formed by an addition of these three independent magnitudes. In reality the value of commodities is the magnitude which exists first, and it comprises the sum of the total values of wages, profit and rent, whatever may be their relative magnitudes. In the wrong conception, wages, profit and rent are three independent magnitudes of value, whose total magnitude is supposed to produce the magnitude of the value of a commodity, to limit and to determine it.

In the first place it is evident that, if wages, profit and rent constitute the price of commodities, this would apply as much to the constant portion of the value of commodities as to the other portion, in which variable capital and surplus-value are incorporated. This constant portion may here be left entirely out of consideration, since the value of the commodities of which it is made up would likewise resolve itself into wages, profit and rent. We have already shown that this conception denies the existence of such a constant portion of value.

It is furthermore evident that all meaning of value is here eliminated. Only the conception of price remains, in the sense that a certain amount of money is paid to the owners of labor-power, capital and land. But what is

money? Money is not a thing, but a definite form of value, hence it is again conditioned upon value. Let us say, then, that a definite amount of gold or silver is paid for those elements of production, or that they are equalled in our minds to this amount. But gold and silver (and the enlightened economist is proud of this understanding) are themselves commodities, like all others. The price of gold and silver is therefore likewise determined by wages, profit and rent. Hence we cannot determine what wages, profit and rent are, by making them equal to a certain amount of gold or silver, for the value of this gold and silver, by which they are supposed to be estimated as equivalents, is precisely supposed to be determined by them, independently of gold and silver, that is, independently of the value of any commodity, for this value is supposed to be the product of those three. To say that the value of wages, profit and rent consist in their being equivalent to a certain quantity of gold and silver, would merely be the same as saying that they are equal to a certain quantity of wages, profit and rent.

Take wages first. For it is necessary to make labor the point of departure, even in this view of the matter. How, then, is the regulating price of wages determined, the price around which its market prices oscillate?

Let us reply that it is determined by the demand and supply of labor-power. But what sort of a demand is this? It is a demand made by capital. The demand for labor is therefore at the same time a supply of capital. In order to speak of a supply of capital, we should know above all what capital is. What is capital made of? If we select its simplest forms, it consists of money and commodities. But money is merely a form of commodities. Capital, then, consists of commodities. But the value of commodities, according to our assumption, is first determined by the price of the labor producing them, by wages. The existence of wages is here a prerequisite and is considered as a constituting element of the price of commodities. Now this price is to be determined by the proportion of the supplied labor to capital. The price of the capital itself is equal to the price of the commodities of which it is composed. The demand of capital for labor is equal to the supply of capital. And the supply of capital is equal to the supply of a quantity of commodities of a given price, and this price is regulated in the first place by the price of labor, and the price of labor in its turn is equal to that portion of the price of commodities, which makes up

the variable capital, which is transferred to the laborer in exchange for his labor; and the price of the commodities, of which this variable capital is composed, is in its turn primarily determined by the price of labor; for it is determined by the prices of wages, profit and rent. In order to determine wages, we cannot, therefore, assume the previous existence of capital, for the value of the capital is itself determined in part by wages.

Besides, the dragging of competition into this problem does not help any. Competition makes the market prices of labor rise and fall. But suppose that the demand and supply of labor are balanced. What determines wages in that case? Competition. But we have just assumed that competition ceases to act as a determinant, that it abolishes its effects by the equilibrium of its two opposing forces. We are precisely trying to find the natural price of wages, that is, the price of labor not regulated by competition, but which, on the contrary, regulates it.

Nothing remains but to determine the necessary price of labor by the necessary subsistence of the laborer. But these articles of food are commodities, which have a price. The price of labor is therefore determined by the price of the necessary means of existence, and the price of the means of existence, like that of all other commodities, is determined primarily by the price of labor. Therefore the price of labor determined by the price of the means of existence is determined by the price of labor. The price of labor is determined by itself. In other words, we do not know by what the price of labor is determined. Labor in this case has any price at all, because it is considered as a commodity. In order, therefore, to speak of the price of labor, we must know what price itself means. But what price itself is, we do not learn in this way at all.

But let us assume, that the necessary price of labor had been determined in this agreeable manner. Then how is the average profit determined, the profit of every capital in normal conditions, which forms the second element of the price of commodities? The average profit must be determined by an average rate of profit; how is this rate determined? By the competition between the capitalists? But this competition itself is conditioned upon the existence of profit. It presupposes the existence of different rates of profit, and thus of different profits, either in the same, or in

different spheres of production. Competition can influence the rate of profit only to the extent that it affects the prices of commodities. Competition can merely make the producers within the same sphere of production sell their commodities at the same prices, and make them sell their commodities in different spheres of production at prices which will give them the same profit, will give them the same proportional addition to the price of commodities, which has already been partially determined by wages. Hence competition cannot balance anything but inequalities in the rate of profit. In order to balance unequal rates of profit, the profit as an element in the price of commodities must already exist. Competition does not create it. It lowers or raises its level, but it does not create this level, which appears whenever the balance has been struck. And when we speak of a necessary rate of profit, we wish precisely to know the rate of profit which is independent of the movements of competition, and which rather regulates these movements. The average rate of profit appears, when the forces of the competing capitalists balance each other. Competition may bring about this balance, but cannot create the rate of profit which appears whenever this balance is found. As soon as the equilibrium is reached, why is the rate of profit 10, or 20, or 100%? On account of competition? No, on the contrary, competition has done away with the causes, which produced deviations from the rate of 10, or 20, or 100%. It has brought about a price of commodities, by which every capital yields the same profit in proportion to its magnitude. The magnitude of this profit itself is independent of it. It merely reduces all deviations to this magnitude. One man competes with another, and competition compels him to sell his commodities at the same price as the other. But why is this price 10 or 20 or 100%?

Nothing remains under these circumstances but to declare that the rate of profit, and with it the profit itself arises in some unaccountable manner by a certain addition to the price of commodities, which to that extent was determined by the wages. The only thing which competition tells us is that this rate of profit must have a certain figure. But we knew that before, when we spoke of an average rate of profit and of a “necessary price” of profit.

It is quite unnecessary to thrash this absurd process over in the case of ground-rent. It is evident, even so, that it, logically pursued, makes profit and rent appear as additions made by unaccountable laws to the price of

commodities, which is primarily determined by wages. In short, competition has to shoulder the duty of explaining all inexplicable ideas of the economists, whereas the economists should rather explain competition.

Now, if we leave aside the illusion of a profit and rent created by the circulation, that is of parts of price arising through sale — for circulation can never give what it did not first receive — the matter simply amounts to this:

Let the price of a commodity determined by wages be 100; let the rate of profit be 10% of the wages, and the rent 15% of the wages. Then the price of the commodity determined by wages, profit and rent is 125. These added 25 cannot come from the sale of this commodity. For all sellers sell to each other at 125 what has actually cost only 100 in wages, and the result is the same as though they had all sold at 100. The operation must rather be studied independently of the process of circulation.

If the three revenues share the commodity itself, which now costs 125 — and it does not alter the matter, if the capitalist should first sell at 125, then pay 100 to the laborer, 10 to himself, and 15 to the landlord — then the laborer receives  $\frac{4}{5}$ , equal to 100, of the value and of the product. The capitalist receives  $\frac{2}{25}$  of the value and of the product, and the landlord  $\frac{3}{25}$ . When the capitalist sells at 125, instead of at 100, he merely gives to the laborer  $\frac{4}{5}$  of the product, in which his labor is incorporated. This would be the same, if he had given 80 to the laborer and kept back 20, of which he would share 8 and the landlord 12. In this case he would have sold the commodity at its value, since in fact the additions to the price of the commodity are made independently of the value of the commodity, which is assumed to be determined here by the value of labor-power. This amounts in a roundabout way to saying that in this conception the term wages, here 100, is equal to the value of the product, that is, equal to that sum of money, in which the same definite quantity of labor is represented; but that this value again differs from the real wages and therefore leaves a surplus. Only, in the present case, this is obtained nominally by an addition to the price. Hence, if the wages were 110 instead of 100, the profit would have to be 11 and the ground-rent  $16\frac{1}{2}$ , so that the price of the commodity would be  $137\frac{1}{2}$ . This would leave the proportion unaltered. But as the division would

always be obtained by a nominal addition of definite percentages to the wages, the price would rise and fall with the wages. The wages are here first assumed as equal to the value of the commodity, and then again separated from it. In fact, however, the matter amounts in a roundabout and meaningless way to this, that the value of the commodity is determined by the quantity of labor contained in it, whereas the value of wages is determined by the price of the necessities of life, and the surplus of value above the wages forms profit and rent.

The separation of the value of commodities, after the subtraction of the value of the means of production consumed in their creation, this separation of this given quantity of value determined by the quantity of labor incorporated in the produced commodities into three parts, namely into wages, profit and rent, which assume the shape of independent and mutually unrelated revenues, this same separation appears on the surface of capitalist production, and consequently in the minds of the agents bounded by it, in an inverted form.

Let the total value of a certain commodity be 300, of which 200 may be the value of the means of production, or elements of constant capital, consumed in its production. This leaves 100 as the amount of the new value added to this commodity in its process of production. This new value of 100 is all that is available for division among these three forms of revenue. Let us place the figure for wages at  $x$ , for profit at  $y$ , for ground-rent at  $z$ , then the sum of  $x + y + z$  will always be 100 in our present case. In the conception of the industrials, merchants and bankers, as in that of the vulgar economists, matters are supposed to pass in an entirely different way. According to them it is not the value of the commodity, which equals 100 after subtracting the value of the means of production consumed in it, nor is it this 100 which is divided into  $x$ ,  $y$  and  $z$ . According to them it is rather the price of the commodity, which is composed of wages, profit and rent, whose figures of value are determined independently of the value of this commodity and independently of each other, so that  $x$ ,  $y$  and  $z$  exist independently, each by itself and is so determined, while the sum of these magnitudes, which may be larger or smaller than 100, makes up the value of the commodity by adding these three different values together. This case of mistaken identity is necessary:

Because the component parts of value in the commodities face each other as independent revenues, which are referred back as such to three very dissimilar agencies in production, namely to labor, capital and land, and which then seem to arise out of these. The ownership of labor-power, of capital, of land, is the cause, which assigns these different parts of the value of commodities to these respective owners, and transforms these parts into revenue for them. But the value does not arise from a transformation of its parts into revenue, it must rather exist before it can be converted into revenue, before it can assume this form. The appearance of the reverse must fortify itself so much the more, as the determination of the relative magnitude of these three parts follows different laws, whose connection with and limitation by the value of commodities themselves does not show itself on the surface by any means.

We have seen that a general rise or fall of wages, by causing a movement in the opposite direction on the part of the average rate of profit, so long as other circumstances remain the same, changes the prices of production of the different commodities, raises some and lowers others, according to the average composition of the capital in the respective spheres of production. There is no doubt that at least in some spheres of production the experience is made, that the average price of a commodity rises, because wages have risen, and falls, because wages have fallen. What is not “experienced” is the secret regulation of this change by the value of commodities, which is independent of wages. But if the rise of wages is local, if it takes place only in particular spheres of production in consequence of peculiar circumstances, then a corresponding nominal raise of prices may occur in the case of these commodities. The rise of the relative value of one kind of commodities as against others, which have been produced with an unchanged scale of wages, is then merely a reaction against the local disturbance of a uniform distribution of surplus-value among the various spheres of production, a means of leveling particular rates of profit into an average rate. The “experience,” which is met in that case, is once more the determination of the price by the wages. In both these cases, the same experience shows that the wages determine the prices of commodities. What is not “experienced,” is the hidden cause of this interrelation. Furthermore: The average price of labor, that is, the value of labor-power, is

determined by the price of production of the necessary articles of subsistence. If the price of these falls, so does that of those. What is once more experienced here, is the existence of a connection between wages and the price of commodities. But the cause may seem to be an effect, and the effect a cause, as is also the case in the movements of market prices, where a rise of wages above its average corresponds to the rise of the market prices above the prices of production during periods of prosperity, and subsequent fall of wages below their average corresponds to a fall of market prices below the prices of production. Owing to the dependence of prices of production upon the values of commodities, the primary experience, aside from the oscillating movements of the market prices, should always be that the rate of profit falls whenever wages rise, and vice versa. But we have seen that the rate of profit may be determined by the movements of the value of constant capital, independently of the movements of wages; so that wages and the rate of profit, instead of moving in opposite directions, move in the same direction, and may rise or fall together. If the rate of surplus-value were directly identical with the rate of profit, then this could not happen. Even if wages should rise as a result of a rise in the prices of foodstuffs, the rate of profit may remain the same, or may even rise, owing to a greater intensity of labor or a prolongation of the working day. All these experiences corroborate the illusion created by the apparently independent and reversed form of the parts of value, as though either the wages alone, or wages and profit together determined the value of commodities. As soon as this seems to be the case with reference to wages, so that the price of labor and the value created by labor seem to coincide, the same applies as a matter of course to profit and rent. Their prices, that is, their expression in money, must then seem to be regulated independently of labor and of the value produced by it.

Let us assume that the values of commodities, or the apparently independent prices of production, coincide seemingly directly and continually with the market prices of commodities, instead of merely enforcing themselves as the regulating average prices by the continual balancing of the fluctuations of market prices. Let us assume, furthermore, that reproduction always takes place under the same unaltered conditions, so that the productivity of labor remains constant in all elements of capital. Finally, let us assume that that portion of the value of the produced

commodities, which is formed in every sphere of production by the addition of a new quantity of labor, or by the addition of a newly produced value to the value of the means of production, is always divided according to the same unaltered proportion into wages, profit and rent, so that the actually paid wages, the actually realized profit, and the actual rent always directly coincides with the value of labor-power, with that portion of the total surplus-value which falls to the share of every active part of total capital by means of the average rate of profit, and with the limits, in which ground-rent is normally held upon this basis. In one word, let us assume that the division of the produced social values and the regulation of the prices of production takes place on a capitalist basis, but that competition is abolished.

Under these assumptions, then, under which the value of commodities would be constant and would appear so, under which that part of the value of commodities which resolves itself into revenues would remain a constant magnitude and would always present itself as such, and under which, finally, this given and constant part of value would always be divided according to constant proportions into wages, profit and rent, even under these assumptions would the real movement necessarily appear in an inverted form: not as a division of a previously given quantity of value into three parts, which assume mutually independent forms of revenue, but on the contrary, as the formation of this quantity of value by the sum of the independent and selfdetermined elements of wages, profit and rent, of which it is composed. This illusion would necessarily arise, because in the actual movement of the individual capitals and of the commodities produced by them not the value of the commodities would seem to precede their division, but vice versa, the parts into which it is divided would seem to exist before the value of the commodities. In the first place we have seen that to every capitalist the cost price of his commodities appears as a given magnitude and continually presents itself as such in the actual price of production. But the cost price is equal to the value of the constant capital, the advanced means of production, plus the value of labor-power, which, however, presents itself to the agent in production in the irrational shape of a price of labor, so that the wages appear at the same time as a revenue for the laborer. The average price of labor is a given magnitude, because the value of labor-power, like that of any other commodity, is determined by the

labor time required for its reproduction. But as concerns that portion of the value of commodities, which resolves itself into wages, it does not arise from the fact that it assumes this form of wages, nor from the fact that the capitalist advances to the laborer his share of his own product in the shape of wages, but from the fact that the laborer produces an equivalent for his wages, that is, that a portion of his daily or annual labor produces the value contained in the price of his labor-power. But the wages are stipulated by contract, before the value equivalent to them has been produced. As an element of price, whose magnitude is given before the commodity and its value have been produced, as a constituent part of the cost price, wages do not appear as a part which detaches itself in an independent form from the total value of the commodity, but rather as a given magnitude, which predetermines this value, a creator of price or value. A role similar to that of wages in the cost price of commodities is played by the average profit in their price of production, for the price of production is equal to the cost price plus the average profit on the advanced capital. This average profit figures practically, in the conception and in the calculation of the capitalist himself, as a regulating element, not merely to the extent that it determines the transfer of the capitals from one sphere of investment into another, but also in all sales and contracts, which embrace a process of reproduction extending over long epochs. But whenever it figures in this way, it is a previously existing magnitude, which is in fact independent of the value and surplus-value produced in any particular sphere of production, and still more independent of the value and surplus-value produced by any individual investment of capital in any sphere of production. It does not present itself as a result of a division of value, but rather as a magnitude independent of the value of the produced commodities, as existing from the start and determining the average price of the commodities, that is, as a creator of value. Indeed, the surplus-value, owing to its separation into various and mutually unrelated parts, appears in a still more concrete form as a prerequisite for the creation of the value of commodities. A part of the average profit, in the form of interest, faces the capitalist independently as an element preceding the production of commodities and of their value. Although the fluctuations of the amount of interest are considerable, yet at any specific moment it is a given magnitude for every capitalist, and it enters into the cost price of the commodities produced by any individual capitalist. So does also the ground-rent in the form of lease money fixed by

contract in the case of the agricultural capitalist, and in the form of rent for business rooms in the case of other business men. These parts, into which surplus-value is divided, being given as elements of cost price for the individual capitalist, appear for this reason inversely as creators of surplus-value; they appear as creators of a portion of the price of commodities, just as wages appear as the creator of the other portion. The secret of the continual reappearance of these divided parts of commodity value in the role of prerequisites for the formation of value itself is simply this, that the capitalist mode of production, like any other, does not merely always reproduce the material product, but also the economic conditions, the definite economic forms of its creation. Its result, therefore, appears as continually as its prerequisites, as its prerequisites appear in the role of its results. And it is this continual reproduction of the same conditions, which the individual capital anticipates in a matter of fact way as an indubitable fact. So long as the capitalist mode of production persists as such, a portion of the newly added labor resolves itself continually into wages, another into profit (interest and profit of enterprise), and a third into rent. In the contracts between the owners of the various agencies of production this is always assumed, and this assumption is correct, no matter how much the relative proportions may fluctuate in individual cases. The definite shape, in which the parts of value face each other, is assumed as pre-existing, because it is continually reproduced, and it is continually reproduced, because it is continually taken for granted.

It is true, that both experience and the appearance of things demonstrate the fact that the market prices, whose influence seems to the capitalist to be indeed the whole thing in the determination of values, are by no means dependent upon these anticipations, so far as their amount is concerned. They are not governed by any contracts demanding a high or a low rent and interest. But the market prices are constant only in their changes, and their average for a certain long period results in the respective averages of wages, profit and rent as magnitudes dominating the constant ones, such as the market prices, in the last analysis.

On the other hand, it seems like a simple reflection, that if wages, profit and rent are creators of value for the reason that they seem to precede the production of value, and that they are taken for granted by the individual

capitalist in his cost price and price of production, then the constant portion of value, whose value enters as a given quantity into the production of every commodity, is also a creator of value. But the constant portion of value is nothing but a quantity of commodities and, therefore, of values of commodities. Thus we should arrive at the absurd tautology that the value of commodities is the creator and cause of the value of commodities.

If the capitalist were interested in reflecting about this — and his reflections as a capitalist are dictated exclusively by his interests and his interested motives — his experience would show him, that the product, which he himself produces, passes over into other spheres of production as a constant part of capital, and that products of these other spheres of production pass over into his own product as constant parts of capital. Owing to the fact that the additional value of his own new production, from his point of view, seems to be formed by means of wages, profit and rent, the same appearance holds good also in the case of the constant portion consisting of products of other capitalists. And so the price of the constant portion of capital, and with it the total value of the commodities, reduces itself in the last resort, although in a somewhat unaccountable manner, to a sum of values resulting from the addition of the independent creators of value, wages, profit and rent, which are regulated by different laws and come from different sources.

Whether the commodities are sold, or not sold, at their values, whether their value is determined in one way or another, is quite immaterial for the individual capitalist. This determination of values is from the very outset a process passing behind his back and controlled by conditions independent of himself, because it is not the values, but the divergent prices of production, which form the regulating average prices in every sphere of production. The determination of values as such, interests and influences the individual capitalist and the capital in each sphere of production only to the extent that the reduced or increased quantity of labor required in accordance with the rise or fall of the productive power of labor, enables him in one case to make an extra profit, and compels him in another to raise the price of his commodities, because an additional amount of wages, an additional amount of constant capital, and consequently some more interest, fall upon each individual part of the product, or upon the individual

commodities. This determination of values interests him only to the extent that it raises or lowers the cost of production of commodities for himself, in other words, only to the extent that it places him in an exceptional position.

On the other hand, wages, interest and rent appear to him as regulating boundaries, not only of the price at which he can realize the profit of enterprise, that is, the profit falling to his share in his capacity as a producing capitalist, but also of the price at which he must be able to sell his commodities, if he is to keep his reproduction going at all. It is quite immaterial for him, whether he realises the value and surplus-value in his commodities by their sale, provided only that he gets the customary profit or enterprise or more than that, so long as he pockets this surplus over and above the individual cost price determined for him by wages, interest and rent. Aside from the constant portion of capital, wages, interest and rent appear to him, therefore, as the limiting, creating, determining elements of the price of commodities. For instance, if he can succeed in depressing wages below their normal level, below the value of labor-power, if he can obtain capital at a lower rate of interest, if he can pay less than the normal amount for rent, then he does not care, whether he sells his product below its value, or even below its price of production, so that he gives away without any equivalent a portion of the surplus-value contained in the commodities. This applies even to the constant portion of capital. For instance, if an industrial capitalist can buy his raw material below its price of production, then this protects him against loss, even if he sells it in his own finished product under its price of production. His profit of enterprise may remain the same, or may even increase, so long as the excess of the price of commodities over its elements remains the same or increases. But aside from the value of the means of production, which enter into his own production with a given price, it is precisely wages, interest and rent which enter into this production as limiting and regulating amounts of price. Consequently they appear to him as elements determining the price of commodities. The profit of enterprise, from his point of view, seems determined either by the excess of the market prices, dependent upon accidental conditions of competition, over the immanent value of commodities determined by those elements of price. Or, to the extent that this profit itself exerts a determining influence upon market prices, it seems itself dependent upon the competition between buyers and sellers.

In the competition, both of the individual capitalists among themselves and in the competition on the world market, it is the given and presupposed magnitudes of wages, interest and rent which enter into the calculation as constant and regulating magnitudes. They are constant, not in the sense of being unalterable magnitudes, but in the sense that they are given in any individual case and that they form the constant boundary for the continually fluctuating market prices. For instance, in the competition on the world market the question is exclusively as to whether the commodities can be sold at, or below, the existing world market prices with a profit, as to whether, with the existing wages, interest and rent a corresponding profit of enterprise can be realized. If the wages and the price of land are low in a certain country, while the interest on capital is high, because the capitalist mode of production has not been developed in it, whereas in some other country the wage and the price of land are nominally high, while the interest on capital is low, then the capitalist employs in the one country more labor and land, in the other relatively more capital. These factors enter as determining elements into the calculation by which the degree of possible competition between these two countries is estimated. Here, then, experience shows theoretically, and the interested calculation of the capitalist shows practically, that the prices of commodities are determined by wages, interest and rent, by the price of labor, of capital and of land, and that these elements of price are indeed the regulating factors of price.

Of course, this always leaves an element which is not assumed as pre-existing, but which rather results from the market price of commodities, namely the surplus above the cost price formed by the addition of these elements, namely of wages, interest and rent. This fourth element seems to be determined in every individual case by competition, and in the long average of cases by the average profit, which in its turn is regulated by this same competition, only at longer intervals.

On the basis of capitalist competition it becomes so much a matter of course to separate the value, in which the newly added labor is represented, into the forms of revenue known as wages, profit and ground-rent, that this method is applied (not to mention past stages of history, of which we gave illustrations under the head of ground-rent) even in cases, in which the

conditions required for those forms of revenue are missing. In other words, everything is counted under these heads by analogy.

If an independent laborer — for instance, a small farmer, in whose case all three forms of revenue may be used — works for himself and sells his own product, he is, in the first place, considered as his own employer (capitalist), who employs himself as a laborer, and as his own landlord, who employs himself as his own tenant. To himself as a wage worker he pays his wages, to himself as a capitalist he turns over his profit, and to himself as a landlord he pays his rent. Assuming the capitalist mode of production and the conditions corresponding to it to be the general basis of society, this conception is correct, in so far as he does not owe it to his labor, but to his ownership of means of production — which have here assumed the general form of capital — that he is able to appropriate his own surplus labor. And furthermore, to the extent that he creates his own product in the shape of commodities, and thus depends upon its price (and even if he does not depend upon it, this price can be estimated), the quantity of surplus labor, which he can realize, does not depend upon its own size, but upon the general rate of profit; and in like manner any surplus above the amount of surplus-value allowed by the general rate of profit is not determined by the quantity of labor performed by himself, but can be appropriated by him only because he is the owner of the land. Because a form of production not corresponding to the capitalist mode of production may thus be brought in line with its forms of revenue — and to a certain extent not incorrectly — the illusion is strengthened so much the more that the capitalist conditions are the natural conditions of any mode of production.

On the other hand, if we reduce the wages to their general basis, namely to that portion of the product of the producer's own labor which passes over into the individual consumption of the laborer; if we relieve this portion of its capitalist limitations and extend it to that volume of consumption, which is permitted, on the one hand, by the existing productivity of society (that is the social productivity of his own individual labor in its capacity as a truly social one), and on the other hand, required by the full development of his individuality; if we reduce the surplus labor and the surplus product to that measure, which is required under the existing conditions of social production, on the one hand for the formation of an insurance and reserve

fund, and on the other hand for the continuous expansion of reproduction to an extent dictated by social needs; finally, if we include in number one, necessary labor, and number two, surplus labor, that quantity of labor, which must always be performed by the ablebodied for the incapacitated or immature members of society, in other words, if we deprive both wages and surplus-value, both necessary and surplus labor, of their specifically capitalist character, then we have not these forms, but merely their foundations, which are common to all social modes of production.

Moreover, this manner of generalizing was also used in previous modes of production, for instance, in the feudal one. Conditions of production, which did not correspond to it at all, which stood entirely outside of it, were counted in as feudal relations. This was done, for instance, in England, in the case of tenures in common socage (as distinguished from tenures on knight's service), which comprised merely monetary obligations and were feudal in name only.

## CHAPTER LI. CONDITIONS OF DISTRIBUTION AND PRODUCTION.

THE new value added by the annual new labor — and thus also that portion of the annual product, in which this value is represented and may be drawn out of the total fund and separated from it — is divided into three parts, which assume three different forms of revenue. These forms indicate that one portion of this value belongs, or goes to, the owner of labor-power, another portion to the owner of capital, and a third portion to the owner of land. These, then are forms, or conditions, of distribution, for they express conditions, under which the newly produced total value is distributed among the owners of the different agencies of production.

To the ordinary mind these conditions of distribution appear as natural conditions, as conditions arising from the nature of all social production, from the laws of human production in general. While it cannot be denied that precapitalist societies show other modes of distribution, yet those modes are interpreted as undeveloped, imperfect, disguised, differently colored modes of these natural conditions of distribution, which have not reached their purest expression and their highest form.

The only correct thing in this conception is this: Assuming some form of social production to exist (for instance, that of the primitive Indian communes, or that of the more artificially developed communism of the Peruvians), a distinction can always be made between that portion of labor, which supplies products directly for the individual consumption of the producers and their families — aside from the part which is productively consumed — and that portion of labor, which produces surplus products, which always serve for the satisfaction of social needs, no matter what may be the mode of distribution of this surplus product, and whoever may perform the function of a representative of these social needs. The identity of the various modes of distribution amounts merely to this, that they are identical, if we leave out of consideration their differences and specific forms and keep in mind only their common features as distinguished from their differences.

A more advanced, more critical mind, however, admits the historically developed character of the condition of distribution,<sup>153</sup> but clings on the other hand so much more tenaciously to the unaltering character of the conditions of production arising from human nature and thus independent of all historical development.

On the other hand, the scientific analysis of the capitalist mode of production demonstrates that it is a peculiar mode of production, specifically defined by historical development; that it, like any other definite mode of production, is conditioned upon a certain stage of social productivity and upon the historically developed form of the forces of production. This historical prerequisite is itself the historical result and product of a preceding process, from which the new mode of production takes its departure as from its given foundation. The conditions of production corresponding to this specific, historically determined, mode of production have a specific, historical, passing character, and men enter into them as into their process of social life, the process by which they create their social life. The conditions of distribution are essentially identical with these conditions of production, being their reverse side, so that both conditions share the same historical and passing character.

In the study of conditions of distribution, the start is made from the alleged fact, that the annual product is distributed among wages, profit and rent. But if so expressed, it is a misstatement. The product is assigned on one side to capital, on the other to revenues. One of these revenues, wages, never assumes the form of a revenue, a revenue of the laborer, until it has first faced this laborer in the form of capital. The meeting of the produced requirement of labor and of the general products of labor as capital, in opposition to the direct producers, includes from the outset a definite social character of the material requirements of labor as compared to the laborers, and with it a definite relation, into which they enter in production itself with the owners of the means of production and among themselves. The transformation of these means of production into capital implies on their part the expropriation of the direct producers from the soil, and thus a definite form of property in land.

If one portion of the product were not transformed into capital, the other would not assume the form of wages, profit and rent.

On the other hand, just as the capitalist mode of production is conditioned upon this definite social form of the conditions of production, so it reproduces them continually. It produces not merely the material products, but reproduces continually the conditions of production, in which the others are produced, and with them the corresponding conditions of distribution.

It may indeed be said that capital (and the ownership of land implied by it) is itself conditioned upon a certain mode of distribution, namely the expropriation of the laborers from the means of production, the concentration of these conditions in the hands of a minority of individuals, the exclusive ownership of land by other individuals, in short, all those conditions, which have been described in the Part dealing with Primitive Accumulation (Volume I. Chapter XXVI). But this distribution differs considerably from the meaning of "conditions of distribution," provided we invest them with a historical character in opposition to conditions of production. By the first kind of distribution is meant the various titles to that portion of the product, which goes into individual consumption. By conditions of distribution, on the other hand, we mean the foundations of specific social functions performed within the conditions of production themselves by special agents in opposition to the direct producers. They imbue the conditions of production themselves and their representatives with a specific social quality. They determine the entire character and the entire movement of production.

Capitalist production is marked from the outset by two peculiar traits.

It produces its products as commodities. The fact that it produces commodities does not distinguish it from other modes of production. Its peculiar mark is that the prevailing and determining character of its products is that of being commodities. This implies, in the first place, that the laborer himself acts in the role of a seller of commodities, as a free wage worker, so that wage labor is the typical character of labor. In view of the foregoing analyses it is not necessary to demonstrate again, that the relation

between wage labor and capital determines the entire character of the mode of production. The principal agents of this mode of production itself, the capitalist and the wage worker, are to that extent merely personifications of capital and wage labor. They are definite social characters, assigned to individuals by the process of social production. They are products of these definite social conditions of production.

The character, first of the product as a commodity, secondly of the commodity as a product of capital, implies all conditions of circulation, that is, a definite social process through which the products must pass and in which they assume definite social forms. It also implies definite relations of the agents in production, by which the formation of value in the product and its reconversion, either into means of subsistence or into means of production, is determined. But aside from this, the two above-named characters of the product as commodities, and of commodities as products of capital, dominate the entire determination of value and the regulation of the whole production by value. In this specific form of value, labor appears on the one hand only as social labor; on the other hand, the distribution of this social labor and the mutual supplementing and circulation of matter in the products, the subordination under the social activity and the entrance into it, are left to the accidental and mutually nullifying initiative of the individual capitalists. Since these meet one another only as owners of commodities, and every one seeks to sell his commodity as dearly as possible (being apparently guided in the regulation of his production by his own arbitrary will), the internal law enforces itself merely by means of their competition, by their mutual pressure upon each other, by means of which the various deviations are balanced. Only as an internal law, and from the point of view of the individual agents as a blind law, does the law of value exert its influence here and maintain the social equilibrium of production in the turmoil of its accidental fluctuations.

Furthermore, the existence of commodities, and still more of commodities as products of capital, implies the externalization of the conditions of social production and the personification of the material foundations of production, which characterize the entire capitalist mode of production.

The other specific mark of the capitalist mode of production is the production of surplus-value as the direct aim and determining incentive of production. Capital produces essentially capital, and does so only to the extent that it produces surplus-value. We have seen in our discussion of relative surplus-value, and in the discussion of the transformation of surplus-value into profit, that a mode of production peculiar to the capitalist period is founded upon this. This is a special form in the development of the productive powers of labor, in such a way that these powers appear as self-dependent powers of capital lording it over labor and standing in direct opposition to the laborer's own development. Production which has for its incentive value and surplus-value implies, as we have shown in the course of our analyses, the perpetually effective tendency to reduce the labor necessary for the production of a commodity, in other words, to reduce its value, below the prevailing social average. The effort to reduce the cost price to its minimum becomes the strongest lever for the raising of the social productivity of labor, which, however, appears under these conditions as a continual increase of the productive power of capital.

The authority assumed by the capitalist by his personification of capital in the direct process of production, the social function performed by him in his capacity as a manager and ruler of production, is essentially different from the authority exercised upon the basis of production by means of slaves, serfs, etc.

Upon the basis of capitalist production, the social character of their production impresses itself upon the mass of direct producers as a strictly regulating authority and as a social mechanism of the labor process graduated into a complete hierarchy. This authority is vested in its bearers only as a personification of the requirements of labor standing above the laborer. It is not vested in them in their capacity as political or theoretical rulers, in the way that it used to be under former modes of production. Among the bearers of this authority, on the other hand, the capitalists themselves, complete anarchy reigns, since they face each other only as owners of commodities, while the social interrelations of production manifest themselves to these capitalists only as an overwhelming natural law, which curbs their individual license.

It is only because labor is presumed as wage labor, and the means of production in the form of capital, only on account of this specific social form of these two essential agencies in production, that a part of the value (product) presents itself as surplus-value and this surplus-value as profit (rent), as a gain of the capitalists, as additional available wealth belonging to the capitalist. But only because they present themselves as his profit, do the additional means of production, which are intended for the expansion of reproduction, and which form a part of this profit, present themselves as new additional capital, and only for this reason does the expansion of the process of reproduction present itself as a process of capitalist accumulation.

Although the form of labor, as wage labor, determines the shape of the entire process and the specific mode of production itself, it is not wage labor which determines value. In the determination of value the question turns around social labor time in general, about that quantity of labor, which society in general has at its disposal, and the relative absorption of which by the various products determines, as it were, their respective social weights. The definite form, in which the social labor time enforces itself in the determination of the value of commodities, is indeed connected with the wage form of labor and with the corresponding form of the means of production as capital, inasmuch as the production of commodities becomes the general form of production only upon this basis.

Now let us consider the so-called conditions of distribution themselves. Wages are conditioned upon wage labor, profit upon capital. These definite forms of distribution have for their prerequisites definite social characters on the part of the conditions of production, and definite social relations of the agents in production. The definite condition of distribution, therefore, is merely the expression of the historically determined condition of production.

And now let us take profit. This definite form of surplus-value is a prerequisite for the new creation of means of production by means of capitalist production. It is a relation which dominates reproduction, although it seems to the individual capitalist as though he could consume his entire profit as his revenue. But he meets barriers which hamper him

even in the form of insurance and reserve funds, laws of competition, etc. These demonstrate to him by practice that profit is not a mere category in the distribution of the product for individual consumption. Furthermore, the entire process of capitalist production is regulated by the prices of products. But the regulating prices of production are in their turn regulated by the equalization of the rate of profit and by the distribution of capital among the various social spheres of production in correspondence with this equalization. Profit, then, appears here as the main factor, not of the distribution of products, but of their production itself, as a part in the distribution of capitals and of labor among the various spheres of production. The division of profit into profit of enterprise and interest appears as the distribution of the same revenue. But it arises primarily from the development of capital in its capacity as a self-expanding value, creating surplus-value, it arises from this definite social form of the prevailing process of production. It develops credit and credit institutions out of itself, and with them the shape of production. In interest, etc., the alleged forms of distribution enter as determining elements of production into the price.

Ground-rent might seem to be a mere form of distribution, because private land as such does not perform any, or at least no normal, function in the process of production itself. But the fact that, first, rent is limited to the excess above the average profit, and, secondly, that the landlord is depressed by the ruler and manager of the process of production and of the entire social life's process to the position of a mere holder of land for rent, a usurer in land and collector of rent, is a specific historical result of the capitalist mode of production. The fact that the earth received the form of private property is a historical requirement for this mode of production. The fact that private ownership of land assumes forms, which permit the capitalist mode of production in agriculture, is a product of the specific character of this mode of production. The income of the landlord may be called rent, even under other forms of society. But it differs essentially from the rent as it appears under the capitalist mode of production.

The so-called conditions of distribution, then, correspond to and arise from historically defined and specifically social forms of the process of production and of conditions, into which human beings enter in the process by which they reproduce their lives. The historical character of these

conditions of distribution is the same as that of the conditions of production, one side of which they express. Capitalist distribution differs from those forms of distribution, which arise from other modes of production, and every mode of distribution disappears with the peculiar mode of production, from which it arose and to which it belongs.

The conception, which regards only the conditions of distribution historically, but not the conditions of production, is, on the one hand, merely an idea begotten by the incipient, but still handicapped, critique of bourgeois economy. On the other hand it rests upon a misconception, an identification of the process of social production with the simple labor process, such as might be performed by any abnormally situated human being without any social assistance. To the extent that the labor process is a simple process between man and nature, its simple elements remain the same in all social forms of development. But every definite historical form of this process develops more and more its material foundations and social forms. Whenever a certain maturity is reached, one definite social form is discarded and displaced by a higher one. The time for the coming of such a crisis is announced by the depth and breadth of the contradictions and antagonisms, which separate the conditions of distribution, and with them the definite historical form of the corresponding conditions of production, from the productive forces, the productivity, and development of their agencies. A conflict then arises between the material development of production and its social form.<sup>154</sup>

## CHAPTER LII. THE CLASSES.

THE owners of mere labor-power, the owners of capital, and the landlords, whose respective sources of income are wages, profit and ground-rent, in other words, wage laborers, capitalists and landlords, form the three great classes of modern society resting upon the capitalist mode of production.

In England, modern society is indisputably developed most highly and classically in its economic structure. Nevertheless the stratification of classes does not appear in its pure form, even there. Middle and transition stages obliterate even here all definite boundaries, although much less in the rural districts than in the cities. However, this is immaterial for our analysis. We have seen that the continual tendency and law of development of capitalist production is to separate the means of production more and more from labor, and to concentrate the scattered means of production more and more in large groups, thereby transforming labor into wage labor and the means of production into capital. In keeping with this tendency we have, on the other hand, the independent separation of private land from capital and labor,<sup>155</sup> or the transformation of all property in land into a form of landed property corresponding to the capitalist mode of production.

The first question to be answered is this: What constitutes a class? And this follows naturally from another question, namely: What constitutes wage laborers, capitalists and landlords into three great social classes?

At first glance it might seem that the identity of their revenues and their sources of revenue does that. They are three great social groups, whose component elements, the individuals forming them, live on wages, profit and ground-rent, or by the utilization of their labor-power, their capital, and their private land.

However, from this point of view physicians and officials would also form two classes, for they belong to the two distinct social groups, and the revenues of their members flow from the same common source. The same would also be true of the infinite dissipation of interests and positions created by the social division of labor among laborers, capitalists and

landlords. For instance, the landlords are divided into owners of vineyards, farms, forests, mines, fisheries.



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# THE CIVIL WAR IN FRANCE, 1871



*Translated by Friedrich Engels*

This pamphlet was written as an official statement of the General Council of the International on the character and significance of the struggle of the Communards in the Paris Commune. Between the middle of April and the end of May 1871, while living in London, Marx collected and compiled English, French and German newspaper clippings on the progress of the French civil war, in which the radical workers of Paris strove against conservative forces from outside the city. Marx had access to French publications supported by the Commune, as well as various bourgeois periodicals published in London in English and French. He also had access to personal interpretations of events passed along by several leading figures in the Commune and associates such as Paul Lafargue and Peter Lavrov.

Marx originally intended to write an address to the workers of Paris and made such a motion to the meeting of the governing General Council of the International on 28 March, 1871, a proposal unanimously approved. Further developments in France made Marx think that the document should be instead directed to the working class of the world. At the 18 April meeting of the General Council, he passed along that suggestion by noting his desire to write on the “general tendency of the struggle.” The proposal was approved and Marx began writing the document.

The first edition of the pamphlet, a slight document of just 35 pages, was published in London on about 13 June, 1871 as “The Civil War in France: Address of the General Council of the International Working-Men’s Association.” Only 1000 copies of the first edition were printed and it quickly sold out, to be followed by a less expensive second edition with a print run of 2000. A third English edition, containing a number of corrections of errors, appeared later in that same year.

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## Introduction by Friedrich Engels

Thanks to the economic and political development of France since 1789, for 50 years the position of Paris has been such that no revolutions could break out there without assuming a proletarian character, that is to say, the proletariat, which had bought victory with its blood, would advance its own demands after victory. These demands were more or less unclear and even confused, corresponding to the state of evolution reached by the workers of Paris at the particular period, but in the last resort they all amounted to the abolition of the class antagonism between capitalist and workers. It is true that no one knew how this was to be brought about. But the demand itself, however indefinite it still was in its formulation, contained a threat to the existing order of society; the workers who put it forward were still armed; therefore the disarming of the workers was the first commandment for the bourgeois at the helm of the state. Hence, after every revolution won by the workers, a new struggle, ending with the defeat of the workers.

This happened for the first time in 1848. The liberal bourgeoisie of the parliamentary opposition held banquets for securing reform of the franchise, which was to ensure supremacy for their party. Forced more and more, in their struggle with the government, to appeal to the people, they had to allow the radical and republican strata of the bourgeoisie and petty bourgeoisie gradually to take the lead. But behind these stood the revolutionary workers, and since 1830, these had acquired far more political independence than the bourgeoisie, and even the republicans, suspected. At the moment of the crisis between the government and the opposition, the workers opened battle on the streets; Louis Philippe vanished, and with him the franchise reform; and in its place arose the republic, and indeed one which the victorious workers themselves designated as a “social” republic. No one, however, was clear as to what this social republic was to imply; not even the workers themselves. But they now had arms in their hands, and were a power in the state. Therefore, as soon as the bourgeois republicans in control felt something like firm ground under their feet, their first aim was to disarm the workers. This took place by driving them into the insurrection of June 1848 by direct breach of faith, by open defiance and the attempt to banish the unemployed to a distant province. The government had taken care to have an overwhelming superiority of force. After five days’ heroic

struggle, the workers were defeated. And then followed a blood-bath of the defenceless prisoners, the likes of which as not been seen since the days of the civil wars which ushered in the downfall of the Roman republic. It was the first time that the bourgeoisie showed to what insane cruelties of revenge with will be goaded the moment the proletariat dares to take its stand against them as a separate class, with its own interests and demands. And yet 1848 was only child's play compared with their frenzy in 1871.

Punishment followed hard at heel. If the proletariat was not yet able to rule France, the bourgeoisie could no longer do so. At least not at that period, when the greater part of it was still monarchically inclined, and it was divided into three dynastic parties and a fourth republican party. Its internal dissensions allowed the adventurer Louis Bonaparte to take possession of all the commanding points – army, police, administrative machinery – and, on December 2, 1851, to explode the last stronghold of the bourgeoisie, the National Assembly. The Second Empire opened the exploitation of France by a gang of political and financial adventurers, but at the same time also an industrial development such as had never been possible under the narrow-minded and timorous system of Louis Philippe, with its exclusive domination by only a small section of the big bourgeoisie. Louis Bonaparte took the political power from the capitalists under the pretext of protecting them, the bourgeoisie, from the workers, and on the other hand the workers from them; but in return his rule encouraged speculation and industrial activity – in a word the rise and enrichment of the whole bourgeoisie to an extent hitherto unknown. To an even greater extent, it is true, corruption and mass robbery developed, clustering around the imperial court, and drawing their heavy percentages from this enrichment.

But the Second Empire was the appeal to the French chauvinism, the demand for the restoration of the frontiers of the First Empire, which had been lost in 1814, or at least those of the First Republic. A French empire within the frontiers of the old monarchy and, in fact, within the even more amputated frontiers of 1815 – such a thing was impossible for any long duration of time. Hence the necessity for brief wars and extension of frontiers. But no extension of frontiers was so dazzling to the imagination of the French chauvinists as the extension to the German left bank of the Rhine. One square mile on the Rhine was more to them than ten in the Alps or anywhere else. Given the Second Empire, the demand for the restoration to France of the left bank of the Rhine, either all at once or piecemeal, was

merely a question of time. The time came with the Austro-Prussian War of 1866; cheated of the anticipated “territorial compensation” by Bismarck, and by his own over-cunning, hesitating policy, there was not nothing left for Napoleon but war, which broke out in 1870 and drove him first to Sedan, and then to Wilhelmshohe.

The inevitable result was the Paris Revolution of September 4, 1870. The empire collapsed like a house of cards, and the republic was again proclaimed. But the enemy was standing at the gates; the armies of the empire were either hopelessly beleaguered in Metz or held captive in Germany. In this emergency the people allowed the Paris Deputies to the former legislative body to constitute themselves into a “Government of National Defence.” This was the more readily conceded, since, for the purpose of defence, all Parisians capable of bearing arms had enrolled in the National Guard and were armed, so that now the workers constituted a great majority. But almost at once the antagonism between the almost completely bourgeois government and the armed proletariat broke into open conflict. On October 31, workers’ battalions stormed the town hall, and captured some members of the government. Treachery, the government’s direct breach of its undertakings, and the interventions of some petty-bourgeois battalions set them free again, and in order not to occasion the outbreak of civil war inside a city which was already beleaguered by a foreign power, the former government was left in office.

At last on January 28, 1871, Paris, almost starving, capitulated but with honors unprecedented in the history of war. The forts were surrendered, the outer wall disarmed, the weapons of the regiments of the line and of the Mobile Guard were handed over, and they themselves considered prisoners of war. But the National Guard kept its weapons and guns, and only entered into an armistice with the victors, who themselves did not dare enter Paris in triumph. They only dared to occupy a tiny corner of Paris, which, into the bargain, consisted partly of public parks, and even this they only occupied for a few days! And during this time they, who had maintained their encirclement of Paris for 131 days, were themselves encircled by the armed workers of Paris, who kept a sharp watch that no “Prussian” should overstep the narrow bounds of the corner ceded to the foreign conquerors. Such was the respect which the Paris workers inspired in the army before which all the armies of the empire had laid down their arms; and the Prussian Junkers, who had come to take revenge at the very centre of the

revolution, were compelled to stand by respectfully, and salute just precisely this armed revolution!

During the war the Paris workers had confined themselves to demanding the vigorous prosecution of the fight. But now, when peace had come after the capitulation of Paris, now, Thiers, the new head of government, was compelled to realize that the supremacy of the propertied classes – large landowners and capitalists – was in constant danger so long as the workers of Paris had arms in their hands. His first action was to attempt to disarm them. On March 18, he sent troops of the line with orders to rob the National Guard of the artillery belonging to it, which had been constructed during the siege of Paris and had been paid for by public subscription. The attempt failed; Paris mobilized as one man in defence of the guns, and war between Paris and the French government sitting at Versailles was declared. On March 26 the Paris Commune was elected and on March 28 it was proclaimed. The Central Committee of the National Guard, which up to then had carried on the government, handed in its resignation to the National Guard, after it had first decreed the abolition of the scandalous Paris “Morality Police.” On March 30 the Commune abolished conscription and the standing army, and declared that the National Guard, in which all citizens capable of bearing arms were to be enrolled, was to be the sole armed force. It remitted all payments of rent for dwelling houses from October 1870 until April, the amounts already paid to be reckoned to a future rental period, and stopped all sales of article pledged in the municipal pawnshops. On the same day the foreigners elected to the Commune were confirmed in office, because “the flag of the Commune is the flag of the World Republic.”

On April 1 it was decided that the highest salary received by any employee of the Commune, and therefore also by its members themselves, might not exceed 6,000 francs. On the following day the Commune decreed the separation of the Church from the State, and the abolition of all state payments for religious purposes as well as the transformation of all Church property into national property; as a result of which, on April 8, a decree excluding from the schools all religious symbols, pictures, dogmas, prayers – in a word, “all that belongs to the sphere of the individual’s conscience” – was ordered to be excluded from the schools, and this decree was gradually applied. On the 5th, day after day, in reply to the shooting of the Commune’s fighters captured by the Versailles troops, a decree was issued

for imprisonment of hostages, but it was never carried into effect. On the 6th, the guillotine was brought out by the 137th battalion of the National guard, and publicly burnt, amid great popular rejoicing. On the 12th, the Commune decided that the Victory Column on the Place Vendôme, which had been cast from guns captured by Napoleon after the war of 1809, should be demolished as a symbol of chauvinism and incitement to national hatred. This decree was carried out on May 16. On April 16 the Commune ordered a statistical tabulation of factories which had been closed down by the manufacturers, and the working out of plans for the carrying on of these factories by workers formerly employed in them, who were to be organized in co-operative societies, and also plans for the organization of these co-operatives in one great union. On the 20th the Commune abolished night work for bakers, and also the workers' registration cards, which since the Second Empire had been run as a monopoly by police nominees – exploiters of the first rank; the issuing of these registration cards was transferred to the mayors of the 20 arrondissements of Paris. On April 30, the Commune ordered the closing of the pawnshops, on the ground that they were a private exploitation of labor, and were in contradiction with the right of the workers to their instruments of labor and to credit. On May 5 it ordered the demolition of the Chapel of Atonement, which had been built in expiation of the execution of Louis XVI.

Thus, from March 18 onwards the class character of the Paris movement, which had previously been pushed into the background by the fight against the foreign invaders, emerged sharply and clearly. As almost without exception, workers, or recognized representatives of the workers, sat in the Commune, its decision bore a decidedly proletarian character. Either they decreed reforms which the republican bourgeoisie had failed to pass solely out of cowardice, but which provided a necessary basis for the free activity of the working class – such as the realization of the principle that in relation to the state, religion is a purely private matter – or they promulgated decrees which were in the direct interests of the working class and to some extent cut deeply into the old order of society. In a beleaguered city, however, it was possible at most to make a start in the realization of all these measures. And from the beginning of May onwards all their energies were taken up by the fight against the ever-growing armies assembled by the Versailles government.

On April 7, the Versailles troops had captured the Seine crossing at Neuilly, on the western front of Paris; on the other hand, in an attack on the southern front on the 11th they were repulsed with heavy losses by General Eudes. Paris was continually bombarded and, moreover, by the very people who had stigmatized as a sacrilege the bombardment of the same city by the Prussians. These same people now begged the Prussian government for the hasty return of the French soldiers taken prisoner at Sedan and Metz, in order that they might recapture Paris for them. From the beginning of May the gradual arrival of these troops gave the Versailles forces a decided ascendancy. This already became evident when, on April 23, Thiers broke off the negotiations for the exchange, proposed by Commune, of the Archbishop of Paris and a whole number of other priests held hostages in Paris, for only one man, Blanqui, who had twice been elected to the Commune but was a prisoner in Clairvaux. And even more in the changed language of Thiers; previously procrastinating and equivocal, he now suddenly became insolent, threatening, brutal. The Versailles forces took the redoubt of Moulin Saquet on the southern front, on May 3; on the 9th, Fort Issy, which had been completely reduced to ruins by gunfire; and on the 14th, Fort Vanves. On the western front they advanced gradually, capturing the numerous villages and buildings which extended up to the city wall, until they reached the main wall itself; on the 21st, thanks to treachery and the carelessness of the National Guards stationed there, they succeeded in forcing their way into the city. The Prussians who held the northern and eastern forts allowed the Versailles troops to advance across the land north of the city, which was forbidden ground to them under the armistice, and thus to march forward and attack on a long front, which the Parisians naturally thought covered by the armistice, and therefore held only with weak forces. As a result of this, only a weak resistance was put up in the western half of Paris, in the luxury city proper; it grew stronger and more tenacious the nearer the incoming troops approached the eastern half, the real working class city.

It was only after eight days' fighting that the last defender of the Commune were overwhelmed on the heights of Belleville and Menilmontant; and then the massacre of defenceless men, women, and children, which had been raging all through the week on an increasing scale, reached its zenith. The breechloaders could no longer kill fast enough; the vanquished workers were shot down in hundred by mitrailleuse

fire. The “Wall of the Federals” at the Pere Lachaise cemetery, where the final mass murder was consummated, is still standing today, a mute but eloquent testimony to the savagery of which the ruling class is capable as soon as the working class dares to come out for its rights. Then came the mass arrests; when the slaughter of them all proved to be impossible, the shooting of victims arbitrarily selected from the prisoners’ ranks, and the removal of the rest to great camps where they awaited trial by courts-martial. The Prussian troops surrounding the northern half of Paris had orders not to allow any fugitives to pass; but the officers often shut their eyes when the soldiers paid more obedience to the dictates of humanity than to those of the General Staff; particularly, honor is due to the Saxon army corps, which behaved very humanely and let through many workers who were obviously fighters for the Commune.

Friedrich Engels

London, on the 20th anniversary of the Paris Commune, March 18, 1891

## Postscript to introduction by Friedrich Engels

I did not anticipate that I would be asked to prepare a new edition of the Address of the General Council of the International on The Civil War in France, and to write an introduction to it. Therefore I can only touch briefly here on the most important points.

I am prefacing the longer work mentioned above by the two shorter addresses of the General Council on the Franco-Prussian War. In the first place, because the second of these, which itself cannot be fully understood without the first, is referred to in The Civil War. But also because these two Addresses, likewise drafted by Marx, are, no less than The Civil War, outstanding examples of the author's remarkable gift, first proved in The Eighteenth Brumaire of Louis Bonaparte, for grasping clearly the character, the import, and the necessary consequences of great historical events, at a time when these events are still in process before our eyes, or have only just taken place. And, finally, because we in Germany are still having to endure the consequences which Marx prophesied would follow from these events.

Has that which was declared in the first Address not come to pass: that if Germany's defensive war against Louis Bonaparte degenerated into a war of conquest against the French people, all the misfortunes which befell Germany after the so-called wars of liberation would revive again with renewed intensity? Have we not had a further 20 years of Bismarck's government, the Exceptional Law and the anti-socialist campaign taking the place of the prosecutions of "demagogues", with the same arbitrary police measures and with literally the same staggering interpretations of the law?

And has not the prophecy been proved to the letter that the annexation of Alsace-Lorraine would "force France into the arms of Russia", and that after this annexation Germany must either become the avowed tool of Russia, or must, after some short respite, arm for a new war, and, moreover, "a war with the combines Slavonic and Roman races"? Has not the annexation of the French provinces driven France into the arms of Russia? Has not Bismarck for fully 20 years vainly wooed the favor of the tsar, wooed it with services even more lowly than those which little Prussia, before it became the "first power in Europe", was wont to lay at Holy

Russia's feet? And is there not every day hanging over our heads the Damocles' sword of war, on the first day of which all the chartered covenants of princes will be scattered like chaff; a war of which nothing is certain but the absolute uncertainty of its outcome; a race war which will subject the whole of Europe to devastation by 15 or 20 million armed men, and is only not already raging because even the strongest of the great military states shrinks before the absolute incalculability of its final outcome?

All the more is it our duty to make again accessible to the German workers these brilliant proofs, now half-forgotten, of the far-sightedness of the international working class policy in 1870.

What is true of these two Addresses is also true of The Civil War in France. On March 28, the last fighters of the Commune succumbed to superior forces on the slopes of Belleville; and only two days later, on May 30, Marx read to the General Council the work in which the historical significance of the Paris Commune is delineated in short powerful strokes, but with such clearness, and above all such truth, as has never again been attained on all the mass of literature which has been written on this subject.

Thanks to the economic and political development of France since 1789, for 50 years the positions in Paris has been such that no revolutions could break out there without assuming a proletarian character, that is to say, without the proletariat, which had bought victory with its blood, advancing its own demands after victory. These demands were more or less unclear and even confused, corresponding to the state of evolution reached by the workers of Paris at the particular period, but in the last resort they all amounted to the abolition of the class antagonism between capitalist and workers. It is true that no one knew how this was to be brought about. But the demand itself, however indefinite it still was in its formulation, contained a threat to the existing order of society; the workers who put it forward were still armed; therefore the disarming of the workers was the first commandment for the bourgeois at the helm of the state. Hence, after every revolution won by the workers, a new struggle, ending with the defeat of the workers.

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On April 1 it was decided that the highest salary received by any employee of the Commune, and therefore also by its members themselves, might not exceed 6,000 francs. On the following day the Commune decreed the separation of the Church from the State, and the abolition of all state payments for religious purposes as well as the transformation of all Church property into national property; as a result of which, on April 8, a decree excluding from the schools all religious symbols, pictures, dogmas, prayers — in a word, “all that belongs to the sphere of the individual’s conscience” — was ordered to be excluded from the schools, and this decree was gradually applied. On the 5th, in reply to the shooting, in reply to the shooting, day after day, of the Commune’s fighters captured by the Versailles troops, a decree was issued for imprisonment of hostages, but it was never carried into effect. On the 6th, the guillotine was brought out by the 137th battalion of the National guard, and publicly burnt, amid great popular rejoicing. On the 12th, the Commune decided that the Victory Column on the Place Vendome, which had been cast from guns captured by Napoleon after the war of 1809, should be demolished as a symbol of chauvinism and incitement to national hatred. This decree was carried out on May 16. On April 16 the Commune ordered a statistical tabulation of factories which had been closed down by the manufacturers, and the working out of plans for the carrying on of these factories by workers formerly employed in them, who were to be organized in co-operative societies, and also plans for the organization of these co-operatives in one great union. On the 20th the Commune abolished night work for bakers, and also the workers’ registration cards, which since the Second Empire had been run as a monopoly by police nominees — exploiters of the first rank; the issuing of these registration cards was transferred to the mayors of the 20 arrondissements of Paris. On April 30, the Commune ordered the closing of the pawnshops, on the ground that they were a private exploitation of labor, and were in contradiction with the right of the workers to their instruments of labor and to credit. On May 5 it ordered the demolition of

the Chapel of Atonement, which had been built in expiation of the execution of Louis XVI.

Thus, from March 18 onwards the class character of the Paris movement, which had previously been pushed into the background by the fight against the foreign invaders, emerged sharply and clearly. As almost without exception, workers, or recognized representatives of the workers, sat in the Commune, its decision bore a decidedly proletarian character. Either they decreed reforms which the republican bourgeoisie had failed to pass solely out of cowardice, but which provided a necessary basis for the free activity of the working class — such as the realization of the principle that in relation to the state, religion is a purely private matter — or they promulgated decrees which were in the direct interests of the working class and to some extent cut deeply into the old order of society. In a beleaguered city, however, it was possible at most to make a start in the realization of all these measures. And from the beginning of May onwards all their energies were taken up by the fight against the ever-growing armies assembled by the Versailles government.

On April 7, the Versailles troops had captured the Seine crossing at Neuilly, on the western front of Paris; on the other hand, in an attack on the southern front on the 11th they were repulsed with heavy losses by General Eudes. Paris was continually bombarded and, moreover, by the very people who had stigmatized as a sacrilege the bombardment of the same city by the Prussians. These same people now begged the Prussian government for the hasty return of the French soldiers taken prisoner at Sedan and Metz, in order that they might recapture Paris for them. From the beginning of May the gradual arrival of these troops gave the Versailles forces a decided ascendancy. This already became evident when, on April 23, Thiers broke off the negotiations for the exchange, proposed by the Commune, of the Archbishop of Paris and a whole number of other priests held hostages in Paris, for only one man, Blanqui, who had twice been elected to the Commune but was a prisoner in Clairvaux. And even more in the changed language of Thiers; previously procrastinating and equivocal, he now suddenly became insolent, threatening, brutal. The Versailles forces took the redoubt of Moulin Saquet on the southern front, on May 3; on the 9th, Fort Issy, which had been completely reduced to ruins by gunfire; and on the 14th, Fort Vanves. On the western front they advanced gradually, capturing the numerous villages and buildings which extended up to the city wall, until

they reached the main wall itself; on the 21st, thanks to treachery and the carelessness of the National Guards stationed there, they succeeded in forcing their way into the city. The Prussians who held the northern and eastern forts allowed the Versailles troops to advance across the land north of the city, which was forbidden ground to them under the armistice, and thus to march forward and attack on a long front, which the Parisians naturally thought covered by the armistice, and therefore held only with weak forces. As a result of this, only a weak resistance was put up in the western half of Paris, in the luxury city proper; it grew stronger and more tenacious the nearer the incoming troops approached the eastern half, the real working class city.

It was only after eight days' fighting that the last defender of the Commune were overwhelmed on the heights of Belleville and Menilmontant; and then the massacre of defenceless men, women, and children, which had been raging all through the week on an increasing scale, reached its zenith. The breechloaders could no longer kill fast enough; the vanquished workers were shot down in hundred by mitrailleuse fire. the "Wall of the Federals" at the Pere Lachaise cemetery, where the final mass murder was consummated, is still standing today, a mute but eloquent testimony to the savagery of which the ruling class is capable as soon as the working class dares to come out for its rights. Then came the mass arrests; when the slaughter of them all proved to be impossible, the shooting of victims arbitrarily selected from the prisoners' ranks, and the removal of the rest to great camps where they awaited trial by courts-martial. The Prussian troops surrounding the northern half of Paris had orders not to allow any fugitives to pass; but the officers often shut their eyes when the soldiers paid more obedience to the dictates of humanity than to those of the General Staff; particularly, honor is due to the Saxon army corps, which behaved very humanely and let through many workers who were obviously fighters for the Commune.

If today, we look back at the activity and historical significance of the Paris Commune of 1871, we shall find it necessary to make a few additions to the account given in *The Civil War in France*.

The members of the Commune were divided into a majority of the Blanquists, who had also been predominant in the Central Committee of the National Guard; and a minority, members of the International Working Men's Association, chiefly consisting of adherents of the Proudhon school

of socialism. The great majority of the Blanquists at that time were socialist only by revolutionary and proletarian instinct; only a few had attained greater clarity on the essential principles, through Vaillant, who was familiar with German scientific socialism. It is therefore comprehensible that in the economic sphere much was left undone which, according to our view today, the Commune ought to have done. The hardest thing to understand is certainly the holy awe with which they remained standing respectfully outside the gates of the Bank of France. This was also a serious political mistake. The bank in the hands of the Commune — this would have been worth more than 10,000 hostages. It would have meant the pressure of the whole of the French bourgeoisie on the Versailles government in favor of peace with the Commune. but what is still more wonderful is the correctness of so much that was actually done by the Commune, composed as it was of Blanquists and Proudhonists. naturally, the Proudhonists were chiefly responsible for the economic decrees of the Commune, both for their praiseworthy and their unpraiseworthy aspects; as the Blanquists were for its political actions and omissions. And in both cases the irony of history willed — as is usual when doctrinaires come to the helm — that both did the opposite of what the doctrines of their school proscribed.

Proudhon, the Socialist of the small peasant and master-craftsman, regarded association with positive hatred. He said of it that there was more bad than good in it; that it was by nature sterile, even harmful, because it was a fetter on the freedom of the workers; that it was a pure dogma, unproductive and burdensome, in conflict as much with the freedom of the workers as with economy of labor; that its disadvantages multiplied more swiftly than its advantages; that, as compared with it, competition, division of labor and private property were economic forces. Only for the exceptional cases — as Proudhon called them — of large-scale industry and large industrial units, such as railways, was there any place for the association of workers. (Cf. *Idee Generale de la Revolution*, 3 etude.)

By 1871, even in Paris, the centre of handicrafts, large-scale industry had already so much ceased to be an exceptional case that by far the most important decree of the Commune instituted an organization of large-scale industry and even of manufacture which was not based only on the association of workers in each factor, but also aimed at combining all these associations in one great union; in short an organization which, as Marx

quite rightly says in *The Civil War*, must necessarily have led in the end to communism, that is to say, the direct antithesis of the Proudhon doctrine. And, therefore, the Commune was also the grave of the Proudhon school of socialism. Today this school has vanished from French working class circles; among them now, among the Possibilists no less than among the “Marxists”, Marx’s theory rules unchallenged. Only among the “radical” bourgeoisie are there still Proudhonists.

The Blanquists fared no better. Brought up in the school of conspiracy, and held together by the strict discipline which went with it, they started out from the viewpoint that a relatively small number of resolute, well-organized men would be able, at a given favorable moment, not only seize the helm of state, but also by energetic and relentless action, to keep power until they succeeded in drawing the mass of the people into the revolution and ranging them round the small band of leaders. This conception involved, above all, the strictest dictatorship and centralization of all power in the hands of the new revolutionary government. And what did the Commune, with its majority of these same Blanquists, actually do? In all its proclamations to the French Communes with Paris, a national organization, which for the first time was really to be created by the nation itself. It was precisely the oppressing power of the former centralized government, army, political police and bureaucracy, which Napoleon had created in 1798 and since then had been taken over by every new government as a welcome instrument and used against its opponents, it was precisely this power which was to fall everywhere, just as it had already fallen in Paris.

From the outset the Commune was compelled to recognize that the working class, once come to power, could not manage with the old state machine; that in order not to lose again its only just conquered supremacy, this working class must, on the one hand, do away with all the old repressive machinery previously used against it itself, and, on the other, safeguard itself against its own deputies and officials, by declaring them all, without exception, subject to recall at any moment. What had been the characteristic attribute of the former state? Society had created its own organs to look after its common interests, originally through simple division of labor. But these organs, at whose head was the state power, had in the course of time, in pursuance of their own special interests, transformed themselves from the servants of society into the masters of society, as can be seen, for example, not only in the hereditary monarchy, but equally also

in the democratic republic. Nowhere do “politicians” form a more separate, powerful section of the nation than in North America. There, each of the two great parties which alternately succeed each other in power is itself in turn controlled by people who make a business of politics, who speculate on seats in the legislative assemblies of the Union as well as of the separate states, or who make a living by carrying on agitation for their party and on its victory are rewarded with positions.

It is well known that the Americans have been striving for 30 years to shake off this yoke, which has become intolerable, and that in spite of all they can do they continue to stink ever deeper in this swamp of corruption. It is precisely in America that we see best how there takes place this process of the state power making itself independent in relation to society, whose mere instrument it was originally intended to be. Here there exists no dynasty, no nobility, no standing army, beyond the few men keeping watch on the Indians, no bureaucracy with permanent posts or the right to pensions. and nevertheless we find here two great gangs of political speculators, who alternately take possession of the state power and exploit it by the most corrupt means and for the most corrupt ends — and the nation is powerless against these two great cartels of politicians, who are ostensibly its servants, but in reality exploit and plunder it.

Against this transformation of the state and the organs of the state from servants of society into masters of society — an inevitable transformation in all previous states — the Commune made use of two infallible expedients. In this first place, it filled all posts — administrative, judicial, and educational — by election on the basis of universal suffrage of all concerned, with the right of the same electors to recall their delegate at any time. And in the second place, all officials, high or low, were paid only the wages received by other workers. The highest salary paid by the Commune to anyone was 6,000 francs. In this way an effective barrier to place-hunting and careerism was set up, even apart from the binding mandates to delegates to representative bodies which were also added in profusion.

This shattering of the former state power and its replacement by a new and really democratic state is described in detail in the third section of *The Civil War*. But it was necessary to dwell briefly here once more on some of its features, because in Germany particularly the superstitious belief in the state has been carried over from philosophy into the general consciousness of the bourgeoisie and even to many workers. According to the

philosophical notion, the state is the “realization of the idea” or the Kingdom of God on earth, translated into philosophical terms, the sphere in which eternal truth and justice is or should be realized. And from this follows a superstitious reverence for the state and everything connected with it, which takes roots the more readily as people from their childhood are accustomed to imagine that the affairs and interests common to the whole of society could not be looked after otherwise than as they have been looked after in the past, that is, through the state and its well-paid officials. And people think they have taken quite an extraordinary bold step forward when they have rid themselves of belief in hereditary monarchy and swear by the democratic republic. In reality, however, the state is nothing but a machine for the oppression of one class by another, and indeed in the democratic republic no less than in the monarchy; and at best an evil inherited by the proletariat after its victorious struggle for class supremacy, whose worst sides the proletariat, just like the Commune, cannot avoid having to lop off at the earliest possible moment, until such time as a new generation, reared in new and free social conditions, will be able to throw the entire lumber of the state on the scrap-heap.

Of late, the Social-Democratic philistine has once more been filled with wholesome terror at the words: Dictatorship of the Proletariat. Well and good, gentlemen, do you want to know what this dictatorship looks like? Look at the Paris Commune. That was the Dictatorship of the Proletariat.

Friedrich Engels

London, on the 20th anniversary of the Paris Commune, March 18, 1891.

# The Beginning of the Franco-Prussian War

In the Inaugural Address of the International Working Men's Association, of November 1864, we said:

“If the emancipation of the working classes requires their fraternal concurrence, how are they to fulfill that great mission with a foreign policy in pursuit of criminal designs, playing upon national prejudices, and squandering in piratical wars the people's blood and treasure?”

We defined the foreign policy aimed at by the International in these words:

“Vindicate the simple laws of morals and justice, which ought to govern the relations of private individuals, as the laws paramount of the intercourse of nations.”

No wonder that Louis Bonaparte, who usurped power by exploiting the war of classes in France, and perpetuated it by periodical wars abroad, should, from the first, have treated the International as a dangerous foe. On the eve of the plebiscite he ordered a raid on the members of the Administrative Committee of the International Working Men's Association through France, at Paris, Lyons, Rouen, Marseilles, Brest, etc., on the pretext that the International was a secret society dabbling in a complot for his assassination, a pretext soon after exposed in its full absurdity by his own judges. What was the real crime of the French branches of the International? They told the French people publicly and emphatically that voting the plebiscite was voting despotism at home and war abroad. It has been, in fact, their work that in all the great towns, in all the industrial centres of France, the working class rose like one man to reject the plebiscite. Unfortunately, the balance was turned by the heavy ignorance of the rural districts. The stock exchanges, the cabinets, the ruling classes, and the press of Europe celebrated the plebiscite as a signal victory of the French emperor over the French working class; and it was the signal for the assassination, not of an individual, but of nations.

The war plot of July 1870 is but an amended edition of the coup d'etat of December 1851. At first view, the thing seemed so absurd that France would not believe in its real good earnest. It rather believed the deputy denouncing the ministerial war talk as a mere stock-jobbing trick. When, on July 15, war was at last officially announced to the Corps Legislatif, the

whole Opposition refused to vote the preliminary subsidies ““ even Thiers branded it as “detestable”; all the independent journals of Paris condemned it, and, wonderful to relate, the provincial press joined in almost unanimously.

Meanwhile, the Paris members of the International had against set to work. In the Reveil of July 12, they published their manifesto “to the Workmen of all Nations”, from which we extract the following few passages:

“Once more,” they say, “on the pretext of european equilibrium, of national honor, the peace of the world is menaced by political ambitions. French, German, Spanish workmen! Let our voices unite in one cry of reprobation against war!

“War for a question of preponderance or a dynasty can, in the eyes of workmen, be nothing but a criminal absurdity. In answer to the warlike proclamations of those who exempt themselves from the blood tax, and find in public misfortunes a source of fresh speculations, we protest, we who want peace, labor, and liberty!

“Brothers in Germany! Our division would only result in the complete triumph of the despotism on both sides of the Rhine...

“Workmen of all countries! Whatever may for the present become of our common efforts, we, the members of the International Working Men’s Association, who know of no frontiers, we send you, as a pledge of indissoluble solidarity, the good wishes and the salutations of the workmen of France.”

This manifesto of our Paris section was followed by numerous similar French addresses, of which we can here only quote the declaration of Neuilly-sur-Seine, published in the Marseillaise of July 22:

“The war, is it just? No! The war, is it national? No! It is merely dynastic. In the name of humanity, or democracy, and the true interests of France, we adhere completely and energetically to the protestation of the International against the war.”

These protestations expressed the true sentiments of the French working people, as was soon shown by a curious incident. The Band of the 10th of December, first organized under the presidency of Louis Bonaparte, having been masqueraded into blouses and let loose on the streets of Paris, there to perform the contortions of war fever, the real workmen of the Faubourgs came forward with public peace demonstrations so overwhelming that

Pietri, the Prefect of Police, thought it prudent to stop at once all further street politics, on the plea that the real Paris people had given sufficient vent to their pent-up patriotism and exuberant war enthusiasm.

Whatever may be the incidents of Louis Bonaparte's war with Prussia, the death-knell of the Second Empire has already sounded at Paris. It will end, as it began, by a parody. But let us not forget that it is the governments and the ruling classes of Europe who enabled Louis Bonaparte to play during 18 years the ferocious farce of the Restored Empire.

On the German side, the war is a war of defence; but who put Germany to the necessity of defending herself? Who enabled Louis Bonaparte to wage war upon her? Prussia! It was Bismarck who conspired with that very same Louis Bonaparte for the purpose of crushing popular opposition at home, and annexing Germany to the Hohenzollern dynasty. If the battle of Sadowa had been lost instead of being won, French battalions would have overrun Germany as the allies of Prussia. After her victory, did Prussia dream one moment of opposing a free Germany to an enslaved France? Just the contrary. While carefully preserving all the native beauties of her old system, she super-added all the tricks of the Second Empire, its real despotism, and its mock democratism, its political shams and its financial jobs, its high-flown talk and its low legerdemains. The Bonapartist regime, which till then only flourished on one side of the Rhine, had now got its counterfeit on the other. From such a state of things, what else could result but war?

If the German working class allows the present war to lose its strictly defensive character and to degenerate into a war against the French people, victory or defeat will prove alike disastrous. All the miseries that befell Germany after her war of independence will revive with accumulated intensity.

The principles of the International are, however, too widely spread and too firmly rooted amongst the German working class to apprehend such a sad consummation. The voices of the French workmen had re-echoed from Germany. A mass meeting of workmen, held at Brunswick on July 16, expressed its full concurrence with the Paris manifesto, spurned the idea of national antagonism to France, and wound up its resolutions with these words:

“We are the enemies of all wars, but above all of dynastic wars. ... With deep sorrow and grief we are forced to undergo a defensive war as an

unavoidable evil; but we call, at the same time, upon the whole German working class to render the recurrence of such an immense social misfortune impossible by vindicating for the peoples themselves the power to decide on peace and war, and making them masters of their own destinies.”

At Chemnitz, a meeting of delegates, representing 50,000 Saxon workmen, adopted unanimously a resolution to this effect:

“In the name of German Democracy, and especially of the workmen forming the Democratic Socialist Party, we declare the present war to be exclusively dynastic.... We are happy to grasp the fraternal hand stretched out to us by the workmen of France.... Mindful of the watchword of the International Working Men’s Association: Proletarians of all countries, unite, we shall never forget that the workmen of all countries are our friends and the despots of all countries our enemies.”

The Berlin branch of the International has also replied to the Paris manifesto:

“We,” they say, “join with heart and hand your protestation.... Solemnly, we promise that neither the sound of the trumpets, nor the roar of the cannon, neither victory nor defeat, shall divert us from our common work for the union of the children of toil of all countries.”

Be it so!

In the background of this suicidal strike looms the dark figure of Russia. It is an ominous sign that the signal for the present war should have been given at the moment when the Moscovite government had just finished its strategic lines of railway and was already massing troops in the direction of the Pruth. Whatever sympathy the Germans may justly claim in a war of defense against Bonapartist aggression, they would forfeit at once by allowing the Prussian government to call for, or accept the help of, the Cossack. Let them remember that after their war of independence against the first Napoleon, Germany lay for generations prostrate at the feet of the tsar.

The English working class stretch the hand of fellowship to the French and German working people. They feel deeply convinced that whatever turn the impending horrid war may take, the alliance of the working classes of all countries will ultimately kill war. The very fact that while official France and Germany are rushing into a fratricidal feud, the workmen of France and Germany send each other messages of peace and goodwill; this great fact,

unparalleled in the history of the past, opens the vista of a brighter future. It proves that in contrast to old society, with its economical miseries and its political delirium, a new society is springing up, whose International rule will be Peace, because its national ruler will be everywhere the same ““ Labor! The pioneer of that new society is the International Working Men’s Association.

## Prussian Occupation of France

In our first manifesto of the 23rd of July, we said:

“The death-knell of the Second Empire has already sounded at Paris. It will end, as it began, by a parody. But let us not forget that it is the governments and the ruling classes of Europe who enabled Louis Bonaparte to play during 18 years the ferocious farce of the Restored Empire.”

Thus, even before war operations had actually set in, we treated the Bonapartist bubble as a thing of the past.

If we were not mistaken as to the vitality of the Second Empire, we were not wrong in our apprehension lest the German war should “lose its strictly defensive character and degenerate into a war against the French people”. The war of defense ended, in point of fact, with the surrender of Louis Bonaparte, the Sedan capitulation, and the proclamation of the republic at Paris. But long before these events, the very moment that the utter rottenness of the imperialist arms became evident, the Prussian military camarilla had resolved upon conquest. There lay an ugly obstacle in their way ““ King William’s own proclamations at the commencement of the war.

In a speech from the throne to the North German Diet, he had solemnly declared to make war upon the emperor of the French and not upon the French nation, where he said:

“The Emperor Napoleon having made by land and sea an attack on the German nation, which desired and still desires to live in peace with the French people, I have assumed the command of the German armies to repel his aggression, and I have been led by military events to cross the frontiers of France.”

Not content to assert the defensive character of the war by the statement that he only assumed the command of the German armies “to repel aggression”, he added that he was only “led by military events” to cross the frontiers of France. A defensive war does, of course, not exclude offensive operations, dictated by military events.

Thus, the pious king stood pledged before France and the world to a strictly defensive war. How to release him from his solemn pledge? The stage managers had to exhibit him as reluctantly yielding to the irresistible behest of the German nation. They at once gave the cue to the liberal

German middle class, with its professors, its capitalists, its aldermen, and its penmen. That middle class, which, in its struggles for civil liberty, had, from 1846 to 1870, been exhibiting an unexampled spectacle of irresolution, incapacity and cowardice, felt, of course, highly delighted to bestride the European scene as the roaring lion of German patriotism. It re-vindicated its civic independence to affecting to force upon the Prussian government the secret designs of that same government. It does penance for its long-continued, and almost religious, faith in Louis Bonaparte's infallibility, but shouting for the dismemberment of the French republic. Let us, for a moment, listen to the special pleadings of those stout-hearted patriots!

They dare not pretend that the people of Alsace and Lorraine pant for the German embrace; quite the contrary. To punish their French patriotism, Strasbourg, a town with an independent citadel commanding it, has for six days been wantonly and fiendishly bombarded by "German" explosive shells, setting it on fire, and killing great numbers of its defenceless inhabitants! Yet, the soil of those provinces once upon a time belonged to the whilom German empire. Hence, it seems, the soil and the human beings grown on it must be confiscated as imprescriptible German property. If the map of Europe is to be re-made in the antiquary's vein, let us by no means forget that the Elector of Brandenburg, for his Prussian dominions, was the vassals of the Polish republic.

The more knowing patriots, however, require Alsace and the German-speaking Lorraine as a "material guarantee" against French aggression. As this contemptible plea has bewildered many weak-minded people, we are bound to enter more fully upon it.

There is no doubt that the general configuration of Alsace, as compared with the opposite bank of the Rhine, and the presence of a large fortified town like Strasbourg, about halfway between Basle and Germersheim, very much favour a French invasion of South Germany, while they offer peculiar difficulties to an invasion of France from South Germany. There is, further, no doubt that the addition of Alsace and German-speaking Lorraine would give South Germany a much stronger frontier, inasmuch as she would then be the master of the crest of the Vosges mountains in its whole length, and of the fortresses which cover its northern passes. If Metz were annexed as well, France would certainly for the moment be deprived of her two principal bases of operation against Germany, but that would not prevent

her from concentrating a fresh one at Nancy or Verdun. While Germany owns Coblenz, Mayence, Germersheim, Rastatt, and Ulm, all bases of operation against France, and plentifully made use of in this war, with what show of fair play can she begrudge France Strasbourg and Metz, the only two fortresses of any importance she has on that side? Moreover, Strasbourg endangers South Germany only while South Germany is a separate power from North Germany. From 1792 to 1795, South Germany was never invaded from that direction, because Prussia was a party to the war against the French Revolution; but as soon as Prussia made a peace of her own in 1795, and left the South to shift for itself, the invasions of South Germany with Strasbourg as a base began and continued till 1809. The fact is, a united Germany can always render Strasbourg and any French army in Alsace innocuous by concentrating all her troops, as was done in the present war, between Saarlouis and Landau, and advancing, or accepting battle, on the line of road between Mayence and Metz. While the mass of the German troops is stationed there, any French army advancing from Strasbourg into South Germany would be outflanked, and have its communication threatened. If the present campaign has proved anything, it is the facility of invading France from Germany.

But, in good faith, is it not altogether an absurdity and an anachronism to make military considerations the principle by which the boundaries of nations are to be fixed? If this rule were to prevail, Austria would still be entitled to Venetia and the line of the Minicio, and France to the line of the Rhine, in order to protect Paris, which lies certainly more open to an attack from the northeast than Berlin does from the southwest. If limits are to be fixed by military interests, there will be no end to claims, because every military line is necessarily faulty, and may be improved by annexing some more outlying territory; and, moreover, they can never be fixed finally and fairly, because they always must be imposed by the conqueror upon the conquered, and consequently carry within them the seed of fresh wars.

Such is the lesson of all history.

Thus with nations as with individuals. To deprive them of the power of offence, you must deprive them of the means of defence. You must not only garrote, but murder. If every conqueror took "material guarantees" for breaking the sinews of a nation, the first Napoleon did so by the Tilsit Treaty, and the way he executed it against Prussia and the rest of Germany. Yet, a few years later, his gigantic power split like a rotten reed upon the

German people. What are the “material guarantees” Prussia, in her wildest dreams, can or dare impose upon France, compared to the “material guarantees” the first Napoleon had wrenched from herself? The result will not prove the less disastrous. History will measure its retribution, not by the intensity of the square miles conquered from France, but by the intensity of the crime of reviving, in the second half of the 19th century, the policy of conquest!

But, say the mouthpieces of Teutonic patriotism, you must not confound Germans with Frenchmen. What we want is not glory, but safety. The Germans are an essentially peaceful people. In their sober guardianship, conquest itself changes from a condition of future war into a pledge of perpetual peace. Of course, it is not Germans that invaded France in 1792, for the sublime purpose of bayonetting the revolution of the 18th century. It is not Germans that befouled their hands by the subjugation of Italy, the oppressions of Hungary, and the dismemberment of Poland. Their present military system, which divides the whole able-bodied male population into two parts ““ one standing army on service, and another standing army on furlough, both equally bound in passive obedience to rulers by divine right ““ such a military system is, of course, “a material guarantee”, for keeping the peace and the ultimate goal of civilizing tendencies! In Germany, as everywhere else, the sycophants of the powers that be poison the popular mind by the incense of mendacious self-praise.

Indignant as they pretend to be at the sight of French fortresses in Metz and Strasbourg, those German patriots see no harm in the vast system of Moscovite fortifications at Warsaw, Modlin, and Ivangorod. While gloating at the terrors of imperialist invasion, they blink at the infamy of autocratic of autocratic tutelage.

As in 1865, promises were exchanged between Gorchakov and Bismarck. As Louis Bonaparte flattered himself that the War of 1866, resulting in the common exhaustion of Austria and Prussia, would make him the supreme arbiter of Germany, so Alexander flattered himself that the War of 1870, resulting in the common exhaustion of Germany and France, would make him the supreme arbiter of the Western continent. As the Second Empire thought the North German Confederation incompatible with its existence, so autocratic Russia must think herself endangered by a German empire under Prussian leadership. Such is the law of the old political system. Within its pale the gain of one state is the loss of the other.

The tsar's paramount influence over Europe roots in his traditional hold on Germany. At a moment when in Russia herself volcanic social agencies threaten to shake the very base of autocracy, could the tsar afford to bear with such a loss of foreign prestige? Already the Moscovite journals repeat the language of the Bonapartist journals of the War of 1866. Do the Teuton patriots really believe that liberty and peace will be guaranteed to Germany by forcing France into the arms of Russia? If the fortune of her arms, the arrogance of success, and dynastic intrigue lead Germany to a spoilation of French territory, there will then only remain two courses open to her. She must at all risks become the avowed tool of Russian aggrandizement, or, after some short respite, make again ready for another "defensive" war, not one of those new-fangled "localized" wars, but a war of races "a war with the Slavonic and Roman races.

The German working class have resolutely supported the war, which it was not in their power to prevent, as a war for German independence and the liberation of France and Europe from that pestilential incubus, the Second Empire. It was the German workmen who, together with the rural laborers, furnished the sinews and muscles of heroic hosts, leaving behind their half-starved families. Decimated by the battles abroad, they will be once more decimated by misery at home. In their turn, they are now coming forward to ask for "guarantees" "guarantees that their immense sacrifices have not been bought in vain, that they have conquered liberty, that the victory over the imperialist armies will not, as in 1815, be turned into the defeat of the German people; and, as the first of these guarantees, they claim an honorable peace for France, and the recognition of the French republic.

The Central Committee of the German Social-Democratic Workmen's Party issued, on September 5, a manifesto, energetically insisting upon these guarantees.

"We," they say, "protest against the annexation of Alsace and Lorraine. And we are conscious of speaking in the name of the German working class. In the common interest of France and Germany, in the interest of western civilization against eastern barbarism, the German workmen will not patiently tolerate the annexation of Alsace and Lorraine.... We shall faithfully stand by our fellow workmen in all countries for the common international cause of the proletariat!"

Unfortunately, we cannot feel sanguine of their immediate success. If the French workmen amidst peace failed to stop the aggressor, are the German workmen more likely to stop the victor amidst the clamour of arms? The German workmen's manifesto demands the extradition of Louis Bonaparte as a common felon to the French republic. Their rulers are, on the contrary, already trying hard to restore him to the Tuileries as the best man to ruin France. However that may be, history will prove that the German working class are not made of the same malleable stuff as the German middle class. They will do their duty.

Like them, we hail the advent of the republic in France, but at the same time we labor under misgivings which we hope will prove groundless. That republic has not subverted the throne, but only taken its place, become vacant. It has been proclaimed, not as a social conquest, but as a national measure of defence. It is in the hands of a Provisional Government composed partly of notorious Orleanists, partly of middle class republicans, upon some of whom the insurrection of June 1848 has left its indelible stigma. The division of labor amongst the members of that government looks awkward. The Orleanists have seized the strongholds of the army and the police, while to the professed republicans have fallen the talking departments. Some of their acts go far to show that they have inherited from the empire, not only ruins, but also its dread of the working class. If eventual impossibilities are, in wild phraseology, promised in the name of the republic, is it not with a view to prepare the cry for a "possible" government? Is the republic, by some of its middle class undertakers, not intended to serve as a mere stop-gap and bridge over an Orleanist restoration?

The French working class moves, therefore, under circumstances of extreme difficulty. Any attempt at upsetting the new government in the present crisis, when the enemy is almost knocking at the doors of Paris, would be a desperate folly. The French workmen must perform their duties as citizens; but, at the same time, they must not allow themselves to be swayed by the national souvenirs of 1792, as the French peasant allowed themselves to be deluded by the national souvenirs of the First Empire. They have not to recapitulate the past, but to build up the future. Let them calmly and resolutely improve the opportunities of republican liberty, for the work of their own class organization. It will gift them with fresh herculean powers for the regeneration of France, and our common task ""

the emancipation of labor. Upon their energies and wisdom hinges the fate of the republic.

The English workmen have already taken measures to overcome, by a wholesome pressure from without, the reluctance of their government to recognize the French republic. The present dilatoriness of the British government is probably intended to atone for the Anti-Jacobin war and the former indecent haste in sanctioning the coup d'état. The English workmen call also upon their government to oppose by all its power the dismemberment of France, which a part of the English press is shameless enough to howl for. It is the same press that for 20 years deified Louis Bonaparte as the providence of Europe, that frantically cheered on the slaveholders' rebellion. Now, as then, it drudges for the slaveholder.

Let the sections of the International Working Men's Association in every country stir the working classes to action. If they forsake their duty, if they remain passive, the present tremendous war will be but the harbinger of still deadlier international feuds, and lead in every nation to a renewed triumph over the workman by the lords of the sword, of the soil, and of capital.

Vive la Republique!

## **France Capitulates & the Government of Thiers**

In September 4, 1870, when the working men of Paris proclaimed the republic, which was almost instantaneously acclaimed throughout France, without a single voice of dissent, a cabal of place-hunting barristers, with Thiers for their statesman, and Trochu for their general, took hold of the Hotel de Ville. At that time they were imbued with so fanatical a faith in the mission of Paris to represent France in all epochs of historical crisis that, to legitimate their usurped titles as governors of France, they thought it quite sufficient to produce their lapsed mandates as representatives of Paris.

In our second address on the late war, five days after the rise of these men, we told you who they were. Yet, in the turmoil of surprise, with the real leaders of the working class still shut up in Bonapartist prisons and the Prussians already marching on Paris, Paris bore with their assumption of power, on the express condition that it was to be wielded for the single purpose of national defence. Paris, however, was not to be defended without arming its working class, organizing them into an effective force, and training their ranks by the war itself. But Paris armed was the revolution armed. A victory of Paris over the Prussian aggressor would have been a victory of the French workmen over the French capitalist and his state parasites. In this conflict between national duty and class interest, the Government of National Defence did not hesitate one moment to turn into a Government of National Defection.

The first step they took was to send Thiers on a roving tour to all the courts of Europe, there to beg mediation by offering the barter of the republic for a king. Four months after the commencement of the siege, when they thought the opportune moment came for breaking the first word of capitulation, Trochu, in the presence of Jules Favre, and others of his colleagues, addressed the assembled mayors of Paris in these terms:

“The first question put to me by my colleagues on the very evening of the 4th of September was this: Paris, can it, with any chance of success, stand a siege by the Prussian army? I did not hesitate to answer in the negative. Some of my colleagues here present will warrant the truth of my words and the persistence of my opinion. I told them, in these very terms,

that, under the existing state of things, the attempt of Paris to hold out a siege by the Prussian army would be a folly. Without doubt, I added, it would be an heroic folly; but that would be all.... The events have not given the lie to my prevision.”

This nice little speech of Trochu was afterwards published by M. Carbon, one of the mayors present.

Thus, on the very evening of the proclamation of the republic, Trochu’s “plan” was known to his colleagues to be the capitulation of Paris. If national defence has been more than a pretext for the personal government of Thiers, Favre, and Co., the upstarts of September 4 would have abdicated on the 5th would have initiated the Paris people into Trochu’s “plan”, and called upon them to surrender at once, or to take their own fate into their own hands. Instead of this, the infamous impostors resolved upon curing the heroic folly of Paris by a regimen of famine and broken heads, and to dupe her in the meanwhile by ranting manifestos, holding forth that Trochu, “the governor of Paris, will never capitulate”, and Jules Favre, the foreign minister, will “not cede an inch of our territory, nor a stone of our fortresses.”

In a letter to Gambetta, the very same Jules Favre avows that what they were “defending” against were not the Prussian soldiers, but the working men of Paris. During the whole continuance of the siege, the Bonapartist cut-throats, whom Trochu had wisely intrusted with the command of the Paris army, exchanged, in their intimate correspondence, ribald jokes at the well-understood mockery of defence. (See, for instance, the correspondence of Alphonse Simon Guiod, supreme commander of the artillery of the Army of Defence of Paris and Grand Cross of the Legion of Honor, to Suzanne, general of division of artillery, a correspondence published by the Journal officiel of the Commune.) The mask of the true heroism was at last dropped on January 28, 1871. With the true heroism of utter self-debasement, the Government of National Defence, in their capitulation, came out as the government of France by Bismarck’s prisoners a part so base that Louis Bonaparte himself had, at Sedan, shrunk from accepting it. After the events of March 18 on their wild flight to Versailles, the capitulars left in the hands of Paris the documentary evidence of their treason, to destroy which, as the Commune says in its manifesto to the provinces, “those men would not recoil from battering Paris into a heap of ruins washed by a sea of blood.”

To be eagerly bent upon such a consummation, some of the leading members of the Government of Defence had, besides, most peculiar reasons of their own.

Shortly after the conclusion of the armistice, M. Milliere, one of the representatives of Paris to the National Assembly, now shot by express orders of Jules Favre, published a series of authentic legal documents in proof that Jules Favre, living in concubinage with the wife of a drunken resident at Algiers, had, by a most daring concoction of forgeries, spread over many years, contrived to grasp, in the name of the children of his adultery, a large succession, which made him a rich man, and that, in a lawsuit undertaken by the legitimate heirs, he only escaped exposure by the connivance of the Bonapartist tribunals. As these dry legal documents were not to be got rid of by any amount of rhetorical horse-power, Jules Favre, for the first time in his life, held his tongue, quietly awaiting the outbreak of the civil war, in order, then, frantically to denounce the people of Paris as a band of escaped convicts in utter revolt against family, religion, order, and property. This same forger had hardly got into power, after September 4, when he sympathetically let loose upon society Pic and Taillefer, convicted, even under the empire, of forgery in the scandalous affair of "Etendard". One of these men, taillefer, having dared to return to Paris under the Commune, was at once reinstated in prison; and then Jules Favre exclaimed, from the tribune of the National Assembly, that Paris was setting free all her jailbirds!

Ernest Picard, the Joe Miller of the Government of National Defence, who appointed himself finance minister of the republic after having in vain striven to become home minister of the empire, is the brother of one Arthur Picard, an individual expelled from the Paris Bourse as a blackleg (see report of the Prefecture of Police, dated July 13, 1867), and convicted, on his own confession, of theft of 300,000 francs, while manager of one of the branches of the Societe Generale, Rue Palestro, No.5 (see report of the Prefecture of Police, dated December 11, 1868). This Arthur Picard was made by Ernest Picard the editor of his paper, l'Electeur Libre. While the common run of stockjobbers were led astray by the official lies of this finance office paper, Arthur was running backwards and forwards between the finance office and the Bourse, there to discount the disasters of the French army. The whole financial correspondence of that worthy pair of brothers fell into the hands of the Commune.

Jules Ferry, a penniless barrister before September 4, contrived, as mayor of Paris during the siege, to job a fortune out of famine. The day on which he would have to give an account of his maladministration would be the day of his conviction.

These men, then, could find in the ruins of Paris only their tickets-of-leave(1); they were the very men Bismarck wanted. With the help of some shuffling of cards, Thiers, hitherto the secret prompter of the government, now appeared at its head, with the tickets-of-leave men for his ministers.

Thiers, that monstrous gnome, has charmed the French bourgeoisie for almost half a century, because he is the most consummate intellectual expression of their own class corruption. Before he became a statesman, he had already proved his lying powers as an historian. The chronicle of his public life is the record of the misfortunes of France. Banded, before 1830, with the republicans, he slipped into office under Louis Philippe by betraying his protector Lafitte, ingratiating himself with the king by exciting mob riots against the clergy, during which the church of Saint Germain l'Auxerrois and the Archbishop's palace were plundered, and by acting the minister-spy upon, and the jail-accoucheur of the Duchess de Berry. The massacre of the republicans in the Rue Transnonian, and the subsequent infamous laws of September against the press and the right of association, were his work. Reappearing as the chief of the cabinet in March 1840, he astonished France with his plan for fortifying France. To the republicans, who denounced this plan as a sinister plot against the liberty of Paris, he replied from the tribune of the Chamber of Deputies:

“What! to fancy that any works of fortification could ever endanger liberty! And first of all you calumniate any possible government in supposing that it could some day attempt to maintain itself by bombarding the capital; but that the government would be a hundred times more impossible after its victory than before.”

Indeed, no government would ever have dared to bombard Paris from the forts, save that government which had previously surrendered these forts to the Prussians.

When King Bomba tried his hand at Palermo, in January 1848, Thiers, then long since out of office, again rose in the Chamber of Deputies:

“You know, gentlemen, what is happening at Palermo. You, all of you, shake with horror on hearing that during 48 hours a large town has been bombarded by whom? Was it a foreign enemy exercising the rights of war?

No, gentlemen, it was by its own government. And why? Because the unfortunate town demanded its right. Well, then, for the demand of its rights it has got 48 hours of bombardment.... Allow me to appeal to the opinion of Europe. It is doing a service to mankind to arise, and to make reverberate, from what is perhaps the greatest tribune in Europe, some words of indignation against such acts.... When the Regent Espartero, who had rendered services to his country intended bombarding Barcelona, in order to suppress its insurrection, there arose from all parts of the world a general outcry of indignation.”

Eighteen months afterwards, M. Thiers was amongst the fiercest defenders of the bombardment of Rome by a French army. In fact, the fault of King Bomba seems to have consisted in this only that he limited his bombardment to 48 hours.

A few days before the February Revolution, fretting at the long exile from place and pelf to which Guizot had condemned him, and sniffing in the air the scent of an approaching popular commotion, Thiers, in that pseudo-heroic style which won him the nickname *Mirabeau-mouche*, declared, to the Chamber of Deputies:

“I am of the party of revolution, not only in France, but in Europe. I wish the government of the revolution to remain in the hands of moderate men... but if that government should fall into the hand of ardent minds, even into those of radicals, I shall, for all that, not desert my cause. I shall always be of the party of the revolution.”

The February Revolution came. Instead of displacing the Guizot Cabinet by the Thiers Cabinet, as the little man had dreamt, it superseded Louis Philippe by the republic. On the first day of the popular victory, he carefully hid himself, forgetting that the contempt of the working men screened him from their hatred. Still, with his legendary courage, he continued to shy the public stage, until the June massacres had cleared it for his sort of action. Then he became the leading mind of the “Party of Order” and its parliamentary republic, that anonymous interregnum, in which all the rival factions of the ruling class conspired together to crush the people, and conspired against each other to restore to each of them its own monarchy. Then, as now, Thiers denounced the republicans as the only obstacle to the consolidation of the republic; then, as now, he spoke to the republic as the hangman spoke to Don Carlos: “I shall assassinate thee, but for thy own

good.” Now, as then, he will have to exclaim on the day after his victory: L’Empire est fait the empire is consummated.

Despite his hypocritical homilies about the necessary liberties and his personal grudge against Louis Bonaparte, who had made a dupe of him, and kicked out parliamentarism and, outside of its factitious atmosphere, the little man is conscious of withering into nothingness he had a hand in all the infamies of the Second Empire, from the occupation of Rome by French troops to the war with Prussia, which he incited by his fierce invective against German unity not as a cloak of prussian despotism, but as an encroachment upon the vested right of France in German disunion. Fond of brandishing, with his dwarfish arms in the face of Europe, the sword of the first Napoleon, whose historical shoeblack he had become, his foreign policy always culminated in the utter humiliation of France from the London convention of 1840 to the Paris capitulation of 1871, and the present civil war, where he hounds on the prisoners of Sedan and Metz against Paris by special permission of Bismarck.

Despite his versatility of talent and shiftiness of purpose, this man has his whole lifetime been wedded to the most fossil routine. It is self-evident that to him the deeper undercurrents of modern society remained forever hidden; but even the most palpable changes on its surface were abhorrent to a brain (all the vitality of which) had fled to the tongue. Thus, he never tired of denouncing as a sacrilege any deviation from the old French protective system.

When a minister of Louis Philippe, he railed at railways as a wild chimera; and when in opposition under Louis Bonaparte, he branded as a profanation every attempt to reform the rotten French army system. Never in his long political career has he been guilty of a single even the smallest measure of any practical use. Theirs was consistent only in his greed for wealth and his hatred of the men that produce it. Having entered his first ministry, under Louis Philippe, poor as Job, he left it a millionaire. His last ministry under the same king (of March 1, 1840) exposed him to public taunts of speculation in the Chamber of Deputies, to which he was content to reply by tears a commodity he deals in as freely as Jules Favre, or any other crocodile. At Bordeaux, his first measure for saving France from impending financial ruin was to endow himself with three millions a year, the first and the last word of the “Economical Republic”, the vista of which he had opened to his Paris electors in 1869. One of his former colleagues of the

Chamber of Deputies of 1830, himself a capitalist and, nevertheless, a devoted member of the Paris Commune, M. Beslay, lately addressed Thiers thus in a public placard:

“The enslavement of labor by capital has always been the cornerstone of your policy, and from the very day you saw the Republic of Labor installed at the Hotel de Ville, you have never ceased to cry out to France: ‘These are criminals!’”

A master in small state roguery, a virtuoso in perjury and treason, a craftsman in all the petty stratagems, cunning devices, and base perfidies of parliamentary warfare; never scrupling, when out of office, to fan a revolution, and to stifle it in blood when at the helm of the state; with class prejudices standing him in the place of ideas, and vanity in the place of a heart; his private life as infamous as his public life is odious even now, when playing the part of a French Sulla, he cannot help setting off the abomination of his deeds by the ridicule of his ostentation.

The capitulation of Paris, by surrendering to Prussia not only Paris, but all France, closed the long-continued intrigues of treason with the enemy, which the usurpers of September 4 had begun, as Trochu himself said, on the very same day. On the other hand, it initiated the civil war they were now to wage, with the assistance of Prussia, against the Republic and Paris. The trap was laid in the very terms of the capitulation. At that time, above one-third of the territory was in the hands of the enemy, the capital was cut off from the provinces, all communications were disorganized. To elect, under such circumstances, a real representation of France was impossible, unless ample time were given for preparation. In view of this, the capitulation stipulated that a National Assembly must be elected within eight days; so that in many parts of France the news of the impending election arrived on its eve only. This assembly, moreover, was, by an express clause of the capitulation, to be elected for the sole purpose of deciding on peace or war, and, eventually, to conclude a treaty of peace. The population could not but feel that the terms of the armistice rendered the continuation of the war impossible, and that for sanctioning the peace imposed by Bismarck, the worst men in France were the best. But not content with these precautions, Thiers even before the secret of the armistice had been broached to Paris, set out for an electioneering tour through the provinces, there to galvanize back into life the Legitimist party, which now, along with the Orleanists, had to take the place of the then

impossible Bonapartists. He was not afraid of them. Impossible as a government of modern France, and, therefore, contemptible as rivals, what party were more eligible as tools of counter-revolution than the party whose action, in the words of Thiers himself (Chamber of Deputies, January 5, 1833), “Had always been confined to the three resources of foreign invasion, civil war, and anarchy”? They verily believed in the advent of their long-expected retrospective millenium. There were the heels of foreign invasion trampling upon France; there was the downfall of an empire, and the captivity of Bonaparte; and there they were themselves. The wheel of history had evidently rolled back to stop at the “Chambers introuvable” of 1816. In the assemblies of the republic, 1848 to 1851. They had been represented by their educated and trained parliamentary champions it was the rank-and-file of the party which now rushed in all the Pourceaugnacs of France.

As soon as this Assembly of “Rurals” had met at Bordeaux, Thiers made it clear to them that the peace preliminaries must be assented to at once, without even the honors of a parliamentary debate, as the only conditions on which Prussia would permit them to open the war against the republic and Paris, its stronghold. The counter-revolution had, in fact, no time to lose. The Second Empire had more than doubled the national debt, and plunged all the large towns into heavy municipal debts. The war had fearfully swelled the liabilities, and mercilessly ravaged the resources of the nation. To complete the ruin, the Prussian Shylock was there with his bond for the keep of half a million of his soldiers on French soil, his indemnity for five milliards, and interest at 5 per cent on the unpaid instalments thereof. Who was to pay this bill? It was only by the violent overthrow of the republic that the appropriators of wealth could hope to shift onto the shoulders of its producers the cost of a war which they, the appropriators, had themselves originated. Thus, the immense ruin of France spurred on these patriotic representatives of land and capital, under the very eyes and patronage of the invader, to graft upon the foreign war a civil war a slaveholders’ rebellion.

There stood in the way of this conspiracy one great obstacle Paris. To disarm Paris was the first condition of success. Paris was therefore summoned by Thiers to surrender its arms. Then Paris was exasperated by the frantic anti-republican demonstrations of the “Rural” Assembly and by Thiers’ own equivocations about the legal status of the republic; by the

threat to decapitate and decapitalize Paris; the appointment of Orleanist ambassadors; Dufaure's laws on over-due commercial bills and house rents, inflicting ruin on the commerce and industry of Paris; Pouyer-Quertier's tax of two centimes upon every copy of every imaginable publication; the sentences of death against Blanqui and Flourens; the suppression of the republican journals; the transfer of the National Assembly to Versailles; the renewal of the state of siege declared by Palikao, and expired on September 4; the appointment of Vinoy, the De'cembreur, as governor of Paris of Valentin, the imperialist gendarme, as its prefect of police and of D'Aurelles de Paladine, the Jesuit general, as the commander-in-chief of its National Guard.

And now we have to address a question to M. Thiers and the men of national defence, his under-strappers. It is known that, through the agency of M. Pouyer-Quertier, his finance ministers, Thiers had contracted a loan of two milliards. Now, is it true or not

1. That the business was so managed that a consideration of several hundred millions was secured for the private benefit of Thiers, Jules Favre, Ernest Picard, Pouyer-Quertier, and Jules Simon? and

2. That no money was to be paid down until after the "pacification" of Paris?

At all events, there must have been something very pressing in the matter, for Thiers and Jules Favre, in the name of the majority of the Bordeaux Assembly, unblushingly solicited the immediate occupation of Paris by Prussian troops. Such, however, was not the game of Bismarck, as he sneeringly, and in public, told the admiring Frankfort philistines on his return to Germany.

## **Paris Workers' Revolution & Thiers' Reactionary Massacres**

Armed Paris was the only serious obstacle in the way of the counter-revolutionary conspiracy. Paris was, therefore, to be disarmed.

On this point, the Bordeaux Assembly was sincerity itself. If the roaring rant of its Rurals had not been audible enough, the surrender of Paris by Thiers to the tender mercies of the triumvirate of Vinoy the Decembriseur, Valentin the Bonapartist gendarme, and Aurelles de Paladine the Jesuit general, would have cut off even the last subterfuge of doubt.

But while insultingly exhibiting the true purpose of the disarmament of Paris, the conspirators asked her to lay down her arms on a pretext which was the most glaring, the most barefaced of lies. The artillery of the Paris National Guard, said Thiers, belonged to the state, and to the state it must be returned. The fact was this: From the very day of the capitulation, by which Bismarck's prisoners had signed the surrender of France, but reserved to themselves a numerous bodyguard for the express purpose of cowing Paris, Paris stood on the watch. The National Guard reorganized themselves and intrusted their supreme control to a Central Committee elected by their whole body, save some fragments of the old Bonapartist formations. On the eve of the entrance of the Prussians into Paris, the Central Committee took measures for the removal to Montmartre, Belleville, and La Villette, of the cannon and mitrailleuses treacherously abandoned by the capitulars in and about the very quarters the Prussians were to occupy. That artillery had been furnished by the subscriptions of the National Guard. As their private property, it was officially recognized in the capitulation of January 28, and on that very title exempted from the general surrender, into the hands of the conqueror, or arms belonging to the government. And Thiers was so utterly destitute of even the flimsiest pretext for initiating the war against Paris, that he had to resort to the flagrant lie of the artillery of the National Guard being state property!

The seizure of her artillery was evidently but to serve as the preliminary to the general disarmament of Paris, and, therefore, of the Revolution of September 4. But that revolution had become the legal status of France. The republic, its work, was recognized by the conqueror in the terms of the

capitulation. After the capitulation, it was acknowledged by all foreign powers, and in its name, the National Assembly had been summoned. The Paris working men's revolution of September 4 was the only legal title of the National Assembly seated at Bordeaux, and of its executive. Without it, the National Assembly would at once have to give way to the Corps Legislatif elected in 1869 by universal suffrage under French, not under Prussian, rule, and forcibly dispersed by the arm of the revolution. Thiers and his ticket-of-leave men would have had to capitulate for safe conducts signed by Louis Bonaparte, to save them from a voyage to Cayenne, The National Assembly, with its power of attorney to settle the terms of peace with Prussia, was but an incident of that revolution, the true embodiment of which was still armed Paris, which had initiated it, undergone for it a five-months' siege, with its horrors of famine, and made her prolonged resistance, despite Trochu's plan, the basis of an obstinate war of defence in the provinces. And Paris was now either to lay down her arms at the insulting behest of the rebellious slaveholders of Bordeaux, and acknowledge that her Revolution of September 4 meant nothing but a simple transfer of power from Louis Bonaparte to his royal rivals; or she had to stand forward as the self-sacrificing champion of France, whose salvation from ruin and who regeneration were impossible without the revolutionary overthrow of the political and social conditions that had engendered the Second Empire, and under its fostering care, matured into utter rottenness. Paris, emaciated by a five-months' famine, did not hesitate one moment. She heroically resolved to run all the hazards of a resistance against French conspirators, even with Prussian cannon frowning upon her from her own forts. Still, in its abhorrence of the civil war into which Paris was to be goaded, the Central Committee continued to persist in a merely defensive attitude, despite the provocations of the Assembly, the usurpations of the Executive, and the menacing concentration of troops in and around Paris.

Thiers opened the civil war by sending Vinoy, at the head of a multitude of sergents-de-ville, and some regiments of the line, upon a nocturnal expedition against Montmartre, there to seize, by surprise, the artillery of the National Guard. It is well known how this attempt broke down before the resistance of the National Guard and the fraternization of the line with the people. Aurelles de Paldine had printed beforehand his bulletin of victory, and Thiers held ready the placards announcing his measures of

coup d'etat. Now these had to be replaced by Thiers' appeals, imparting his magnanimous resolve to leave the National Guard in the possession of their arms, with which, he said, he felt sure they would rally round the government against the rebels. Out of 300,000 National guards, only 300 responded to this summons to rally around little Thiers against themselves. The glorious working men's Revolution of March 18 took undisputed sway of Paris. The Central Committee was its provisional government. Europe seemed, for a moment, to doubt whether its recent sensational performances of state and war had any reality in them, or whether they were the dreams of a long bygone past.

From March 18 to the entrance of the Versailles troops into Paris, the proletarian revolution remained so free from the acts of violence in which the revolutions "" and still more the counter-revolutions "" of the "better classes" abound, that no facts were left to its opponents to cry out about, but the executions of Generals Lecomte and Clement Thomas, and the affair of the Place Vendome.

One of the Bonapartist officers engaged in the nocturnal attempt against Montmartre, General Lecomte, had four times ordered the 81st line regiment to fire at an unarmed gathering in the Place Pigalle, and on their refusal fiercely insulted them. Instead of shooting women and children, his own men shot him. The inveterate habits acquired by the soldiery under the training of the enemies of the working class are, of course, not likely to change the very moment these soldiers change sides. The same men executed Clement Thomas.

"General" Clement Thomas, a malcontent ex-quartermaster-sergeant, had, in the latter times of Louis Philippe's reign, enlisted at the office of the republican newspaper Le National, there to serve in the double capacity of responsible man-of-straw (gerant responsable) and of duelling bully to that very combative journal. After the February Revolution, the men of the National having got into power, they metamorphosed this old quartermaster-sergeant into a general on the eve of the butchery of June "" of which he, like Jules Favre, was one of the sinister plotters, and became one of the most dastardly executioners. Then he and his generalship disappeared for a long time, to again rise to the surface on November 1, 1870. The day before, the Government of National Defence, caught at the Hotel de Ville, had solemnly pledged their parole to Blanqui, Flourens, and other representatives of the working class, to abdicate their usurped power into

the hands of a commune to be freely elected by Paris. Instead of keeping their word, they let loose on Paris the Bretons of Trochu, who now replaced the Corsicans of Bonaparte. General Tamisier alone, refusing to sully his name by such a breach of faith, resigned the command-in-chief of the National Guard, and in his place Clement Thomas for once became again a general. During the whole of his tenure of command, he made war, not upon the Prussians, but upon the Paris National Guard. He prevented their general armament, pitted the bourgeois battalions against the working men's battalions, weeded out officers hostile to Trochu's "plan", and disbanded, under the stigma of cowardice, the very same proletarian battalions whose heroism has now astonished their most inveterate enemies. Clement Thomas felt quite proud of having reconquered his June pre-eminence as the personal enemy of the working class of Paris. Only a few days before March 18, he laid before the War Minister, Leflo, a plan of his own for "finishing off la fine fleur of the Paris canaille". After Vinoy's rout, he must needs appear upon the scene of action in the quality of an amateur spy. The Central Committee and the Paris working men were as much responsible for the killing of Clement Thomas and Lecomte as the Princess of Wales for the fate of the people crushed to death on the day of her entrance into London.

The massacre of unarmed citizens in Place Vendome is a myth which M. Thiers and the Rurals persistently ignored in the Assembly, entrusting its propagation exclusively to the servants' hall of European journalism. "The men of order", the reactionists of Paris, trembled at the victory of March 18. To them, it was the signal of popular retribution at last arriving. The ghosts of the victims assassinated at their hands from the days of June 1848, down to January 22, 1871, arose before their faces. Their panic was their only punishment. Even the sergents-de-ville, instead of being disarmed and locked up, as ought to have been done, had the gates of Paris flung open wide for their safe retreat to Versailles. The men of order were left not only unharmed, but allowed to rally and quietly seize more than one strong hold in the very centre of Paris. This indulgence of the Central Committee "this magnanimity of the armed working men" so strangely at variance with the habits of the "Party of Order", the latter misinterpreted as mere symptoms of conscious weakness. Hence their silly plan to try, under the cloak of an unarmed demonstration, what Vinoy had failed to perform with his cannon and mitrailleuses. On March 22, a riotous mob of swells started from the

quarters of luxury, all the petits creves in their ranks, and at their head the notorious familiars of the empire ““ the Heeckeren, Coetlogon, Henri de Pene, etc. Under the cowardly pretence of a pacific demonstration, this rabble, secretly armed with the weapons of the bravo, fell into marching order, ill-treated and disarmed the detached patrols and sentries of the National Guard they met with on their progress, and, on debouching from the Rue de la Paix, with the cry of “Down with the Central Committee! Down with the assassins! The National Assembly forever!” attempted to break through the line drawn up there, and thus to carry by surprise the headquarters of the National Guard in the Place Vendome. In reply to their pistol-shots, the regular sommations (the French equivalent of the English Riot Act) were made, and, proving ineffective, fire was commanded by the general of the National Guard. One volley dispersed into wild flight the silly coxcombs, who expected that the mere exhibition of their “respectability” would have the same effect upon the Revolution of Paris as Joshua’s trumpets upon the walls of Jericho. The runaways left behind them two National Guards killed, nine severely wounded (among them a member of the Central Committee), and the whole scene of their exploit strewn with revolvers, daggers, and sword-canes, in evidence of the “unarmed” character of their “pacific” demonstration. When, on June 13, 1849, the National Guard made a really pacific demonstration in protest against the felonious assault of French troops upon Rome, Changarnier, then general of the Party of Order, was acclaimed by the National Assembly, and especially by M. Thiers, as the savior of society, for having launched his troops from all sides upon these unarmed men, to shoot and sabre them down, and to trample them under their horses’ feet. Paris, then was placed under a state of siege. Dufaure hurried through the Assembly new laws of repression. New arrests, new proscriptions ““ a new reign of terror set in. But the lower orders manage these things otherwise. The Central Committee of 1871 simply ignored the heroes of the “pacific demonstration”; so much so, that only two days later, they were enabled to muster under Admiral Saisset, for that armed demonstration, crowned by the famous stampede to Versailles. In their reluctance to continue the civil war opened by Thiers’ burglarious attempt on Montmartre, the Central Committee made themselves, this time, guilty of a decisive mistake in not at once marching upon Versailles, then completely helpless, and thus putting an end to the conspiracies of Thiers and his Rurals. Instead of this, the Party of Order was again allowed to try

its strength at the ballot box, on March 26. The day of the election of the Commune. Then, in the mairies of Paris, they exchanged land words of conciliation with their too generous conquerors, muttering in their hearts solemn vows to exterminate them in due time.

Now, look at the reverse of the medal. Thiers opened his second campaign against Paris in the beginning of April. The first batch of Parisian prisoners brought into Versailles was subjected to revolting atrocities, while Ernest Picard, with his hands in his trousers' pockets, strolled about jeering them, and while Mesdames Thiers and Favre, in the midst of their ladies of honor applauded, from the balcony, the outrages of the Versailles mob. The captured soldiers of the line were massacred in cold blood; our brave friend, General Duval, the iron-founder, was shot without any form of trial. Galifet, the kept man of his wife, so notorious for her shameless exhibitions at the orgies of the Second Empire, boasted in a proclamation of having commanded the murder of a small troop of national Guards, with their captain and lieutenant, surprised and disarmed by his Chasseurs. Vinoy, the runaway, was appointed by Thiers, Grand Cross of the Legion of Honor, for his general order to shoot down every soldier of the line taken in the ranks of the Federals. Desmaret, the Gendarme, was decorated for the treacherous butcher-like chopping in pieces of the high-souled and chivalrous Flourens, who had saved the heads of the Government of Defence on October 31, 1870. "The encouraging particulars" of his assassination were triumphantly expatiated upon by Thiers in the National Assembly. With the elated vanity of a parliamentary Tom Thumb permitted to play the part of a Tamerlane, he denied the rebels the right of neutrality for ambulances. Nothing more horrid than that monkey allowed for a time to give full fling to his tigerish instincts, as foreseen by Voltaire.

After the decree of the Commune of April 7, ordering reprisals and declaring it to be the duty "to protect Paris against the cannibal exploits of the Versailles banditti, and to demand an eye for an eye, a tooth for a tooth", Thiers did not stop the barbarous treatment of prisoners, moreover, insulting them in his bulletins as follows: "Never have more degraded countenances of a degraded democracy met the afflicted gazes of honest men" "honest, like Thiers himself and his ministerial ticket-of-leave men. Still, the shooting of prisoners was suspended for a time. Hardly, however, had Thiers and his Decembrist generals become aware that the Communal decree of reprisals was but an empty threat, that even their gendarme spies caught in Paris

under the disguise of National Guards, that even sergents-de-ville, taken with incendiary shells upon them, were spared ““ when the wholesale shooting of prisoners was resumed and carried on uninterruptedly to the end. houses to which National Guards had fled were surrounded by gendarmes, inundated with petroleum (which here occurs for the first time in this war), and then set fire to, the charred corpses being afterwards brought out by the ambulance of the Press at the Ternes. Four National Guards having surrendered to a troop of mounted Chasseurs at Belle Epine, on April 25, were afterwards shot down, one after another, by the captain, a worthy man of Gallifet's. One of his four victims, left for dead, Scheffer, crawled back to the Parisian outposts, and deposed to this fact before a commission of the Commune. When Tolain interpellated the War Minister upon the report of this commission, the Rurals drowned his voice and forbade Leflo to answer. It would be an insult to their “glorious” army to speak of its deeds. The flippant tone in which Thiers' bulletin announced the bayoneting of the Federals, surprised asleep at Moulin Saquet, and the wholesale fusillades at Clamart shocked the nerves even of the not over-sensitive London Times. But it would be ludicrous today to attempt recounting the merely preliminary atrocities committed by the bombardiers of Paris and the fomenters of a slaveholders' rebellion protected by foreign invasion. Amidst all these horrors, Thiers, forgetful of his parliamentary laments on the terrible responsibility weighing down his dwarfish shoulders, boasts in his bulletins that l'Assemblee siege paisiblement (the Assembly continues meeting in peace), and proves by his constant carousals, now with Decembrist generals, now with German princes, that his digestion is not troubled in the least, not even by the ghosts of Lecomte and Clement Thomas.

# The Paris Commune

On the dawn of March 18, Paris arose to the thunder-burst of “Vive la Commune!” What is the Commune, that sphinx so tantalizing to the bourgeois mind?

“The proletarians of Paris,” said the Central Committee in its manifesto of March 18, “amidst the failures and treasons of the ruling classes, have understood that the hour has struck for them to save the situation by taking into their own hands the direction of public affairs.... They have understood that it is their imperious duty, and their absolute right, to render themselves masters of their own destinies, by seizing upon the governmental power.”

But the working class cannot simply lay hold of the ready-made state machinery, and wield it for its own purposes.

The centralized state power, with its ubiquitous organs of standing army, police, bureaucracy, clergy, and judicature organs wrought after the plan of a systematic and hierarchic division of labor originates from the days of absolute monarchy, serving nascent middle class society as a mighty weapon in its struggle against feudalism. Still, its development remained clogged by all manner of medieval rubbish, seignorial rights, local privileges, municipal and guild monopolies, and provincial constitutions. The gigantic broom of the French Revolution of the 18th century swept away all these relics of bygone times, thus clearing simultaneously the social soil of its last hinderances to the superstructure of the modern state edifice raised under the First Empire, itself the offspring of the coalition wars of old semi-feudal Europe against modern France.

During the subsequent regimes, the government, placed under parliamentary control that is, under the direct control of the propertied classes became not only a hotbed of huge national debts and crushing taxes; with its irresistible allurements of place, pelf, and patronage, it became not only the bone of contention between the rival factions and adventurers of the ruling classes; but its political character changed simultaneously with the economic changes of society. At the same pace at which the progress of modern industry developed, widened, intensified the class antagonism between capital and labor, the state power assumed more and more the character of the national power of capital over labor, of a public force organized for social enslavement, of an engine of class despotism.

After every revolution marking a progressive phase in the class struggle, the purely repressive character of the state power stands out in bolder and bolder relief. The Revolution of 1830, resulting in the transfer of government from the landlords to the capitalists, transferred it from the more remote to the more direct antagonists of the working men. The bourgeois republicans, who, in the name of the February Revolution, took the state power, used it for the June massacres, in order to convince the working class that “social” republic means the republic entrusting their social subjection, and in order to convince the royalist bulk of the bourgeois and landlord class that they might safely leave the cares and emoluments of government to the bourgeois “republicans”.

However, after their one heroic exploit of June, the bourgeois republicans had, from the front, to fall back to the rear of the “Party of Order” a combination formed by all the rival fractions and factions of the appropriating classes. The proper form of their joint-stock government was the parliamentary republic, with Louis Bonaparte for its president. Theirs was a regime of avowed class terrorism and deliberate insult towards the “vile multitude”.

If the parliamentary republic, as M. Thiers said, “divided them least”, it opened an abyss between that class and the whole body of society outside their spare ranks. The restraints by which their own divisions had under former regimes still checked the state power, were removed by their union; and in view of the threatening upheaval of the proletariat, they now used that state power mercilessly and ostentatiously as the national war engine of capital against labor.

In their uninterrupted crusade against the producing masses, they were, however, bound not only to invest the executive with continually increased powers of repression, but at the same time to divest their own parliamentary stronghold the National Assembly one by one, of all its own means of defence against the Executive. The Executive, in the person of Louis Bonaparte, turned them out. The natural offspring of the “Party of Order” republic was the Second Empire.

The empire, with the coup d’etat for its birth certificate, universal suffrage for its sanction, and the sword for its sceptre, professed to rest upon the peasantry, the large mass of producers not directly involved in the struggle of capital and labor. It professed to save the working class by breaking down parliamentarism, and, with it, the undisguised subserviency

of government to the propertied classes. It professed to save the propertied classes by upholding their economic supremacy over the working class; and, finally, it professed to unite all classes by reviving for all the chimera of national glory.

In reality, it was the only form of government possible at a time when the bourgeoisie had already lost, and the working class had not yet acquired, the faculty of ruling the nation. It was acclaimed throughout the world as the savior of society. Under its sway, bourgeois society, freed from political cares, attained a development unexpected even by itself. Its industry and commerce expanded to colossal dimensions; financial swindling celebrated cosmopolitan orgies; the misery of the masses was set off by a shameless display of gorgeous, meretricious and debased luxury. The state power, apparently soaring high above society and the very hotbed of all its corruptions. Its own rottenness, and the rottenness of the society it had saved, were laid bare by the bayonet of Prussia, herself eagerly bent upon transferring the supreme seat of that regime from Paris to Berlin. Imperialism is, at the same time, the most prostitute and the ultimate form of the state power which nascent middle class society had commenced to elaborate as a means of its own emancipation from feudalism, and which full-grown bourgeois society had finally transformed into a means for the enslavement of labor by capital.

The direct antithesis to the empire was the Commune. The cry of “social republic”, with which the February Revolution was ushered in by the Paris proletariat, did but express a vague aspiration after a republic that was not only to supercede the monarchical form of class rule, but class rule itself. The Commune was the positive form of that republic.

Paris, the central seat of the old governmental power, and, at the same time, the social stronghold of the French working class, had risen in arms against the attempt of Thiers and the Rurals to restore and perpetuate that old governmental power bequeathed to them by the empire. Paris could resist only because, in consequence of the siege, it had got rid of the army, and replaced it by a National Guard, the bulk of which consisted of working men. This fact was now to be transformed into an institution. The first decree of the Commune, therefore, was the suppression of the standing army, and the substitution for it of the armed people.

The Commune was formed of the municipal councillors, chosen by universal suffrage in the various wards of the town, responsible and

revocable at short terms. The majority of its members were naturally working men, or acknowledged representatives of the working class. The Commune was to be a working, not a parliamentary body, executive and legislative at the same time.

Instead of continuing to be the agent of the Central Government, the police was at once stripped of its political attributes, and turned into the responsible, and at all times revocable, agent of the Commune. So were the officials of all other branches of the administration. From the members of the Commune downwards, the public service had to be done at workman's wage. The vested interests and the representation allowances of the high dignitaries of state disappeared along with the high dignitaries themselves. Public functions ceased to be the private property of the tools of the Central Government. Not only municipal administration, but the whole initiative hitherto exercised by the state was laid into the hands of the Commune.

Having once got rid of the standing army and the police the physical force elements of the old government the Commune was anxious to break the spiritual force of repression, the "parson-power", by the disestablishment and disendowment of all churches as proprietary bodies. The priests were sent back to the recesses of private life, there to feed upon the alms of the faithful in imitation of their predecessors, the apostles.

The whole of the educational institutions were opened to the people gratuitously, and at the same time cleared of all interference of church and state. Thus, not only was education made accessible to all, but science itself freed from the fetters which class prejudice and governmental force had imposed upon it.

The judicial functionaries were to be divested of that sham independence which had but served to mask their abject subserviency to all succeeding governments to which, in turn, they had taken, and broken, the oaths of allegiance. Like the rest of public servants, magistrates and judges were to be elective, responsible, and revocable.

The Paris Commune was, of course, to serve as a model to all the great industrial centres of France. The communal regime once established in Paris and the secondary centres, the old centralized government would in the provinces, too, have to give way to the self-government of the producers.

In a rough sketch of national organization, which the Commune had no time to develop, it states clearly that the Commune was to be the political

form of even the smallest country hamlet, and that in the rural districts the standing army was to be replaced by a national militia, with an extremely short term of service. The rural communities of every district were to administer their common affairs by an assembly of delegates in the central town, and these district assemblies were again to send deputies to the National Delegation in Paris, each delegate to be at any time revocable and bound by the mandat impératif (formal instructions) of his constituents. The few but important functions which would still remain for a central government were not to be suppressed, as has been intentionally misstated, but were to be discharged by Communal and thereafter responsible agents.

The unity of the nation was not to be broken, but, on the contrary, to be organized by Communal Constitution, and to become a reality by the destruction of the state power which claimed to be the embodiment of that unity independent of, and superior to, the nation itself, from which it was but a parasitic excrescence.

While the merely repressive organs of the old governmental power were to be amputated, its legitimate functions were to be wrested from an authority usurping pre-eminence over society itself, and restored to the responsible agents of society. Instead of deciding once in three or six years which member of the ruling class was to misrepresent the people in Parliament, universal suffrage was to serve the people, constituted in Communes, as individual suffrage serves every other employer in the search for the workmen and managers in his business. And it is well-known that companies, like individuals, in matters of real business generally know how to put the right man in the right place, and, if they for once make a mistake, to redress it promptly. On the other hand, nothing could be more foreign to the spirit of the Commune than to supercede universal suffrage by hierarchical investiture.

It is generally the fate of completely new historical creations to be mistaken for the counterparts of older, and even defunct, forms of social life, to which they may bear a certain likeness. Thus, this new Commune, which breaks with the modern state power, has been mistaken for a reproduction of the medieval Communes, which first preceded, and afterward became the substratum of, that very state power. The Communal Constitution has been mistaken for an attempt to break up into the federation of small states, as dreamt of by Montesquieu and the Girondins, that unity of great nations which, if originally brought about by political

force, has now become a powerful coefficient of social production. The antagonism of the Commune against the state power has been mistaken for an exaggerated form of the ancient struggle against over-centralization. Peculiar historical circumstances may have prevented the classical development, as in France, of the bourgeois form of government, and may have allowed, as in England, to complete the great central state organs by corrupt vestries, jobbing councillors, and ferocious poor-law guardians in the towns, and virtually hereditary magistrates in the counties.

The Communal Constitution would have restored to the social body all the forces hitherto absorbed by the state parasite feeding upon, and clogging the free movement of, society. By this one act, it would have initiated the regeneration of France.

The provincial French middle class saw in the Commune an attempt to restore the sway their order had held over the country under Louis Philippe, and which, under Louis Napoleon, was supplanted by the pretended rule of the country over the towns. In reality, the Communal Constitution brought the rural producers under the intellectual lead of the central towns of their districts, and there secured to them, in the working men, the natural trustees of their interests. The very existence of the Commune involved, as a matter of course, local municipal liberty, but no longer as a check upon the now superseded state power. It could only enter into the head of a Bismarck who, when not engaged on his intrigues of blood and iron, always likes to resume his old trade, so befitting his mental calibre, of contributor to Kladderadatsch (the Berlin Punch) it could only enter into such a head to ascribe to the Paris Commune aspirations after the caricature of the old French municipal organization of 1791, the Prussian municipal constitution which degrades the town governments to mere secondary wheels in the police machinery of the Prussian state. The Commune made that catchword of bourgeois revolutions cheap government a reality by destroying the two greatest sources of expenditure: the standing army and state functionarism. Its very existence presupposed the non-existence of monarchy, which, in Europe at least, is the normal incumbrance and indispensable cloak of class rule. It supplied the republic with the basis of really democratic institutions. But neither cheap government nor the "true republic" was its ultimate aim; they were its mere concomitants.

The multiplicity of interpretations to which the Commune has been subjected, and the multiplicity of interests which construed it in their favor,

show that it was a thoroughly expansive political form, while all the previous forms of government had been emphatically repressive. Its true secret was this:

It was essentially a working class government, the product of the struggle of the producing against the appropriating class, the political form at last discovered under which to work out the economical emancipation of labor.

Except on this last condition, the Communal Constitution would have been an impossibility and a delusion. The political rule of the producer cannot co-exist with the perpetuation of his social slavery. The Commune was therefore to serve as a lever for uprooting the economical foundation upon which rests the existence of classes, and therefore of class rule. With labor emancipated, every man becomes a working man, and productive labor ceases to be a class attribute.

It is a strange fact. In spite of all the tall talk and all the immense literature, for the last 60 years, about emancipation of labor, no sooner do the working men anywhere take the subject into their own hands with a will, than uprises at once all the apologetic phraseology of the mouthpieces of present society with its two poles of capital and wages-slavery (the landlord now is but the sleeping partner of the capitalist), as if the capitalist society was still in its purest state of virgin innocence, with its antagonisms still undeveloped, with its delusions still unexploded, with its prostitute realities not yet laid bare. The Commune, they exclaim, intends to abolish property, the basis of all civilization!

Yes, gentlemen, the Commune intended to abolish that class property which makes the labor of the many the wealth of the few. It aimed at the expropriation of the expropriators. It wanted to make individual property a truth by transforming the means of production, land, and capital, now chiefly the means of enslaving and exploiting labor, into mere instruments of free and associated labor. But this is communism, "impossible" communism! Why, those member of the ruling classes who are intelligent enough to perceive the impossibility of continuing the present system and they are many have become the obtrusive and full-mouthed apostles of co-operative production. If co-operative production is not to remain a sham and a snare; if it is to supersede the capitalist system; if united co-operative societies are to regulate national production upon common plan, thus taking it under their own control, and putting an end to the constant anarchy and

periodical convulsions which are the fatality of capitalist production what else, gentlemen, would it be but communism, “possible” communism?

The working class did not expect miracles from the Commune. They have no ready-made utopias to introduce par decret du peuple. They know that in order to work out their own emancipation, and along with it that higher form to which present society is irresistibly tending by its own economical agencies, they will have to pass through long struggles, through a series of historic processes, transforming circumstances and men. They have no ideals to realize, but to set free the elements of the new society with which old collapsing bourgeois society itself is pregnant. In the full consciousness of their historic mission, and with the heroic resolve to act up to it, the working class can afford to smile at the coarse invective of the gentlemen’s gentlemen with pen and inkhorn, and at the didactic patronage of well-wishing bourgeois-doctrinaires, pouring forth their ignorant platitudes and sectarian crotchets in the oracular tone of scientific infallibility.

When the Paris Commune took the management of the revolution in its own hands; when plain working men for the first time dared to infringe upon the governmental privilege of their “natural superiors”, and, under circumstances of unexampled difficulty, performed it at salaries the highest of which barely amounted to one-fifth what, according to high scientific authority,(1) is the minimum required for a secretary to a certain metropolitan school-board the old world writhed in convulsions of rage at the sight of the Red Flag, the symbol of the Republic of Labor, floating over the Hotel de Ville.

And yet, this was the first revolution in which the working class was openly acknowledged as the only class capable of social initiative, even by the great bulk of the Paris middle class shopkeepers, tradesmen, merchants the wealthy capitalist alone excepted. The Commune had saved them by a sagacious settlement of that ever recurring cause of dispute among the middle class themselves the debtor and creditor accounts. The same portion of the middle class, after they had assisted in putting down the working men’s insurrection of June 1848, had been at once unceremoniously sacrificed to their creditors by the then Constituent Assembly. But this was not their only motive for now rallying around the working class. They felt there was but one alternative the Commune, or the empire under whatever name it might reappear. The empire had ruined them economically by the

havoc it made of public wealth, by the wholesale financial swindling it fostered, by the props it lent to the artificially accelerated centralization of capital, and the concomitant expropriation of their own ranks. It had suppressed them politically, it had shocked them morally by its orgies, it had insulted their Voltairianism by handing over the education of their children to the frères Ignorantins, it had revolted their national feeling as Frenchmen by precipitating them headlong into a war which left only one equivalent for the ruins it made the disappearance of the empire. In fact, after the exodus from Paris of the high Bonapartist and capitalist bohème, the true middle class Party of Order came out in the shape of the “Union Republicaine”, enrolling themselves under the colors of the Commune and defending it against the wilful misconstructions of Thiers. Whether the gratitude of this great body of the middle class will stand the present severe trial, time must show.

The Commune was perfectly right in telling the peasants that “its victory was their only hope”. Of all the lies hatched at Versailles and re-echoed by the glorious European penny-a-liner, one of the most tremendous was that the Rurals represented the French peasantry. Think only of the love of the French peasant for the men to whom, after 1815, he had to pay the milliard indemnity. In the eyes of the French peasant, the very existence of a great landed proprietor is in itself an encroachment on his conquests of 1789. The bourgeois, in 1848, had burdened his plot of land with the additional tax of 45 cents, in the franc; but then he did so in the name of the revolution; while now he had fomented a civil war against revolution, to shift on to the peasant’s shoulders the chief load of the 5 milliards of indemnity to be paid to the Prussian. The Commune, on the other hand, in one of its first proclamations, declared that the true originators of the war would be made to pay its cost. The Commune would have delivered the peasant of the blood tax would have given him a cheap government transformed his present blood-suckers, the notary, advocate, executor, and other judicial vampires, into salaried communal agents, elected by, and responsible to, himself. It would have freed him of the tyranny of the garde champêtre, the gendarme, and the prefect; would have put enlightenment by the schoolmaster in the place of stultification by the priest. And the French peasant is, above all, a man of reckoning. He would find it extremely reasonable that the pay of the priest, instead of being extorted by the tax-gatherer, should only depend upon the spontaneous action of the

parishioners' religious instinct. Such were the great immediate boons which the rule of the Commune and that rule alone held out to the French peasantry. It is, therefore, quite superfluous here to expatiate upon the more complicated but vital problems which the Commune alone was able, and at the same time compelled, to solve in favor of the peasant viz., the hypothecary debt, lying like an incubus upon his parcel of soil, the prolétariat foncier (the rural proletariat), daily growing upon it, and his expropriation from it enforced, at a more and more rapid rate, by the very development of modern agriculture and the competition of capitalist farming.

The French peasant had elected Louis Bonaparte president of the republic; but the Party of Order created the empire. What the French peasant really wants he commenced to show in 1849 and 1850, by opposing his maire to the government's prefect, his school-master to the government's priest, and himself to the government's gendarme. All the laws made by the Party of Order in January and February 1850 were avowed measures of repression against the peasant. The peasant was a Bonapartist, because the Great Revolution, with all its benefits to him, was, in his eyes, personified in Napoleon. This delusion, rapidly breaking down under the Second Empire (and in its very nature hostile to the Rurals), this prejudice of the past, how could it have withstood the appeal of the Commune to the living interests and urgent wants of the peasantry?

The Rurals this was, in fact, their chief apprehension knew that three months' free communication of Communal Paris with the provinces would bring about a general rising of the peasants, and hence their anxiety to establish a police blockade around Paris, so as to stop the spread of the rinderpest.

If the Commune was thus the true representative of all the healthy elements of French society, and therefore the truly national government, it was, at the same time, as a working men's government, as the bold champion of the emancipation of labor, emphatically international. Within sight of that Prussian army, that had annexed to Germany two French provinces, the Commune annexed to France the working people all over the world.

The Second Empire had been the jubilee of cosmopolitan blacklegism, the rakes of all countries rushing in at its call for a share in its orgies and in the plunder of the French people. Even at this moment, the right hand of

Thiers is Ganessco, the foul Wallachian, and his left hand is Markovsky, the Russian spy. The Commune admitted all foreigners to the honor of dying for an immortal cause. Between the foreign war lost by their treason, and the civil war fomented by their conspiracy with the foreign invader, the bourgeoisie had found the time to display their patriotism by organizing police hunts upon the Germans in France. The Commune made a German working man its Minister of Labor. Thiers, the bourgeoisie, the Second Empire, had continually deluded Poland by loud professions of sympathy, while in reality betraying her to, and doing the dirty work of, Russia. The Commune honored the heroic sons of Poland by placing them at the head of the defenders of Paris. And, to broadly mark the new era of history it was conscious of initiating, under the eyes of the conquering Prussians on one side, and the Bonapartist army, led by Bonapartist generals, on the other, the Commune pulled down that colossal symbol of martial glory, the Vendôme Column.

The great social measure of the Commune was its own working existence. Its special measures could but betoken the tendency of a government of the people by the people. Such were the abolition of the nightwork of journeymen bakers; the prohibition, under penalty, of the employers' practice to reduce wages by levying upon their workpeople fines under manifold pretexts a process in which the employer combines in his own person the parts of legislator, judge, and executor, and filches the money to boot. Another measure of this class was the surrender to associations of workmen, under reserve of compensation, of all closed workshops and factories, no matter whether the respective capitalists had absconded or preferred to strike work.

The financial measures of the Commune, remarkable for their sagacity and moderation, could only be such as were compatible with the state of a besieged town. Considering the colossal robberies committed upon the city of Paris by the great financial companies and contractors, under the protection of Haussman, the Commune would have had an incomparably better title to confiscate their property than Louis Napoleon had against the Orleans family. The Hohenzollern and the English oligarchs, who both have derived a good deal of their estates from church plunders, were, of course, greatly shocked at the Commune clearing but 8,000f out of secularization.

While the Versailles government, as soon as it had recovered some spirit and strength, used the most violent means against the Commune; while it

put down the free expression of opinion all over France, even to the forbidding of meetings of delegates from the large towns; while it subjected Versailles and the rest of France to an espionage far surpassing that of the Second Empire; while it burned by its gendarme inquisitors all papers printed at Paris, and sifted all correspondence from and to Paris; while in the National Assembly the most timid attempts to put in a word for Paris were howled down in a manner unknown even to the Chambre introuvable of 1816; with the savage warfare of Versailles outside, and its attempts at corruption and conspiracy inside Paris would the Commune not have shamefully betrayed its trust by affecting to keep all the decencies and appearances of liberalism as in a time of profound peace? Had the government of the Commune been akin to that of M. Thiers, there would have been no more occasion to suppress Party of Order papers at Paris than there was to suppress Communal papers at Versailles.

It was irritating indeed to the Rurals that at the very same time they declared the return to the church to be the only means of salvation for France, the infidel Commune unearthed the peculiar mysteries of the Picpus nunnery, and of the Church of St. Laurent. It was a satire upon M. Thiers that, while he showered grand crosses upon the Bonapartist generals in acknowledgment of their mastery in losing battles, singing capitulations, and turning cigarettes at Wilhelmshöhe, the Commune dismissed and arrested its generals whenever they were suspected of neglecting their duties. The expulsion from, and arrest by, the Commune of one of its members who had slipped in under a false name, and had undergone at Lyons six days' imprisonment for simple bankruptcy, was it not a deliberate insult hurled at the forger, Jules Favre, then still the foreign minister of France, still selling France to Bismarck, and still dictating his orders to that paragon government of Belgium? But indeed the Commune did not pretend to infallibility, the invariable attribute of all governments of the old stamp. It published its doings and sayings, it initiated the public into all its shortcomings.

In every revolution there intrude, at the side of its true agents, men of different stamp; some of them survivors of and devotees to past revolutions, without insight into the present movement, but preserving popular influence by their known honesty and courage, or by the sheer force of tradition; others mere brawlers who, by dint of repeating year after year the same set of stereotyped declarations against the government of the day, have sneaked

into the reputation of revolutionists of the first water. After March 18, some such men did also turn up, and in some cases contrived to play pre-eminent parts. As far as their power went, they hampered the real action of the working class, exactly as men of that sort have hampered the full development of every previous revolution. They are an unavoidable evil: with time they are shaken off; but time was not allowed to the Commune.

Wonderful, indeed, was the change the Commune had wrought in Paris! No longer any trace of the meretricious Paris of the Second Empire! No longer was Paris the rendezvous of British landlords, Irish absentees, American ex-slaveholders and shoddy men, Russian ex-serfowners, and Wallachian boyards. No more corpses at the morgue, no nocturnal burglaries, scarcely any robberies; in fact, for the first time since the days of February 1848, the streets of Paris were safe, and that without any police of any kind.

“We,” said a member of the Commune, “hear no longer of assassination, theft, and personal assault; it seems indeed as if the police had dragged along with it to Versailles all its Conservative friends.”

The cocottes had refound the scent of their protectors the absconding men of family, religion, and, above all, of property. In their stead, the real women of Paris showed again at the surface heroic, noble, and devoted, like the women of antiquity. Working, thinking fighting, bleeding Paris almost forgetful, in its incubation of a new society, of the Cannibals at its gates radiant in the enthusiasm of its historic initiative!

Opposed to this new world at Paris, behold the old world at Versailles that assembly of the ghouls of all defunct regimes, Legitimists and Orleanists, eager to feed upon the carcass of the nation with a tail of antediluvian republicans, sanctioning, by their presence in the Assembly, the slaveholders’ rebellion, relying for the maintenance of their parliamentary republic upon the vanity of the senile mountebank at its head, and caricaturing 1789 by holding their ghastly meetings in the Jeu de Paume.(2) There it was, this Assembly, the representative of everything dead in France, propped up to the semblance of life by nothing but the swords of the generals of Louis Bonaparte. Paris all truth, Versailles all lie; and that lie vented through the mouth of Thiers.

Thiers tells a deputation of the mayors of the Seine-et-Oise “You may rely upon my word, which I have never broken!”

He tells the Assembly itself that “it was the most freely elected and most liberal Assembly France ever possessed”; he tells his motley soldiery that it was “the admiration of the world, and the finest army France ever possessed”; he tells the provinces that the bombardment of Paris by him was a myth: “If some cannon-shots have been fired, it was not the deed of the army of Versailles, but of some insurgents trying to make believe that they are fighting, while they dare not show their faces.” He again tells the provinces that “the artillery of Versailles does not bombard Paris, but only cannonades it”. He tells the Archbishop of Paris that the pretended executions and reprisals (!) attributed to the Versailles troops were all moonshine. He tells Paris that he was only anxious “to free it from the hideous tyrants who oppress it,” and that, in fact, the Paris of the Commune was “but a handful of criminals”.

The Paris of M. Thiers was not the real Paris of the “vile multitude”, but a phantom Paris, the Paris of the francs-fileurs, the Paris of the Boulevards, male and female the rich, the capitalist, the gilded, the idle Paris, now thronging with its lackeys, its blacklegs, its literary bohème, and its cocottes at Versailles, Saint-Denis, Rueil, and Saint-Germain; considering the civil war but an agreeable diversion, eyeing the battle going on through telescopes, counting the rounds of cannon, swearing by their own honor and that of their prostitutes, that the performance was far better got up than it used to be at the Prote St. Martin. The men who fell were really dead; the cries of the wounded were cries in good earnest; and, besides, the whole thing was so intensely historical.

This is the Paris of M. Thiers, as the emigration of Coblenz was the France of M. de Calonne.

## The Fall of Paris

The first attempt of the slaveholders' conspiracy to put down Paris by getting the Prussians to occupy it was frustrated by Bismarck's refusal.

The second attempt, that of March 18, ended in the rout of the army and the flight to Versailles of the government, which ordered the whole administration to break up and follow in its track.

By the semblance of peace negotiations with Paris, Thiers found the time to prepare for war against it. But where to find an army? The remnants of the line regiments were weak in number and unsafe in character. His urgent appeal to the provinces to succour Versailles, by their National Guards and volunteers, met with a flat refusal. Brittany alone furnished a handful of Chouans fighting under a white flag, every one of them wearing on his breast the heart of Jesus in white cloth, and shouting "Vive le Roi!" (Long live the King!)

Thiers was, therefore, compelled to collect, in hot haste, a motley crew, composed of sailors, marines, Pontifical Zouaves, Valentin's gendarmes, and Pietri's sergents-de-ville and mouchards. This army, however, would have been ridiculously ineffective without the instalments of imperialist war prisoners, which Bismarck granted in numbers just sufficient to keep the civil war agoing, and keep the Versailles government in abject dependence on Prussia. During the war itself, the Versailles police had to look after the Versailles army, while the gendarmes had to drag it on by exposing themselves at all posts of danger. The forts which fell were not taken, but bought. The heroism of the Federals convinced Thiers that the resistance of Paris was not to be broken by his own strategic genius and the bayonets at his disposal.

Meanwhile, his relations with the provinces became more and more difficult. Not one single address of approval came in to gladden Thiers and his Rurals. Quite the contrary. Deputations and addresses demanding, in a tone anything but respectful, conciliation with Paris on the basis of the unequivocal recognition of the republic, the acknowledgment of the Communal liberties, and the dissolution of the National Assembly, whose mandate was extinct, poured in from all sides, and in such numbers that Dufaure, Thiers' Minister of Justice, in his circular of April 23 to the public prosecutors, commanded them to treat "the cry of conciliation" as a crime!

In regard, however, of the hopeless prospect held out by his campaign, Thiers resolved to shift his tactics by ordering, all over the country, municipal elections to take place on April 30, on the basis of the new municipal law dictated by himself to the National Assembly. What with the intrigues of his prefects, what with police intimidation, he felt quite sanguine of imparting, by the verdict of the provinces, to the National Assembly that moral power it had never possessed, and of getting at last from the provinces the physical force required for the conquest of Paris.

His bandit-warfare against Paris, exalted in his own bulletins, and the attempts of his ministers at the establishment, throughout France, of a reign of terror, Thiers was from the beginning anxious to accompany with a little by-play of conciliation, which had to serve more than one purpose. It was to dupe the provinces, to inveigle the middle class elements in Paris, and above all, to afford the professed republicans in the National Assembly the opportunity of hiding their treason against Paris behind their faith in Thiers.

On March 21, when still without an army, he had declared to the Assembly: "Come what may, I will not send an army to Paris."

On March 27, he rose again: "I have found the republic an accomplished fact, and I am firmly resolved to maintain it."

In reality, he put down the revolution at Lyons and Marseilles in the name of the republic, while the roars of his Rurals drowned the very mention of his name at Versailles. After this exploit, he toned down the "accomplished fact" into a hypothetical fact. The Orleans princes, whom he had cautiously warned off Bordeaux, were now, in flagrant breach of the law, permitted to intrigue at Dreux. The concessions held out by Thiers in his interminable interviews with the delegates from Paris and the provinces, although constantly varied in tone and color, according to time and circumstances, did in fact never come to more than the prospective restriction of revenge to the "handful of criminals implicated in the murder of Lecomte and Clement Thomas", on the well-understood premise that Paris and France were unreservedly to accept M. Thiers himself as the best of possible Republics, as he, in 1830, had done with Louis Philippe, and in 1849 under Louis Bonaparte's presidency. While out of office, he made a fortune by pleading for the Paris capitalists, and made political capital by pleading against the laws he had himself originated. He now hurried through the National assembly not only a set of repressive laws which were, after the fall of Paris, to extirpate the last remnants of republican liberty in

France; he foreshadowed the fate of Paris by abridging what was for him the too slow procedure of courts-martial, and by a new-fangled, Draconic code of deportation. The Revolution of 1848, abolishing the penalty of death for political crimes, had replaced it by deportation. Louis Bonaparte did not dare, at least not in theory, to re-establish the regime of the guillotine. The Rural Assembly, not yet bold enough even to hint that the Parisians were not rebels, but assassins, had therefore to confine its prospective vengeance against Paris to Dufaure's new code of deportation. Under all these circumstances, Thiers himself could not have gone on with his comedy of conciliation, had it not, as he intended it to do, drawn forth shrieks of rage from the Rurals, whose ruminating mind did neither understand the play, nor its necessities of hypocrisy, tergiversation, and procrastination.

In sight of the impending municipal elections of April 30, Thiers enacted one of his great conciliation scenes on April 27. Amidst a flood of sentiment rhetoric, he exclaimed from the tribune of the Assembly:

“There exists no conspiracy against the republic but that of Paris, which compels us to shed French blood. I repeat it again and again. Let those impious arms fall from the hands which hold them, and chastisement will be arrested at once by an act of peace excluding only the small number of criminals.”

To the violent interruption of the Rurals, he replied:

“Gentlemen, tell me, I implore you, am I wrong? Do you really regret that I could have stated the truth that the criminals are only a handful? Is it not fortunate in the midst of our misfortunes that those who have been capable to shed the blood of Clement Thomas and General Lecomte are but rare exceptions?”

France, however, turned a deaf ear to what Thiers flattered himself to be a parliamentary siren's song. Out of 700,000 municipal councillors returned by the 35,000 communes still left to France, the united Legitimists, Orleanists, and Bonapartists did not carry 8,000.

The supplementary elections which followed were still more decidedly hostile.

Thus, instead of getting from the provinces the badly-needed physical force, the National Assembly lost even its last claim to moral force, that of being the expression of the universal suffrage of the country. To complete the discomfiture, the newly-chosen municipal councils of all the cities of

France openly threatened the usurping Assembly at Versailles with a counter assembly at Bordeaux.

Then the long-expected moment of decisive action had at last come for Bismarck. He peremptorily summoned Thiers to send to Frankfort plenipotentiaries for the definitive settlement of peace. In humble obedience to the call of his master, Thiers hastened to despatch his trusty Jules Favre, backed by Pouyer-Quertier. Pouyer-Quertier, an “eminent” Rouen cotton-spinner, a fervent and even servile partisan of the Second Empire, had never found any fault with it save its commercial treaty with England, prejudicial to his own shop-interest. Hardly installed at Bordeaux as Thiers’ Minister of Finance, he denounced that “unholy” treaty, hinted at its near abrogation, and had even the effrontery to try, although in vain (having counted without Bismarck), the immediate enforcement of the old protective duties against Alsace, where, he said, no previous international treaties stood in the way. This man who considered counter-revolution as a means to put down wages at Rouen, and the surrender of French provinces as a means to bring up the price of his wares in France, was he not the one predestined to be picked out by Thiers as the helpmate of Jules Favre in his last and crowning treason?

On the arrival at Frankfurt of this exquisite pair of plenipotentiaries, bully Bismarck at once met them with the imperious alternative: Either the restoration of the empire or the unconditional acceptance of my own peace terms! These terms included a shortening of the intervals in which war indemnity was to be paid and the continued occupation of the Paris forts by Prussian troops until Bismarck should feel satisfied with the state of things in France; Prussia thus being recognized as the supreme arbiter in internal French politics! In return for this, he offered to let loose for the extermination of Paris the Bonapartist army, and to lend them the direct assistance of Emperor William’s troops. He pledged his good faith by making payment of the first installment of the indemnity dependent on the “pacification” of Paris. Such bait was, of course, eagerly swallowed by Thiers and his plenipotentiaries. They signed the treaty of peace on May 10 and had it endorsed by the Versailles Assembly on the 18th.

In the interval between the conclusion of peace and the arrival of the Bonapartist prisoners, Thiers felt the more bound to resume his comedy of conciliation, as his republican tools stood in sore need of a pretext for blinking their eyes at the preparations for the carnage of Paris. As late as May 18, he replied to a deputation of middle-class conciliators ““

“Whenever the insurgents will make up their minds for capitulation, the gates of Paris shall be flung wide open during a week for all except the murderers of Generals Clement Thomas and Lecomte.”

A few days afterwards, when violently interpellated on these promises by the Rurals, he refused to enter into any explanations; not, however, without giving them this significant hint:

“I tell you there are impatient men amongst you, men who are in too great a hurry. They must have another eight days; at the end of these eight days there will be no more danger, and the task will be proportionate to their courage and to their capacities.”

As soon as MacMahon was able to assure him, that he could shortly enter Paris, Thiers declared to the Assembly that

“he would enter Paris with the laws in his hands, and demand a full expiation from the wretches who had sacrificed the lives of soldiers and destroyed public monuments.”

As the moment of decision drew near, he said ““ to the Assembly, “I shall be pitiless!” ““ to Paris, that is was doomed; and to his Bonapartist bandits, that they had state licence to wreak vengeance upon Paris to their hearts’ content.

At last, when treachery had opened the gates of Paris to General Douai, on May 21, Thiers, on the 22nd, revealed to the Rurals the “goal” of his conciliation comedy, which they had so obstinately persisted in not understanding.

“I told you a few days ago that we were approaching our goal; today I come to tell you the goal is reached. The victory of order, justice, and civilization is at last won!”

So it was. The civilization and justice of bourgeois order comes out in its lurid light whenever the slaves and drudges of that order rise against their masters. Then this civilization and justice stand forth as undisguised savagery and lawless revenge. Each new crisis in the class struggle between the appropriator and the producer brings out this fact more glaringly. Even the atrocities of the bourgeois in June 1848 vanish before the infamy of 1871. The self-sacrificing heroism with which the population of Paris ““ men, women, and children ““ fought for eight days after the entrance of the Versaillaise, reflects as much the grandeur of their cause, as the infernal deeds of the soldiery reflect the innate spirit of that civilization, indeed, the

great problem of which is how to get rid of the heaps of corpses it made after the battle was over!

To find a parallel for the conduct of Thiers and his bloodhounds we must go back to the times of Sulla and the two Triumvirates of Rome. The same wholesale slaughter in cold blood; the same disregard, in massacre, of age and sex, the same system of torturing prisoners; the same proscriptions, but this time of a whole class; the same savage hunt after concealed leaders, lest one might escape; the same denunciations of political and private enemies; the same indifference for the butchery of entire strangers to the feud.

There is but this difference: that the Romans had no mitrailleuses for the despatch, in the lump, of the proscribed, and that they had not “the law in their hands”, nor on their lips the cry of “civilization.”

And after those horrors look upon the other still more hideous face of the bourgeois civilization as described by its own press!

“With stray shots,” writes the Paris correspondent of a London Tory paper, “still ringing in the distance, and unintended wounded wretches dying amid the tombstones of Pere la Chaise ““ with 6,000 terror-stricken insurgents wandering in an agony of despair in the labyrinth of the catacombs, and wretches hurried through the streets to be shot down in scores by the mitrailleuse ““ it is revolting to see the cafes filled with the votaries of absinthe, billiards, and dominoes; female profligacy perambulating the boulevards, and the sound of revelry disturbing the night from the cabinets particuliers of fashionable restaurants.”

M. Edouard Herve writes in the Journal de Paris, a Versaillist journal pressed by the Commune:

“The way in which the population of Paris manifested its satisfaction yesterday was rather more than frivolous, and we fear it will grow worse as time progresses. Paris has now a fete day appearance, which is sadly out of place; and, unless we are to be called the Parisiens de la decadence, this sort of thing must come to an end.”

And then he quotes the passage from Tacitus:

“Yet, on the morrow of that horrible struggle, even before it was completely over, Rome ““ degraded and corrupt ““ began once more to wallow in the voluptuous slough which was destroying tis body and pulling its soul ““ alibi proelia et vulnera, alibi balnea popinoeque.”

M. Herve only forgets to say that the “population of Paris” he speaks of it but the population of the Paris of M. Thiers ““ the francs-fileurs returning

in throngs from Versailles, Saint-Denis, Rueil, and Saint Germain ““ the Paris of the “Decline.”

In all its bloody triumphs over the self-sacrificing champions of a new and better society, that nefarious civilization, based upon the enslavement of labor, drowns the moans of its victims in a hue-and-cry of calumny, reverberated by a world-wide echo. The serene working men’s Paris of the Commune is suddenly changed into a pandemonium by the bloodhounds of “order.”

And what does this tremendous change prove to the bourgeois mind of all countries? Why, that the Commune has conspired against civilization! The Paris people die enthusiastically for the Commune in number unequally in any battle known to history. What does that prove? Why, that the Commune was not the people’s own government but the usurpation of a handful of criminals! The women of Paris joyfully give up their lives at the barricades and on the place of execution. What does this prove? Why, that the demon of the Commune has changed them into Megaera and Hecates!

The moderation of the Commune during the two months of undisputed sway is equalled only by the heroism of its defence.

What does that prove? Why, that for months the Commune carefully hid, under a mask of moderation and humanity, the bloodthirstiness of its fiendish instincts to be let loose in the hour of its agony!

The working men’s Paris, in the act of its heroic self-holocaust, involved in its flames buildings and monuments. While tearing to pieces the living body of the proletariat, its rulers must no longer expect to return triumphantly into the intact architecture of their abodes. The government of Versailles cries, “Incendiarism!” and whispers this cue to all its agents, down to the remotest hamlet, to hunt up its enemies everywhere as suspect of professional incendiarism. The bourgeoisie of the whole world, which looks complacently upon the wholesale massacre after the battle, is convulsed by horror at the desecration of brick and mortar!

When governments give state licences to their navies to “kill, burn, and destroy”, is that licence for incendiarism? When the British troops wantonly set fire to the Capitol at Washington and to the summer palace of the Chinese emperor, was that incendiarism? When the Prussians not for military reasons, but out of the mere spite of revenge, burned down, by the help of petroleum, towns like Chateaudun and innumerable villages, was that incendiarism? When Thiers, during six weeks, bombarded Paris, under

the pretext that he wanted to set fire to those houses only in which there were people, was that incendiarism? ““ In war, fire is an arm as legitimate as any. Buildings held by the enemy are shelled to set them on fire. If their defenders have to retire, they themselves light the flames to prevent the attack from making use of the buildings. To be burned down has always been the inevitable fate of all buildings situated in the front of battle of all the regular armies of the world.

But in the war of the enslaved against their enslavers, the only justifiable war in history, this is by no means to hold good! The Commune used fire strictly as a means of defence. They used it to stop up to the Versailles troops those long, straight avenues which Haussman had expressly opened to artillery-fire; they used it to cover their retreat, in the same way as the Versailles, in their advance, used their shells which destroyed at least as many buildings as the fire of the Commune. It is a matter of dispute, even now, which buildings were set fire to by the defence, and which by the attack. And the defence resorted to fire only then when the Versailles troops had already commenced their wholesale murdering of prisoners.

Besides, the Commune had, long before, given full public notice that if driven to extremities, they would bury themselves under the ruins of Paris, and make Paris a second Moscow, as the Government of National Defence, but only as a cloak for its treason, had promised to do. For this purpose Trochu had found them the petroleum. The Commune knew that its opponents cared nothing for the lives of the Paris people, but cared much for their own Paris buildings. And Thiers, on the other hand, had given them notice that he would be implacable in his vengeance. No sooner had he got his army ready on one side, and the Prussians shutting the trap on the other, than he proclaimed: “I shall be pitiless! The expiation will be complete, and justice will be stern!” If the acts of the Paris working men were vandalism, it was the vandalism of defence in despair, not the vandalism of triumph, like that which the Christians perpetrated upon the really priceless art treasures of heathen antiquity; and even that vandalism has been justified by the historian as an unavoidable and comparatively trifling concomitant to the titanic struggle between a new society arising and an old one breaking down. It was still less the vandalism of Haussman, razing historic Paris to make place for the Paris of the sightseer!

But the execution by the Commune of the 64 hostages, with the Archbishop of Paris at their head! The bourgeoisie and its army, in June

1848, re-established a custom which had long disappeared from the practice of war ““ the shooting of their defenceless prisoners. This brutal custom has since been more or less strictly adhered to by the suppressors of all popular commotions in Europe and India; thus proving that it constitutes a real “progress of civilization”!

On the other hand, the Prussians in France, had re-established the practice of taking hostages ““ innocent men, who, with their lives, were to answer to them for the acts of others. When Thiers, as we have seen, from the very beginning of the conflict, enforced the human practice of shooting down the Communal prisoners, the Commune, to protect their lives, was obliged to resort to the Prussian practice of securing hostages. The lives of the hostages have been forfeited over and over again by the continued shooting of prisoners on the part of the Versailles. How could they be spared any longer after the carnage with which MacMahon’s praetorians celebrated their entrance into Paris?

Was even the last check upon the unscrupulous ferocity of bourgeois governments ““ the taking of hostages ““ to be made a mere sham of?

The real murderer of Archbishop Darboy is Thiers. The Commune again and again had offered to exchange the archbishop, and ever so many priests in the bargain, against the single Blanqui, then in the hands of Thiers. Thiers obstinately refused. He knew that with Blanqui he would give the Commune a head; while the archbishop would serve his purpose best in the shape of a corpse.

Thiers acted upon the precedent of Cavaignac. How, in June 1848, did not Cavaignac and his men of order raise shouts of horror by stigmatizing the insurgents as the assassins of Archbishop Affre! They knew perfectly well that the archbishop had been shot by the soldiers of order. M. Jacquemet, the archbishop’s vicar-general, present on the spot, had immediately afterwards handed them in his evidence to that effect.

All the chorus of calumny, which the Party of Order never fail, in their orgies of blood, to raise against their victims, only proves that the bourgeois of our days considers himself the legitimate successor to the baron of old, who thought every weapon in his own hand fair against the plebeian, while in the hands of the plebeian a weapon of any kind constituted in itself a crime.

The conspiracy of the ruling class to break down the revolution by a civil war carried on under the patronage of the foreign invader ““ a conspiracy

which we have traced from the very 4th of September down to the entrance of MacMahon's praetorians through the gate of St. Cloud "" culminated in the carnage of Paris. Bismarck gloats over the ruins of Paris, in which he saw perhaps the first instalment of that general destruction of great cities he had prayed for when still a simple Rural in the Prussian Chambre introuvable of 1849. He gloats over the cadavers of the Paris proletariat. For him, this is not only the extermination of revolution, but the extinction of France, now decapitated in reality, and by the French government itself. With the shallowness characteristic of all successful statesmen, he sees but the surface of this tremendous historic event. Whenever before has history exhibited the spectacle of a conqueror crowning his victory by turning into, not only the gendarme, but the hired bravo of the conquered government? There existed no war between Prussia and the Commune of Paris. On the contrary, the Commune had accepted the peace preliminaries, and Prussia had announced her neutrality. Prussia was, therefore, no belligerent. She acted the part of a bravo, a cowardly bravo, because incurring no danger; a hired bravo, because stipulating beforehand the payment of her blood-money of 500 millions on the fall of Paris. And thus, at last, came out the true character of the war, ordained by Providence, as a chastisement of godless and debauched France by pious and moral Germany! And this unparalleled breach of the law of nations, even as understood by the old-world lawyers, instead of arousing the "civilized" governments of Europe to declare the felonious Prussian government, the mere tool of the St. Petersburg Cabinet, an outlaw amongst nations, only incites them to consider whether the few victims who escape the double cordon around Paris are not to be given up to the hangman of Versailles!

That, after the most tremendous war of modern times, the conquering and the conquered hosts should fraternize for the common massacre of the proletariat "" this unparalleled event does indicate, not, as Bismarck thinks, the final repression of a new society upheaving, but the crumbling into dust of bourgeois society. The highest heroic effort of which old society is still capable is national war; and this is now proved to be a mere governmental humbug, intended to defer the struggle of classes, and to be thrown aside as soon as that class struggle bursts out into civil war. Class rule is no longer able to disguise itself in a national uniform; the national governments are one as against the proletariat!

After Whit-Sunday, 1871, there can be neither peace nor truce possible between the working men of France and the appropriators of their produce. The iron hand of a mercenary soldiery may keep for a time both classes tied down in common oppression. But the battle must break out again and again in ever-growing dimensions, and there can be no doubt as to who will be the victor in the end ““ the appropriating few, or the immense working majority. And the French working class is only the advanced guard of the modern proletariat.

While the European governments thus testify, before Paris, to the international character of class rule, they cry down the International Working Men’s Association ““ the international counter-organization of labor against the cosmopolitan conspiracy of capital ““ as the head fountain of all these disasters. Thiers denounced it as the despot of labor, pretending to be its liberator. Picard ordered that all communications between the French Internationals and those abroad be cut off; Count Jaubert, Thiers’ mummified accomplice of 1835, declares it the great problem of all civilized governments to weed it out. The Rurals roar against it, and the whole European press joins the chorus. An honorable french writer, completely foreign to our Association, speaks as follows:

“The members of the Central Committee of the National Guard, as well as the greater part of the members of the Commune, are the most active, intelligent, and energetic minds of the International Working Men’s Association... men who are thoroughly honest, sincere, intelligent, devoted, pure, and fanatical in the good sense of the word.”

The police-tinged bourgeois mind naturally figures to itself the International Working Men’s Association as acting in the manner of a secret conspiracy, its central body ordering, from time to time, explosions in different countries. Our Association is, in fact, nothing but the international bond between the most advanced working men in the various countries of the civilized world. Wherever, in whatever shape, and under whatever conditions the class struggle obtains any consistency, it is but natural that members of our Association, should stand in the foreground. The soil out of which it grows is modern society itself. It cannot be stamped out by any amount of carnage. To stamp it out, the governments would have to stamp out the despotism of capital over labor ““ the condition of their own parasitical existence.

Working men's Paris, with its Commune, will be forever celebrated as the glorious harbinger of a new society. Its martyrs are enshrined in the great heart of the working class. Its exterminators history has already nailed to that eternal pillory from which all the prayers of their priest will not avail to redeem them.

The General Council

M. J. Boon, Fred. Bradnick, G. H. Buttery, Caihil, Delayhaye, William Hales, A. Hermann, Kolb, Fred. Lessner, Lochner, T. P. Macdonnell, George Milner, Thomas Mottershead, Ch. Mills, Charles Murray, Pfander, Roach, Rochat, Ruhl, Sadler, A. Ser- Railler, Cowell Stepney, Alf. Taylor, William Townshend.

Corresponding Secretaries:

Eugene Dupont, For France Zevy Maurice, For Hungary Karl Marx, For Germany And Anton Zabicki, For Poland Holland James Cohen, For Denmark Fred. Engels, For Belgium And J.G. Eccarius, For The United Spain States Hermann Jung, For Switzerland P. Giovacchini, For Italy

Hermann Jung, Chairman John Weston, Treasurer George Harris, Financial Secretary J. George Eccarius, General Secretary

Office: 256 High Holborn Road, London, W.C., May 30, 1871

# CRITIQUE OF THE GOTHA PROGRAM, 1875



*Anonymous translation*

Published after Marx's death, *The Critique of the Gotha Program* is based on a letter written in early May 1875 to the Social Democratic Workers' Party of Germany (SDAP), with whom Marx and Friedrich Engels were in close association. Offering perhaps his most detailed pronouncement on programmatic matters of revolutionary strategy, the text discusses the "dictatorship of the proletariat," the period of transition from capitalism to communism, proletarian internationalism and the party of the working class. *The Critique of the Gotha Program* is also notable for elucidating the principles of "To each according to his contribution" as the basis for a "lower phase" of communist society directly following the transition from capitalism, and "From each according to his ability, to each according to his needs" as the basis for a future "higher phase" of communist society. In describing the lower phase, he states that "the individual receives from society exactly what he gives to it" and advocates remuneration in the form of labour vouchers as opposed to money.

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## Foreword

The manuscript published here — the covering letter to Bracke as well as the critique of the draft programme — was sent in 1875, shortly before the Gotha Unity Congress, to Bracke for communication to Geib, Auer, Bebel, and Liebknecht and subsequent return to Marx. Since the Halle Party Congress has put the discussion of the Gotha Programme on the agenda of the Party, I think I would be guilty of suppression if I any longer withheld from publicity this important — perhaps the most important — document relevant to this discussion.

But the manuscript has yet another and more far-reaching significance. Here for the first time Marx's attitude to the line adopted by Lassalle in his agitation from the very beginning is clearly and firmly set forth, both as regards Lassalle's economic principles and his tactics.

The ruthless severity with which the draft programme is dissected here, the mercilessness with which the results obtained are enunciated and the shortcomings of the draft laid bare — all this today, after fifteen years, can no longer give offence. Specific Lassalleans now exist only abroad as isolated ruins, and in Halle the Gotha Programme was given up even by its creators as altogether inadequate.

Nevertheless, I have omitted a few sharp personal expressions and judgments where these were immaterial, and replaced them by dots. Marx himself would have done so if he had published the manuscript today. The violence of the language in some passages was provoked by two circumstances. In the first place, Marx and I had been more intimately connected with the German movement than with any other; we were, therefore, bound to be particularly perturbed by the decidedly retrograde step manifested by this draft programme. And secondly, we were at that time, hardly two years after the Hague Congress of the International, engaged in the most violent struggle against Bakunin and his anarchists, who made us responsible for everything that happened in the labour movement in Germany; hence we had to expect that we would also be addled with the secret paternity of this programme. These considerations do not now exist and so there is no necessity for the passages in question.

For reasons arising from the Press Law, also, a few sentences have been indicated only by dots. Where I have had to choose a milder expression this

has been enclosed in square brackets. Otherwise the text has been reproduced word for word.

London, January 6, 1891

## Letter to Bracke

*London, 5 May 1875*

*Dear Bracke,*

When you have read the following critical marginal notes on the Unity Programme, would you be so good as to send them on to Geib and Auer, Bebel and Liebkecht for examination. I am exceedingly busy and have to overstep by far the limit of work allowed me by the doctors. Hence it was anything but a “pleasure” to write such a lengthy screed. It was, however, necessary so that the steps to be taken by me later on would not be misinterpreted by our friends in the Party for whom this communication is intended.

After the Unity Congress has been held, Engels and I will publish a short statement to the effect that our position is altogether remote from the said programme of principle and that we have nothing to do with it.

This is indispensable because the opinion — the entirely erroneous opinion — is held abroad and assiduously nurtured by enemies of the Party that we secretly guide from here the movement of the so-called Eisenach Party [ German Social-Democratic Workers Party ]. In a Russian book [ *Statism and Anarchy* ] that has recently appeared, Bakunin still makes me responsible, for example, not only for all the programmes, etc., of that party but even for every step taken by Liebkecht from the day of his cooperation with the People’s Party.

Apart from this, it is my duty not to give recognition, even by diplomatic silence, to what in my opinion is a thoroughly objectionable programme that demoralises the Party.

*Every step of real movement is more important than a dozen programmes.* If, therefore, it was not possible — and the conditions of the time did not permit it — to go *beyond* the Eisenach programme, one should simply have concluded an agreement for action against the common enemy. But by drawing up a programme of principles (instead of postponing this until it has been prepared for by a considerable period of common activity) one sets up before the whole world landmarks by which it measures the level of the Party movement.

The Lassallean leaders came because circumstances forced them to. If they had been told in advance that there would be haggling about principles,

they would *have had* to be content with a programme of action or a plan of organisation for common action. Instead of this, one permits them to arrive armed with mandates, recognises these mandates on one's part as binding, and thus surrenders unconditionally to those who are themselves in need of help. To crown the whole business, they are holding a congress *before the Congress of Compromise*, while one's own party is holding its congress *post festum*. One had obviously had a desire to stifle all criticism and to give one's own party no opportunity for reflection. One knows that the mere fact of unification is satisfying to the workers, but it is a mistake to believe that this momentary success is not bought too dearly.

For the rest, the programme is no good, even apart from its sanctification of the Lassallean articles of faith.

I shall be sending you in the near future the last parts of the French edition of *Capital*. The printing was held up for a considerable time by a ban of the French Government. The thing will be ready this week or the beginning of next week. Have you received the previous six parts? Please let me have the address of Bernhard Becker, to whom I must also send the final parts.

The bookshop of the Volksstaat has peculiar ways of doing things. Up to this moment, for example, I have not been sent a single copy of the Cologne Communist Trial.

*With best regards,*

*Yours,*

*Karl Marx*

## Part I

1. *“Labor is the source of wealth and all culture, and since useful labor is possible only in society and through society, the proceeds of labor belong undiminished with equal right to all members of society.”*

First part of the paragraph: “Labor is the source of all wealth and all culture.”

Labor is *not the source* of all wealth. *Nature* is just as much the source of use values (and it is surely of such that material wealth consists!) as labor, which itself is only the manifestation of a force of nature, human labor power. The above phrase is to be found in all children’s primers and is correct insofar as it is implied that labor is performed with the appurtenant subjects and instruments. But a socialist program cannot allow such bourgeois phrases to pass over in silence the *conditions* that alone give them meaning. And insofar as man from the beginning behaves toward nature, the primary source of all instruments and subjects of labor, as an owner, treats her as belonging to him, his labor becomes the source of use values, therefore also of wealth. The bourgeois have very good grounds for falsely ascribing *supernatural creative power* to labor; since precisely from the fact that labor depends on nature it follows that the man who possesses no other property than his labor power must, in all conditions of society and culture, be the slave of other men who have made themselves the owners of the material conditions of labor. He can only work with their permission, hence live only with their permission.

Let us now leave the sentence as it stands, or rather limps. What could one have expected in conclusion? Obviously this:

“Since labor is the source of all wealth, no one in society can appropriate wealth except as the product of labor. Therefore, if he himself does not work, he lives by the labor of others and also acquires his culture at the expense of the labor of others.”

Instead of this, by means of the verbal river “and since”, a proposition is added in order to draw a conclusion from this and not from the first one.

*Second part of the paragraph:* “Useful labor is possible only in society and through society.”

According to the first proposition, labor was the source of all wealth and all culture; therefore no society is possible without labor. Now we learn, conversely, that no “useful” labor is possible without society.

One could just as well have said that only in society can useless and even socially harmful labor become a branch of gainful occupation, that only in society can one live by being idle, etc., etc. — in short, once could just as well have copied the whole of Rousseau.

And what is “useful” labor? Surely only labor which produces the intended useful result. A savage — and man was a savage after he had ceased to be an ape — who kills an animal with a stone, who collects fruit, etc., performs “useful” labor.

*Thirdly, the conclusion:* “Useful labor is possible only in society and through society, the proceeds of labor belong undiminished with equal right to all members of society.”

A fine conclusion! If useful labor is possible only in society and through society, the proceeds of labor belong to society — and only so much therefrom accrues to the individual worker as is not required to maintain the “condition” of labor, society.

In fact, this proposition has at all times been made use of by the champions of the *state of society prevailing at any given time*. First comes the claims of the government and everything that sticks to it, since it is the social organ for the maintenance of the social order; then comes the claims of the various kinds of private property, for the various kinds of private property are the foundations of society, etc. One sees that such hollow phrases are the foundations of society, etc. One sees that such hollow phrases can be twisted and turned as desired.

The first and second parts of the paragraph have some intelligible connection only in the following wording:

“Labor becomes the source of wealth and culture only as social labor”, or, what is the same thing, “in and through society”.

This proposition is incontestably correct, for although isolated labor (its material conditions presupposed) can create use value, it can create neither wealth nor culture.

But equally incontestable is this other proposition:

“In proportion as labor develops socially, and becomes thereby a source of wealth and culture, poverty and destitution develop among the workers, and wealth and culture among the nonworkers.”

This is the law of all history hitherto. What, therefore, had to be done here, instead of setting down general phrases about “labor” and “society”, was to prove concretely how in present capitalist society the material, etc., conditions have at last been created which enable and compel the workers to lift this social curse.

In fact, however, the whole paragraph, bungled in style and content, is only there in order to inscribe the Lassallean catchword of the “undiminished proceeds of labor” as a slogan at the top of the party banner. I shall return later to the “proceeds of labor”, “equal right”, etc., since the same thing recurs in a somewhat different form further on.

2. *“In present-day society, the instruments of labor are the monopoly of the capitalist class; the resulting dependence of the working class is the cause of misery and servitude in all forms.”*

This sentence, borrowed from the Rules of the International, is incorrect in this “improved” edition.

In present-day society, the instruments of labor are the monopoly of the landowners (the monopoly of property in land is even the basis of the monopoly of capital) *and* the capitalists. In the passage in question, the Rules of the International do not mention either one or the other class of monopolists. They speak of the “monopolizer of the means of labor, that is, the *sources of life*.” The addition, “sources of life”, makes it sufficiently clear that land is included in the instruments of labor.

The correction was introduced because Lassalle, for reasons now generally known, attacked *only* the capitalist class and not the landowners. In England, the capitalist class is usually not even the owner of the land on which his factory stands.

3. *“The emancipation of labor demands the promotion of the instruments of labor to the common property of society and the co-operative regulation of the total labor, with a fair distribution of the proceeds of labor.”*

“Promotion of the instruments of labor to the common property” ought obviously to read their “conversion into the common property”; but this is only passing.

What are the “proceeds of labor”? The product of labor, or its value? And in the latter case, is it the total value of the product, or only that part of

the value which labor has newly added to the value of the means of production consumed?

“Proceeds of labor” is a loose notion which Lassalle has put in the place of definite economic conceptions.

What is “a fair distribution”?

Do not the bourgeois assert that the present-day distribution is “fair”? And is it not, in fact, the only “fair” distribution on the basis of the present-day mode of production? Are economic relations regulated by legal conceptions, or do not, on the contrary, legal relations arise out of economic ones? Have not also the socialist sectarians the most varied notions about “fair” distribution?

To understand what is implied in this connection by the phrase “fair distribution”, we must take the first paragraph and this one together. The latter presupposes a society wherein the instruments of labor are common property and the total labor is co-operatively regulated, and from the first paragraph we learn that “the proceeds of labor belong undiminished with equal right to all members of society.”

“To all members of society”? To those who do not work as well? What remains then of the “undiminished” proceeds of labor? Only to those members of society who work? What remains then of the “equal right” of all members of society?

But “all members of society” and “equal right” are obviously mere phrases. The kernel consists in this, that in this communist society every worker must receive the “undiminished” Lassallean “proceeds of labor”.

Let us take, first of all, the words “proceeds of labor” in the sense of the product of labor; then the co-operative proceeds of labor are the *total social product*.

From this must now be deducted: *First*, cover for replacement of the means of production used up. *Second*, additional portion for expansion of production. *Third*, reserve or insurance funds to provide against accidents, dislocations caused by natural calamities, etc.

These deductions from the “undiminished” proceeds of labor are an economic necessity, and their magnitude is to be determined according to available means and forces, and partly by computation of probabilities, but they are in no way calculable by equity.

There remains the other part of the total product, intended to serve as means of consumption.

Before this is divided among the individuals, there has to be deducted again, from it: *First*, the general costs of administration not belonging to production. This part will, from the outset, be very considerably restricted in comparison with present-day society, and it diminishes in proportion as the new society develops. *Second*, that which is intended for the common satisfaction of needs, such as schools, health services, etc. From the outset, this part grows considerably in comparison with present-day society, and it grows in proportion as the new society develops. *Third*, funds for those unable to work, etc., in short, for what is included under so-called official poor relief today.

Only now do we come to the “distribution” which the program, under Lassallean influence, alone has in view in its narrow fashion — namely, to that part of the means of consumption which is divided among the individual producers of the co-operative society.

The “undiminished” proceeds of labor have already unnoticeably become converted into the “diminished” proceeds, although what the producer is deprived of in his capacity as a private individual benefits him directly or indirectly in his capacity as a member of society.

Just as the phrase of the “undiminished” proceeds of labor has disappeared, so now does the phrase of the “proceeds of labor” disappear altogether.

Within the co-operative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labor employed on the products appear here as the *value* of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labor no longer exists in an indirect fashion but directly as a component part of total labor. The phrase “proceeds of labor”, objectionable also today on account of its ambiguity, thus loses all meaning.

What we have to deal with here is a communist society, not as it has *developed* on its own foundations, but, on the contrary, just as it *emerges* from capitalist society; which is thus in every respect, economically, morally, and intellectually, still stamped with the birthmarks of the old society from whose womb it emerges. Accordingly, the individual producer receives back from society — after the deductions have been made — exactly what he gives to it. What he has given to it is his individual quantum of labor. For example, the social working day consists of the sum

of the individual hours of work; the individual labor time of the individual producer is the part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such-and-such an amount of labor (after deducting his labor for the common funds); and with this certificate, he draws from the social stock of means of consumption as much as the same amount of labor cost. The same amount of labor which he has given to society in one form, he receives back in another.

Here, obviously, the same principle prevails as that which regulates the exchange of commodities, as far as this is exchange of equal values. Content and form are changed, because under the altered circumstances no one can give anything except his labor, and because, on the other hand, nothing can pass to the ownership of individuals, except individual means of consumption. But as far as the distribution of the latter among the individual producers is concerned, the same principle prevails as in the exchange of commodity equivalents: a given amount of labor in one form is exchanged for an equal amount of labor in another form.

Hence, *equal right* here is still in principle — *bourgeois right*, although principle and practice are no longer at loggerheads, while the exchange of equivalents in commodity exchange exists only on the average and not in the individual case.

In spite of this advance, this equal right is still constantly stigmatized by a bourgeois limitation. The right of the producers is *proportional* to the labor they supply; the equality consists in the fact that measurement is made with an *equal standard*, labor.

But one man is superior to another physically, or mentally, and supplies more labor in the same time, or can labor for a longer time; and labor, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This *equal right* is an unequal right for unequal labor. It recognizes no class differences, because everyone is only a worker like everyone else; but it tacitly recognizes unequal individual endowment, and thus productive capacity, as a natural privilege. It is, therefore, a right of inequality, in its content, like every right. Right, by its very nature, can consist only in the application of an equal standard; but unequal individuals (and they would not be different individuals if they were not unequal) are measurable only by an equal standard insofar as they are brought under an equal point of view, are taken from one definite side

only — for instance, in the present case, are regarded only *as workers* and nothing more is seen in them, everything else being ignored. Further, one worker is married, another is not; one has more children than another, and so on and so forth. Thus, with an equal performance of labor, and hence an equal in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right, instead of being equal, would have to be unequal.

But these defects are inevitable in the first phase of communist society as it is when it has just emerged after prolonged birth pangs from capitalist society. Right can never be higher than the economic structure of society and its cultural development conditioned thereby.

In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but life's prime want; after the productive forces have also increased with the all-around development of the individual, and all the springs of co-operative wealth flow more abundantly — only then then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!

I have dealt more at length with the “undiminished” proceeds of labor, on the one hand, and with “equal right” and “fair distribution”, on the other, in order to show what a crime it is to attempt, on the one hand, to force on our Party again, as dogmas, ideas which in a certain period had some meaning but have now become obsolete verbal rubbish, while again perverting, on the other, the realistic outlook, which it cost so much effort to instill into the Party but which has now taken root in it, by means of ideological nonsense about right and other trash so common among the democrats and French socialists.

Quite apart from the analysis so far given, it was in general a mistake to make a fuss about so-called distribution and put the principal stress on it.

Any distribution whatever of the means of consumption is only a consequence of the distribution of the conditions of production themselves. The latter distribution, however, is a feature of the mode of production itself. The capitalist mode of production, for example, rests on the fact that the material conditions of production are in the hands of nonworkers in the form of property in capital and land, while the masses are only owners of

the personal condition of production, of labor power. If the elements of production are so distributed, then the present-day distribution of the means of consumption results automatically. If the material conditions of production are the co-operative property of the workers themselves, then there likewise results a distribution of the means of consumption different from the present one. Vulgar socialism (and from it in turn a section of the democrats) has taken over from the bourgeois economists the consideration and treatment of distribution as independent of the mode of production and hence the presentation of socialism as turning principally on distribution. After the real relation has long been made clear, why retrogress again?

4. *“The emancipation of labor must be the work of the working class, relative to which all other classes are only one reactionary mass.”*

The first strophe is taken from the introductory words of the Rules of the International, but “improved”. There it is said: “The emancipation of the working class must be the act of the workers themselves”; here, on the contrary, the “working class” has to emancipate — what? “Labor.” Let him understand who can.

In compensation, the antistrophe, on the other hand, is a Lassallean quotation of the first water: “relative to which” (the working class) “all other classes are only one reactionary mass.”

In the Communist Manifesto it is said:

“Of all the classes that stand face-to-face with the bourgeoisie today, the proletariat alone is a really revolutionary class. The other classes decay and finally disappear in the face of modern industry; the proletariat is its special and essential product.”

The bourgeoisie is here conceived as a revolutionary class — as the bearer of large-scale industry — relative to the feudal lords and the lower middle class, who desire to maintain all social positions that are the creation of obsolete modes of production. thus, they do not form together with the bourgeoisie “only one reactionary mass”.

On the other hand, the proletariat is revolutionary relative to the bourgeoisie because, having itself grown up on the basis of large-scale industry, it strives to strip off from production the capitalist character that the bourgeoisie seeks to perpetuate. But the *Manifesto* adds that the “lower

middle class” is becoming revolutionary “in view of [its] impending transfer to the proletariat”.

From this point of view, therefore, it is again nonsense to say that it, together with the bourgeoisie, and with the feudal lords into the bargain, “form only one reactionary mass” relative to the working class.

Has one proclaimed to the artisan, small manufacturers, etc., and peasants during the last elections: Relative to us, you, together with the bourgeoisie and feudal lords, form one reactionary mass?

Lassalle knew the Communist Manifesto by heart, as his faithful followers know the gospels written by him. If, therefore, he has falsified it so grossly, this has occurred only to put a good color on his alliance with absolutist and feudal opponents against the bourgeoisie.

In the above paragraph, moreover, his oracular saying is dragged in by main force without any connection with the botched quotation from the Rules of the International. Thus, it is simply an impertinence, and indeed not at all displeasing to Herr Bismarck, one of those cheap pieces of insolence in which the Marat of Berlin deals. [ Marat of Berlin a reference to Hasselmann, chief editor of the *Neuer Social-Demokrat*]

5. *“The working class strives for its emancipation first of all within the framework of the present-day national states, conscious that the necessary result of its efforts, which are common to the workers of all civilized countries, will be the international brotherhood of peoples.”*

Lassalle, in opposition to the Communist Manifesto and to all earlier socialism, conceived the workers’ movement from the narrowest national standpoint. He is being followed in this — and that after the work of the International!

It is altogether self-evident that, to be able to fight at all, the working class must organize itself at home as a class and that its own country is the immediate arena of its struggle — insofar as its class struggle is national, not in substance, but, as the Communist Manifesto says, “in form”. But the “framework of the present-day national state”, for instance, the German Empire, is itself, in its turn, economically “within the framework” of the world market, politically “within the framework” of the system of states. Every businessman knows that German trade is at the same time foreign

trade, and the greatness of Herr Bismarck consists, to be sure, precisely in his pursuing a kind of *international* policy.

And to what does the German Workers' party reduce its internationalism? To the consciousness that the result of its efforts will be "the international brotherhood of peoples" — a phrase borrowed from the bourgeois League of Peace and Freedom, which is intended to pass as equivalent to the international brotherhood of working classes in the joint struggle against the ruling classes and their governments. Not a word, therefore, about the international functions of the German working class! And it is thus that it is to challenge its own bourgeoisie — which is already linked up in brotherhood against it with the bourgeois of all other countries — and Herr Bismarck's international policy of conspiracy.

In fact, the internationalism of the program stands *even infinitely below* that of the Free Trade party. The latter also asserts that the result of its efforts will be "the international brotherhood of peoples". But it also does something to make trade international and by no means contents itself with the consciousness that all people are carrying on trade at home.

The international activity of the working classes does not in any way depend on the existence of the International Working Men's Association. This was only the first attempt to create a central organ for the activity; an attempt which was a lasting success on account of the impulse which it gave but which was no longer realizable in its historical form after the fall of the Paris Commune.

Bismarck's Norddeutsche was absolutely right when it announced, to the satisfaction of its master, that the German Workers' party had sworn off internationalism in the new program.

## Part II

*“Starting from these basic principles, the German workers’ party strives by all legal means for the free state — and — socialist society: that abolition of the wage system together with the iron law of wages — and — exploitation in every form; the elimination of all social and political inequality.”*

I shall return to the “free” state later.

So, in future, the German Workers’ party has got to believe in Lassalle’s “iron law of wages”! That this may not be lost, the nonsense is perpetrated of speaking of the “abolition of the wage system” (it should read: system of wage labor), “together with the iron law of wages”. If I abolish wage labor, then naturally I abolish its laws also, whether they are of “iron” or sponge. But Lassalle’s attack on wage labor turns almost solely on this so-called law. In order, therefore, to prove that Lassalle’s sect has conquered, the “wage system” must be abolished “together with the iron law of wages” and not without it.

It is well known that nothing of the “iron law of wages” is Lassalle’s except the word “iron” borrowed from Goethe’s “great, eternal iron laws”. The word “iron” is a label by which the true believers recognize one another. But if I take the law with Lassalle’s stamp on it, and consequently in his sense, then I must also take it with his substantiation for it. And what is that? As Lange already showed, shortly after Lassalle’s death, it is the Malthusian theory of population (preached by Lange himself). But if this theory is correct, then again I cannot abolish the law even if I abolish wage labor a hundred times over, because the law then governs not only the system of wage labor but *every* social system. Basing themselves directly on this, the economists have been proving for 50 years and more that socialism cannot abolish poverty, which has its basis in nature, but can only make it *general*, distribute it simultaneously over the whole surface of society!

But all this is not the main thing. Quite apart from the false Lassallean formulation of the law, the truly outrageous retrogression consists in the following:

Since Lassalle’s death, there has asserted itself in our party the scientific understanding that wages are not what they appear to be — namely, the

*value, or price, of labor* — but only a masked form for the *value, or price, of labor power*. Thereby, the whole bourgeois conception of wages hitherto, as well as all the criticism hitherto directed against this conception, was thrown overboard once and for all. It was made clear that the wage worker has permission to work for his own subsistence — that is, to *live*, only insofar as he works for a certain time gratis for the capitalist (and hence also for the latter's co-consumers of surplus value); that the whole capitalist system of production turns on the increase of this gratis labor by extending the working day, or by developing the productivity — that is, increasing the intensity or labor power, etc.; that, consequently, the system of wage labor is a system of slavery, and indeed of a slavery which becomes more severe in proportion as the social productive forces of labor develop, whether the worker receives better or worse payment. And after this understanding has gained more and more ground in our party, some return to Lassalle's dogma although they must have known that Lassalle *did not know* what wages were, but, following in the wake of the bourgeois economists, took the appearance for the essence of the matter.

It is as if, among slaves who have at last got behind the secret of slavery and broken out in rebellion, a slave still in thrall to obsolete notions were to inscribe on the program of the rebellion: Slavery must be abolished because the feeding of slaves in the system of slavery cannot exceed a certain low maximum!

Does not the mere fact that the representatives of our party were capable of perpetrating such a monstrous attack on the understanding that has spread among the mass of our party prove, by itself, with what criminal levity and with what lack of conscience they set to work in drawing up this compromise program!

Instead of the indefinite concluding phrase of the paragraph, "the elimination of all social and political inequality", it ought to have been said that with the abolition of class distinctions all social and political inequality arising from them would disappear of itself.

## Part III

*“The German Workers’ party, in order to pave the way to the solution of the social question, demands the establishment of producers’ co-operative societies with state aid under the democratic control of the toiling people. The producers’ co-operative societies are to be called into being for industry and agriculture on such a scale that the socialist organization of the total labor will arise from them.”*

After the Lassallean “iron law of wages”, the physic of the prophet. The way to it is “paved” in worthy fashion. In place of the existing class struggle appears a newspaper scribbler’s phrase: “the social *question*”, to the “solution” of which one “paves the way”.

Instead of arising from the revolutionary process of transformation of society, the “socialist organization of the total labor” “arises” from the “state aid” that the state gives to the producers’ co-operative societies and which the *state*, not the workers, “calls into being”. It is worthy of Lassalle’s imagination that with state loans one can build a new society just as well as a new railway!

From the remnants of a sense of shame, “state aid” has been put — under the democratic control of the “toiling people”.

In the first place, the majority of the “toiling people” in Germany consists of peasants, not proletarians.

Second, “democratic” means in German “Volksherrschaftlich” [by the rule of the people]. But what does “control by the rule of the people of the toiling people” mean? And particularly in the case of a toiling people which, through these demands that it puts to the state, expresses its full consciousness that it neither rules nor is ripe for ruling!

It would be superfluous to deal here with the criticism of the recipe prescribed by Buchez in the reign of Louis Philippe, in opposition to the French socialists and accepted by the reactionary workers, of the Atelier. The chief offense does not lie in having inscribed this specific nostrum in the program, but in taking, in general, a retrograde step from the standpoint of a class movement to that of a sectarian movement.

That the workers desire to establish the conditions for co-operative production on a social scale, and first of all on a national scale, in their own

country, only means that they are working to revolutionize the present conditions of production, and it has nothing in common with the foundation of co-operative societies with state aid. But as far as the present co-operative societies are concerned, they are of value only insofar as they are the independent creations of the workers and not protégés either of the governments or of the bourgeois.

## Part IV

I come now to the democratic section.

*A. "The free basis of the state."*

First of all, according to II, the German Workers' party strives for "the free state".

Free state — what is this?

It is by no means the aim of the workers, who have got rid of the narrow mentality of humble subjects, to set the state free. In the German Empire, the "state" is almost as "free" as in Russia. Freedom consists in converting the state from an organ superimposed upon society into one completely subordinate to it; and today, too, the forms of state are more free or less free to the extent that they restrict the "freedom of the state".

The German Workers' party — at least if it adopts the program — shows that its socialist ideas are not even skin-deep; in that, instead of treating existing society (and this holds good for any future one) as the *basis* of the existing state (or of the future state in the case of future society), it treats the state rather as an independent entity that possesses its own intellectual, ethical, and libertarian bases.

And what of the riotous misuse which the program makes of the words "present-day state", "present-day society", and of the still more riotous misconception it creates in regard to the state to which it addresses its demands?

"Present-day society" is capitalist society, which exists in all civilized countries, more or less free from medieval admixture, more or less modified by the particular historical development of each country, more or less developed. On the other hand, the "present-day state" changes with a country's frontier. It is different in the Prusso-German Empire from what it is in Switzerland, and different in England from what it is in the United States. The "present-day state" is therefore a fiction.

Nevertheless, the different states of the different civilized countries, in spite of their motley diversity of form, all have this in common: that they are based on modern bourgeois society, only one more or less capitalistically developed. They have, therefore, also certain essential

characteristics in common. In this sense, it is possible to speak of the “present-day state” in contrast with the future, in which its present root, bourgeois society, will have died off.

The question then arises: What transformation will the state undergo in communist society? In other words, what social functions will remain in existence there that are analogous to present state functions? This question can only be answered scientifically, and one does not get a flea-hop nearer to the problem by a thousand-fold combination of the word ‘people’ with the word ‘state’.

Between capitalist and communist society there lies the period of the revolutionary transformation of the one into the other. Corresponding to this is also a political transition period in which the state can be nothing but *the revolutionary dictatorship of the proletariat*.

Now the program does not deal with this nor with the future state of communist society.

Its political demands contain nothing beyond the old democratic litany familiar to all: universal suffrage, direct legislation, popular rights, a people’s militia, etc. They are a mere echo of the bourgeois People’s party, of the League of Peace and Freedom. They are all demands which, insofar as they are not exaggerated in fantastic presentation, have already been *realized*. Only the state to which they belong does not lie within the borders of the German Empire, but in Switzerland, the United States, etc. This sort of “state of the future” is a present-day state, although existing outside the “framework” of the German Empire.

But one thing has been forgotten. Since the German Workers’ party expressly declares that it acts within “the present-day national state”, hence within its own state, the Prusso-German Empire — its demands would indeed be otherwise largely meaningless, since one only demands what one has not got — it should not have forgotten the chief thing, namely, that all those pretty little gewgaws rest on the recognition of the so-called sovereignty of the people and hence are appropriate only in a *democratic republic*.

Since one has not the courage — and wisely so, for the circumstances demand caution — to demand the democratic republic, as the French workers’ programs under Louis Philippe and under Louis Napoleon did, one should not have resorted, either, to the subterfuge, neither “honest” nor decent, of demanding things which have meaning only in a democratic

republic from a state which is nothing but a police-guarded military despotism, embellished with parliamentary forms, alloyed with a feudal admixture, already influenced by the bourgeoisie, and bureaucratically carpentered, and then to assure this state into the bargain that one imagines one will be able to force such things upon it “by legal means”.

Even vulgar democracy, which sees the millennium in the democratic republic, and has no suspicion that it is precisely in this last form of state of bourgeois society that the class struggle has to be fought out to a conclusion — even it towers mountains above this kind of democratism, which keeps within the limits of what is permitted by the police and not permitted by logic.

That, in fact, by the word “state” is meant the government machine, or the state insofar as it forms a special organism separated from society through division of labor, is shown by the words “the German Workers’ party demands as the economic basis of the state: a single progressive income tax”, etc. Taxes are the economic basis of the government machinery and of nothing else. In the state of the future, existing in Switzerland, this demand has been pretty well fulfilled. Income tax presupposes various sources of income of the various social classes, and hence capitalist society. It is, therefore, nothing remarkable that the Liverpool financial reformers — bourgeois headed by Gladstone’s brother — are putting forward the same demand as the program.

*B. “The German Workers’ party demands as the intellectual and ethical basis of the state:*

- *“1. Universal and equal elementary education by the state. Universal compulsory school attendance. Free instruction.”*

“Equal elementary education”? What idea lies behind these words? Is it believed that in present-day society (and it is only with this one has to deal) education can be *equal* for all classes? Or is it demanded that the upper classes also shall be compulsorily reduced to the modicum of education — the elementary school — that alone is compatible with the economic conditions not only of the wage-workers but of the peasants as well?

“Universal compulsory school attendance. Free instruction.” The former exists even in Germany, the second in Switzerland and in the United States

in the case of elementary schools. If in some states of the latter country higher education institutions are also “free”, that only means in fact defraying the cost of education of the upper classes from the general tax receipts. Incidentally, the same holds good for “free administration of justice” demanded under A, 5. The administration of criminal justice is to be had free everywhere; that of civil justice is concerned almost exclusively with conflicts over property and hence affects almost exclusively the possessing classes. Are they to carry on their litigation at the expense of the national coffers?

This paragraph on the schools should at least have demanded technical schools (theoretical and practical) in combination with the elementary school.

“Elementary education by the state” is altogether objectionable. Defining by a general law the expenditures on the elementary schools, the qualifications of the teaching staff, the branches of instruction, etc., and, as is done in the United States, supervising the fulfillment of these legal specifications by state inspectors, is a very different thing from appointing the state as the educator of the people! Government and church should rather be equally excluded from any influence on the school. Particularly, indeed, in the Prusso-German Empire (and one should not take refuge in the rotten subterfuge that one is speaking of a “state of the future”; we have seen how matters stand in this respect) the state has need, on the contrary, of a very stern education by the people.

But the whole program, for all its democratic clang, is tainted through and through by the Lassalleian sect’s servile belief in the state, or, what is no better, by a democratic belief in miracles; or rather it is a compromise between these two kinds of belief in miracles, both equally remote from socialism.

“Freedom of science” says paragraph of the Prussian Constitution. Why, then, here?.

“Freedom of conscience”! If one desired, at this time of the Kulturkampf to remind liberalism of its old catchwords, it surely could have been done only in the following form: Everyone should be able to attend his religious as well as his bodily needs without the police sticking their noses in. But the Workers’ party ought, at any rate in this connection, to have expressed its awareness of the fact that bourgeois “freedom of conscience” is nothing but the toleration of all possible kinds of religious freedom of conscience from

the witchery of religion. But one chooses not to transgress the “bourgeois” level.

I have now come to the end, for the appendix that now follows in the program does not constitute a characteristic component part of it. Hence, I can be very brief.

## Appendix

### *“2. Normal working day.”*

In no other country has the workers' party limited itself to such an indefinite demand, but has always fixed the length of the working day that it considers normal under the given circumstances.

### *“3. Restriction of female labor and prohibition of child labor.”*

The standardization of the working day must include the restriction of female labor, insofar as it relates to the duration, intermissions, etc., of the working day; otherwise, it could only mean the exclusion of female labor from branches of industry that are especially unhealthy for the female body, or are objectionable morally for the female sex. If that is what was meant, it should have been said so.

“Prohibition of child labor.” Here it was absolutely essential to state the age limit.

A general prohibition of child labor is incompatible with the existence of large-scale industry and hence an empty, pious wish. Its realization — if it were possible — would be reactionary, since, with a strict regulation of the working time according to the different age groups and other safety measures for the protection of children, an early combination of productive labor with education is one of the most potent means for the transformation of present-day society.

### *“4. State supervision of factory, workshop, and domestic industry.”*

In consideration of the Prusso-German state, it should definitely have been demanded that the inspectors are to be removable only by a court of law; that any worker can have them prosecuted for neglect of duty; that they must belong to the medical profession.

### *“5. Regulation of prison labor.”*

A petty demand in a general workers' program. In any case, it should have been clearly stated that there is no intention from fear of competition to allow ordinary criminals to be treated like beasts, and especially that there is no desire to deprive them of their sole means of betterment, productive labor. This was surely the least one might have expected from socialists.

*“6. An effective liability law.”*

It should have been stated what is meant by an “effective” liability law.

Be it noted, incidentally, that, in speaking of the normal working day, the part of factory legislation that deals with health regulations and safety measures, etc., has been overlooked. The liability law comes into operation only when these regulations are infringed.

In short, this appendix also is distinguished by slovenly editing.

Dixi et salvavi animam meam.

[I have spoken and saved my soul.]

# MR. GEORGE HOWELL'S HISTORY OF THE INTERNATIONAL WORKING-MEN'S ASSOCIATION



*Published in The Secular Chronicle, And Record of Freethought Progress,  
August 4, 1878*

I believe it worth while to illustrate by a few notes the most recent contribution — see the Nineteenth Century of July last — to the extensive spurious literature on the International's History, because its last expounder, Mr. George Howell, an ex-workman and ex-member of the General Council of that Association, may erroneously be supposed to have drawn his wisdom from sources not generally accessible.

Mr. Howell sets about his "History" by passing by the facts that, on September 28th, 1864, I was present at the foundation-meeting of the International, was there chosen a member of the provisional General Council, and soon after drew up the "Inaugural Address," and the "General Statutes" of the Association, first issued at London in 1864, then confirmed by the Geneva Congress of 1866.

So much Mr. Howell knew, but, for purposes of his own, prefers to make "a German Doctor named Karl Marx" first appear at the London "Congress opened on September 25th, 1865." There and then, he avers, the said "doctor" had "sown the seeds of discord and decay by the introduction of the Religious Idea."

In the first instance, no "Congress" of the International took place in September, 1865. A few delegates from the main continental branches of the Association met at London for the sole purpose of conferring with the General Council on the Programme of the "First Congress," which was to assemble at Geneva, in September, 1866. The real business of the Conference was transacted in private sittings, not at the semi-public meetings in Adelphi Terrace, exclusively made mention of by the exact historian, Mr. George Howell.

Like the other representatives of the General Council, I had to secure the acceptance by the Conference of our own programme, on its publication

thus characterised, in a letter to the *Siècle*, by the French historian, Henri Martin:

“The breadth of view and the high moral, political, and economical conceptions which have decided the choice of questions composing the programme of the International Congress of Workingmen, which is to assemble next year, will strike with a common sympathy all friends of progress, justice, and liberty in Europe.”

By the way, a paragraph of the programme which I had the honour to indite for the General Council, runs thus:

“The necessity of annihilating the Muscovite influence in Europe, by the application of the principle of the right of nations to dispose of themselves, and the reconstruction of Poland upon a democratic and socialist basis.”

Upon this text Henri Martin put the gloss:

“We will take the liberty of remarking that the expression, ‘democratic and socialist basis’, is a very simple one as regards Poland, where the social framework needs reconstruction quite as much as the political framework, and where this basis has been laid down by the decrees of the anonymous government of 1863, and accepted by all classes of the nation. This, then, is the reply of true socialism, of social progress in harmony with justice and liberty, to the advances of the Communist despotism of Muscovy. This secret of the people of Paris is now becoming the common secret of the peoples of Europe.”

Unfortunately, the “people of Paris” had kept their “secret” so well that, quite unaware of it, two of the Paris delegates to the Conference, Tolain, now a senator of the French Republic, and Fribourg, now a simple renegade, inveighed against the very proposition which was to call forth the enthusiastic comment of the French historian.

The programme of the General Council contained not one syllable on “Religion,” but at the instance of the Paris delegates the forbidden dish got into the bill of fare in store for the prospective Congress, in this dressing:

“Religious Ideas (not “The Religious Idea,” as Howell’s spurious version has it), their influence on the social, political and intellectual movement.”

The topic of discussion thus introduced by the Paris delegates was left in their keeping. In point of fact, they dropped it at the Geneva Congress of 1866, and no one else picked it up.

The London “Congress” of 1865, the “Introduction” there by “a German Doctor named Karl Marx” of the “Religious Idea,” and the fierce feud

thence arising within the International — this, his triple myth, Mr. George Howell caps by a legend. He says:

“In the Draft Address to the American people with regard to the abolition of slavery, the sentence, ‘God made of one blood all nations of men’, was struck out, etc.”

Now the General Council issued an address, not to the American people, but to its President, Abraham Lincoln, which he gracefully acknowledged. The address, written by me, underwent no alteration whatever. As the words “God made of one blood all nations of men” had never figured in it, they could not be “struck out.”

The attitude of the General Council in regard to the “Religious Idea” is clearly shown by the following incident: — One of the Swiss branches of the Alliance, founded by Michael Bakunin, and calling itself Section des athées Socialistes, requested its admission to the International from the General Council, but got the reply: “Already in the case of the Young Men’s Christian Association the Council has declared that it recognizes no theological sections. (See page 13 of *Les prétendues scissions dans l’Internationale Circulaire du Conseil Général*, printed at Geneva.)”

Even Mr. George Howell, at that time not yet become a convert by close study of the Christian Reader, consummated his divorce from the International, not at the call of the “Religious Idea,” but on grounds altogether secular. At the foundation of the Commonwealth as the “special organ” of the General Council, he canvassed keenly the “proud position” of Editor. Having failed in his “ambitious” attempt, he waxed sulky, his zeal grew less and less, and soon after he was no more heard of. During the most eventful period of the International he was therefore an outsider.

Conscious of his utter incompetence to trace the history of the Association, but at the same time eager to spice his article with strange revelations, he catches at the appearance, during the Fenian troubles, of General Cluseret in London where, we are told, at the Black Horse, Rathbone Place, Oxford-street, the General met “a few men — fortunately Englishmen,” in order to initiate them into his “plan” of “a general insurrection.” I have some reason to doubt the genuineness of the anecdote, but suppose it to be true, what else would it prove but that Cluseret was not such a fool as to intrude his person and his “plan” upon the General Council, but kept both of them wisely in reserve for “a few Englishmen” of Mr. Howell’s acquaintance, unless the latter himself be one of these stout

fellows in buckram who, by their “fortunate” interference, contrived to save the British Empire and Europe from universal convulsion.

Mr. George Howell has another dark secret to disclose.

At the beginning of June, 1871, the General Council put forth an Address on the Civil War in France, welcomed on the part of the London press by a chorus of execration. One weekly fell foul of ‘the infamous author — , cowardly concealing his name behind the screen of the General Council. Thereupon I declared in The Daily News that I was the author. This stale secret Mr. George Howell reveals, in July, 1878, with all the consequentiality of the man behind the curtain.

“The writer of that Address was Dr. Karl Marx. ...Mr. George Odger and Mr. Lucraft, both of whom were members of the Council when it (sic!) was adopted, repudiated it on its publication.”

He forgets to add that the other nineteen British members present acclaimed the “Address.”

Since then, the statements of this Address have been fully borne out by the Enquires of the French Rural Assembly, the evidence taken before the Versailles Courts-Martial, the trial of Jules Favre, and the memoirs of persons far from hostile to the victors.

It is in the natural order of things that an English historian of Mr. George Howell’s sound erudition should haughtily ignore French prints, whether official or not. But I confess to a feeling of disgust when, on such occasions for instance as the Hödel and Nobiling attempts, I behold great London papers ruminating the base calumnies, which their own correspondents, eye-witnesses, had been the first to refute.

Mr. Howell reaches the climax of snobbism in his account of the exchequer of the General Council.

The Council, in its published Report to the Congress of Basle (1869), ridicules the huge treasure with which the busy tongue of the European police and the wild imagination of the capitalist had endowed it. It says,

“If these people, though good Christians, had happened to live at the time of nascent Christianity, they would have hurried to a Roman bank there to pry into St. Paul’s balance.”

Mr. Ernest Renan who, it is true, falls somewhat short of Mr. George Howell’s standard of orthodoxy, even fancies the state of the primitive Christian communes sapping the Roman Empire might be best illustrated by that of the International Sections.

Mr. George Howell, as a writer, is what the crystallographer would call a "Pseudomorph," his outer form of penmanship being but imitative of the manner of thought and style "natural" to the English moneyed man of sated virtue and solvent morals. Although he borrows his array of "figures" as to the resources of the General Council from the accounts yearly laid by that same Council before a public "International Congress," Mr. George Howell must not derogate from his "imitative" dignity by stooping to touch the obvious question: how came it to pass that, instead of taking comfort from the lean budgets of the General Council, all the governments of Continental Europe took fright at "the powerful and formidable organisation of the International Working-men's Association, and the rapid development it had attained in a few years." (See Circular of the Spanish Foreign Minister to the representatives of Spain in Foreign Countries.) Instead of laying the Red Ghost by the simple process of shaking at its face the sorry returns of the General Council, why, in the name of common sense, did the Pope and his bishops exorcise the International, the French Rural Assembly outlaw it, Bismarck — at the Salzburg meeting of the emperors of Austria and Germany — threaten it with a Holy Alliance Crusade, and the White Czar commend it to his terrible "Third Division," then presided over by the emotional Schouvaloff?

Mr. George Howell condescends to admit: "Poverty is no crime, but it is fearfully inconvenient." I admit, he speaks by book. The prouder he ought to have felt of his former fellowship with a Working-men's Association, which won world-wide fame and a place in the history of mankind, not by length of purse, but by strength of mind and unselfish energy.

However, from the lofty standpoint of an insular "philistine," Mr. George Howell reveals to the "cultured people" of the "Nineteenth Century," that the International was a "failure," and has faded away. In reality, the social democratic working-men's parties organised on more or less national dimensions, in Germany, Switzerland, Denmark, Portugal, Italy, Belgium, Holland, and the United States of America, form as many international groups, no longer single sections thinly scattered through different countries and held together by an eccentric General Council, but the working masses themselves in continuous, active, direct intercourse, cemented by exchange of thought, mutual services, and common aspiration.

After the fall of the Paris Commune, all working class organisation in France was of course temporarily broken, but is now in an incipient state of

reforming. On the other hand, despite all political and social obstacles, the Slavs, chiefly in Poland, Bohemia, and Russia, participate at present in this international movement to an extent not to be foreseen by the most sanguine in 1872. Thus, instead of dying out, the International did only pass from its first period of incubation to a higher one where its already original tendencies have in part become realities. In the course of its progressive development, it will yet have to undergo many a change, before the last chapter of its history can be written.

# NOTES ON ADOLPH WAGNER, 1883



*Anonymous translation*

## Notes on Adolph Wagner's "Lehrbuch der politischen Ökonomie"

1. Mr. Wagner's conception, the "*socio-legal conception*" (p. 2).<sup>[1]</sup> Thereby finds himself "*in accord with Rodbertus, Lange and Schäffle*" (p. 2). For the "*main points of the foundation*" he refers to *Rodbertus and Schäffle*. Mr. Wagner says even of *piracy* as "unlawful acquisition" by *entire peoples* that it is only robbery if "*a true jus gentium*"<sup>[2]</sup> is presumed to obtain" (p. 18, Note 3).

His research is primarily devoted to the "*conditions of economic life in a community*" and he "*determines from them the sphere of the economic freedom of the individual*" (p. 2).

"The 'instinct to satisfy one's needs'" ... "does *not* function, and is not meant to function, as a *pure force of nature* but, like every human instinct, it is subject to the guidance of reason and conscience. Every act resulting from it is therefore an *answerable* one, and is always governed by a *moral judgement*, though this is admittedly" (!) "itself liable to *historical change*" (p. 9).

As for "*Labour*" (p. 9, § 2), Mr. Wagner does not distinguish between the *concrete character of each kind of labour* and the *expenditure of labour power* common to all these concrete types of labour (pp. 9, 10).

"Even the *mere management of wealth* for the *purpose of procuring revenue* always necessitates activities which belong *to the concept of labour*, and likewise the *employment* of the income thus acquired for the satisfaction of needs" (p. 10, Note 6).

According to Wagner the *historicolegal* are the "*social categories*" (Note 6, p. 13).

"In particular *natural monopolies of location* have the effect, especially in *urban*" (!natural monopoly of the location in the City of London!) "conditions, then under the influence of the *climate* for the *agricultural production* of entire countries, further, *natural monopolies of the specific fertility of the land*, e.g. with especially good vineyards, and indeed even

between different peoples, e.g. in the *sale of tropical products* to countries of the temperate zone.” //”One example are the export duties on products of a kind of natural monopoly, which are imposed in some countries (Southern Europe, tropical countries) on the safe assumption that they will be passed on to the foreign consumers” (Note 11, p. 15). In deducing export duties in the Southern countries from this, Mr. Wagner shows that he knows nothing of the “history” of these duties//<sup>[3]</sup> “that goods at least partially free in nature become purely economic ones, sold as a matter of business to the highest bidder” (p. 15).

The sphere of *regular exchange (sale)* of goods is their *market* (p. 21).

*Among economic goods:* “*Relations to persons and things (res incorporales)*, whose material completeness is based on an abstraction: a) *from absolutely free commerce:* the cases of *customers, firms*, etc., when advantageous relations with other people, which have been formed through human activity, may be granted and acquired *for payment*; b) *due to certain legal limitations of commerce:* exclusive manufacturing rights, real equities, privileges, monopolies, patents, etc.” (pp. 22, 23).

Mr. Wagner subsumes “*services*” under “*economic goods*” (p. 23, Note 2 and p. 28). His real motive in doing so is his desire to portray Privy Councillor Wagner as a “*productive worker*”; for, he says

“the answer is prejudicial to an assessment of all of those classes which *professionally perform personal services*, such as *servants*, the members of the *liberal professions*, and hence also of the *state*. Only if services are reckoned in with economic goods, are the aforesaid classes *productive* in the economic sense” (p. 24).

The following is highly characteristic of the way of thinking of Wagner and company:

*Rau* had observed: it depends on the “*definition of wealth* and also of economic goods” whether “*services* also belong to them or not.”<sup>[4]</sup> Where upon *Wagner* states: “*such a definition*” of “*wealth*” must be “*undertaken which includes services among economic goods*” (p. 28).

“*The decisive reason*” is, however, “that the *means of satisfaction* cannot possibly consist solely of material goods, because *needs are not only related to the latter, but also to personal services* (in particular those of the state, such as *legal protection*, etc.)” (p. 28).

*Wealth:*

1. *purely economic ... “the supply of economic goods available at a given time as the real stock for the satisfaction of needs”* is “*wealth as such,*” “parts of the total or people’s or national wealth.”

2. “As an *historico-legal concept ... the stock of economic goods in the possession or Property of an entity*”, “*possession of wealth*” (p. 32). The latter is an *historico-legal relative concept of property*. Property conveys only *certain powers of disposal* and *certain powers of exclusion vis-à-vis others*. The *extent of these powers varies*” //i.e. historically// (p. 34). “All wealth in the second sense is *individual wealth*, the wealth of a physical or a legal entity” (l.c.).

*Public wealth,*

“in particular the wealth of *compulsory communal economies*, thus especially the wealth of *states, regions and communities*. This wealth is designated for *public use* (such as roads, rivers, etc.) and ownership thereof is assigned to the state etc., as the *legal representative of the public* (nation, local population, etc.) or *it is actual state and communal wealth*, namely, *administrative wealth*, which also goes to make possible the fulfilment of public services, or *finance wealth*, employed by the state to acquire revenues as the means for the fulfilment of its services” (p. 35).

Capital, *capitale*, is a translation of *κεφλειον*, signifying the claim in respect of a sum of money, as opposed to the *interest* (*τοκο*). In the Middle Ages there emerged *capitale, caput pecuniae* for the main thing, the essential, the original (p. 37). In German the word *Hauptgeld* was used (p. 37).

“*Capital, source of earnings, stock of goods bearing interest: a supply of mobile means of acquisition.*” As opposed to: “*stock for use: a quantity of mobile consumable wares put together in any respect at all*” (p. 38, Note 2).

Circulating and standing capital (p. 38, 2(a) and 2(b)).

*Value*. According to Mr. Wagner, Marx’s theory of value is the *cornerstone of his socialist system*” (p. 45). Since I have never established a “*socialist system,*” this is a fantasy of Wagner, Schäffle *e tutti quanti*.<sup>[5]</sup>

Further: according to which Marx

“finds the *common social substance of exchange-value*, the only value he is here concerned with, in *labour*, the *magnitude of exchange-value* in the socially necessary labour time,” etc. [p. 45].

Nowhere do I speak of “*the common social substance of exchange-value*”; I rather say that exchange-values (*exchange-value*, without at least

two of them, does not exist) represent something *common to them*, which “is quite independent of their use-values” //i.e. here their natural form//, namely “*value*.” This is what I write: “Therefore, the common substance that manifests itself in the exchange-relation of exchange-value of commodities, is *their value*. The progress of our investigation will lead us back to exchange-value as the necessary mode of expression or form of appearance of value. For the present, however, we have to consider the nature of value *independently of this, its form*” (p. 13).<sup>[6]</sup>

Thus I do not say “the common social substance of exchange-value” is “labour”, and as I deal with the *form of value*, i.e. the development of exchange-value, at some length in a separate section, it would be curious if I were to reduce this “form” to a common social substance,” labour. Mr. Wagner also forgets that for me neither “value” nor “exchange-value” are subjects, but *the commodity*.

Further:

“This” (Marxian) “theory is, however, not so much a general theory of value as a *theory of cost* related to *Ricardo*.” (loc. cit.).

Mr. Wagner could have familiarised himself with the difference between me and Ricardo both from *Capital* and from *Sieber’s work*<sup>[7]</sup> (if he knew Russian). Ricardo did indeed concern himself with labour solely as a *measure of the magnitude of value*, and was therefore unable to find any link between his theory of value and the nature of money.

When Mr. Wagner says that it is not a “general theory of value,” he is quite right in his own sense, since he means by a general theory of value the hairsplitting over the word “value,” which enables him to adhere to the traditional German professorial confusion between “use-value” and “value,” since both have the word “value” in common. But when he goes on to say that it is a “*theory of cost*,” then either it amounts to a tautology: commodities, as values, only represent something *social*, labour, and as far as the *magnitude of value* of a commodity is determined, according to me, by the *quantity of the labour-time contained*, etc., *in it*, in other words the normal amount of labour which the production of an article costs, etc.; and Mr. Wagner proves the contrary by declaring that this, etc., theory of value is not the “general” one, because it does not correspond with Mr. Wagner’s view of the “general theory of value.” Or else he says *something incorrect: Ricardo* (following Smith) lumps value and production costs together; I have already expressly pointed out in *A Contribution to the Critique of*

*Political Economy* as well as in the notes in *Capital*<sup>[8]</sup> that *values* and *production prices* (which merely express in money the costs of production) do *not* coincide. Why not? That I have *not* told Mr. Wagner.

Furthermore, I “proceed arbitrarily” when I

“attribute these costs solely to what is termed labour output in the narrowest sense of the term. That always presupposes proof which is hitherto lacking, namely that the production process is possible entirely without the mediation of the activity of *private capitalists* in amassing and employing capital” (p. 45).

Quite the reverse: instead of foisting such future proofs on me, Mr. Wagner first ought to have proved that *a social production process*, not to mention the production process in general, *did not exist* in the very numerous communities which *existed before the appearance of Private capitalists* (the Old Indian community, the South Slav family community, etc.). Besides, Wagner could only say: the exploitation of the working class by the capitalist class, in short, the character of capitalist production as depicted by Marx, is correct, but he is mistaken in regarding this economy as transitory, while Aristotle, on the contrary, was mistaken in *not* regarding the *slave economy* as transitory.

“As long as such proof has *not* been furnished” //in other words, as long as the capitalist economy exists//, “Then *Profit on capital is also in fact* //the clubfoot or ass’s ear reveals itself here// “a ‘*constitutive*’ element of value, *not* as in the socialist view, simply a *subtraction* from, or ‘*robbery*’ of, the worker” (pp. 45, 46).

What a “*subtraction from the worker*” is, subtraction of his skin, etc., is not evident. At any rate, in my presentation even, “profit on capital” is in actual fact *not* “a *subtraction* from, or robbery of, the worker.” On the contrary, I depict the capitalist as the necessary functionary of capitalist production and demonstrate at great length that he not only “subtracts” or “*robs*” but enforces the *production of surplus value*, thus first helping to create what is to be subtracted; what is more, I demonstrate in detail that even if *only equivalents* were exchanged in the exchange of commodities, the capitalist — as soon as he pays the worker the real value of his labour-power — would have every right, i.e. such right as corresponds to this mode of production, to *surplus-value*. But all this does not make “profit on capital” the “*constitutive*” element of value but only proves that the value which is not “*constituted*” by the labour of the capitalist contains a portion

which he can appropriate “legally,” i.e. without infringing the law corresponding to the exchange of commodities.

“That theory is unduly preoccupied with this single value-determining element” //1. Tautology. The theory is false because Wagner has a “general theory of value” which does not agree with it; his “value” is thus determined by “use-value,” as is actually proved by the professorial salary; 2. Mr. Wagner substitutes for value the “marketprice” at a given time, or the commodity-price diverging from it, which is something very different from value//, “[it considers] the *costs*, not the other, usefulness, *utility*, the *demand* element” //i.e. it does not lump together “value” and *use-value*, which is, after all, such a desirable thing for a born Confucius<sup>[9]</sup> like Wagner//.

“Not only does it not correspond to the *formation of exchange-value* in *present-day commerce*”

//he means *price formation*, which does not affect the *determination of value* in any way: moreover, the *formation of exchange-value* certainly does *take place in presentday commerce*, as any speculator, adulterater of goods, etc., knows, and this has nothing in common with *value formation*, but has a keen eye for formed values; what is more, in, e.g., the determination of the *value of labour power* I proceed from the assumption that it is really paid at its full value, which is *in fact not the case*. Mr. Schäffle is of the opinion in *Capitalismus*, etc., that that is “magnanimous” or some such thing. He simply means a scientifically necessary procedure//,

“but neither, as *Schäffle* excellently and *indeed conclusively*” (!) “demonstrates in the *Quintessenz* and especially in the *Socialer Körper*,<sup>[10]</sup> does it correspond to conditions as they are *bound to take shape in the Marxian hypothetical social state*.”

//I.e., the social state, which Mr. Schäffle was courteous enough to “shape” for me, is transformed into “*the Marxian*” (not the “social state” foisted on to Marx in Schäffle’s hypothesis).//

“This may be *strikingly* demonstrated with the example of grain and such like, whose *exchange-value* would — owing to the influence of fluctuating harvests when demand is fairly constant — of necessity have to be regulated *in some other way* than *simply according to costs* even in a system of ‘*social taxes*’” [p. 45].

//So many words, so much nonsense. First, I have nowhere spoken of “*social taxes*,” and in my *investigation of value* I have dealt with bourgeois

relations, not with the application of this theory of *value* to a “social state” not even constructed by me but by Mr. Schäffle for me. Second, if the price of grain rises after a bad harvest, then its *value* rises, for one thing, because a given amount of labour is *contained in a smaller product*; for another thing, its *selling price* rises by much more still. What has this to do with my theory of value? The more the grain is *sold over its value*, the more other commodities, whether in their natural form or in money form, will be sold *under their value* by exactly the same amount, even if their own money price does *not* fall. The *total value* remains the same, even if the expression of this *total value* in its entirety were to increase in money, in other words, if the sum total of “exchange-value” according to Mr. Wagner were to rise. This is the case if we assume that the *drop in price* of the total of the other commodities does not cover the *over-value price* (excess price) of the grain. But in this case, the exchange-value of money has fallen *pro tanto*<sup>[11]</sup> beneath its value; the total value of all commodities does not only remain the *same*, but even remains the same *expressed in money*, if money is included among the commodities. Further: the rise in price of grain beyond the increase in its value determined by the bad harvest will in any case be smaller in the “social state” than it is with present-day profiteering in grain. But then the “social state” will organise production from the outset in such a way that the annual supply of grain is only minimally dependent on changes in the weather. The volume of production including supply and consumption will be rationally regulated. Finally, supposing Schäffle’s fantasies about it come true, what is the “social tax” meant to prove for or against my theory of value? Just as little as the coercive measures taken during a food shortage on a ship or in a fortress or during the French Revolution, etc., which pay no regard to *value*; and how terrible for the “social state” to infringe the *laws of value* of the “capitalist (bourgeois) state,” hence, too, the theory of value! Nothing but infantile rot!//

The same Wagner graciously quotes from Rau:

“In order to avoid misunderstandings, it is necessary to establish what is meant by *value pure and simple*, and *it is in conformity with German usage* to choose *use-value* for this purpose”<sup>[12]</sup> (p. 46).

*Derivation of the concept of value* (p. 46 ff.)

It is from the *value-concept* that *use-value and exchange-value* are supposed to be derived d’abord<sup>[13]</sup> by Mr. Wagner, not as with me from a

*concretum, the commodity*, and it is interesting to follow this *scholasticism* in its latest *Grundlegung*.<sup>[14]</sup>

“It is a *natural* striving of man to arrive at a *clear awareness* and *understanding* of the *relationship* which inner and outer *goods* bear to his *needs*. This is done through the *appreciation (valuation)* by which *value is attributed* to goods or things of the outside world and this value is *measured*” (p. 46), and he says, p. 12: “All means of satisfying one’s needs are called *goods*.”

Thus, if in the first sentence we replace the word “goods” with its Wagnerian *conceptual content*, then the first sentence of the passage quoted becomes:

“It is a *natural striving of ‘man’* to arrive at a clear awareness and understanding of the *relationship* which ‘the inner and outer means of satisfying his needs’ bear *to his needs*.” We may simplify this sentence somewhat by dropping “the *inner* means,” etc., as Mr. Wagner happens to do immediately in the very next sentence by means of the word “or.”

“*Man*”? If the category “man” is meant here, then he has “no” needs at all; if man in isolated juxtaposition with nature, then each individual must be considered a nongregarious animal; if a man already existing in some kind of society — and this is what Mr. Wagner implies, since his “man” does have a language, even though he lacks a university education — then as a starting-point the specific character of this social man must be presented, i.e. the specific character of the community in which he lives, since in that case production, i.e. *the process by which he makes his living*, already has some kind of social character.

But for a professorial schoolmaster the relations between men and nature are a priori not *practical*, that is, relations rooted in action, but *theoretical*, and two relations of this kind are packed up together in the first sentence.

*First*: as the “*outer means of satisfying his needs*” or *outer goods* become transformed into “*things of the outside world*” in the next sentence, the first interlocked relation assumes the following form: man finds himself *in relation to the things of the outside world* as means of satisfying his needs. But men do not by any means begin by “finding themselves in this theoretical relationship to the *things of the outside world*.” They begin, like every animal, by *eating, drinking, etc.*, that is not by “finding themselves” in a relationship, but *actively behaving*, availing themselves of certain things of the outside world by action, and thus satisfying their needs. (They

start, then, with production.) By the repetition of this process the capacity of these things to “satisfy their needs” becomes imprinted on their brains; men, like animals, also learn “theoretically” to distinguish the outer things which serve to satisfy their needs from all other. At a certain stage of evolution, after their needs, and the activities by which they are satisfied, have, in the meanwhile, increased and further developed, they will linguistically christen entire classes of these things which they distinguished by experience from the rest of the outside world. This is bound to occur, as in the production process — i.e. the process of appropriating these things — they are continually engaged in active contact amongst themselves and with these things, and will soon also have to struggle against others for these things. But this linguistic label purely and simply expresses as a concept what repeated activity has turned into an experience, namely that certain outer things serve to satisfy the needs of human beings already living in certain social context //this being an essential prerequisite on account of the language//. Human beings only give a special (generic) name to these things because they already know that they serve to satisfy their needs, because they seek to acquire them by more or less frequently repeated activity, and therefore also to keep them in their possession; they call them “goods” or something else which expresses the fact that they use these things in practice, that these things are useful to them, and they give the thing this character of utility as if it possessed it, although it would hardly occur to a sheep that one of its “useful” qualities is that it can be eaten by human beings.

Thus: human beings actually started by appropriating certain things of the outside world as means of satisfying their own needs, etc. etc.; later they reached a point where they *also* denoted *them linguistically* as what they are for them in their practical experience, namely as *means of satisfying their needs*, as things which “satisfy” them. Now, if one terms the fact that human beings not only treat such things practically, as means of satisfying their needs, but also denote them in their thoughts and then linguistically as things which “*satisfy*” their needs, and hence *themselves* //as long as the need of man is not satisfied he is at *variance* with his needs and thus with himself//; if one terms this, “according to German linguistic usage,” “attributing *value*” to them, then one has proved that the general concept “*value*” stems from the behaviour of human beings towards the things found in the outside world which satisfy their needs, and consequently that

this is the *generic concept* of “value,” and that all other kinds of value, such as the chemical value [valency]<sup>[15]</sup> of the elements, are no more than variations of it.

Deleted in the manuscript:<sup>[16]</sup> “In the case of Mr. Wagner, however, this ‘deduction’ becomes even more splendid, since he deals with ‘man’ not with ‘men’. This very simple deduction is expressed by Mr. Wagner like this: “It is a *emph{natural}* striving of man” (read: of the German economics professor), “the relationship” whereby things of the outside world are not only means of satisfying human needs, but are acknowledged linguistically as such, and therefore also serve ...”

It is “the natural striving” of a German economics professor to derive the economic category “value” from a “*concept*,” and this he achieves by simply renaming what is *vulgo*<sup>[17]</sup> called “use-value” in political economy as “*value*” pure and simple, “according to German linguistic usage.” And as soon as “value” pure and simple has been found, it serves in turn to *derive* “*use-value*” from “value pure and simple.” To do this, one merely has to replace the “use” fragment, which one dropped earlier, in front of “value” pure and simple.

In fact it is Rau (see p. 88<sup>[18]</sup>) who tells us plainly that it “is necessary” (for the German professorial schoolmasters) “to lay down what is meant by *value pure and simple*,” naively adding: “and it is *in accordance with German linguistic usage to select use-value* to this end.” //In chemistry the *chemical* valency of an element is the number at which one of its atoms is able to combine with the atoms of other elements. But the combining weight of the atoms is also called “equivalency,” the equal value of different elements, etc., etc. Therefore one must first define the concept “value pure and simple,” etc., etc.//

If man relates to *things* as “*means of satisfying his needs*,” then he relates *to them* as “*goods*,” according to Wagner. He grants them the attribute of being “goods”; the *content of this operation* is in no way altered by the fact that Mr. Wagner renames this “*attributing value*.” His own lazy consciousness immediately arrives at “an understanding” in the following sentence:

“This is done through the *appreciation (valuation)* by which value is attributed to *goods or things of the outside world* and this value is *measured*” [p. 46].

We shall waste no words on the fact that Mr. Wagner derives *value* from valuation (he himself adds “valuation” in brackets after the word *appreciation* in order to arrive “at a clear awareness and understanding” of the matter). “*Man*” has the “natural striving” to do this, to “appreciate” goods as “*values*,” and thus permits Mr. Wagner to *derive* the promised achievement of the “concept of *value* in general.” Not for nothing does Wagner smuggle in with the word “goods” the phrase “*or the things of the outside world.*” His starting point was that man “relates” to the “things of the outside world,” which are means of satisfying his needs, as to “*goods.*” So he *appreciates* these things by the very fact that he relates to them as “*goods.*” And we have already had an earlier “paraphrase” for this appreciation, to the effect that, e.g.:

“As a *needy* being, man is in constant contact with the *outside world* surrounding him and *acknowledges that therein lie many of the conditions for his life and well-being*” (p. 8).

This, however, means no more than that he “*appreciates* the things of the outside world” insofar as they satisfy his “*needy being,*” being means of satisfying his needs and therefore, as we have already heard, relates to them as “*goods.*”

Now it is possible, particularly if one feels the “natural” professorial “striving” to derive the *concept of value in general*, to do this: to give “the things of the outside world” the attribute of “*goods*” and *dub* it “*attributing value*” to them. One might also have said: Since man relates to the things of the outside world which satisfy his needs as to “*goods,*” he “prizes” them, thus attributing “*price*” to them, and thus the derivation of the concept “*price* pure and simple” by “*man’s*” own methods is supplied *ready cut* to the German professor. Everything that the professor is unable to do himself, he makes “man” do; but this man is himself nothing more than the *professorial man* who claims to have understood the world once he has arranged it under abstract headings. But in so far as “*attributing value*” to the things of the outside world is simply another way of phrasing the expression of giving them the attribute of “*goods,*” this is far from being the same, as Wagner wishes to make out, as attributing “*value*” to the “*goods themselves*” as a designation distinct from their “*being goods.*” It is simply substituting the word “*value*” for the word “*goods.*” //As we have seen, the word “*price*” could also be substituted. Even the word “*treasure*” could be substituted; since “*man*” labels certain “things of the outside world”

“goods,” he “treasures” them, and therefore relates to them as to a “*treasure*.” Thus it can be seen how the three economic categories *value*, *price* and *treasure* could be conjured up by Mr. Wagner at a stroke out of “man’s natural striving” to provide the professor with his bone-headed system of concepts (fancies).// But Mr. Wagner has the dim instinct to step out of his labyrinth of tautology and worm his way into a “further something” or a “something further.” Hence the phrase: “by which *value* is attributed to goods or things of the outside world, etc.” Since the labelling of “things of the outside world” as *goods*, i.e., the distinguishing and fixing of these (in the mind) as *means of satisfying* human needs, is also dubbed by Mr. Wagner “attributing *value* to things,” he can no more call this attributing *value* to “the *goods*” themselves than he could talk about *attributing value* to the “value” of the things of the outside world. But the salto mortale is performed with the words “*attributing value* to *goods* or the things of the outside world.” Wagner should have said: the dubbing of certain things of the outside world “*goods*” may also be called “*attributing value*” to these things and this is the Wagnerian *derivation* of the “*concept of value*” pure and simple or in general. The *content* is not altered by this *change of linguistic expression*. It is still only the *distinguishing* or *fixing in the mind* of the things of the outside world which are means of satisfying human needs; in fact, simply the *perception and acknowledgement of certain things of the outside world as means of satisfying the needs of “man”* (who as such, however, is actually suffering from a “need of concepts”).

But Mr. Wagner wishes to make us, or himself, believe that instead of giving two names to the same content he has progressed from the designation “goods” to a further developed *designation* “value,” distinct from the first, and he does this simply by substituting the word “goods” for “things of the outside world,” a process which is further “obscured” by the fact that he *rather* substitutes the “things of the outside world” for “the goods.” His own confusion thus achieves the certain effect of confusing his readers. He might also have reversed this splendid “derivation” as follows. By *differentiating* the things of the outside world, which are means of satisfying his needs, as such means of satisfaction, from the other things of the outside world, and therefore *according them special distinction*, he *pays tribute to them, attributes value to them, or gives them the attribute of “value.”* This can also be expressed by saying that he grants them the

attribute of “*goods*” as a characteristic, or respects or values them as “goods.” Thereby the concept “*goods*” is *attributed* to the “*values*” or to the things of the outside world. And thus the concept of “*goods*” in general is “derived” from the concept of “*value*.” All *derivations* of this kind are simply concerned with *diverting* attention from a problem which one is not capable of solving.

But in the same breath Mr. Wagner proceeds in all haste from the “*value*” of *goods* to the “*measurement*” of this value.

The content would remain exactly the same if the word “*value*” had not been smuggled in at all. It might be said: By dubbing certain things of the outside world which, etc., as “*goods*,” man will eventually come to compare these “*goods*” with one another, and according to the hierarchy of his needs will arrange them in a certain order, i.e. if one likes to call it so, “*measure*” them. Wagner may not speak at all of the development of the *real measure of these goods* here, i.e. of the development of their *measure of quantity*, as this would remind the reader too sharply how little what is otherwise meant by “*measure of value*” is dealt with here.

//That the *distinguishing* of (reference to) things of the outside world which are means of satisfying human needs as “*goods*” may be *dubbed* “attributing value to these things” — this Wagner was able to prove not only by means of “German linguistic usage,” as Rau did, but also: there is the Latin word *dignitas* = *dignity, merit, rank*, etc., which when applied to things also means “*value*”; *dignitas* is derived from *dignus*, and this from *dic*, *point out, show, auszeichnen, zeigen*; *dignus* thus means “*pointed out*”; hence, too, *digitus*, the finger with which one points out a thing, refers to it; Greek δεικ-νυμι, δακ-τυλο (finger); Gothic: *ga-tecta* (dico); German: *zeigen*; and we could arrive at a lot more “derivations” bearing in mind that δεικνυμι (or δεικνω) (to make visible, to bring to light, *to refer to*) has the same basic stem as δχομαι — that is δεκ (to hold out, to *take*).//

What a lot of banality, tautological confusion, hairsplitting and underhand manoeuvring Mr. Wagner manages to pack into not quite 7 lines.

No wonder that after this feat, the obscure man (*vir obscurus*) continues with great self-assurance:

“The much disputed *concept of value*, still *obscured* by many *investigations* frequently of *merely apparent depth*, resolves itself” (*indeed*) //rather “involves” itself// “if, as has been done hitherto” //namely by Wagner//, “we take the needs and the *economic nature* of man as our

starting-point and on arriving at the *concept of goods* — tie it up with the concept of value” (p. 46).

Here we have the *concept juggling*, whose supposed *development* according to the *vir obscurus* boils down to “*tying up*,” and to a certain extent “*tying on*.”

*Further derivation of the concept of value:*

*Subjective and objective value.* Subjective and, in the *most general sense*, the *value of goods=importance* which “is attributed to the goods on account of their usefulness ... not a quality of the things in themselves, even if it objectively presupposes the usefulness of a thing” //thus presupposing “*objective*” value//. In the *objective* sense one also understands by “*value*” and “*values*” the *value-possessing goods*, in which (!) good and value, goods and values *become* essentially “*identical concepts*” (pp. 46, 47).

After taking what is usually termed “*use-value*” and dubbing it “*value in general*” and then the “*concept of value*” pure and simple, Wagner can surely not fail to recall that the “*value*” “*derived*” (!) “*in this way*” (well, well!) is “*use-value*.” After dubbing “*use-value*” the “*concept of value*” in general, or “*value pure and simple*,” he discovers, on second thought, that he has simply been drivelling on about “*use-value*,” and has thus “*derived*” it, drivelling and deriving now being for him “*essentially*” identical mental operations. But at this juncture we discover how subjective the hitherto “*objective*” confusion of ideas of the aforesaid Mr. Wagner really is. For he reveals a secret to us. Rodbertus had written a letter to him which may be read in the *Tübingen Zeitschrift*<sup>[19]</sup> of 1878, in which he, Rodbertus, expounds why there is “*only one kind of value*”: *use-value*.

“I” (Wagner) “*have come to support this view, the importance of which I have already emphasised in the first edition*” [p. 48].

Of what Rodbertus says, Wagner says:

“*This is quite correct and necessitates an alteration of the usual illogical ‘division’ of ‘value’ into use-value and exchange-value, which I had still undertaken in § 3 [in Wagner § 35] of the first edition*” (p. 48, Note 4).

and the same Wagner places me (p. 49, Note) amongst those according to whom “*use-value*” should be entirely “*removed*” “*from the science*.”

All this is “*drivel*.” *De prime abord*,<sup>[20]</sup> I do not proceed from “*concepts*,” hence neither from the “*concept of value*,” and am therefore in no way concerned to “*divide*” it. What I proceed from is the simplest social form in which the product of labour presents itself in contemporary society, and this

is the “*commodity*.” This I analyse, initially in the *form in which it appears*. Here I find that on the one hand in its natural form it is a *thing for use*, alias a *use-value*; on the other hand, a *bearer of exchange-value*, and from this point of view it is itself an “exchange-value.” Further analysis of the latter shows me that exchange-value is merely a “*form of appearance*,” an independent way of presenting the *value* contained in the commodity, and then I start on the analysis of the latter. I therefore state explicitly, p. 36, 2nd ed.<sup>[21]</sup>: “When, at the beginning of this chapter, we said, in common parlance, that a commodity is both a use-value and an exchange-value, we were, precisely speaking, wrong. A commodity is a use-value or object of utility, and a ‘value’. It manifests itself as this twofold thing which it is, as soon as *its value* assumes an independent *form of appearance distinct* from its natural form — the form of *exchange-value*,” etc. Thus I do not divide *value* into use-value and exchange-value as opposites into which the abstraction “value” splits up, but the *concrete social form* of the product of labour, the “*commodity*,” is on the one hand, use-value and on the other, “value,” not exchange value, since the mere *form of appearance* is not its own *content*.

Second: only a *vir obscurus* who has not understood a word of *Capital* can conclude: Because Marx in a note in the first edition of *Capital* rejects all the German professorial twaddle about “use-value” in general, and refers readers who want to know something about real use-values to “manuals dealing with merchandise” — for this reason *use-value* plays no part in his work. Naturally it does not play the part of its opposite, of “value,” which has nothing in common with it, except that “value” occurs in the term “use-value.” He might just as well have said that “exchange-value” is discarded by me because it is only the form of appearance of value, and not “value” itself, since for me the “value” of a commodity is neither its use-value nor its exchange value.

When one comes to analyse the “commodity” — the simplest concrete element of economics — one must exclude all relations which have nothing to do with the particular object of the analysis. Therefore I have said in a few lines what there is to say about the commodity in so far as it is a use-value, but on the other hand I have emphasised the *characteristic form* in which use-value — the product of labour — appears here, that is: “A thing can be useful, and the product of human labour, without being a commodity. Whoever [directly] satisfies his needs with the produce of his own labour,

creates, indeed, use-values but not commodities. In order to produce commodities, *he must not only produce use-values, but use-values for others, social use-values*” (p. 15).<sup>[22]</sup> //This the root of Rodbertus’ “*social use-value.*”// Consequently use-value — as the use-value of a “commodity” itself possesses a specific historical character. In primitive communities in which, e.g., means of livelihood are produced communally and distributed amongst the members of the community, the common product directly satisfies the vital needs of each community member, of each producer; the social character of the product, of the use-value, here lies in its (*common*) *communal character.* //Mr. Rodbertus on the other hand transforms the “social use-value” of the *commodity* into “social use-value” pure and simple, and is hence talking nonsense.//

As may be seen from the above, it would be sheer nonsense, in an analysis of the commodity — since it presents itself on the one hand as a use-value or goods, on the other hand as value” — to “tie up” at this juncture all sorts of banal reflexions about use-values or goods which do not enter into the world of commodities, such as “state goods,” “communal goods,” etc. as Wagner and the German professor *in general* does, or about goods like “health,” etc. Where the state is itself a capitalist producer, as in the exploitation of mines, forests, etc., its product is a “commodity” and hence possesses the specific character of every other commodity.

On the other hand the *vir obscurus* has overlooked the fact that even in my analysis of the commodity I do not come to a halt with its dual way of presenting itself, but immediately proceed to show that in this duality of the commodity there presents itself the dual *character* of the *labour* whose product it is: of *useful* labour, i.e. the concrete modes of the labours which create use-values, and of abstract *labour*, of *labour as expenditure of labour power*, regardless of the “useful” way in which it is expended (on which the presentation of the production process later depends); that in the development of the *value form of the commodity*, in the final instance its money form, and thus of *money*, the *value of* a commodity presents itself in the *use-value* of the other commodity, i.e. in its natural form; that *surplus-value* itself is derived from a “specific” *use-value of labour power* belonging to it exclusively, etc., etc., that, in other words, for me use-value plays an important part quite different from its part in economics hitherto, but *note bene* it still only comes under consideration when such a consideration stems from the analysis with regard to economic formations,

not from arguing hither and thither about the concepts or words “use-value” and “value.”

For this reason when analysing the commodity I do not immediately drag in definitions of “capital,” not even when dealing with the “use-value” of the commodity. Such definitions are bound to be sheer nonsense as long as we have advanced no further than the analysis of the elements of the commodity.

What annoys (shocks) Mr. Wagner about my presentation, though, is that I will not do him the favour of complying with the patriotic German professorial “striving” for confusing use-value with value. Although German society is very much *post festum*, it has nevertheless gradually emerged from the feudal subsistence economy, or at least its predominance, into capitalist society, but the professors are still standing with one foot in the old muck — naturally enough. From being the serfs of landowners they have turned into the serfs of the state, vulgo the government. Therefore our *vir obscurus* too, who has not even noticed that my *analytic* method, which does not proceed from *man* but from a given economic period of society, has nothing in common with the German-professorial association-of-concepts method (“words are excellent for fighting with, with words a system may be built”<sup>[23]</sup>), therefore he says:

“In harmony with the view of *Rodbertus* and also of *Schäffle* I place the *use-value* character of *all value* in the fore, and emphasise the assessment of use-value all the more, *since* the assessment of exchange-value is simply not applicable to many of the most important economic goods,”

{Was zwingt ihn zu Ausreden? also als Staatsdiener fühlt er sich verpflichtet, Gebrauchswert und Wert zu konfundieren!},

“*neither to the state and its services, nor to other social economic relations*” (p. 49, Note).

//This reminds one of the old chemists before the science of chemistry: as cooking butter, which is simply called butter in everyday life (according to the Nordic custom), has a soft consistency, they called *chloride, butter of zinc, butter of antimony*, etc. Butter juices, thus, to use the words of the *vir obscurus*, “firmly adhering to the *butter* character of all chlorides, zinc and antimony compounds.”// The whole rigmarole boils down to this: Because certain goods, especially *the state* (goods!) and its “*services*” //Particularly the services of its professors of political economy// are *not* “commodities,” the opposing characteristics contained in the “commodities” themselves

//which also appear explicitly in the commodity form of the product of labour// must therefore be confused with one another! In the case of Wagner and Co. it is anyway hard to maintain that they have more to gain if their “services” are determined according to their “use-value,” according to their tangible “content” [*Gehalt*], rather than according to their “salary” [*Gehalt*] (through a “social tax,” as Wagner expresses it [p. 45], i.e. are “assessed” according to their *payment*.<sup>[24]</sup>

//The only thing which clearly lies at the bottom of the German stupidity is the fact that linguistically the words *value* [*Wert*] or *worth* [*Würde*] were first applied to the useful things themselves, which existed for a long time, even as “products of labour,” before becoming *commodities*. But this has as little to do with the scientific determination of the “value” of the commodity as the fact that the word *salt* was first used by the ancients for cooking salt, and consequently *sugar*, etc. also figure as *varieties of salt* from Pliny onwards (*indeed*, all colourless solids soluble in water and with a peculiar taste), and therefore the chemical category “salt” includes sugar, etc.//

//As the commodity is bought by the purchaser not because it has value but because it is a “use-value,” and is used for definite purposes, it goes without saying that 1. use-values are “assessed,” i.e. their *quality is investigated* (just as their *quantity is weighed, measured, etc.*); 2. if different sorts of commodities can be substituted for one another for the same use, one or the other will be given preference, etc., etc.//

In Gothic there is only one word for *Wert* and *Würde*: *vairths*, τιμη, // τιμαω, *assess*, i.e. evaluate; to determine the *price* or *value*, to *rate*; *metaphorically: to appreciate, esteem, honour, distinguish*. Τιμη — *assessment, hence: determination of value or price, evaluation, valuation*. Then: *estimation, also, value, price itself* (Herodotus, Plato), αι τιμα — *expenses in Demosthenes*. Then: *estimation, honour, respect, place of honour, honorary post, etc.*, *Rost's Greek-German Dictionary*.<sup>[25]</sup>//

*Value, price* (Schulze, *Glossar*<sup>[26]</sup>) Gothic: *vairths*, adj., ξιο, καν

*Old Norse: verdhr*; worthy, *verdh*, *value, price*; *Anglo-Saxon: veordh, vurdh*; English: *worth*, adj. and noun, *value* and *dignity*

“*Middle High German: wert*, genitive *werdes*, adj. *dignus* and likewise *pfennincwert*, gen. *Werdes*, *value, worth, splendour; aestimatio, commodity of definite value, e.g. pfenwert, Pennyworth*; *-werde: meritum, aestimatio, dignitas, precious character*” (*Ziemann: Middle High German Dictionary*<sup>[27]</sup>).

*Wert* and *Würde* [value and worth] are thus closely related in both etymology and meaning. What conceals the fact is the *inorganic* (incorrect) *inflexion* of *Wert* which has become customary in Modern High German: *Werth*, *Werthes* instead of *Werdes*, since Gothic *th* corresponds to High German *d*, not *th = t*, and this is indeed still the case in Middle High German (*wert*, gen. *Werdes*, *loc. cit.*). According to the rule in Middle High German, *d* at the end of a word became *t*, giving *wert* instead of *werd*, but genitive *Werdes*.

But all this has as much or as little to do with the economic category “value” as with the *chemical valency of the chemical elements* (atomicity) or with the chemical equivalents or equal values (combining weights of the chemical elements).

Furthermore it should be noted that — even in this linguistic connection — if it follows automatically, as if by the nature of the thing, from the original identity of *Würde* and *Wert* that this word also referred to things, products of labour in their natural form — it was later directly applied unchanged to *prices*, i.e. value in its developed value-form, i.e. exchange-value, which has so little to do with the matter that the same word continued to be used for worth in general, for honorary offices, etc. Thus, linguistically speaking, there is no distinction here between use-value and value.

Let us now turn to the authority quoted by the *vir obscurus*, to *Rodbertus* //whose essay may be scrutinised in the *Tübinger Zeitschrift*//. The passage by Rodbertus cited by the *vir obscurus* is as follows:

From the *text on page 48*:

“There is only one *kind of value*, and that is use-value. This is either *individual* use-value or *social* use-value. The former stands in a relation to the individual and his needs, quite regardless of any social organisation.”

//This is sheer nonsense (cf. *Capital*, p. 171<sup>[28]</sup>) where, however, it says that the *labour-process*, as a useful activity for the production of use-values, etc., is “*equally common to all its*” (human life’s) “*forms of society*” and “*is independent of each of them.*”// //First, it is not the word “use-value” which stands in relation to the individual, but *concrete use-values*, and *which of these* “stand in a relation” to him (for these people everything always “stands”; everything is a question of “standing”<sup>[29]</sup>) is entirely dependent on the level of the social production process, therefore also corresponding to “a social organisation.” But if Rodbertus only wishes to make the trivial

statement that use-value which really stands in relation to an individual as an object of utility, relates to him as an individual use-value for him — then this is either a trivial tautology or it is incorrect, since not to mention such things as rice, maize, wheat or meat //which does not stand in any relation to a Hindu as food//, an individual's need for the title of Professor or Privy Councillor or an order is possible only in quite a definite “social Organisation”//.

“The second is *use-value*, which a *social* organism consisting of many individual organisms (or individuals) has” (p. 48, text).

Lovely German! Is it the “use-value” of the “social organism” which is meant here, or is it a use-value in the possession of a “social organism” (as e.g. land in primitive communities), or is it the definite “social” form of use-value in a *social organism*, as e.g. in places where commodity production predominates, the use-value which a producer supplies must be a “use-value for others” and in this sense a “social use-value”? This is nothing but hot air and will lead us nowhere.

And so on to the second proposition of Wagner's Faust<sup>[30]</sup>:

“Exchange-Value is simply the historical mantle and appendage of the social use-value from a particular period of history. By taking *an* exchange-value *as the logical opposite* of use-value, *one is* placing an historical concept in logical contrast to a logical concept, which is logically not admissible” (p. 48, Note 4). “That is quite correct!” crows Wagner *ibidem*.

Who is the “one” who is committing this? That Rodbertus means me, we may take for granted, since according to R. Meyer, his *famulus*, he has written a “big, fat manuscript” against *Capital*<sup>[31]</sup>. Who is placing things in logical contrast? Mr. Rodbertus, for whom “use-value” and “exchange-value” are both by nature mere “concepts.” In fact in every price-list every individual sort of commodity undergoes this illogical process, distinguishing itself from the others as *goods, use-value*, as cotton, yarn, iron, grain, etc., and representing “goods” qualitatively different from the others *toto coelo*,<sup>[32]</sup> but simultaneously representing its *price* as qualitatively the same but quantitatively different of *the same essence*. It presents itself in its natural form for him who uses it, and in *value-form*, which is quite different from it and “common” to all other commodities, i.e. as *exchange-value*. The only “*logical*” contrast here is in Rodbertus and the German professorial schoolmasters related to him who proceed from the “concept” of value, not from the “social thing,” the commodity,” who get

this concept to split up into itself (duplicate itself), and then argue about which of these two phantoms of the mind is the real Jacob!<sup>[33]</sup>

But what lurks in the gloomy background to these high-flown phrases is simply the immortal discovery that in all circumstances man must eat, drink, etc. //one cannot even continue: “clothe himself, or have a knife and fork or bed and dwelling,” as this is not the case *in all circumstances*//; in short, that in all circumstances he must find external things already available in nature to satisfy his needs and appropriate them or fashion them out of what nature provides; in this actual procedure of his he thus always relates practically to certain external things as “use-values,” i.e. he always treats them as objects for his use; hence according to Rodbertus use-value is a “logical” concept; thus, since man must also breathe, “breathing” is a “logical” concept, but not a “physiological” one at all. The entire shallowness of Rodbertus, however, emerges in his contrast between “logical” and “historical” concepts! He grasps “value” (the economic value, in contrast to the use-value of the commodity) only in its form of appearance, in *exchange-value*, and since this only occurs when at least some part of the products of labour, the objects of utility, function as “*commodities*” this not, however, happening from the outset, but only at a certain period of social development, in other words, at a definite stage of historical development, then *exchange-value* is a “historical” concept. Now if Rodbertus — and I will point out later why he did not see it — had gone on to analyse the exchange-value of commodities — for it only exists where *commodity* occurs in the plural, different sorts of commodities, then he would have found “value” behind this form of appearance. If he had further gone on to investigate value, he would have further found that here the thing, the “use-value,” amounts to a mere *concretisation* of human labour, as the *expenditure of equal human labour-power*, and therefore this content is presented as the *concrete* character of the *thing*, as a character appertaining essentially to *the thing itself*, although this objectivity does *not* appear in its natural form //which, however, necessitates a special *form of value*//. He would have found, then, that the “value” of the commodity merely expresses in a historically developed form something which also exists in all other historical forms of society, albeit *in a different form, namely the social character of labour*, insofar as it exists as *expenditure of “social” labour-power*. If, then, “the value” of the commodity is merely a particular historical form of something which exists in all forms of society,

the same must be true of the “social use-value,” as it characterises the “use-value” of the commodity. Mr. Rodbertus has the measure of the magnitude of value from Ricardo; but he himself has neither examined nor grasped the substance of value any more than Ricardo did; e.g. the “communal” character of the [labour process] in the primitive community as the common organism of the labour-powers belonging together, and hence that of *their labour*, i.e. the expenditure of these powers.

Further treatment of Wagner’s twaddle on this issue superfluous.

*Measure of the magnitude of value.* Mr. Wagner incorporates me here, but finds to his regret that I have “*eliminated*” the “*labour involved in capital formation*” (p. 58, Note 7.)

“In commerce regulated by social organs, the determination of *tariff values* or *tariff prices* must be carried out with due consideration to this *cost-element*” //his term for the quantum of labour expended in production, etc.//, “as used to happen in principle in the case of the former state and trade tariffs, and would again have to take effect under any *new tariff system*” //read “socialist”!//. “However, in free commerce the costs are *not* the *sole* basis for determining exchange-values and prices, and cannot be in *any conceivable social situation*. For regardless of costs, there must always occur *fluctuations in use-value and need*, whose influence on *exchange-value and prices* (both contract and tariff prices) then modifies the *influence of costs*, and is bound to do so,” etc. (pp. 58, 59). “The” //i.e. this!// “astute correction of the socialist doctrine of value ... we owe to *Schäffle*” (!) who says in *Soz. Körper*,<sup>[34]</sup> III, p. 278: “No matter what kind of social influence over needs and production exists, there is no avoiding the fact that all *needs* always remain in equilibrium qualitatively and quantitatively with production. But if this is so, *the social cost-value quotients cannot simultaneously be considered proportionally as social use-value quotients*” (p. 59, Note 9).

That this merely amounts to the triviality of *market-prices* rising and falling above or below value and to the assumption that the theory of value developed by him for *bourgeois* society is predominant in the “Marxian social state” is shown by Wagner’s phrase:

“They” (prices) “will occasionally deviate from them” [costs] to a lesser or greater extent, rising for goods whose use-value has become greater and falling for those whose use-value has become smaller. Only *in the long run*

will costs continually assert themselves as the decisive regulator” etc. (p. 59).

*Law.* As for the fantasies of the *vir obscurus* about the economically creative influence of the *law*, one phrase will suffice, although he is forever dragging out the absurd point of view which it exemplifies:

“Individual enterprise has at its head, as the organ of its technical and economic activity ..., a *person* as a legal and economic subject. Furthermore, this person is no purely economic entity but at the same time dependent on the arrangement of the *law*. For the latter determines who is to count as a person, and consequently who can stand at the head of a business,” etc. (p. 65).

*Communications and transport* (pp. 75–76), p. 80 (Note).

From p. 82: where the “*exchange in the (natural) constituents of the mass of goods*” //of an economy, alias dubbed “*exchange of goods*” by Wagner, is declared to be Schäffle’s “*social exchange of matter*” — at least, one case of it; but I also used the word in the “natural” process of production for the exchange of matter between man and nature// *has been borrowed* from me, where exchange of matter first occurs in the analysis of C-M-C<sup>[35]</sup> and interruptions in the exchange of form, later also termed interruptions in the exchange of matter.

What Mr. Wagner goes on to say about the “*inner exchange*” of the goods in one branch of production (in his case an “individual enterprise”), partly with reference to their “use-value,” partly with reference to their “value,” is also discussed by me in the analysis of the first phase of C-M-C, namely C-M, in the example of the linenweaver (*Capital*, pp. 85, 86/87), where I conclude by saying: “Our owners of commodities therefore find out that the same division of labour that turns them into independent private producers, [also] makes the social process of production and their relations within that process independent of them themselves, and that the seeming mutual independence of the individuals from one another is supplemented by a system of all-round material dependence” (*Capital*, p. 87)<sup>[36]</sup>.

*Contracts for the commercial acquisition of goods.* Here the *vir obscurus* places mine and his on their heads. For him the law is first, and then comes commerce; in reality it is the other way round: first there is commerce, and then a legal system develops out of it. In the analysis of the circulation of commodities I have demonstrated that in developed bartering the participants tacitly acknowledge one another as equal persons and owners

of the respective goods to be exchanged by them; they already do that while offering their goods to each other and agreeing to trade with each other. This actual relation, which only arises through and in the exchange, is later given *legal form* in the contract, etc. but this form neither creates its content, the exchange, nor the *relationship between the persons inherent in it*, but vice versa. Wagner, on the other hand:

“*This acquisition*” //of goods through commerce// “necessarily presupposes a definite *legal system*, on *whose basis*” (!) “commerce takes place,” etc. (p. 84).

*Credit* Instead of giving the development of money as a *means of payment*, Wagner immediately turns the process of circulation, insofar as it occurs in such a form that the two equivalents do not confront each other as C-M at the same time, into a “*credit transaction*” (p. 85 ff.), which is “tied up” with the fact that this is frequently linked with the payment of “interest”; it also serves to “inspire confidence” and thus to depict “confidence” as a basis for “credit.”

About *Puchta's*<sup>[37]</sup> etc., juridical conception of “wealth,” according to which *debts*, too, belong to it as *negative components* (p. 86, Note 8).

*Credit* is “*consumptive credit*” or “*productive credit*” (p. 86). The former<sup>[38]</sup> predominating chiefly on a lower level of culture, the latter<sup>[39]</sup> on a “higher.”

As for the *causes of debt* //causes of pauperism: fluctuations in the harvest, war service, slave competition// in Ancient Rome (Jhering, 3rd ed., p. 234, II, 2. *Geist des römischen Rechts*).<sup>[40]</sup>

According to Mr. Wagner, “consumptive credit” prevails on the “lower level” among “lower, distressed” and “higher, extravagant” classes. *In fact*, in England and America “*consumptive credit*” is generally prevalent with the development of the deposit-bank system!

“In particular ... productive credit proves to be an economic factor of the economy based on private ownership of land and movable capital and allowing free competition. It is tied up with the possession of wealth, not with wealth as a purely economic category,” and is therefore only a “historico-legal category” “ (p. 87).

*Dependence of individual enterprise and wealth on the effects of the outside world, especially the influence of the state of the economy.*

1. *Changes in use-value*: improve in some cases with the *passage of time*, being the condition for certain processes in nature (*wine, cigars*,

violins, etc.).

“*Deteriorate* in the great *majority* of cases ... dissolve into their material constituents, *coincidences* of every kind.” Corresponds to “change” in exchange-value in the same direction, “increase in value” or “decrease in value” (pp. 96, 97). *Vid. concerning the house-rent agreement in Berlin* (p. 97, Note 2).

2. *Changes in human knowledge of the properties of the goods*: thereby “*increasing wealth*” in a *positive case*. // *Use of coal for the smelting of iron* in England around 1620, when the decline in forests was already threatening the existence of the ironworks; chemical discoveries, such as that of iodine (utilisation of iodine-bearing salt springs). Phosphorite as a fertiliser, anthracite as a heating agent. Substances for gas-lighting, photography. Discovery of dyes and medicines. Gutta-percha, rubber. Vegetable ivory (from *Phytelephas macrocarpa*). Creosote. Paraffin-wax candles. The use of *asphalt, of pine-needles* (pine-needle wool), of the gases in the blast-furnace, coal-tar for the preparation of aniline, woollen rags, sawdust, etc., etc.// *In negative cases, a decrease in utility and therefore in value* (as following the discovery of trichinae in pork, poisons in dyes, plants, etc.) (pp. 97, 98). Discovery of *mining products* in the earth, of new useful properties of these products, discovery of a new application for them increases *fortune of the landowner* (p. 98).

### 3. *Economic situation.*

Influence of *all* of the external “conditions,” which “essentially determine the *production of goods for commerce, demand and sale*” ... hence their “*exchange-value*,” also that of “*the individual finished goods*” ... “entirely or mainly *independently*” of the “economic subject,” “or proprietors” (p. 98). *The economic situation becomes a “crucial factor” in the “system of free competition*” (p. 99). Thus someone—“by means of the *Principle of private property*” gains “what he has not *earned*,” and so someone else incurs a “*forfeit*,” “*economically unwarranted losses*.”

Concerning *speculation* (Note 10, p. 101). *Housing prices* (p. 102, Note 11). *Coal and iron industry* (p. 102, Note 12). *Innumerable changes in technology* reduce the value of industrial products as the instruments of production (pp. 102, 103).

In “an economy progressing in population and prosperity, the *favourable chances* ... *preponderate*, albeit with occasional temporary and local

setbacks and fluctuations, in the case of *landed property*, especially in the case of *urban (city) property*” (p. 102).

“Thus the economic situation directs profits into the hands of the *landed proprietor*” (p. 103). “These, like most other *profits on value due to the state of the economy* ... are simply *nothing but “gambling winnings,”* to which correspond “*gambling losses*” (p. 103).

Ditto about “Grain Trade” (p. 103, Note 15).

It must thus be “openly acknowledged: ... the economic situation of the individual or family” is “*essentially another product of the economic situation*” and this “necessarily undermines the significance of *personal economic responsibility*” (pp. [104,] 105).

If, therefore, “the *present organisation* of the economy and the *legal basis* for it” (!) “hence private ownership of ... land and capital” etc. is “for them mainly an *immutable institution,*” then, after a good deal of prattle, there are no means “of combatting ... *the causes*” //of the ensuing evils, such as stagnation in sales, crises, the dismissal of workers, wage-cuts, etc.//, “hence *not* of the evil itself,” whereas Mr. Wagner imagines he is combatting the “symptoms,” the “consequences of the evil” by meeting “*profits arising from the state of the economy*” with “taxes” — the “*losses,*” “economically unwarranted,” the product of the state of the economy, by a “rational ... *system of insurance*” (p. 105).

This, says the obscure man, is the result of considering the present mode of production and its “legal basis” as “immutable”; but his research, going more deeply than socialism, will get to grips with the “issue itself.” *Nous verrons*,<sup>[41]</sup> won't we?

*Chief individual elements affecting the state of the economy.*

1. *Fluctuations in the harvest yields of staple foods* under the influence of the weather and political conditions, such as disruptions in cultivation due to war. Producers and consumers affected by it (p. 106). //On grain merchants: Tooke, *History of Prices*<sup>[42]</sup>; for Greece: Böckh, *Staatshaushalt der Athener*, I, 1, § 15; for Rome: Jhering, *Geist*, p. 238.<sup>[43]</sup> *Increased mortality among the lower strata of the population* nowadays with every slight rise in prices, “*certainly a proof how little the average wage of the mass of the working classes exceeds the amount absolutely essential for life*” (p. 106, Note 19). “*Improvements in means of communication*” //”at the same time,” he adds in Note 20, “the most important condition for a speculative grain trade able to level out prices”//, *changes in cultivation*

*methods //”crop rotation economy,”* by means of “the cultivation of *various* products which are favoured or handicapped differently by varying weather conditions”//; “hence *smaller fluctuations in grain prices within shorter periods of time* compared with “the Middle Ages and antiquity.” But fluctuations still very great even now (see Note 22, p. 107; *facts* *ibid.*).

2. *Changes in technology. New production methods.* Bessemer steel in place of iron, etc., p. 107 (cf. Note 23). Introduction of machines instead of manual labour.

3. Changes in the means of communication and transport, influencing the spatial movement of men and goods. Thereby in particular

... the *value of land* and the articles of *low specific value* affected; whole branches of production compelled to make a difficult transition to other working methods (p. 107).

//In addition Note 24, *ib.* The *increase in land value in the vicinity of good communications*, on account of the better sales of products made there; *the facilitation of population concentration* in towns, hence *enormous rise in value of urban land* and *land-value* in the vicinity of such places. Transport made easier from areas with *hitherto low* prices for grain and other agricultural and forestry raw materials, mining products to areas with higher prices; the result being a deterioration of the economic situation for all elements of the population with a more stable income in the former<sup>[44]</sup> areas, and on the other hand the favouring of the producers and particularly the landowners in the same places. The easier transport (import!) of grain and other substances of low specific value has the reverse effect. Favours the consumers but prejudicial to the producers in the country of origin; necessitating a transition to other kinds of production, as in England from grain cultivation to stockraising in the forties, as a result of the competition from cheap East European corn in Germany. Difficult situation for German farmers (first) owing to the climate, then owing to the recent large wage increases, which they are not able to add on to the products as easily as the industrialists, and so on.//

4. *Changes in taste! Fashions, etc.*, often occurring rapidly in a short space of time.

5. *Political changes* in the sphere of national and international commerce (war, revolution, etc.); insofar as *confidence and lack of confidence* [become] *more and more important* with increasing division of labour, the

extension of international etc., commerce, the role of the credit factor, the monstrous dimensions of modern warfare, etc. (p. 108).

6. *Changes in agricultural, business and trade policy* (example: Reform of the British Corn Laws).

7. Changes in the *geographic distribution and overall economic situation of the whole population*, such as migration from the country into the towns (pp. 108, 109).

8. *Changes in the social and economic situation of individual strata of the population*, such as through granting the freedom of coalition, etc. (p. 109). //The French 5 milliards, Note 29, ib.//

*Costs in the individual enterprise.* In the “value” producing “labour,” in which all costs resolve themselves, “labour” in the proper *broad* sense, in particular, must also be included, whereby it “embraces *everything* which is necessary by way of purposeful human activities for the creation of revenues,” hence particularly “the *intellectual labour* of the leader and the activity whereby capital is created and employed,” “therefore” the “*capital gain*” financing this activity also belongs to the “constitutive elements of costs.” “This view stands in contradiction to the socialist theory of value and costs and critique of capital” (p. 111).

The obscure man falsely attributes to me the view that “the *surplus-value* produced by the workers *alone* remains, *in an unwarranted manner*, in the hands of the capitalist entrepreneurs” (Note 3, p. 114). In fact I say the exact opposite: that the production of commodities must necessarily become “capitalist” production of commodities at a certain point, and that according to the *law of value* governing it, the “surplus-value” rightfully belongs to the capitalist and not the worker. Instead of engaging in such sophistry, the academic socialist character of the *vir obscurus* proves itself with the following banality, that the

“Uncompromising opponents of the socialists” “overlook the numerous actual *cases of exploitative relations* in which net profits are *not properly*” (!) “distributed, *and the individual enterprise production costs* of the companies are reduced far too much to the detriment of the workers (including the lenders of capital) and to the advantage of the employers” (l.c.).

*National income in England and France* (p. 120,  $\chi-\phi$ ).

*The annual gross income of a nation:*

1. Sum total of goods *newly* produced that year. *Domestic raw materials* being included entirely according to their value; the *articles manufactured out of these and out of foreign materials* //to avoid a double assessment of raw products// at the *amount of increase in value attained by manufacturing labour; raw materials and semimanufactured goods sold and transported in trade*, at the amount of the increase in value effected thereby.

2. *Import of money and commodities from abroad* in the form of interest from the *claims* of the country *arising from credit business*, or from *capital investments* by home nationals abroad.

3. *Freightage* actually paid to *domestic shipping companies* by means of the import of foreign goods *during the course of foreign trade and transit-trade*.

4. *Cash or commodities imported* from abroad in the form of *remittances to aliens staying in the country*.

5. *The import of nonrepayable gifts*, such as *permanent tributes* to the country from abroad, or *continuing immigration and consequent regular immigration wealth*.

6. *Value surplus from the import of commodities and money resulting from international<sup>[45]</sup> trade* //but then deduct, 2. *export* abroad//.

7. *Sum value of revenue from useful wealth* (as from dwellinghouses, etc.) (pp. 121, 122).

For the *net income* deduct, among other things, the “export of goods in payment for the *freightage of foreign shipping companies*” (p. 123). //The matter is not so simple: *the price of production (domestic) + freight = selling price*. If the country exports its own commodities in its own ships, then the foreign country pays the freight charges, if the market price prevailing there, etc.//

“Besides permanent tributes, regular payments to *foreign subjects abroad* (bribes and retainers, as paid by Persia to Greeks, *payments to foreign scholars* under Louis XIV, St. Peter’s Money) must be taken into account” (p. 123, Note 9).

Why not the *subsidies* which the German princes regularly used to receive from France and England?

*Vid.* the naive sorts of *income components of private individuals* consisting of “services performed by state and church” (p. 125, Note 14).

*Individual and national assessment of value.*

*The destruction of a part of a stock of goods* in order to sell the rest at a higher price is called by *Cournot*, *Recherches sur les principes mathématiques de la théorie des richesses*, 1838, “une véritable création de richesse dans le sens commercial du mot”<sup>[46]</sup> (p. 127, Note 3).

Cf. as regards the decline of private individuals’ consumption *supplies*, or, as *Wagner* terms it, of their “*useful capital*” in our cultural period, in *Berlin* in particular, p. 128, Note 5, p. 129, Notes 8 and 10; in addition, too little money or *working capital* proper in the production enterprise itself, p. 130 and *ibid.*, Note 11.

*Comparatively greater importance of foreign trade* nowadays, p. 131, Note 13, p. 132, Note 3.

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# SECRET DIPLOMATIC HISTORY OF THE EIGHTEENTH CENTURY



*Translated by Eleanor Marx Aveling*

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## **PUBLISHER'S PREFACE**

In the Preface to "The Eastern Question," by Karl Marx, published in 1897, the Editors, Eleanor Marx Aveling and Edward Aveling, referred to two series of papers entitled "The Story of the Life of Lord Palmerston," and "Secret Diplomatic History of the Eighteenth Century," which they promised to publish at an early date.

Mrs. Aveling did not live long enough to see these papers through the press, but she left them in such a forward state, and we have had so many inquiries about them since, that we venture to issue them without Mrs. Aveling's final revision in two shilling pamphlets.

THE PUBLISHERS.

# CHAPTER I

No. 1. Mr. Rondeau to Horace Walpole.

“Petersburg, *17th August, 1736.*

“ ... I heartily wish ... that the Turks could be brought to condescend to make the first step, for this Court seems resolved to hearken to nothing till that is done, to mortify the Porte, that has on all occasions spoken of the Russians with the greatest contempt, which the Czarina and her present Ministers cannot bear. Instead of being obliged to Sir Everard Fawkner and Mr. Thalman (the former the British, the latter the Dutch Ambassador at Constantinople), for informing them of the good dispositions of the Turks, Count Oestermann will not be persuaded that the Porte is sincere, and seemed very much surprised that they had written to them (the Russian Cabinet) without order of the King and the States-General, or without being desired by the Grand Vizier, and that their letter had not been concerted with the Emperor’s Minister at Constantinople.... I have shown Count Biron and Count Oestermann the two letters the Grand Vizier has written to the King, and at the same time told these gentlemen that as there was in them several hard reflections on this Court, I should not have communicated them if they had not been so desirous to see them. Count Biron said that was nothing, for they were used to be treated in this manner by the Turks. I desired their Excellencies not to let the Porte know that they had seen these letters, which would sooner aggravate matters than contribute to make them up....”

No. 2. Sir George Macartney to the Earl of Sandwich.

“St. Petersburg, *1st (12th) March, 1765.*

“Most Secret.

“ ... Yesterday M. Panin and the Vice-Chancellor, together with M. Osten, the Danish Minister, signed a treaty of alliance between this Court and that of Copenhagen. By one of the articles, a war with Turkey is made a *casus fœderis*; and whenever that event happens, Denmark binds herself to pay Russia a subsidy of 500,000 roubles per annum, by quarterly payments. Denmark also, by a most secret article, promises to disengage herself from all French connections, demanding only a limited time to endeavour to obtain the arrears due to her by the Court of France. At all events, she is

immediately to enter into all the views of Russia in Sweden, and to act entirely, though not openly, with her in that kingdom. Either I am deceived or M. Gross has misunderstood his instructions, when he told your lordship that Russia intended to stop short, and leave all the burden of Sweden upon England. However desirous this Court may be that we should pay a large proportion of every pecuniary engagement, yet, I am assured, she will always choose to take the lead at Stockholm. Her design, her ardent wish, is to make a common cause with England and Denmark, for the total annihilation of the French interest there. This certainly cannot be done without a considerable expense; but Russia, at present, does not seem unreasonable enough to expect that WE SHOULD PAY THE WHOLE. It has been hinted to me that £1,500 per annum, on our part, would be sufficient to support our interest, and absolutely prevent the French from ever getting at Stockholm again.

“The Swedes, highly sensible of, and very much mortified at, the dependent situation they have been in for many years, are extremely jealous of every Power that intermeddles in their affairs, and particularly so of their neighbours the Russians. This is the reason assigned to me for this Court’s desiring that we and they should act upon SEPARATE bottoms, still preserving between our respective Ministers a confidence without reserve. That our first care should be, not to establish a faction under the name of a Russian or of an English faction; but, as even the wisest men are imposed upon by a mere name, to endeavour to have OUR friends distinguished as the friends of liberty and independence. At present we have a superiority, and the generality of the nation is persuaded how very ruinous their French connections have been, and, if continued, how very destructive they will be of their true interests. M. Panin does by no means desire that the smallest change should be made in the constitution of Sweden. He wishes that the royal authority might be preserved without being augmented, and that the privileges of the people should be continued without violation. He was not, however, without his fears of the ambitious and intriguing spirit of the Queen, but the great ministerial vigilance of Count Oestermann has now entirely quieted his apprehensions on that head.

“By this new alliance with Denmark, and by the success in Sweden, which this Court has no doubt of, if properly seconded, M. Panin will, in some measure, have brought to bear his grand scheme of uniting the Powers of the North. Nothing, then, will be wanted to render it entirely perfect, but

the conclusion of a treaty alliance with Great Britain. I am persuaded this Court desires it most ardently. The Empress has expressed herself more than once, in terms that marked it strongly. Her ambition is to form, by such an union, a certain counterpoise to the family compact, and to disappoint, as much as possible, all the views of the Courts of Vienna and Versailles, against which she is irritated with uncommon resentment. I am not, however, to conceal from your lordship that we can have no hope of any such alliance, unless we agree, by some secret article, to pay a subsidy in case of a Turkish war, for no money will be desired from us, except upon an emergency of that nature. I flatter myself I have persuaded this Court of the unreasonableness of expecting any subsidy in time of peace, and that an alliance upon an equal footing will be more safe and more honourable for both nations. I can assure your lordship that a Turkish war's being a *casus fœderis*, inserted either in the body of the treaty or in a secret article, will be a *sine quâ non* in every negotiation we may have to open with this Court. The obstinacy of M. Panin upon that point is owing to the accident I am going to mention. When the treaty between the Emperor and the King of Prussia was in agitation, the Count Bestoucheff, who is a mortal enemy to the latter, proposed the Turkish clause, persuaded that the King of Prussia would never submit to it, and flattering himself with the hopes of blowing up that negotiation by his refusal. But this old politician, it seemed, was mistaken in his conjecture, for his Majesty immediately consented to the proposal on condition that Russia should make no alliance with any other Power but on the same terms. This is the real fact, and to confirm it, a few days since, Count Solme, the Prussian Minister, came to visit me, and told me that if this Court had any intention of concluding an alliance with ours without such a clause, he had orders to oppose it in the strongest manner. Hints have been given me that if Great Britain were less inflexible in that article, Russia will be less inflexible in the article of export duties in the Treaty of Commerce, which M. Gross told your lordship this Court would never depart from. I was assured at the same time, by a person in the highest degree of confidence with M. Panin, that if we entered upon the Treaty of Alliance the Treaty of Commerce would go on with it *passibus æquis*; that then the latter would be entirely taken out of the hands of the College of Trade, where so many cavils and altercations had been made, and would be settled only between the Minister and myself, and that he was sure it would be concluded to our satisfaction, provided the Turkish clause

was admitted into the Treaty of Alliance. I was told, also, that in case the Spaniards attacked Portugal, we might have 15,000 Russians in our pay to send upon that service. I must entreat your lordship on no account to mention to M. Gross the secret article of the Danish Treaty.... That gentleman, I am afraid, is no well-wisher to England.”

No. 3. — Sir James Harris to Lord Grantham.

“Petersburg, 16 (27 August), 1782.

“(Private.)

“ ... On my arrival here I found the Court very different from what it had been described to me. So far from any partiality to England, its bearings were entirely French. The King of Prussia (then in possession of the Empress’ ear) was exerting his influence against us. Count Panin assisted him powerfully; Lacy and Corberon, the Bourbon Ministers, were artful and intriguing; Prince Potemkin had been wrought upon by them; and the whole tribe which surrounded the Empress — the Schuwaloffs, Stroganoffs, and Chernicheffs — were what they still are, *garçons perruquiers de Paris*. Events seconded their endeavours. The assistance the French affected to afford Russia in settling its disputes with the Porte, and the two Courts being immediately after united as mediators at the Peace of Teschen, contributed not a little to reconcile them to each other. I was, therefore, not surprised that all my negotiations with Count Panin, *from February, 1778, to July, 1779*, should be unsuccessful, as he meant to prevent, not to promote, an alliance. It was in vain we made concessions to obtain it. He ever started fresh difficulties; had ever fresh obstacles ready. A very serious evil resulted, in the meanwhile, from my apparent confidence in him. He availed himself of it to convey in his reports to the Empress, not the language I employed, and the sentiments I actually expressed, but the language and sentiments he wished I should employ and express. He was equally careful to conceal her opinions and feelings from me; and while he described England to her as obstinate, and overbearing, and reserved, he described the Empress to me as displeased, disgusted, and indifferent to our concerns; and he was so convinced that, by this double misrepresentation, he had shut up every avenue of success that, at the time when I presented to him the Spanish declaration, he ventured to say to me, ministerially, ‘*That Great Britain had, by its own haughty conduct, brought down all its misfortunes on itself; that they were now at their height; that we must*

*consent to any concession to obtain peace; and that we could expect neither assistance from our friends nor forbearance from our enemies.'* I had temper enough not to give way to my feelings on this occasion.... I applied, without loss of time, to Prince Potemkin, and, by his means, the Empress *condescended* to see me alone at Peterhoff. I was so fortunate in this interview, as not only to efface all bad impressions she had against us, but by stating in its true light, our situation, and the inseparable interests of Great Britain and Russia, to raise in her mind a decided resolution to assist us. *This resolution she declared to me in express words.* When this transpired — and Count Panin was the first who knew it — he became my implacable and inveterate enemy. He not only thwarted by falsehoods and by a most undue exertion of his influence my public negotiations, but employed every means the lowest and most vindictive malice could suggest to depreciate and injure me personally; and from the very infamous accusations with which he charged me, had I been prone to fear, I might have apprehended the most infamous attacks at his hands. This relentless persecution still continues; it has outlived his Ministry. *Notwithstanding the positive assurances I had received from the Empress herself,* he found means, first to stagger, and afterwards to alter her resolutions. He was, indeed, very officiously assisted by his Prussian Majesty, who, at the time, was as much bent on oversetting our interest as he now seems eager to restore it. I was not, however, disheartened by this first disappointment, and, by redoubling my efforts, *I have twice more, during the course of my mission, brought the Empress to the verge (!) of standing forth our professed friend,* and, each time, my *expectations were grounded on assurances from her own mouth.* The first was when *our enemies conjured up the armed neutrality;* the other when Minorca was offered her. Although, on the first of these occasions, I found the same opposition from the same quarter I had experienced before, yet I am compelled to say that the principal cause of my failure was attributable to the very awkward manner in which we replied to the famous neutral declaration of February, 1780. As I well knew from what quarter the blow would come, I was prepared to parry it. *My opinion was: 'If England feels itself strong enough to do without Russia, let it reject at once these new-fangled doctrines; but if its situation is such as to want assistance, let it yield to the necessity of the hour, recognise them as far as they relate to Russia alone, and by a well-timed act of complaisance insure itself a powerful friend.'* My opinion was

not received; an ambiguous and trimming answer was given; *we seemed equally afraid to accept or dismiss them. I was instructed secretly to oppose, but avowedly to acquiesce in them,* and some unguarded expressions of one of its then confidential servants, made use of in speaking to Mr. Simolin, in direct contradiction to the temperate and cordial language that Minister had heard from Lord Stormont, *irritated* the Empress to the last degree, and completed the *dislike* and *bad opinion* she entertained of that Administration. Our enemies took advantage of these *circumstances*.... I suggested the idea of giving up Minorca to the Empress, *because, as it was evident to me we should at the peace be compelled to make sacrifices, it seemed to me wiser to make them to our friends than to our enemies.* The idea was adopted at home in its whole extent, *and nothing could be more perfectly calculated to the meridian of this Court than the judicious instructions I received on this occasion from Lord Stormont.* Why this project failed I am still at a loss to learn. *I never knew the Empress incline so strongly to any one measure as she did to this, before I had my full powers to treat, nor was I ever more astonished than when I found her shrink from her purpose when they arrived.* I imputed it at the same time, in my own mind, to the *rooted aversion she had for our Ministry,* and her *total want of confidence in them;* but I since am more strongly disposed to believe that she consulted the Emperor (of Austria) on the subject, and that he not only prevailed on her to decline the offer, but betrayed the secret to France, and that it thus became public. I cannot otherwise account for this *rapid change of sentiment in the Empress,* particularly as *Prince Potemkin* (whatever he might be in other transactions) was certainly in this *cordial and sincere* in his support, and both from what I saw at the time, and from what has since come to my knowledge, *had its success at heart as much as myself.* You will observe, my lord, that *the idea of bringing the Empress forward as a friendly mediatrix went hand-in-hand with the proposed cession of Minorca.* As this idea has given rise to what has since followed, and involved us in all the dilemmas of the present mediation, it will be necessary for me to explain what my views then were, and to exculpate myself from the blame of having placed my Court in so embarrassing a situation, *my wish and intention was that she should be sole mediatrix without an adjoint;* if you have perused what passed between her and me, in December, 1780, your lordship will readily perceive how very potent reasons I had to imagine she would be a friendly and even a partial one. I

knew, indeed, she was unequal to the task; but I knew, too, how greatly *her vanity* would be flattered by this distinction, and was well aware that when once engaged she would persist, and be inevitably involved in our quarrel, particularly when it should appear (and appear it would) that we had *gratified* her with Minorca. The annexing to the mediation the other (Austrian) Imperial Court entirely overthrew this plan. It not only afforded her a pretence for not keeping her word, but piqued and mortified her; and it was under this impression that she made over the whole business to the colleague we had given her, and ordered her Minister at Vienna to subscribe implicitly to whatever the Court proposed. Hence all the evils which have since arisen, and hence those we at this moment experience. I myself could never be brought to believe that the Court of Vienna, as long as Prince Kaunitz directs its measures, can mean England any good or France any harm. It was not with that view that I endeavoured to promote its influence here, but because *I found that of Prussia in constant opposition to me*; and because I thought that if I could by any means smite this, I should get rid of my greatest obstacle. I was mistaken, and, by a singular fatality, the Courts of Vienna and Berlin seem never to have agreed in anything but in the disposition to prejudice us here by turns. The proposal relative to Minorca was the last attempt I made to induce the Empress to stand forth. I had exhausted my strength and resources; the freedom with which I had spoken in my last interview with her, though respectful, had *displeased*; and *from this period to the removal of the late Administration*, I have been reduced to act on the defensive.... I have had more difficulty in preventing the Empress from doing harm than I ever had in attempting to engage her to do us good. It was to prevent evil, that I inclined strongly for the acceptance of *her single mediation between us and Holland, when her Imperial Majesty first offered it*. The *extreme dissatisfaction* she expressed *at our refusal* justified my opinion; and I TOOK UPON ME, when it was proposed a second time, *to urge the necessity of its being agreed to* (ALTHOUGH I KNEW IT TO BE IN CONTRADICTION OF THE SENTIMENTS OF MY PRINCIPAL), since I firmly believed, had we again declined it, the Empress would, in a *moment of anger*, have joined the Dutch against us. As it is, *all has gone on well*; our *judicious* conduct has transferred to them the *ill-humour* she originally was in with us, and she now is as partial to our cause as she was before partial to theirs. *Since the new Ministry in England, my road has been made smoother*; the great and new path struck out by *your*

*predecessor, and which you, my lord, pursue, has operated a most advantageous change in our favour upon the Continent. Nothing, indeed, but events which come home to her, will, I believe, ever induce her Imperial Majesty to take an active part; but there is now a strong glow of friendship in our favour; she approves our measures; she trusts our Ministry, and she gives way to that predilection she certainly has for our nation.* Our enemies know and feel this; it keeps them in awe. This is a succinct but accurate sketch of what has passed at this Court from the day of my arrival at Petersburg to the present hour. Several inferences may be deduced from it. That the Empress is led by her passions, not by reason and argument; that her prejudices are very strong, easily acquired, and, when once fixed, irremovable; while, on the contrary, there is no sure road to her good opinion; that even when obtained, it is subject to perpetual fluctuation, and liable to be biassed by the most trifling incidents; that till she is fairly embarked in a plan, no assurances can be depended on; but that when once fairly embarked, she never retracts, and may be carried any length; that with very bright parts, an elevated mind, an uncommon sagacity, she wants *judgment, precision of idea, reflection, and L'ESPRIT DE COMBINAISON(!)* That her Ministers are either ignorant of, or indifferent to, the welfare of the State, and act from a passive submission to her will, or from motives of party and private interests.”

4. (Manuscript) Account of Russia during the commencement of the Reign of the Emperor Paul, drawn up by the Rev. L. K. Pitt, Chaplain to the Factory of St. Petersburg, and a near Relative of William Pitt.

*Extract.*

“There can scarcely exist a doubt concerning the real sentiments of the late Empress of Russia on the great points which have, within the last few years, convulsed the whole system of European politics. She certainly felt from the beginning the fatal tendency of the new principles, but was not, perhaps, displeased to see every European Power exhausting itself in a struggle which raised, in proportion to its violence, her own importance. It is more than probable that the state of the newly acquired provinces in Poland was likewise a point which had considerable influence over the political conduct of Catherine. The fatal effects resulting from an apprehension of revolt in the late seat of conquest seem to have been felt in a very great degree by the combined Powers, who in the early period of the

Revolution were so near reinstating the regular Government in France. The same dread of revolt in Poland, which divided the attention of the combined Powers and hastened their retreat, deterred likewise the late Empress of Russia from entering on the great theatre of war, until a combination of circumstances rendered the progress of the French armies a more dangerous evil than any which could possibly result to the Russian Empire from active operations.... The last words which the Empress was known to utter were addressed to her Secretary when she dismissed him on the morning on which she was seized: ‘Tell Prince’ (Zuboff), she said, ‘to come to me at twelve, and to remind me of signing the Treaty of Alliance with England.’”

Having entered into ample considerations on the Emperor Paul’s acts and extravagances, the Rev. Mr. Pitt continues as follows:

“When these considerations are impressed on the mind, the nature of the late secession from the coalition, and of the incalculable indignities offered to the Government of Great Britain, can alone be fairly estimated.... But the ties which bind her (Great Britain) to the Russian Empire are formed by nature, and inviolable. United, these nations might almost brave the united world; divided, the strength and importance of each is FUNDAMENTALLY impaired. England has reason to regret with Russia that the imperial sceptre should be thus inconsistently wielded, but it is the sovereign of Russia alone who divides the Empires.”

The reverend gentleman concludes his account by the words:

“As far as human foresight can at this moment penetrate, the despair of an enraged individual seems a more probable means to terminate the present scene of oppression than any more systematic combination of measures to restore the throne of Russia to its dignity and importance.”

## CHAPTER II

The documents published in the first chapter extend from the reign of the Empress Ann to the commencement of the reign of the Emperor Paul, thus encompassing the greater part of the 18th century. At the end of that century it had become, as stated by the Rev. Mr. Pitt, the openly professed and orthodox dogma of English diplomacy, “*that the ties which bind Great Britain to the Russian Empire are formed by nature, and inviolable.*”

In perusing these documents, there is something that startles us even more than their contents — viz., their form. All these letters are “confidential,” “private,” “secret,” “most secret”; but in spite of secrecy, privacy, and confidence, the English statesmen converse among each other about Russia and her rulers in a tone of awful reserve, abject servility, and cynical submission, which would strike us even in the public despatches of Russian statesmen. To conceal intrigues against foreign nations secrecy is resorted to by Russian diplomatists. The same method is adopted by English diplomatists freely to express their devotion to a foreign Court. The secret despatches of Russian diplomatists are fumigated with some equivocal perfume. It is one part the *fumée de fausseté*, as the Duke of St. Simon has it, and the other part that coquettish display of one’s own superiority and cunning which stamps upon the reports of the French Secret Police their indelible character. Even the master despatches of Pozzo di Borgo are tainted with this common blot of the *littérature de mauvais lieu*. In this point the English secret despatches prove much superior. They do not affect superiority but silliness. For instance, can there be anything more silly than Mr. Rondeau informing Horace Walpole that he has betrayed to the Russian Minister the letters addressed by the Turkish Grand Vizier to the King of England, but that he had told “at the same time those gentlemen that as there were several hard reflections on the Russian Court he should not have communicated them, *if they had not been so anxious to see them,*” and then told their excellencies not to tell the Porte that they had seen them (those letters)! At first view the infamy of the act is drowned in the silliness of the man. Or, take Sir George Macartney. Can there be anything more silly than his happiness that Russia seemed “reasonable” enough not to expect that England “should pay the WHOLE EXPENSES” for Russia’s “choosing to take the lead at Stockholm”; or his “flattering himself” that he

had “persuaded the Russian Court” not to be so “unreasonable” as to ask from England, in a time of peace, subsidies for a time of war against Turkey (then the ally of England); or his warning the Earl of Sandwich “not to mention” to the Russian Ambassador at London the secrets mentioned to himself by the Russian Chancellor at St. Petersburg? Or can there be anything more silly than Sir James Harris confidentially whispering into the ear of Lord Grantham that Catherine II. was devoid of “judgment, precision of idea, reflection, and *l’esprit de combinaison*”?

On the other hand, take the cool impudence with which Sir George Macartney informs his minister that because the Swedes were extremely jealous of, and mortified at, their dependence on Russia, England was directed by the Court of St. Petersburg to do its work at Stockholm, under the British colours of liberty and independence! Or Sir James Harris advising England to surrender to Russia Minorca and the right of search, and the monopoly of mediation in the affairs of the world — not in order to gain any material advantage, or even a formal engagement on the part of Russia, but only “a strong glow of friendship” from the Empress, and the transfer to France of her “ill humour.”

The secret Russian despatches proceed on the very plain line that Russia knows herself to have no common interests whatever with other nations, but that every nation must be persuaded separately to have common interests with Russia to the exclusion of every other nation. The English despatches, on the contrary, never dare so much as hint that Russia has common interests with England, but only endeavour to convince England that she has Russian interests. The English diplomatists themselves tell us that this was the single argument they pleaded, when placed face to face with Russian potentates.

If the English despatches we have laid before the public were addressed to private friends, they would only brand with infamy the ambassadors who wrote them. Secretly addressed as they are to the British Government itself, they nail it for ever to the pillory of history; and, instinctively, this seems to have been felt, even by Whig writers, because none has dared to publish them.

The question naturally arises from which epoch this Russian character of English diplomacy, become traditionary in the course of the 18th century, does date its origin. To clear up this point we must go back to the time of

Peter the Great, which, consequently, will form the principal subject of our researches. We propose to enter upon this task by reprinting some English pamphlets, written at the time of Peter I., and which have either escaped the attention of modern historians, or appeared to them to merit none. However, they will suffice for refuting the prejudice common to Continental and English writers, that the designs of Russia were not understood or suspected in England until at a later, and too late, epoch; that the diplomatic relations between England and Russia were but the natural offspring of the mutual material interests of the two countries; and that, therefore, in accusing the British statesmen of the 18th century of Russianism we should commit an unpardonable hysteron-proteron. If we have shown by the English despatches that, at the time of the Empress Ann, England already betrayed her own allies to Russia, it will be seen from the pamphlets we are now about to reprint that, even before the epoch of Ann, at the very epoch of Russian ascendancy in Europe, springing up at the time of Peter I., the plans of Russia were understood, and the connivance of British statesmen at these plans was denounced by English writers.

The first pamphlet we lay before the public is called *The Northern Crisis*. It was printed in London in 1716, and relates to the intended Dano-Anglo-Russian *invasion of Skana* (Schonen).

During the year 1715 a northern alliance for the partition, not of Sweden proper, but of what we may call the Swedish Empire, had been concluded between Russia, Denmark, Poland, Prussia, and Hanover. That partition forms the first grand act of modern diplomacy — the logical premiss to the partition of Poland. The partition treaties relating to Spain have engrossed the interest of posterity because they were the forerunners of the War of Succession, and the partition of Poland drew even a larger audience because its last act was played upon a contemporary stage. However, it cannot be denied that it was the partition of the Swedish Empire which inaugurated the modern era of international policy. The partition treaty not even pretended to have a pretext, save the misfortune of its intended victim. For the first time in Europe the violation of all treaties was not only made, but proclaimed the common basis of a new treaty. Poland herself, in the drag of Russia, and personated by that commonplace of immorality, Augustus II., Elector of Saxony and King of Poland, was pushed into the foreground of the conspiracy, thus signing her own death-warrant, and not even enjoying the privilege reserved by Polyphemus to Odysseus — to be last eaten.

Charles XII. predicted her fate in the manifesto flung against King Augustus and the Czar, from his voluntary exile at Bender. The manifesto is dated January 28, 1711.

The participation in this partition treaty threw England within the orbit of Russia, towards whom, since the days of the “Glorious Revolution,” she had more and more gravitated. George I., as King of England, was bound to a defensive alliance with Sweden by the treaty of 1700. Not only as King of England, but as Elector of Hanover, he was one of the guarantees, and even of the direct parties to the treaty of Travendal, which secured to Sweden what the partition treaty intended stripping her of. Even his German electoral dignity he partly owed to that treaty. However, as Elector of Hanover he declared war against Sweden, which he waged as King of England.

In 1715 the confederates had divested Sweden of her German provinces, and to effect that end introduced the Muscovite on the German soil. In 1716 they agreed to invade Sweden Proper — to attempt an armed descent upon Schonon — the southern extremity of Sweden now constituting the districts of Malmoe and Christianstadt. Consequently Peter of Russia brought with him from Germany a Muscovite army, which was scattered over Zealand, thence to be conveyed to Schonon, under the protection of the English and Dutch fleets sent into the Baltic, on the false pretext of protecting trade and navigation. Already in 1715, when Charles XII. was besieged in Stralsund, eight English men-of-war, lent by England to Hanover, and by Hanover to Denmark, had openly reinforced the Danish navy, and even hoisted the Danish flag. In 1716 the British navy was commanded by his Czarish Majesty in person.

Everything being ready for the invasion of Schonon, there arose a difficulty from a side where it was least expected. Although the treaty stipulated only for 30,000 Muscovites, Peter, in his magnanimity, had landed 40,000 on Zealand; but now that he was to send them on the errand to Schonon, he all at once discovered that out of the 40,000 he could spare but 15,000. This declaration not only paralysed the military plan of the confederates, it seemed to threaten the security of Denmark and of Frederick IV., its king, as great part of the Muscovite army, supported by the Russian fleet, occupied Copenhagen. One of the generals of Frederick proposed suddenly to fall with the Danish cavalry upon the Muscovites and to exterminate them, while the English men-of-war should burn the Russian

fleet. Averse to any perfidy which required some greatness of will, some force of character, and some contempt of personal danger, Frederick IV. rejected the bold proposal, and limited himself to assuming an attitude of defence. He then wrote a begging letter to the Czar, intimating that he had given up his Schonen fancy, and requested the Czar to do the same and find his way home: a request the latter could not but comply with. When Peter at last left Denmark with his army, the Danish Court thought fit to communicate to the Courts of Europe a public account of the incidents and transactions which had frustrated the intended descent upon Schonen — and this document forms the starting point of *The Northern Crisis*.

In a letter addressed to Baron Görtz, dated from London, January 23, 1717, by Count Gyllenborg, there occur some passages in which the latter, the then Swedish ambassador at the Court of St. James's, seems to profess himself the author of *The Northern Crisis*, the title of which he does not, however, quote. Yet any idea of his having written that powerful pamphlet will disappear before the slightest perusal of the Count's authenticated writings, such as his letters to Görtz.

“The Northern Crisis; or Impartial Reflections on the Policies of the Czar; occasioned by Mynheer Von Stocken's Reasons for delaying the descent upon Schonen. A true copy of which is prefixed, verbally translated after the tenor of that in the German Secretary's Office in Copenhagen, October 10, 1716. London, 1716.

1. — *Preface* — ... 'Tis (the present pamphlet) not fit for lawyers' clerks, but it is highly convenient to be read by those who are proper students in the laws of nations; 'twill be but lost time for any stock-jobbing, trifling dealer in Exchange-Alley to look beyond the preface on't, but every merchant in England (more especially those who trade to the Baltic) will find his account in it. The Dutch (as the courants and postboys have more than once told us) are about to mend their hands, if they can, in several articles of trade with the Czar, and they have been a long time about it to little purpose. Inasmuch as they are such a frugal people, they are good examples for the imitation of our traders; but if we can outdo them for once, in the means of projecting a better and more expeditious footing to go upon, for the emolument of us both, let us, for once, be wise enough to set the example, and let them, for once, be our imitators. This little treatise will show a pretty plain way how we may do it, as to our trade in the Baltic, at this juncture. I desire no little *coffee-house politician* to meddle with it; but

to give him even a disrelish for my company. I must let him know that he is not fit for mine. Those who are even proficient in state science, will find in it matter highly fit to employ all their powers of speculation, which they ever before past negligently by, and thought (too cursorily) were not worth the regarding. No outrageous party-man will find it at all for his purpose; but every *honest Whig* and every *honest Tory* may each of them read it, not only without either of their disgusts, but with the satisfaction of them both... 'Tis not fit, in fine, for a mad, hectoring, Presbyterian Whig, or a raving, fretful, dissatisfied, Jacobite Tory.”

2. — The reasons handed about by Mynheer Von Stocken for delaying the descent upon Schonen.

“There being no doubt, but most courts will be surprised that the descent upon Schonen has not been put into execution, notwithstanding the great preparations made for that purpose; and that all his Czarish Majesty’s troops, who were in Germany, were transported to Zealand, not without great trouble and danger, partly by his own gallies, and partly by his Danish Majesty’s and other vessels; and that the said descent is deferred till another time. His Danish Majesty hath therefore, in order to clear himself of all imputation and reproach, thought fit to order, that the following true account of this affair should be given to all impartial persons. Since the Swedes were entirely driven out of their *German* dominions, there was, according to all the rules of policy, and reasons of war, no other way left, than vigorously to attack the still obstinate King of Sweden, in the very heart of his country; thereby, with God’s assistance, to force him to a lasting, good and advantageous peace for the allies. The King of Denmark and his Czarish Majesty were both of this opinion, and did, in order to put so good a design in execution, agree upon an interview, which at last (notwithstanding his Danish Majesty’s presence, upon the account of Norway’s being invaded, was most necessary in his own capital, and that the Muscovite ambassador, M. Dolgorouky, had given quite other assurances) was held at Ham and Horn, near Hamburgh, after his Danish Majesty had stayed there six weeks for the Czar. In this conference it was, on the 3rd of June, agreed between both their Majesties, after several debates, that the descent upon Schonen should positively be undertaken this year, and everything relating to the forwarding the same was entirely consented to. Hereupon his Danish Majesty made all haste for his return to his dominions, and gave orders to work day and night to get his fleet ready

to put to sea. The transport ships were also gathered from all parts of his dominions, both with inexpressible charges and great prejudice to his subjects' trade. Thus, his Majesty (as the Czar himself upon his arrival at Copenhagen owned) did his utmost to provide all necessaries, and to forward the descent, upon whose success everything depended. It happened, however, in the meanwhile, and before the descent was agreed upon in the conference at Ham and Horn, that his Danish Majesty was obliged to secure his invaded and much oppressed kingdom of Norway, by sending thither a considerable squadron out of his fleet, under the command of Vice-Admiral Gabel, which squadron could not be recalled before the enemy had left that kingdom, without endangering a great part thereof; so that out of necessity the said Vice-Admiral was forced to tarry there till the 12th of July, when his Danish Majesty sent him express orders to return with all possible speed, wind and weather permitting; but this blowing for some time contrary, he was detained.... The Swedes were all the while powerful at sea, and his Czarish Majesty himself did not think it advisable that the remainder of the Danish, in conjunction with the men-of-war then at Copenhagen, should go to convoy the Russian troops from Rostock, before the above-mentioned squadron under Vice-Admiral Gabel was arrived. This happening at last in the month of August, the confederate fleet put to sea; and the transporting of the said troops hither to Zealand was put in execution, though with a great deal of trouble and danger, but it took up so much time that the descent could not be ready till September following. Now, when all these preparations, as well for the descent as the embarking the armies, were entirely ready, his Danish Majesty assured himself that the descent should be made within a few days, at farthest by the 21st of September. The Russian Generals and Ministers first raised some difficulties to those of Denmark, and afterwards, on the 17th September, declared in an appointed conference, that his Czarish Majesty, considering the present situation of affairs, was of opinion that neither forage nor provision could be had in Schonen, and that consequently the descent was not advisable to be attempted this year, but ought to be put off till next spring. It may easily be imagined how much his Danish Majesty was surprised at this; especially seeing the Czar, if he had altered his opinion, as to this design so solemnly concerted, might have declared it sooner, and thereby saved his Danish Majesty several tons of gold, spent upon the necessary preparations. His Danish Majesty did, however, in a letter dated

the 20th of September, amply represent to the Czar, that although the season was very much advanced, the descent might, nevertheless, easily be undertaken with such a superior force, as to get a footing in Schonen, where being assured there had been a very plentiful harvest, he did not doubt but subsistence might be found; besides, that having an open communication with his own countries, it might easily be transported from thence. His Danish Majesty alleged also several weighty reasons why the descent was either to be made this year, or the thoughts of making it next spring entirely be laid aside. *Nor did he alone make these moving remonstrances to the Czar; but his British Majesty's Minister residing here, as well as Admiral Norris, seconded the same also in a very pressing manner; and by express order of the King, their master, endeavoured to bring the Czar into their opinion, and to persuade him to go on with the descent;* but his Czarish Majesty declared by his answer, that he would adhere to the resolution that he had once taken concerning this delay of making the descent; but if his Danish Majesty was resolved to venture on the descent, that he then, according to the treaty made near Straelsund, would assist him only with the 15 battalions and 1,000 horse therein stipulated; that next spring he would comply with everything else, and neither could or would declare himself farther in this affair. Since then, his Danish Majesty could not, without running so great a hazard, undertake so great a work alone with his own army and the said 15 battalions; he desired, in another letter of the 23rd September, his Czarish Majesty would be pleased to add 13 battalions of his troops, in which case his Danish Majesty would still this year attempt the descent; but even this could not be obtained from his Czarish Majesty, who absolutely refused it by his ambassador on the 24th ditto: whereupon his Danish Majesty, in his letter of the 26th, declared to the Czar, that since things stood thus, he desired none of his troops, but that they might be all speedily transported out of his dominions; that so the transport, whose freight stood him in 40,000 rix dollars per month, might be discharged, and his subjects eased of the intolerable contributions they now underwent. This he could not do less than agree to; and accordingly, all the Russian troops are already embarked, and intend for certain to go from here with the first favourable wind. It must be left to Providence and time, to discover what may have induced the Czar to a resolution so prejudicial to the Northern Alliance, and most advantageous to the common enemy.

If we would take a true survey of men, and lay them open in a proper light to the eye of our intellects, *we must first consider their natures* and then *their ends*; and by this method of examination, though their conduct is, seemingly, full of intricate mazes and perplexities, and winding round with infinite meanders of state-craft, we shall be able to dive into the deepest recesses, make our way through the most puzzling labyrinths, and at length come to the most abstruse means of bringing about the master secrets of their minds, and to unriddle their utmost mysteries.... The Czar ... is, by nature, of a great and enterprising spirit, and of a genius thoroughly politic; and as for his ends, the manner of his own Government, where he sways arbitrary lord over the estates and honours of his people, must make him, if all the policies in the world could by far-distant aims promise him accession and accumulation of empire and wealth, be everlastingly laying schemes for the achieving of both with the extremest cupidity and ambition. Whatever ends an insatiate desire of opulency, and a boundless thirst for dominion, can ever put him upon, to satisfy their craving and voracious appetites, those must, most undoubtedly, be his.

The next questions we are to put to ourselves are these three:

1. By what means can he gain these ends?
2. How far from him, and in what place, can these ends be best obtained?
3. And by what time, using all proper methods and succeeding in them, may he obtain these ends?

The possessions of the Czar were prodigious, vast in extent; the people all at his nod, all his downright arrant slaves, and all the wealth of the country his own at a word's command. But then the country, though large in ground, was not quite so in produce. Every vassal had his gun, and was to be a soldier upon call; but there was never a soldier among them, nor a man that understood the calling; and though he had all their wealth, they had no commerce of consequence, and little ready money; and consequently his treasury, when he had amassed all he could, very bare and empty. He was then but in an indifferent condition to satisfy those two natural appetites, when he had neither wealth to support a soldiery, nor a soldiery trained in the art of war. The first token this Prince gave of an aspiring genius, and of an ambition that is noble and necessary in a monarch who has a mind to flourish, was to believe none of his subjects more wise than himself, or more fit to govern. He did so, and looked upon his own proper person as the most fit to travel out among the other realms of the world and study politics

for the advancing of his dominions. He then seldom pretended to any warlike dispositions against those who were instructed in the science of arms; his military dealings lay mostly with the Turks and Tartars, who, as they had numbers as well as he, had them likewise composed, as well as his, of a rude, uncultivated mob, and they appeared in the field like a raw, undisciplined militia. In this his Christian neighbours liked him well, insomuch as he was a kind of stay or stopgap to the infidels. But when he came to look into the more polished parts of the Christian world, he set out towards it, from the very threshold, like a natural-born politician. He was not for learning the game by trying chances and venturing losses in the field so soon; no, he went upon the maxim *that it was, at that time of day, expedient and necessary for him to carry, like Samson, his strength in his head, and not in his arms*. He had then, he knew, but very few commodious places for commerce of his own, and those all situated in the *White Sea*, too remote, frozen up the most part of the year, and not at all fit for a fleet of men-of-war; but he knew of many more commodious ones of his neighbours in the Baltic, and within his reach whenever he could strengthen his hands to lay hold of them. He had a longing eye towards them; but with prudence seemingly turned his head another way, and secretly entertained the pleasant thought that he should come at them all in good time. Not to give any jealousy, he endeavours for no help from his neighbours to instruct his men in arms. That was like asking a skilful person, one intended to fight a duel with, to teach him first how to fence. *He went over to Great Britain*, where he knew that potent kingdom could, as yet, have no jealousies of his growth of power, and in the eye of which his vast extent of nation lay neglected and unconsidered and overlooked, as I am afraid it is to this very day. He was present at all our exercises, looked into all our laws, inspected our military, civil, and ecclesiastical regimen of affairs; yet this was the least he then wanted; this was the slightest part of his errand. But by degrees, when he grew familiar with our people, he visited our docks, pretending not to have any prospect of profit, but only to take a huge delight (the effect of curiosity only) to see our manner of building ships. He kept his court, as one may say, in our shipyard, so industrious was he in affording them his continual Czarish presence, and to his immortal glory for art and industry be it spoken, that the great Czar, by stooping often to the employ, could handle an axe with the best artificer of them all; and the monarch having a good mathematical head of his own, grew in some time a

very expert royal shipwright. A ship or two for his diversion made and sent him, and then two or three more, and after that two or three more, would signify just nothing at all, if they were granted to be sold to him by the *Maritime Powers*, that could, at will, lord it over the sea. It would be a puny inconsiderable matter, and not worth the regarding. Well, but then, over and above this, he had artfully insinuated himself into the goodwill of many of our best workmen, and won their hearts by his good-natured familiarities and condescension among them. To turn this to his service, he offered many very large premiums and advantages to go and settle in his country, which they gladly accepted of. A little after he sends over some private ministers and officers to negotiate for more workmen, for land officers, and likewise for picked and chosen good seamen, who might be advanced and promoted to offices by going there. Nay, even to this day, any expert seaman that is upon our traffic to the port of Archangel, if he has the least spark of ambition and any ardent desire to be in office, he need but offer himself to the sea-service of the Czar, and he is a lieutenant immediately. Over and above this, that Prince has even found the way to take by force into his service out of our merchant ships as many of their ablest seamen as he pleased, giving the masters the same number of raw Muscovites in their place, whom they afterwards were forced in their own defence to make fit for their own use. Neither is this all; he had, during the last war, many hundreds of his subjects, both noblemen and common sailors, on board *ours, the French and the Dutch fleets*; and he has all along maintained, and still maintains numbers of them in *ours and the Dutch yards*.

But seeing he looked all along upon all these endeavours towards improving himself and his subjects as superfluous, whilst a seaport was wanting, where he might build a fleet of his own, and from whence he might himself export the products of his country, and import those of others; and finding the King of Sweden possessed of the most convenient ones, I mean Narva and Revel, which he knew that Prince never could nor would amicably part with, he at last resolved to wrest them out of his hands by force. His *Swedish Majesty's* tender youth seemed the fittest time for this enterprise, but even then he would not run the hazard alone. He drew in other princes to divide the spoil with him. And the *Kings of Denmark and Poland* were weak enough to serve as instruments to forward the great and ambitious views of the Czar. It is true, he met with a mighty hard rub at his very first setting out; his whole army being entirely defeated by a handful of

Swedes at Narva. But it was his good luck that his Swedish Majesty, instead of improving so great a victory against him, turned immediately his arms against the King of Poland, against whom he was personally piqued, and that so much the more, inasmuch as he had taken that Prince for one of his best friends, and was just upon the point of concluding with him the strictest alliance when he unexpectedly invaded the Swedish Livonia, and besieged Riga. This was, in all respects, what the Czar could most have wished for; and foreseeing that the longer the war in Poland lasted, the more time should he have both to retrieve his first loss, and to gain Narva, he took care it should be spun out to as great a length as possible; for which end he never sent the King of Poland succour enough to make him too strong for the King of Sweden; who, on the other hand, though he gained one signal victory after the other, yet never could subdue his enemy as long as he received continual reinforcements from his hereditary country. And had not his Swedish Majesty, contrary to most people's expectations, marched directly into Saxony itself, and thereby forced the King of Poland to peace, the Czar would have had leisure enough in all conscience to bring his designs to greater maturity. This peace was one of the greatest disappointments the Czar ever met with, whereby he became singly engaged in the war. He had, however, the comfort of having beforehand taken *Narva*, and laid a foundation to his favourite town *Petersburg*, and to the seaport, the docks, and the vast magazines there; all which works, to what perfection they are now brought, let them tell who, with surprise, have seen them.

He (Peter) used all endeavours to bring matters to an accommodation. He proffered very advantageous conditions; *Petersburg* only, a trifle as he pretended, which he had set his heart upon, he would retain; and even for that he was willing some other way to give satisfaction. But the King of Sweden was too well acquainted with the importance of that place to leave it in the hands of an ambitious prince, and thereby to give him an inlet into the Baltic. This was the only time since the defeat at Narva that the Czar's arms had no other end than that of self-defence. They might, perhaps, even have fallen short therein, had not the King of Sweden (through whose persuasion is still a mystery), instead of marching the shortest way to Novgorod and to Moscow, turned towards Ukrain, where his army, after great losses and sufferings, was at last entirely defeated at Pultowa. As this was a fatal period to the Swedish successes, so how great a deliverance it

was to the Muscovites, may be gathered from the Czar's celebrating every year, with great solemnity, the anniversary of that day, from which his ambitious thoughts began to soar still higher. The whole of *Livonia*, *Estland*, and the best and greatest part of *Finland* was now what he demanded, after which, though he might for the present condescend to give peace to the remaining part of Sweden, he knew he could easily even add that to his conquests whenever he pleased. The only obstacle he had to fear in these his projects was from his northern neighbours; but as the *Maritime Powers*, and even the neighbouring princes in Germany, were then so intent upon their war against France, that they seemed entirely neglectful of that of the North, so there remained only Denmark and Poland to be jealous of. The former of these kingdoms had, ever since King William, of glorious memory, compelled it to make peace with Holstein and, consequently, with Sweden, enjoyed an uninterrupted tranquillity, during which it had time, by a free trade and considerable subsidies from the maritime powers to enrich itself, and was in a condition, by joining itself to Sweden, as it was its interest to do, to stop the Czar's progresses, and timely to prevent its own danger from them. The other, I mean Poland, was now quietly under the government of King Stanislaus, who, owing in a manner his crown to the King of Sweden, could not, out of gratitude, as well as real concern for the interest of his country, fail opposing the designs of a too aspiring neighbour. The Czar was too cunning not to find out a remedy for all this: he represented to the King of Denmark how low the King of Sweden was now brought, and how fair an opportunity he had, during that Prince's long absence, to clip entirely his wings, and to aggrandize himself at his expense. In King Augustus he raised the long-hid resentment for the loss of the Polish Crown, which he told him he might now recover without the least difficulty. Thus both these Princes were immediately caught. The Danes declared war against Sweden without so much as a tolerable pretence, and made a descent upon Schonen, where they were soundly beaten for their pains. King Augustus re-entered Poland, where everything has ever since continued in the greatest disorder, and *that in a great measure owing to Muscovite intrigues*. It happened, indeed, that these new confederates, whom the Czar had only drawn in to serve his ambition, became at first more necessary to his preservation than he had thought; for the Turks having declared a war against him, they hindered the Swedish arms from joining with them to attack him; but that storm being soon over, through the

Czar's wise behaviour and the avarice and folly of the Grand Vizier, he then made the intended use both of these his friends, as well as of them he afterwards, through hopes of gain, persuaded into his alliance, which was to lay all the burthen and hazard of the war upon them, in order entirely to weaken them, together with Sweden, whilst *he was preparing himself to swallow the one after the other*. He has put them on one difficult attempt after the other; their armies have been considerably lessened by battles and long sieges, whilst his own were either employed in easier conquests, and more profitable to him, or kept at the vast expense of neutral princes — near enough at hand to come up to demand a share of the booty without having struck a blow in getting it. His behaviour has been as cunning at sea, where his fleet has always kept out of harm's way and at a great distance whenever there was any likelihood of an engagement between the Danes and the Swedes. He hoped that when these two nations had ruined one another's fleets, his might then ride master in the Baltic. All this while he had taken care to make his men improve, by the example of foreigners and under their command, in the art of war... His fleets will soon considerably outnumber the Swedish and the Danish ones joined together. He need not fear their being a hindrance from his giving a finishing stroke to this great and glorious undertaking. Which done, *let us look to ourselves; he will then most certainly become our rival, and as dangerous to us as he is now neglected*. We then may, perhaps, though too late, call to mind what our own ministers and merchants have told us of his designs of carrying on alone all the northern trade, and of getting all that from Turkey and Persia into his hands through the rivers which he is joining and making navigable from the Caspian, or the Black Sea, to his Petersburg. *We shall then wonder at our blindness that we did not suspect his designs* when we heard the prodigious works he has done at Petersburg and Revel; of which last place, the *Daily Courant*, dated November 23, says:

“Hague, Nov. 17.

“The captains of the men-of-war of the States, who have been at Revel, advise that the Czar has put that port and the fortifications of the place into such a condition of defence that it may pass for one of the most considerable fortresses, not only of the Baltic, but even of Europe.”

Leave we him now, as to his sea affairs, commerce and manufactures, and other works both of his policy and power, and let us view him in regard to his proceedings in this last campaign, especially as to that so much talked

of descent, he, in conjunction with his allies, was to make upon Schonen, and we shall find that even therein he has acted with his usual cunning. There is no doubt but the King of Denmark was the first that proposed this descent. He found that nothing but a speedy end to a war he had so rashly and unjustly begun, could save his country from ruin and from the bold attempts of the King of Sweden, either against Norway, or against Zealand and Copenhagen. To treat separately with that prince was a thing he could not do, as foreseeing that he would not part with an inch of ground to so unfair an enemy; and he was afraid that a Congress for a general peace, supposing the King of Sweden would consent to it upon the terms proposed by his enemies, would draw the negotiations out beyond what the situation of his affairs could bear. He invites, therefore, all his confederates to make a home thrust at the King of Sweden, by a descent into his country, where, having defeated him, as by the superiority of the forces to be employed in that design he hoped they should, they might force him to an immediate peace on such terms as they themselves pleased. I don't know how far the rest of his confederates came into that project; but neither the *Prussian* nor the *Hanoverian* Court appeared *openly* in that project, *and how far our English fleet, under Sir John Norris, was to have forwarded it, I have nothing to say, but leave others to judge out of the King of Denmark's own declaration:* but the Czar came readily into it. He got thereby a new pretence to carry the war one campaign more at other people's expense; to march his troops into the Empire again, and to have them quartered and maintained, first in Mecklenburg and then in Zealand. In the meantime he had his eyes upon *Wismar*, and upon a Swedish island called *Gotland*. If, by surprise, he could get the first out of the hands of his confederates, he then had a good seaport, whither to transport his troops when he pleased into *Germany*, without asking the King of *Prussia's* leave for a free passage through his territories; and if, by a sudden descent, he could dislodge the *Swedes* out of the other, he then became master of the best port in the Baltic. He miscarried, however, in both these projects; for *Wismar* was too well guarded to be surprised; and he found his confederates would not give him a helping hand towards conquering *Gotland*. After this he began to look with another eye upon the descent to be made upon Schonen. He found it equally contrary to his interest, whether it succeeded or not. For if he did, and the King was thereby forced to a general peace, he knew his interests therein would be least regarded; having already notice enough of his

confederates being ready to sacrifice them, provided they got their own terms. If he did not succeed, then, besides the loss of the flower of an army he had trained and disciplined with so much care, as he very well foresaw that the English fleet would hinder the King of Sweden from attempting anything against Denmark; so he justly feared the whole shock would fall upon him, and he be thereby forced to surrender all he had taken from Sweden. These considerations made him entirely resolved not to make one of the descent; but he did not care to declare it till as late as possible: first, that he might the longer have his troops maintained at the Danish expense; secondly, that it might be too late for the King of Denmark to demand the necessary troops from his other confederates, and to make the descent without him; and, lastly, that by putting the Dane to a vast expense in making necessary preparations, he might still weaken him more, and, therefore, make him now the more dependent on him, and hereafter a more easy prey.

Thus he very carefully dissembles his real thoughts, till just when the descent was to be made, and then he, all of a sudden, refuses joining it, and defers it till next spring, with this averment, *that he will then be as good as his word*. But mark him, as some of our newspapers tell us, under this restriction, *unless he can get an advantageous peace of Sweden*. This passage, together with the common report we now have of his treating a separate peace with the King of Sweden, is a new instance of his cunning and policy. He has there two strings to his bow, of which one must serve his turn. There is no doubt but the Czar knows that an accommodation between him and the King of Sweden must be very difficult to bring about. For as he, on the one side, should never consent to part with those seaports, for the getting of which he began this war, and which are absolutely necessary towards carrying on his great and vast designs; so the King of Sweden would look upon it as directly contrary to his interest to yield up these same seaports, if possibly he could hinder it. But then again, the Czar is so well acquainted with the great and heroic spirit of his Swedish Majesty, that he does not question his yielding, rather in point of interest than nicety of honour. From hence it is, he rightly judges, that his Swedish Majesty must be less exasperated against him who, though he began an unjust war, has very often paid dearly for it, and carried it on all along through various successes than against some confederates; that taking an opportunity of his

Swedish Majesty's misfortunes, fell upon him in an ungenerous manner, and made a partition treaty of his provinces. The Czar, still more to accommodate himself to the genius of his great enemy, unlike his confederates, who, upon all occasions, spared no reflections and even very unbecoming ones (bullying memorials and hectoring manifestoes), spoke all along with the utmost civility of his brother Charles as he calls him, maintains him to be the greatest general in Europe, and even publicly avers, he will more trust a word from him than the greatest assurances, oaths, nay, even treaties with his confederates. These kind of civilities may, perhaps, make a deeper impression upon the noble mind of the King of Sweden, and he be persuaded rather to sacrifice a real interest to a generous enemy, than to gratify, in things of less moment, those by whom he has been ill, and even inhumanly used. But if this should not succeed, the Czar is still a gainer by having made his confederates uneasy at these his separate negotiations; and as we find by the newspapers, the more solicitous to keep him ready to their confederacy, which must cost them very large proffers and promises. In the meantime he leaves the Dane and the Swede securely bound up together in war, and weakening one another as fast as they can, and he turns towards the Empire and views the Protestant Princes there; and, under many specious pretences, not only marches and counter-marches about their several territories his troops that came back from Denmark, but makes also slowly advance towards Germany those whom he has kept this great while in Poland, under pretence to help the King against his dissatisfied subjects, whose commotions all the while he was the greatest fomenter of. He considers the Emperor is in war with the Turks, and therefore has found, by too successful experience, how little his Imperial Majesty is able to show his authority in protecting the members of the Empire. His troops remain in Mecklenburg, notwithstanding their departure is highly insisted upon. His replies to all the demands on that subject are filled with such reasons as if he would give new laws to the Empire.

Now let us suppose that the King of Sweden should think it more honourable to make a peace with the Czar, and to carry the force of his resentment against his less generous enemies, what a stand will then the princes of the empire, even those that unadvisedly drew in 40,000 Muscovites, to secure the tranquillity of that empire against 10,000 or 12,000 Swedes, — I say what stand will they be able to make against him while the Emperor is already engaged in war with the Turks? and the Poles,

when they are once in peace among themselves (if after the miseries of so long a war they are in a condition to undertake anything) are by treaty obliged to join their aids against that common enemy of Christianity.

Some will say I make great and sudden rises from very small beginnings. My answer is, that I would have such an objector look back and reflect why I show him, from such a speck of entity, at his first origin, growing, through more improbable and almost insuperable difficulties, to such a bulk as he has already attained to, and *whereby, as his advocates, the Dutch themselves own, he is grown too formidable for the repose, not only of his neighbours, but of Europe in general.*

But then, again, they will say he has no pretence either to make a peace with the Swede separately from the Dane or to make war upon other princes, some of whom he is bound in alliance with. Whoever thinks these objections not answered must have considered the Czar neither as to his nature or to his ends. The Dutch own further, *that he made war against Sweden without any specious pretence.* He that made war without any specious pretence may make a peace without any specious pretence, and make a new war without any specious pretence for it too. His Imperial Majesty (of Austria), like a wise Prince, when he was obliged to make war with the Ottomans, made it, as in policy, he should, powerfully. But, in the meantime, may not the Czar, who is a wise and potent Prince too, follow the example upon the neighbouring Princes round him that are Protestants? If he should, I tremble to speak it, it is not impossible, but in this age of Christianity *the Protestant religion should, in a great measure, be abolished;* and that among the Christians, the *Greeks and Romans* may once more come to be the only Pretenders for Universal Empire. The pure possibility carries with it warning enough for the Maritime Powers, and all the other Protestant Princes, to mediate a peace for Sweden, and strengthen his arms again, without which no preparations can put them sufficiently upon their guard; and this must be done early and betimes, *before the King of Sweden, either out of despair or revenge, throws himself into the Czar's hands.* For 'tis a certain maxim (which all Princes ought, and the Czar seems at this time to observe too much for the repose of Christendom) that a wise man must not stand for ceremony, and only *turn* with opportunities. No, he must even *run* with them. For the Czar's part, I will venture to say so much in his commendation, that he will hardly suffer himself to be

overtaken that way. He seems to act just as the tide serves. There is nothing which contributes more to the making our undertakings prosperous than the taking of times and opportunities; for time carrieth with it the seasons of opportunities of business. If you let them slip, all your designs are rendered unsuccessful.

In short, things seem now come to that *crisis* that peace should as soon as possible be procured to the Swede, with such advantageous articles as are consistent with the nicety of his honour to accept, and with the safety of the Protestant interest, that he should have offered to him, which can be scarce less than all the possessions which he formerly had in the Empire. As in all other things, so in politics, a long-tried certainty must be preferred before an uncertainty, tho' grounded on ever so probable suppositions. Now can there be anything more certain, than that the provinces Sweden has had in the Empire, were given to it to make it the nearer at hand and the better able to secure the Protestant interest, which, together with the liberties of the Empire it just then had saved? Can there be anything more certain than that that kingdom has, by those means, upon all occasions, secured that said interest now near fourscore years? Can there be anything more certain than, as to his present Swedish Majesty, that I may use the words of a letter her late Majesty, Queen Anne, wrote to him (Charles XII.), and *in the time of a Whig Ministry too*, viz.: "That, as a true Prince, hero and Christian, the chief end of his endeavours has been the promotion of the fear of God among men: and that without insisting on his own particular interest."

On the other hand, is it not very uncertain whether those princes, who, by sharing among them the Swedish provinces in the Empire, are now going to set up as protectors of the Protestant interests there, exclusive of the Swedes, will be able to do it? *Denmark* is already so low, and will in all appearance be so much lower still before the end of the war, that very little assistance can be expected from it in a great many years. In *Saxony*, the prospect is but too dismal under a Popish prince, so that there remain only the two illustrious houses of Hanover and Brandenburg of all the Protestant princes, powerful enough to lead the rest. Let us therefore only make a parallel between what now happens in the Duchy of Mecklenburg, and what may happen to the Protestant interest, and we shall soon find how we may be mistaken in our reckoning. That said poor Duchy has been most miserably ruined by the Muscovite troops, and it is still so; the Electors of Brandenburg and Hanover are obliged, both as directors of the circle of

Lower Saxony, as neighbours, and Protestant Princes, to rescue a fellow state of the Empire, and a Protestant country, from so cruel an oppression of a foreign Power. But, pray, what have they done? The Elector of Brandenburg, cautious lest the Muscovites might on one side invade his electorate, and on the other side from Livonia and Poland, his kingdom of Prussia; and the Elector of Hanover having the same wise caution as to his hereditary countries, have not upon this, though very pressing occasion, thought it for their interest, to use any other means than representations. But pray with what success? The Muscovites are still in Mecklenburg, and if at last they march out of it, it will be when the country is so ruined that they cannot there subsist any longer.

It seems the King of Sweden should be restored to all that he has lost on the side of the Czar; and this appears the *joint interest of both the Maritime Powers*. This may they please to undertake: *Holland*, because it is a maxim there “that the Czar grows too great, and must not be suffered to settle in the Baltic, and that Sweden must not be abandoned”; *Great Britain*, because, if the Czar compasses his vast and prodigious views, he will, by the ruin and conquest of Sweden, become our nearer and more dreadful neighbour. Besides, we are bound to it by a treaty concluded in the year 1700, between King William and the present King of Sweden, by virtue of which King William assisted the King of Sweden, when in more powerful circumstances, with all that he desired, with great sums of money, several hundred pieces of cloth, and considerable quantities of gunpowder.

But *some Politicians (whom nothing can make jealous of the growing strength and abilities of the Czar) though they are even foxes and vulpones in the art, either will not see or pretend they cannot see* how the Czar can ever be able to make so great a progress in power as to hurt us here in our island. To them it is easy to repeat the same answer a hundred times over, if they would be so kind as to take it at last, viz., *that what has been may be again*; and that they did not see how he could reach the height of power, which he has already arrived at, after, I must confess, a very incredible manner. Let those *incredulous* people look narrowly into the *nature* and the *ends* and the *designs* of this great monarch; they will find that they are laid very deep, and that his plans carry in them a prodigious deal of prudence and foresight, and his ends are at the long run brought about by a kind of magic in policy; and will they not after that own that we ought to fear everything from him? As he desires that the designs with which he labours

may not prove abortive, so he does not assign them a certain day of their birth, but leaves them to the natural productions of fit times and occasions, like those curious artists in China, who temper the mould this day of which a vessel may be made a hundred years hence.

There is another sort of short-sighted politicians among us, who have more of cunning court intrigue and immediate statecraft in them than of true policy and concern for their country's interest. These gentlemen pin entirely their faith upon other people's sleeves; ask as to everything that is proposed to them, how it is liked at Court? what the opinion of their party is concerning it? and if the contrary party is for or against it? Hereby they rule their judgment, and it is enough for their cunning leaders to brand anything with *Whiggism* or *Jacobitism*, for to make these people, without any further inquiry into the matter, blindly espouse it or oppose it. This, it seems, is at present the case of the subject we are upon. Anything said or written in favour of Sweden and the King thereof, is immediately said to come from a *Jacobite* pen, and thus reviled and rejected, without being read or considered. Nay, I have heard gentlemen go so far as to maintain publicly, and with all the vehemence in the world, that the King of Sweden was a Roman Catholic, and that the Czar was a good Protestant. This, indeed, is one of the greatest misfortunes our country labours under, and till we begin to see with our own eyes, and inquire ourselves into the truth of things, we shall be led away, God knows whither, at last. The serving of Sweden according to our treaties and real interest has nothing to do with our party causes. Instead of seeking for and taking hold of any pretence to undo Sweden, we ought openly to assist it. Could our Protestant succession have a better friend or a bolder champion?

I shall conclude this by thus shortly recapitulating what I have said. That since the Czar has not only replied to the King of Denmark entreating the contrary, but also answered our Admiral Norris, that he would persist in his resolution to delay the descent upon Schonen, and is said by other newspapers to resolve not to make it then, if he can have peace with Sweden; every Prince, and we more particularly, ought to be jealous of his having some such design as I mention in view, and consult how to prevent them, and to clip, in time, his too aspiring wings, which cannot be effectually done, first, without the Maritime Powers please to begin to keep him in some check and awe, and 'tis to be hoped a certain potent nation, that has helped him forward, can, in some measure, bring him back, and

may then speak to this great enterpriser in the language of a countryman in Spain, who coming to an image enshrined, the first making whereof he could well remember, and not finding all the respectful usage he expected, — “You need not,” quoth he, “be so proud, for we have known you from a plum-tree.” The next only way is to restore, by a peace, to the King of Sweden what he has lost; that checks his (the Czar’s) power immediately, and on that side nothing else can. I wish it may not at last be found true, that those who have been fighting against that King have, in the main, been fighting against themselves. If the Swede ever has his dominions again, and lowers the high spirit of the Czar, still he may say by his neighbours, as an old Greek hero did, whom his countrymen constantly sent into exile whenever he had done them a service, but were forced to call him back to their aid, whenever they wanted success. “These people,” quoth he, “are always using me like the palm-tree. They will be breaking my branches continually, and yet, if there comes a storm, they run to me, and can’t find a better place for shelter.” But if he has them not, I shall only exclaim a phrase out of Terence’s “Andria”:

“Hoccine credibile est aut memorabile  
Tanta vecordia innata cuiquam ut siet,  
Ut malis gaudeant?”

4. Postscript. — I flatter myself that this little history is of that curious nature, and on matters hitherto so unobserved, that I consider it, with pride, as a valuable New Year’s gift to the present world; and that posterity will accept it, as the like, for many years after, and read it over on that anniversary, and call it their *Warning Piece*. I must have my *Exegi-Monumentum* as well as others.

## CHAPTER III

To understand a limited historical epoch, we must step beyond its limits, and compare it with other historical epochs. To judge Governments and their acts, we must measure them by their own times and the conscience of their contemporaries. Nobody will condemn a British statesman of the 17th century for acting on a belief in witchcraft, if he find Bacon himself ranging demonology in the catalogue of science. On the other hand, if the Stanhopes, the Walpoles, the Townshends, etc., were suspected, opposed, and denounced in their own country by their own contemporaries as tools or accomplices of Russia, it will no longer do to shelter their policy behind the convenient screen of prejudice and ignorance common to their time. At the head of the historical evidence we have to sift, we place, therefore, long-forgotten English pamphlets printed at the very time of Peter I. These preliminary *pièces des procès* we shall, however, limit to three pamphlets, which, from three different points of view, illustrate the conduct of England towards Sweden. The first, the *Northern Crisis* (given in Chapter II.), revealing the general system of Russia, and the dangers accruing to England from the Russification of Sweden; the second, called *The Defensive Treaty*, judging the acts of England by the Treaty of 1700; and the third, entitled *Truth is but Truth, however it is Timed*, proving that the new-fangled schemes which magnified Russia into the paramount Power of the Baltic were in flagrant opposition to the traditionary policy England had pursued during the course of a whole century.

The pamphlet called *The Defensive Treaty* bears no date of publication. Yet in one passage it states that, for reinforcing the Danish fleet, eight English men-of-war were left at Copenhagen “*the year before the last*,” and in another passage alludes to the assembling of the confederate fleet for the Schonen expedition as having occurred “*last summer*.” As the former event took place in 1715, and the latter towards the end of the summer of 1716, it is evident that the pamphlet was written and published in the earlier part of the year 1717. The Defensive Treaty between England and Sweden, the single articles of which the pamphlet comments upon in the form of queries, was concluded in 1700 between William III. and Charles XII., and was not to expire before 1719. Yet, during almost the whole of this period, we find England continually assisting Russia and waging war against Sweden,

either by secret intrigue or open force, although the treaty was never rescinded nor war ever declared. This fact is, perhaps, even less strange than the *conspiration de silence* under which modern historians have succeeded in burying it, and among them historians by no means sparing of censure against the British Government of that time, for having, without any previous declaration of war, destroyed the Spanish fleet in the Sicilian waters. But then, at least, England was not bound to Spain by a defensive treaty. How, then, are we to explain this contrary treatment of similar cases? The piracy committed against Spain was one of the weapons which the Whig Ministers, seceding from the Cabinet in 1717, caught hold of to harass their remaining colleagues. When the latter stepped forward in 1718, and urged Parliament to declare war against Spain, Sir Robert Walpole rose from his seat in the Commons, and in a most virulent speech denounced the late ministerial acts “as contrary to the laws of nations, and a breach of solemn treaties.” “Giving sanction to them in the manner proposed,” he said, “could have no other view than to screen ministers, who were conscious of having done something amiss, and who, having begun a war against Spain, would now make it the Parliament’s war.” The treachery against Sweden and the connivance at the plans of Russia, never happening to afford the ostensible pretext for a family quarrel amongst the Whig rulers (they being rather unanimous on these points), never obtained the honours of historical criticism so lavishly spent upon the Spanish incident.

How apt modern historians generally are to receive their cue from the official tricksters themselves, is best shown by their reflections on the commercial interests of England with respect to Russia and Sweden. Nothing has been more exaggerated than the dimensions of the trade opened to Great Britain by the huge market of the Russia of Peter the Great, and his immediate successors. Statements bearing not the slightest touch of criticism have been allowed to creep from one book-shelf to another, till they became at last historical household furniture, to be inherited by every successive historian, without even the *beneficium inventarii*. Some incontrovertible statistical figures will suffice to blot out these hoary common-places.

## British Commerce from 1697-1700.

£

Export to Russia

58,884

Import from Russia	112,252
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Total	171,136
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Export to Sweden	57,555
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Import from Sweden	212,094
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Total	269,649
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During the same period the total

Export of England amounted to	£ 3,525,906
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Import	3,482,586
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Total	7,008,492
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In 1716, after all the Swedish provinces in the Baltic, and on the Gulfs of Finland and Bothnia, had fallen into the hands of Peter I., the

Export to Russia was	£ 113,154
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Import from Russia	197,270
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Total	310,424
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Export to Sweden	24,101
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Import from Sweden	136,959
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Total	161,060
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At the same time, the total of English exports and imports together reached about £10,000,000. It will be seen from these figures, when compared with those of 1697-1700, that the increase in the Russian trade is balanced by the decrease in the Swedish trade, and that what was added to the one was subtracted from the other.

In 1730, the

	£
Export to Russia was	46,275
Import from Russia	258,802
	—————
Total	305,077

Fifteen years, then, after the consolidation in the meanwhile of the Muscovite settlement on the Baltic, the British trade with Russia had fallen off by £5,347. The general trade of England reaching in 1730 the sum of £16,329,001, the Russian trade amounted not yet to 1/53rd of its total value. Again, thirty years later, in 1760, the account between Great Britain and Russia stands thus:

	£
Import from Russia (in 1760)	536,504
Export to Russia	39,761
	—————
Total	£576,265

while the general trade of England amounted to £26,361,760. Comparing these figures with those of 1706, we find that the total of the Russian commerce, after nearly half a century, has increased by the trifling sum of only £265,841. That England suffered positive loss by her new commercial relations with Russia under Peter I. and Catherine I. becomes evident on comparing, on the one side, the export and import figures, and on the other, the sums expended on the frequent naval expeditions to the Baltic which England undertook during the lifetime of Charles XII., in order to break down his resistance to Russia, and, after his death, on the professed necessity of checking the maritime encroachments of Russia.

Another glance at the statistical data given for the years 1697, 1700, 1716, 1730, and 1760, will show that the British *export* trade to Russia was continually falling off, save in 1716, when Russia engrossed the whole Swedish trade on the eastern coast of the Baltic and the Gulf of Bothnia, and had not yet found the opportunity of subjecting it to her own regulations. From £58,884, at which the British exports to Russia stood during 1697-1700, when Russia was still precluded from the Baltic, they had sunk to £46,275 in 1730, and to £39,761 in 1760, showing a decrease of £19,123, or about 1/3rd of their original amount in 1700. If, then, since, the absorption of the Swedish provinces by Russia, the British market proved expanding for Russia raw produce, the Russian market, on its side, proved straitening for British manufacturers, a feature of that trade which could hardly recommend it at a time when the Balance of Trade doctrine ruled supreme. To trace the circumstances which produced the increase of the Anglo-Russian trade under Catherine II. would lead us too far from the period we are considering.

On the whole, then, we arrive at the following conclusions: During the first sixty years of the eighteenth century the total Anglo-Russian trade formed but a very diminutive fraction of the general trade of England, say less than 1/45th. Its sudden increase during the earliest years of Peter's sway over the Baltic did not at all affect the general balance of British trade, as it was a simple transfer from its Swedish account to its Russian account. In the later times of Peter I., as well as under his immediate successors, Catherine I. and Anne, the Anglo-Russian trade was positively declining; during the whole epoch, dating from the final settlement of Russia in the Baltic provinces, the export of British manufactures to Russia was continually falling off, so that at its end it stood one-third lower than at its beginning, when that trade was still confined to the port of Archangel. Neither the contemporaries of Peter I., nor the next British generation reaped any benefit from the advancement of Russia to the Baltic. In general the Baltic trade of Great Britain was at that time trifling in regard of the capital involved, but important in regard of its character. It afforded England the raw produce for its maritime stores. That from the latter point of view the Baltic was in safer keeping in the hands of Sweden than in those of Russia, was not only proved by the pamphlets we are reprinting, but fully understood by the British Ministers themselves. Stanhope writing, for instance, to Townshend on October 16th, 1716:

“It is certain that if the Czar be let alone three years, he will be absolute master in those seas.”

If, then, neither the navigation nor the general commerce of England was interested in the treacherous support given to Russia against Sweden, there existed, indeed, one small fraction of British merchants whose interests were identical with the Russian ones — the Russian Trade Company. It was this gentry that raised a cry against Sweden. See, for instance:

“Several grievances of the English merchants in their trade into the dominions of the King of Sweden, whereby it does appear how dangerous it may be for the English nation to depend on Sweden only for the supply of the naval stores, when they might be amply furnished with the like stores from the dominions of the Emperor of Russia.”

“The case of the merchants trading to Russia” (a petition to Parliament), etc.

It was they who in the years 1714, 1715, and 1716, regularly assembled twice a week before the opening of Parliament, to draw up in public meetings the complaints of the British merchantmen against Sweden. On this small fraction the Ministers relied; they were even busy in getting up its demonstrations, as may be seen from the letters addressed by Count Gyllenborg to Baron Görtz, dated 4th of November and 4th of December, 1716, wanting, as they did, but the shadow of a pretext to drive their “mercenary Parliament,” as Gyllenborg calls it, where they liked. The influence of these British merchants trading to Russia was again exhibited in the year 1765, and our own times have witnessed the working for his interest, of a Russian merchant at the head of the Board of Trade, and of a Chancellor of the Exchequer in the interest of a cousin engaged in the Archangel trade.

The oligarchy which, after the “glorious revolution,” usurped wealth and power at the cost of the mass of the British people, was, of course, forced to look out for allies, not only abroad, but also at home. The latter they found in what the French would call *la haute bourgeoisie*, as represented by the Bank of England, the money-lenders, State creditors, East India and other trading corporations, the great manufacturers, etc. How tenderly they managed the material interests of that class may be learned from the whole of their domestic legislation — Bank Acts, Protectionist enactments, Poor Regulations, etc. As to their *foreign policy*, they wanted to give it the

appearance at least of being altogether regulated by the mercantile interest, an appearance the more easily to be produced, as the exclusive interest of one or the other small fraction of that class would, of course, be always identified with this or that Ministerial measure. The interested fraction then raised the commerce and navigation cry, which the nation stupidly re-echoed.

At that time, then, there devolved on the Cabinet, at least, the *onus* of inventing *mercantile pretexts*, however futile, for their measures of foreign policy. In our own epoch, British Ministers have thrown this burden on foreign nations, leaving to the French, the Germans, etc., the irksome task of discovering the *secret* and *hidden* mercantile springs of their actions. Lord Palmerston, for instance, takes a step apparently the most damaging to the material interests of Great Britain. Up starts a State philosopher, on the other side of the Atlantic, or of the Channel, or in the heart of Germany, who puts his head to the rack to dig out the mysteries of the mercantile Machiavelism of “perfidie Albion,” of which Palmerston is supposed the unscrupulous and unflinching executor. We will, *en passant*, show, by a few modern instances, what desperate shifts those foreigners have been driven to, who feel themselves obliged to interpret Palmerston’s acts by what they imagine to be the English commercial policy. In his valuable *Histoire Politique et Sociale des Principautés Danubiennes*, M. Elias Regnault, startled by the Russian conduct, before and during the years 1848-49 of Mr. Colquhoun, the British Consul at Bucharest, suspects that England has some secret material interest in keeping down the trade of the Principalities. The late Dr. Cunibert, private physician of old Milosh, in his most interesting account of the Russian intrigues in Servia, gives a curious relation of the manner in which Lord Palmerston, through the instrumentality of Colonel Hodges, betrayed Milosh to Russia by feigning to support him against her. Fully believing in the personal integrity of Hodges, and the patriotic zeal of Palmerston, Dr. Cunibert is found to go a step further than M. Elias Regnault. He suspects England of being interested in putting down Turkish commerce generally. General Mieroslawski, in his last work on Poland, is not very far from intimating that mercantile Machiavelism instigated England to sacrifice her own *prestige* in Asia Minor, by the surrender of Kars. As a last instance may serve the present lucubrations of the Paris papers, hunting after the secret springs of commercial jealousy, which induce Palmerston to oppose the cutting of the Isthmus of Suez canal.

To return to our subject. The mercantile pretext hit upon by the Townshends, Stanhopes, etc., for the hostile demonstrations against Sweden, was the following. Towards the end of 1713, Peter I. had ordered all the hemp and other produce of his dominions, destined for export, to be carried to St. Petersburg instead of Archangel. Then the Swedish Regency, during the absence of Charles XII., and Charles XII. himself, after his return from Bender, declared all the Baltic ports, occupied by the Russians, to be blockaded. Consequently, English ships, breaking through the blockade, were confiscated. The English Ministry then asserted that British merchantmen had the right of trading to those ports according to Article XVII. of the Defensive Treaty of 1700, by which English commerce, with the exception of contraband of war, was allowed to go on with ports of the enemy. The absurdity and falsehood of this pretext being fully exposed in the pamphlet we are about to reprint, we will only remark that the case had been more than once decided against commercial nations, not bound, like England, by treaty to defend the integrity of the Swedish Empire. In the year 1561, when the Russians took Narva, and laboured hard to establish their commerce there, the Hanse towns, chiefly Lübeck, tried to possess themselves of this traffic. Eric XIV., then King of Sweden, resisted their pretensions. The city of Lübeck represented this resistance as altogether new, as they had carried on their commerce with the Russians time out of mind, and pleaded the common right of nations to navigate in the Baltic, provided their vessels carried no contraband of war. The King replied that he did not dispute the Hanse towns the liberty of trading with Russia, but only with Narva, which was no Russian port. In the year 1579 again, the Russians having broken the suspension of arms with Sweden, the Danes likewise claimed the navigation to Narva, by virtue of their treaty, but King John was as firm in maintaining the contrary, as was his brother Eric.

In her open demonstrations of hostility against the King of Sweden, as well as in the false pretence on which they were founded, England seemed only to follow in the track of Holland, which declaring the confiscation of its ships to be piracy, had issued two proclamations against Sweden in 1714.

In one respect, the case of the States-General was the same as that of England. King William had concluded the Defensive Treaty as well for Holland as for England. Besides, Article XVI., in the Treaty of Commerce, concluded between Holland and Sweden in 1703, expressly stipulated that

no navigation ought to be allowed to the ports blocked up by either of the confederates. The then common Dutch cant that “there was no hindering traders from carrying their merchandise where they will,” was the more impudent as, during the war, ending with the Peace of Ryswick, the Dutch Republic had declared all France to be blocked up, forbidden the neutral Powers all trade with that kingdom, and caused all their ships that went there or came thence to be brought up without any regard to the nature of their cargoes.

In another respect, the situation of Holland was different from that of England. Fallen from its commercial and maritime grandeur, Holland had then already entered upon its epoch of decline. Like Genoa and Venice, when new roads of commerce had dispossessed them of their old mercantile supremacy, it was forced to lend out to other nations its capital, grown too large for the vessels of its own commerce. Its fatherland had begun to lie there where the best interest for its capital was paid. Russia, therefore, proved an immense market, less for the commerce than for the outlay of capital and men. To this moment Holland has remained the banker of Russia. At the time of Peter they supplied Russia with ships, officers, arms, and money, so that his fleet, as a contemporary writer remarks, ought to have been called a Dutch rather than a Muscovite one. They gloried in having sent the first European merchant ship to St. Petersburg, and returned the commercial privileges they had obtained from Peter, or hoped to obtain from him, by that fawning meanness which characterizes their intercourse with Japan. Here, then, was quite another solid foundation than in England for the Russianism of statesmen, whom Peter I. had entrapped during his stay at Amsterdam, and the Hague in 1697, whom he afterwards directed by his ambassadors, and with whom he renewed his personal influence during his renewed stay at Amsterdam in 1716-17. Yet, if the paramount influence England exercised over Holland during the first *decennia* of the 18th century be considered, there can remain no doubt that the proclamations against Sweden by the States-General would never have been issued, if not with the previous consent and at the instigation of England. The intimate connection between the English and Dutch Governments served more than once the former to put up precedents in the name of Holland, which they were resolved to act upon in the name of England. On the other hand, it is no less certain that the Dutch statesmen were employed by the Czar to influence the British ones. Thus Horace Walpole, the brother of the “Father

of Corruption,” the brother-in-law of the Minister, Townshend, and the British Ambassador at the Hague during 1715-16, was evidently inveigled into the Russian interest by his Dutch friends. Thus, as we shall see by-and-by, Theyls, the Secretary to the Dutch Embassy at Constantinople, at the most critical period of the deadly struggle between Charles XII. and Peter I., managed affairs at the same time for the Embassies of England and Holland at the Sublime Porte. This Theylls, in a print of his, openly claims it as a merit with his nation to have been the devoted and rewarded agent of Russian intrigue.

## CHAPTER IV

*“The Defensive Treaty concluded in the year 1700, between his late Majesty, King William, of ever-glorious memory, and his present Swedish Majesty, King Charles XII. Published at the earnest desire of several members of both Houses of Parliament.*

‘Nec rumpite fœdera pacis,

Nec regnis præferte fidem.’

— Silius, *Lip.* II.

“*Article I.* Establishes between the Kings of Sweden and England ‘a sincere and constant friendship for ever, a league and good correspondence, so that they shall never mutually or separately molest one another’s kingdoms, provinces, colonies, or subjects, wheresoever situated, *nor shall they suffer or agree that this should be done by others, etc.*’

“*Article II.* ‘Moreover, each of the Allies, his heirs and successors, shall be obliged to take care of, and promote, as much as in him lies, the profit and honour of the other, to detect and give notice to his other ally (as soon as it shall come to his own knowledge) of all imminent dangers, conspiracies, and hostile designs formed against him, to withstand them as much as possible, and to prevent them both by advice and assistance; and therefore *it shall not be lawful for either of the Allies, either by themselves or any other whatsoever, to act, treat, or endeavour anything to the prejudice or loss of the other, his lands or dominions whatsoever or wheresoever, whether by land or sea; that one shall in no wise favour the other’s foes, either rebels or enemies, to the prejudice of his Ally,*’ etc.

“*Query I.* How the words marked in italics agree with our present conduct, when our fleet acts in conjunction with the enemies of Sweden, *the Czar commands our fleet, our Admiral enters into Councils of War, and is not only privy to all their designs, but together with our own Minister at Copenhagen* (as the King of Denmark has himself owned it in a public declaration), *pushed on the Northern Confederates to an enterprise entirely destructive to our Ally Sweden, I mean the descent designed last summer upon Schonen?*

“*Query II.* In what manner we also must explain that passage in the first article by which it is stipulated that one Ally shall not either by themselves or any other whatsoever, act, treat, or endeavour anything to the loss of the

other's lands and dominions; to justify in particular our leaving in the year 1715, even when the season was so far advanced as no longer to admit of our usual pretence of conveying and protecting our trade, which was then got already safe home, eight men-of-war in the Baltic, with orders to join in one line of battle with the Danes, whereby we made them so much superior in number to the Swedish fleet, that it could not come to the relief of Straelsund, and whereby *we chiefly occasioned Sweden's entirely losing its German Provinces*, and even the *extreme danger his Swedish Majesty ran in his own person*, in crossing the sea, before the surrender of the town.

“*Article III.* By a special defensive treaty, the Kings of Sweden and England mutually oblige themselves, ‘in a strict alliance, to defend one another mutually, as well as their kingdoms, territories, provinces, states, subjects, possessions, as their rights and liberties of navigation and commerce, as well in the Northern, Deucalidonian, Western, and Britannic Sea, commonly called the Channel, the Baltic, the Sound; as also of the privileges and prerogatives of each of the Allies belonging to them, by virtue of treaties and agreements, as well as by received customs, the laws of nations, hereditary right, against any aggressors or invaders and molesters in Europe by sea or land, etc.’

“*Query.* It being by the law of nations an indisputable right and prerogative of any king or people, in case of a great necessity or threatening ruin, to use all such means they themselves shall judge most necessary for their preservation; it having moreover been a constant prerogative and practice of the Swedes, for these several hundred years, in case of a war with their most dreadful enemies the Muscovites, to hinder all trade with them in the Baltic; and since it is also stipulated in this article that amongst other things, *one Ally ought to defend the prerogatives belonging to the other, even by received customs, and the law of nations*: how come we now, the King of Sweden stands more than ever in need of using that prerogative, not only to dispute it, but also to take thereof a pretence for an open hostility against him?

“*Articles IV., V., VI., and VII.* fix the strength of the auxiliary forces England and Sweden are to send each other in case the territory of either of these powers should be invaded, or its navigation ‘molested or hindered’ in one of the seas enumerated in Article III. The invasion of the *German provinces of Sweden* is expressly included as a *casus fæderis*.

“*Article VIII.* stipulates that that Ally who is not attacked shall first act the part of a pacific mediator; but, the mediation having proved a failure, ‘the aforesaid forces shall be sent without delay; nor shall the confederates desist before the injured party shall be satisfied in all things.’

“*Article IX.* That Ally that requires the stipulated ‘help, has to choose whether he will have the above-named army either all or any, either in soldiers, ships, ammunition, or money.’

“*Article X.* Ships and armies serve under ‘the command of him that required them.’

“*Article XI.* ‘But if it should happen that the above-mentioned forces should not be proportionable to the danger, as supposing that perhaps the aggressor should be assisted by the forces of some other confederates of his, then one of the Allies, after previous request, shall be obliged to help the other that is injured, with greater forces, such as he shall be able to raise with safety and convenience, both by sea and land...’

“*Article XII.* ‘It shall be lawful for either of the Allies and their subjects to bring their men-of-war into one another’s harbours, and to winter there.’ Peculiar negotiations about this point shall take place at Stockholm, but ‘in the meanwhile, the articles of treaty concluded at London, 1661, relating to the navigation and commerce shall remain, in their full force, as much as if they were inserted here word for word.’

“*Article XIII.* ‘... The subjects of either of the Allies ... shall no way, either by sea or land, serve them (the enemies of either of the Allies), either as mariners or soldiers, and therefore it shall be forbid them upon severe penalty.’

“*Article XIV.* ‘If it happens that either of the confederate kings ... should be engaged in a war against a common enemy, or be molested by any other neighbouring king ... in his own kingdoms or provinces ... to the hindering of which, he that requires help may by the force of this treaty himself be obliged to send help: then that Ally so molested shall not be obliged to send the promised help....’

“*Query I.* Whether in our conscience we don’t think the King of Sweden most unjustly attacked by all his enemies; whether consequently we are not convinced that we owe him the assistance stipulated in these Articles; whether he has not demanded the same from us, and why it has hitherto been refused him?

“*Query II.* These articles, setting forth in the most expressing terms, in what manner Great Britain and Sweden ought to assist one another, can either of these two Allies take upon him to prescribe to the other who requires his assistance a way of lending him it not expressed in the treaty; and if that other Ally does not think it for his interest to accept of the same, but still insists upon the performance of the treaty, can he from thence take a pretence, not only to withhold the stipulated assistance, but also to use his Ally in a hostile way, and to join with his enemies against him? If this is not justifiable, as even common sense tells us it is not, how can the reason stand good, which we allege amongst others, for using the King of Sweden as we do, *id est*, that demanding a literal performance of his alliance with us, *he would not accept the treaty of neutrality for his German provinces*, which we proposed to him some years ago, a treaty which, not to mention its partiality in favour of the enemies of Sweden, and that it was calculated only for our own interest, and for to prevent all disturbance in the empire, whilst we were engaged in a war against France, the King of Sweden had so much less reason to rely upon, as he was to conclude it with those very enemies, that had every one of them broken several treaties in beginning the present war against him, and as it was to be guaranteed by those powers, who were also every one of them guarantees of the broken treaties, without having performed their guarantee?

“*Query III.* How can we make the words in the 7th Article, *that in assisting our injured Ally we shall not desist before he shall be satisfied in all things*, agree with our endeavouring, to the contrary, to help the enemies of that Prince, though all unjust aggressors, not only to take one province after the other from him, but also to remain undisturbed possessors thereof, blaming all along the King of Sweden for not tamely submitting thereunto?

“*Query IV.* The treaty concluded in the year 1661, between Great Britain and Sweden, being in the 11th Article confirmed, and the said treaty forbidding expressly one of the confederates *either himself or his subjects to lend or to sell to the other's enemies, men-of-war or ships of defence*; the 13th Article of this present treaty forbidding also expressly the subjects of either of the Allies *to help anyways the enemies of the other, to the inconvenience and loss of such an Ally*; should we not have accused the Swedes of the most notorious breach of this treaty, had they, during our late war with the French, lent them their own fleet, the better to execute any design of theirs against us, or had they, notwithstanding our representations

to the contrary, suffered their subjects to furnish the French with ships of 50, 60, and 70 guns! Now, if we turn the tables, and remember upon how many occasions our fleet has of late been entirely subservient to the designs of the enemies of Sweden, even in most critical times, and that *the Czar of Muscovy has actually above a dozen English-built ships* in his fleet, will it not be very difficult for us to excuse in ourselves what we should most certainly have blamed, if done by others?

“*Article XVII.* The obligation shall not be so far extended as that all friendship and mutual commerce with the enemies of that Ally (that requires the help) shall be taken away; for supposing that one of the confederates should send his auxiliaries, and should not be engaged in the war himself, it shall then be lawful for the subjects to trade and commerce with that enemy of that Ally that is engaged in the war, also directly and safely to merchandise with such enemies, for all goods not expressly forbid and called contraband, as in a special treaty of commerce hereafter shall be appointed.

“*Query I.* This Article being the only one out of twenty-two whose performance we have now occasion to insist upon from the Swedes, the question will be whether we ourselves, in regard to Sweden, have performed all the other articles as it was our part to do, and whether in demanding of the King of Sweden the executing of this Article, we have promised that we would also do our duty as to all the rest; if not, may not the Swedes say that we complain unjustly of the breach of one single Article, when we ourselves may perhaps be found guilty of having in the most material points either not executed or even acted against the whole treaty?

“*Query II.* Whether the liberty of commerce one Ally is, by virtue of this Article, to enjoy with the other’s enemies, ought to have no limitation at all, neither as to time nor place; in short, whether it ought even to be extended so far as to destroy the very end of this Treaty, which is the promoting the safety and security of one another’s kingdoms?

“*Query III.* Whether in case the French had in the late wars made themselves masters of Ireland or Scotland, and either in new-made seaports, or the old ones, endeavoured by trade still more firmly to establish themselves in their new conquest, we, in such a case, should have thought the Swedes our true allies and friends, had they insisted upon this Article to trade with the French in the said seaports taken from us, and to furnish them

there with several necessaries of war, nay, even with armed ships, whereby the French might the easier have annoyed us here in England?

“*Query IV.* Whether, if we had gone about to hinder a trade so prejudicial to us, and in order thereunto brought up all Swedish ships going to the said seaports, we should not highly have exclaimed against the Swedes, had they taken from thence a pretence to join their fleet with the French, to occasion the losing of any of our dominions, and even to encourage the invasion upon us, have their fleet at hand to promote the same?

“*Query V.* Whether upon an impartial examination this would not have been a case exactly parallel to that we insist upon, as to a free Trade to the seaports the Czar has taken from Sweden, and to our present behaviour, upon the King of Sweden’s hindering the same?

“*Query VI.* Whether we have not ever since Oliver Cromwell’s time till 1710, in all our wars with France and Holland, without any urgent necessity at all, brought up and confiscated Swedish ships, though not going to any prohibited ports, and that to a far greater number and value, than all those the Swedes have now taken from us, and whether the Swedes have ever taken a pretence from thence to join with our enemies, and to send whole squadrons of ships to their assistance?

“*Query VII.* Whether, if we inquire narrowly into the state of commerce, as it has been carried on for these many years, we shall not find that the trade of the above-mentioned places was not so very necessary to us, at least not so far as to be put into the balance with the preservation of a Protestant confederate nation, much less to give us a just reason *to make war against that nation, which, though not declared, has done it more harm than the united efforts of all its enemies?*

“*Query VIII.* Whether, if it happened two years ago, that this trade became something more necessary to us than formerly, it is not easily proved, that it was occasioned only by the Czar’s forcing us out of our old channel of trade to Archangel, and bringing us to Petersburg, and our complying therewith. So that all the inconveniences we laboured under upon that account ought to have been laid to the Czar’s door, and not to the King of Sweden’s?

“*Query IX.* Whether the Czar did not in the very beginning of 1715 again permit us to trade our old way to Archangel, and whether our Ministers had not notice thereof a great while before our fleet was sent that year to protect

our *trade to Petersburg*, which by this alteration in the Czar's resolution was become as unnecessary for us as before?

“*Query X.* Whether the King of Sweden had not declared, that if we would forbear trading to *Petersburg*, etc., which he looked upon as ruinous to his kingdom, he would in no manner disturb our trade, neither in the Baltic nor anywhere else; but that in case we would not give him this slight proof of our friendship, he should be excused if the innocent came to suffer with the guilty?

“*Query XI.* Whether, by our insisting upon the trade to the ports prohibited by the King of Sweden, which besides it being unnecessary to us, hardly makes one part in ten of that we carry on in the Baltic, we have not drawn upon us the hazards that our trade has run all this while, been ourselves the occasion of our great expenses in fitting out fleets for its protection, and by our joining with the enemies of Sweden, fully justified his Swedish Majesty's resentment; had it ever gone so far as to seize and confiscate without distinction all our ships and effects, wheresoever he found them, either within or without his kingdoms?

“*Query XII.* If we were so tender of our trade to the northern ports in general, ought we not in policy rather to have considered the hazard that trade runs by the approaching ruin of Sweden, and *by the Czar's becoming the whole and sole master of the Baltic, and all the naval stores we want from thence?* Have we not also suffered greater hardships and losses in the said trade from the Czar, than that amounting only to sixty odd thousand pounds (whereof, by the way, two parts in three may perhaps be disputable), which provoked us first to send twenty men-of-war in the Baltic with order to attack the Swedes wherever they met them? And yet, did not this very Czar, this very aspiring and dangerous prince, *last summer command the whole confederate fleet*, as it was called, *of which our men-of-war made the most considerable part?* *The first instance that ever was of a Foreign Potentate having the command given him of the English fleet, the bulwark of our nation;* and did not our said men-of-war afterwards convey his (the Czar's) transport ships and troops on board of them, in their return from Zealand, *protecting them from the Swedish fleet*, which else would have made a considerable havoc amongst them?

“*Query XIII.* Suppose now, we had, on the contrary, taken hold of the great and many complaints our merchants have made of the ill-usage they meet from the Czar, to have sent our fleet to show our resentment against

that prince, to prevent his great and pernicious designs even to us, *to assist Sweden pursuant to this Treaty*, and effectually to restore the peace in the North, would not that have been more for our interest, more necessary, more honourable and just, and more according to our Treaty; and would not the several 100,000 pounds these our Northern expeditions have cost the nation, have been thus better employed?

“*Query XIV.* If the preserving and securing our trade against the Swedes has been the only and real object of all our measures, as to the Northern affairs, how came we the year before the last to leave eight men-of-war in the Baltic and at Copenhagen, when we had no more trade there to protect, and how came Admiral Norris last summer, although he and the Dutch together made up the number of twenty-six men-of-war, and consequently were too strong for the Swedes, to attempt anything against our trade under their convoy; yet to lay above two whole months of the best season in the Sound, without convoying our and the Dutch merchantmen to the several ports they were bound for, whereby they were kept in the Baltic so late that their return could not but be very hazardous, as it even proved, both to them and our men-of-war themselves? Will not the world be apt to think that the hopes of forcing the King of Sweden to an inglorious and disadvantageous peace, by which the Duchies of Bremen and Verden ought to be added to the Hanover dominions, or that some other such view, foreign, if not contrary, to the true and old interest of Great Britain, had then a greater influence upon all these our proceedings than *the pretended care of our trade*?

“*Article XVIII.* For as much as it seems convenient for the preservation of the liberty of navigation and commerce in the Baltic Sea, that a firm and exact friendship should be kept between the Kings of Sweden and Denmark; and whereas the former Kings of Sweden and Denmark did oblige themselves mutually, not only by the public Articles of Peace made in the camp of Copenhagen, on the 27th of May, 1660, and by the ratifications of the agreement interchanged on both sides, sacredly and inviolably to observe all and every one of the clauses comprehended in the said agreement, but also declared together to ... Charles II., King of Great Britain ... a little before the treaty concluded between England and Sweden in the year 1665, that they would stand sincerely ... to all ... of the Articles of the said peace ... whereupon Charles II., with the approbation and consent of both the forementioned Kings of Sweden and Denmark, took

upon himself a little after the Treaty concluded between England and Sweden, 1st March, 1665, to wit 9th October, 1665, guarantee of the same agreements.... Whereas an instrument of peace between ... the Kings of Sweden and Denmark happened to be soon after these concluded at Lunden in Schonen, in 1679, which contains an express transaction, and repetition and confirmation of the Treaties concluded at Roskild, Copenhagen, and Westphalia; therefore ... the King of Great Britain binds himself by the force of this Treaty ... that if either of the Kings of Sweden and Denmark shall consent to the violation, either of all the agreements, or of one or more articles comprehended in them, and consequently if either of the Kings shall to the prejudice of the person, provinces, territories, islands, goods, dominions and rights of the other, which by the force of the agreements so often repeated, and made in the camp of Copenhagen, on the 27th of May, 1660, as also of those made in the ... peace at Lunden in Schonen in 1679, were attributed to every one that was interested and comprehended in the words of the peace, should either by himself or by others, presume, or secretly design or attempt, or by open molestations, or by any injury, or by any violence of arms, attempt anything; that then the ... King of Great Britain ... shall first of all, by his interposition, perform all the offices of a friend and princely ally, which may serve towards the keeping inviolable all the frequently mentioned agreements, and of every article comprehended in them, and consequently towards the preservation of peace between both kings; that afterwards if the King, who is the beginner of such prejudice, or any molestation or injury, contrary to all agreements, and contrary to any articles comprehended in them, shall refuse after being admonished ... then the King of Great Britain ... shall ... assist him that is injured as by the present agreements between the Kings of Great Britain and Sweden in such cases is determined and agreed.

*Query.* Does not this article expressly tell us how to remedy the disturbances our trade in the Baltic might suffer, in case of a misunderstanding betwixt the Kings of Sweden and Denmark, by obliging both these Princes to keep all the Treaties of Peace that have been concluded between them from 1660-1670, and in case either of them should in an hostile manner act against the said Treaties, by assisting the other against the aggressor? How comes it then that we don't make use of so just a remedy against an evil we are so great sufferers by? Can anybody, though ever so partial, deny but the King of Denmark, though seemingly a sincere

friend to the King of Sweden, from the peace of Travendahl till he went out of Saxony against the Muscovites, fell very unjustly upon him immediately after, taking ungenerously advantage of the fatal battle of Pultava? Is not then the King of Denmark the violator of all the above-mentioned Treaties, and consequently the true author of the disturbances our trade meets with in the Baltic? Why in God's name don't we, according to this article, assist Sweden against him, and why do we, on the contrary, declare openly against the injured King of Sweden, send hectoring and threatening memorials to him, upon the least advantage he has over his enemies, as we did last summer upon his entering Norway, and even order our fleets to act openly against him in conjunction with the Danes?

*“Article XIX. There shall be ‘stricter confederacy and union between the above-mentioned Kings of Great Britain and Sweden, for the future, for the defence and preservation of the Protestant, Evangelic, and reformed religion.’*

*“Query I. How do we, according to this article, join with Sweden to assert, protect, and preserve the Protestant religion? Don't we suffer that nation, which has always been a bulwark to the said religion, most unmercifully to be torn to pieces?... Don't we ourselves give a helping hand towards its destruction? And why all this? Because our merchants have lost their ships to the value of sixty odd thousand pounds. For this loss, and nothing else, was the pretended reason why, in the year 1715, we sent our fleet in the Baltic, at the expense of £200,000; and as to what our merchants have suffered since, suppose we attribute it to our threatening memorials as well as open hostilities against the King of Sweden, must we not even then own that that Prince's resentment has been very moderate?*

*“Query II. How can other Princes, and especially our fellow Protestants, think us sincere in what we have made them believe as to our zeal in spending millions of lives and money for to secure the Protestant interest only in one single branch of it, I mean the Protestant succession here, when they see that that succession has hardly taken place, before we, only for sixty odd thousand pounds, (for let us always remember that this paltry sum was the first pretence for our quarrelling with Sweden) go about to undermine the very foundation of that interest in general, by helping, as we do, entirely to sacrifice Sweden, the old and sincere protector of the Protestants, to its neighbours, of which some are professed Papists, some worse, and some, at least, but lukewarm Protestants?*

“*Article XX.* Therefore, that a reciprocal faith of the Allies and their perseverance in this agreement may appear ... both the fore-mentioned kings mutually oblige themselves, and declare that ... they will not depart a tittle from the genuine and common sense of all and every article of this treaty under any pretences of friendship, profit, former treaty, agreement, and promise, or upon any colour whatsoever: but that they will most fully and readily, either by themselves, or ministers, or subjects, put in execution whatsoever they have promised in this treaty ... without any hesitation, exception, or excuse....

“*Query I.* Inasmuch as this article sets forth that, at the time of concluding of the treaty, we were under no engagement contrary to it, and that it were highly unjust should we afterwards, and while this treaty is in force, which is eighteen years after the day it was signed, have entered into any such engagements, how can we justify to the world our late proceedings against the King of Sweden, which naturally seem the consequences of a treaty either of our own making with the enemies of that Prince, *or of some Court or other that at present influences our measures?*

“*Query II.* The words in this article ... how in the name of honour, faith, and justice, do they agree with the *little and pitiful pretences* we now make use of, not only for not assisting Sweden, pursuant to this treaty, *but even for going about so heartily as we do to destroy it?*

“*Article XXI.* This defensive treaty shall last for eighteen years, before the end of which the confederate kings may ... again treat.

“*Ratification of the abovesaid treaty.* We, having seen and considered this treaty, have approved and confirmed the same in all and every particular article and clause as by the present. We do approve the same for us, our heirs, and successors; assuring and promising our princely word that we shall perform and observe sincerely and in good earnest all those things that are therein contained, for the better confirmation whereof we have ordered our great seal of England to be put to these presents, which were given at our palace of Kensington, 25th of February, in the year of our Lord 1700, and in the 11th year of our reign (Gulielmus Rex).

“*Query.* How can any of us that declares himself for the late happy revolution, and that is a true and grateful lover of King William’s for ever-glorious memory ... yet bear with the least patience, that the said treaty should (that I may again use the words of the 20th article) be *departed from, under any pretence of profit, or upon any colour whatsoever,* especially so

insignificant and trifling a one as that which has been made use of for two years together to employ our ships, our men, and our money, *to accomplish the ruin of Sweden*, that same Sweden whose defence and preservation this great and wise monarch of ours has so solemnly promised, and which he always looked upon to be of the utmost necessity for to secure the Protestant interest in Europe?”

## CHAPTER V

Before entering upon an analysis of the pamphlet headed, "*Truth is but truth, as it is timed,*" with which we shall conclude the *Introduction* to the *Diplomatic Revelations*, some preliminary remarks on the general history of Russian politics appear opportune.

The overwhelming influence of Russia has taken Europe at different epochs by surprise, startled the peoples of the West, and been submitted to as a fatality, or resisted only by convulsions. But alongside the fascination exercised by Russia, there runs an ever-reviving scepticism, dogging her like a shadow, growing with her growth, mingling shrill notes of irony with the cries of agonising peoples, and mocking her very grandeur as a histrionic attitude taken up to dazzle and to cheat. Other empires have met with similar doubts in their infancy; Russia has become a colossus without outliving them. She affords the only instance in history of an immense empire, the very existence of whose power, even after world-wide achievements, has never ceased to be treated like a matter of faith rather than like a matter of fact. From the outset of the eighteenth century to our days, no author, whether he intended to exalt or to check Russia, thought it possible to dispense with first proving her existence.

But whether we be spiritualists or materialists with respect to Russia — whether we consider her power as a palpable fact, or as the mere vision of the guilt-stricken consciences of the European peoples — the question remains the same: "How did this power, or this phantom of a power, contrive to assume such dimensions as to rouse on the one side the passionate assertion, and on the other the angry denial of its threatening the world with a rehearsal of Universal Monarchy?" At the beginning of the eighteenth century Russia was regarded as a mushroom creation extemporised by the genius of Peter the Great. Schloezer thought it a discovery to have found out that she possessed a past; and in modern times, writers, like Fallmerayer, unconsciously following in the track beaten by Russian historians, have deliberately asserted that the northern spectre which frightens the Europe of the nineteenth century already overshadowed the Europe of the ninth century. With them the policy of Russia begins with the first Ruriks, and has, with some interruptions indeed, been systematically continued to the present hour.

Ancient maps of Russia are unfolded before us, displaying even larger European dimensions than she can boast of now: her perpetual movement of aggrandizement from the ninth to the eleventh century is anxiously pointed out; we are shown Oleg launching 88,000 men against Byzantium, fixing his shield as a trophy on the gate of that capital, and dictating an ignominious treaty to the Lower Empire; Igor making it tributary; Sviataslaff glorying, “the Greeks supply me with gold, costly stuffs, rice, fruits and wine; Hungary furnishes cattle and horses; from Russia I draw honey, wax, furs, and men”; Vladimir conquering the Crimea and Livonia, extorting a daughter from the Greek Emperor, as Napoleon did from the German Emperor, blending the military sway of a northern conqueror with the theocratic despotism of the Porphyro-geniti, and becoming at once the master of his subjects on earth, and their protector in heaven.

Yet, in spite of the plausible parallelism suggested by these reminiscences, the policy of the first Ruriks differs fundamentally from that of modern Russia. It was nothing more nor less than the policy of the German barbarians inundating Europe — the history of the modern nations beginning only after the deluge has passed away. The Gothic period of Russia in particular forms but a chapter of the Norman conquests. As the empire of Charlemagne precedes the foundation of modern France, Germany, and Italy, so the empire of the Ruriks precedes the foundation of Poland, Lithuania, the Baltic Settlements, Turkey, and Muscovy itself. The rapid movement of aggrandizement was not the result of deep-laid schemes, but the natural offspring of the primitive organization of Norman conquest — vassalship without fiefs, or fiefs consisting only in tributes — the necessity of fresh conquests being kept alive by the uninterrupted influx of new Varangian adventurers, panting for glory and plunder. The chiefs, becoming anxious for repose, were compelled by the Faithful Band to move on, and in Russian, as in French Normandy, there arrived the moment when the chiefs despatched on new predatory excursions their uncontrollable and insatiable companions-in-arms with the single view to get rid of them. Warfare and organization of conquest on the part of the first Ruriks differ in no point from those of the Normans in the rest of Europe. If Slavonian tribes were subjected not only by the sword, but also by mutual convention, this singularity is due to the exceptional position of those tribes, placed between a northern and eastern invasion, and embracing the former as a protection from the latter. The same magic charm which attracted other

northern barbarians to the Rome of the West attracted the Varangians to the Rome of the East. The very migration of the Russian capital — Rurik fixing it at Novgorod, Oleg removing it to Kiev, and Sviataslaff attempting to establish it in Bulgaria — proves beyond doubt that the invader was only feeling his way, and considered Russia as a mere halting-place from which to wander on in search of an empire in the South. If modern Russia covets the possession of Constantinople to establish her dominion over the world, the Ruriks were, on the contrary, forced by the resistance of Byzantium, under Zimiskes, definitively to establish their dominion in Russia.

It may be objected that victors and vanquished amalgamated more quickly in Russia than in any other conquest of the northern barbarians, that the chiefs soon commingled themselves with the Slavonians — as shown by their marriages and their names. But then, it should be recollected that the Faithful Band, which formed at once their guard and their privy council, remained exclusively composed of Varangians; that Vladimir, who marks the summit, and Yaroslav, who marks the commencing decline of Gothic Russia, were seated on her throne by the arms of the Varangians. If any Slavonian influence is to be acknowledged in this epoch, it is that of Novgorod, a Slavonian State, the traditions, policy, and tendencies of which were so antagonistic to those of modern Russia that the one could found her existence only on the ruins of the other. Under Yaroslav the supremacy of the Varangians is broken, but simultaneously with it disappears the conquering tendency of the first period, and the decline of Gothic Russia begins. The history of that decline, more still than that of the conquest and formation, proves the exclusively Gothic character of the Empire of the Ruriks.

The incongruous, unwieldy, and precocious Empire heaped together by the Ruriks, like the other empires of similar growth, is broken up into appanages, divided and subdivided among the descendants of the conquerors, dilacerated by feudal wars, rent to pieces by the intervention of foreign peoples. The paramount authority of the Grand Prince vanishes before the rival claims of seventy princes of the blood. The attempt of Andrew of Susdal at recomposing some large limbs of the empire by the removal of the capital from Kiev to Vladimir proves successful only in propagating the decomposition from the South to the centre. Andrew's third successor resigns even the last shadow of supremacy, the title of Grand Prince, and the merely nominal homage still offered him. The appanages to

the South and to the West become by turns Lithuanian, Polish, Hungarian, Livonian, Swedish. Kiev itself, the ancient capital, follows destinies of its own, after having dwindled down from a seat of the Grand Princedom to the territory of a city. Thus, the Russia of the Normans completely disappears from the stage, and the few weak reminiscences in which it still outlived itself, dissolve before the terrible apparition of Genghis Khan. The bloody mire of Mongolian slavery, not the rude glory of the Norman epoch, forms the cradle of Muscovy, and modern Russia is but a metamorphosis of Muscovy.

The Tartar yoke lasted from 1237 to 1462 — more than two centuries; a yoke not only crushing, but dishonouring and withering the very soul of the people that fell its prey. The Mongol Tartars established a rule of systematic terror, devastation and wholesale massacre forming its institutions. Their numbers being scanty in proportion to their enormous conquests, they wanted to magnify them by a halo of consternation, and to thin, by wholesale slaughter, the populations which might rise in their rear. In their creations of desert they were, besides, led by the same economical principle which has depopulated the Highlands of Scotland and the Campagna di Roma — the conversion of men into sheep, and of fertile lands and populous abodes into pasturage.

The Tartar yoke had already lasted a hundred years before Muscovy emerged from its obscurity. To entertain discord among the Russian princes, and secure their servile submission, the Mongols had restored the dignity of the Grand Princedom. The strife among the Russian princes for this dignity was, as a modern author has it, “an abject strife — the strife of slaves, whose chief weapon was calumny, and who were always ready to denounce each other to their cruel rulers; wrangling for a degraded throne, whence they could not move but with plundering, parricidal hands — hands filled with gold and stained with gore; which they dared not ascend without grovelling, nor retain but on their knees, prostrate and trembling beneath the scimitar of a Tartar, always ready to roll under his feet those servile crowns, and the heads by which they were worn.” It was in this infamous strife that the Moscow branch won at last the race. In 1328 the crown of the Grand Princedom, wrested from the branch of Tver by dint of denunciation and assassination, was picked up at the feet of Usbeck Khan by Yury, the elder brother of Ivan Kalita. Ivan I. Kalita, and Ivan III., surnamed the Great,

personate Muscovy rising by means of the Tartar yoke, and Muscovy getting an independent power by the disappearance of the Tartar rule. The whole policy of Muscovy, from its first entrance into the historical arena, is resumed in the history of these two individuals.

The policy of Ivan Kalita was simply this: to play the abject tool of the Khan, thus to borrow his power, and then to turn it round upon his princely rivals and his own subjects. To attain this end, he had to insinuate himself with the Tartars by dint of cynical adulation, by frequent journeys to the Golden Horde, by humble prayers for the hand of Mongol princesses, by a display of unbounded zeal for the Khan's interest, by the unscrupulous execution of his orders, by atrocious calumnies against his own kinsfolk, by blending in himself the characters of the Tartar's hangman, sycophant, and slave-in-chief. He perplexed the Khan by continuous revelations of secret plots. Whenever the branch of Tver betrayed a velleité of national independence, he hurried to the Horde to denounce it. Wherever he met with resistance, he introduced the Tartar to trample it down. But it was not sufficient to act a character; to make it acceptable, gold was required. Perpetual bribery of the Khan and his grandees was the only sure foundation upon which to raise his fabric of deception and usurpation. But how was the slave to get the money wherewith to bribe the master? He persuaded the Khan to instal him his tax-gatherer throughout all the Russian appanages. Once invested with this function, he extorted money under false pretences. The wealth accumulated by the dread held out of the Tartar name, he used to corrupt the Tartars themselves. By a bribe he induced the primate to transfer his episcopal seat from Vladimir to Moscow, thus making the latter the capital of the empire, because the religious capital, and coupling the power of the Church with that of his throne. By a bribe he allured the Boyards of the rival princes into treason against their chiefs, and attracted them to himself as their centre. By the joint influence of the Mahometan Tartar, the Greek Church, and the Boyards, he unites the princes holding appanages into a crusade against the most dangerous of them — the prince of Tver; and then having driven his recent allies by bold attempts at usurpation into resistance against himself, into a war for the public good, he draws not the sword but hurries to the Khan. By bribes and delusion again, he seduces him into assassinating his kindred rivals under the most cruel torments. It was the traditional policy of the Tartar to check

the Russian princes the one by the other, to feed their dissensions, to cause their forces to equiponderate, and to allow none to consolidate himself. Ivan Kalita converts the Khan into the tool by which he rids himself of his most dangerous competitors, and weighs down every obstacle to his own usurping march. He does not conquer the appanages, but surreptitiously turns the rights of the Tartar conquest to his exclusive profit. He secures the succession of his son through the same means by which he had raised the Grand Principedom of Muscovy, that strange compound of principedom and serfdom. During his whole reign he swerves not once from the line of policy he had traced to himself; clinging to it with a tenacious firmness, and executing it with methodical boldness. Thus he becomes the founder of the Muscovite power, and characteristically his people call him Kalita — that is, the purse, because it was the purse and not the sword with which he cut his way. The very period of his reign witnesses the sudden growth of the Lithuanian power which dismembers the Russian appanages from the West, while the Tartar squeezes them into one mass from the East. Ivan, while he dared not repulse the one disgrace, seemed anxious to exaggerate the other. He was not to be seduced from following up his ends by the allurements of glory, the pangs of conscience, or the lassitude of humiliation. His whole system may be expressed in a few words: the machiavelism of the usurping slave. His own weakness — his slavery — he turned into the mainspring of his strength.

The policy traced by Ivan I. Kalita is that of his successors; they had only to enlarge the circle of its application. They followed it up laboriously, gradually, inflexibly. From Ivan I. Kalita, we may, therefore, pass at once to Ivan III., surnamed the Great.

At the commencement of his reign (1462-1505) Ivan III. was still a tributary to the Tartars; his authority was still contested by the princes holding appanages; Novgorod, the head of the Russian republics, reigned over the north of Russia; Poland-Lithuania was striving for the conquest of Muscovy; lastly, the Livonian knights were not yet disarmed. At the end of his reign we behold Ivan III. seated on an independent throne, at his side the daughter of the last emperor of Byzantium, at his feet Kasan, and the remnant of the Golden Horde flocking to his court; Novgorod and the other Russian republics enslaved — Lithuania diminished, and its king a tool in Ivan's hands — the Livonian knights vanquished. Astonished Europe, at the commencement of Ivan's reign, hardly aware of the existence of Muscovy,

hemmed in between the Tartar and the Lithuanian, was dazzled by the sudden appearance of an immense empire on its eastern confines, and Sultan Bajazet himself, before whom Europe trembled, heard for the first time the haughty language of the Muscovite. How, then, did Ivan accomplish these high deeds? Was he a hero? The Russian historians themselves show him up a confessed coward.

Let us shortly survey his principal contests, in the sequence in which he undertook and concluded them — his contests with the Tartars, with Novgorod, with the princes holding appanages, and lastly with Lithuania-Poland.

Ivan rescued Muscovy from the Tartar yoke, not by one bold stroke, but by the patient labour of about twenty years. He did not break the yoke, but disengaged himself by stealth. Its overthrow, accordingly, has more the look of the work of nature than the deed of man. When the Tartar monster expired at last, Ivan appeared at its deathbed like a physician, who prognosticated and speculated on death rather than like a warrior who imparted it. The character of every people enlarges with its enfranchisement from a foreign yoke; that of Muscovy in the hands of Ivan seems to diminish. Compare only Spain in its struggles against the Arabs with Muscovy in its struggles against the Tartars.

At the period of Ivan's accession to the throne, the Golden Horde had long since been weakened, internally by fierce feuds, externally by the separation from them of the Nogay Tartars, the eruption of Timour Tamerlane, the rise of the Cossacks, and the hostility of the Crimean Tartars. Muscovy, on the contrary, by steadily pursuing the policy traced by Ivan Kalita, had grown to a mighty mass, crushed, but at the same time compactly united by the Tartar chain. The Khans, as if struck by a charm, had continued to remain instruments of Muscovite aggrandizement and concentration. By calculation they had added to the power of the Greek Church, which, in the hand of the Muscovite grand princes, proved the deadliest weapon against them.

In rising against the Horde, the Muscovite had not to invent but only to imitate the Tartars themselves. But Ivan did not rise. He humbly acknowledged himself a slave of the Golden Horde. By bribing a Tartar woman he seduced the Khan into commanding the withdrawal from Muscovy of the Mongol residents. By similar and imperceptible and surreptitious steps he duped the Khan into successive concessions, all

ruinous to his sway. He thus did not conquer, but filch strength. He does not drive, but manœuvre his enemy out of his strongholds. Still continuing to prostrate himself before the Khan's envoys, and to proclaim himself his tributary, he eludes the payment of the tribute under false pretences, employing all the stratagems of a fugitive slave who dare not front his owner, but only steal out of his reach. At last the Mongol awakes from his torpor, and the hour of battle sounds. Ivan, trembling at the mere semblance of an armed encounter, attempts to hide himself behind his own fear, and to disarm the fury of his enemy by withdrawing the object upon which to wreak his vengeance. He is only saved by the intervention of the Crimean Tartars, his allies. Against a second invasion of the Horde, he ostentatiously gathers together such disproportionate forces that the mere rumour of their number parries the attack. At the third invasion, from the midst of 200,000 men, he absconds a disgraced deserter. Reluctantly dragged back, he attempts to haggle for conditions of slavery, and at last, pouring into his army his own servile fear, he involves it in a general and disorderly flight. Muscovy was then anxiously awaiting its irretrievable doom, when it suddenly hears that by an attack on their capital made by the Crimean Khan, the Golden Horde has been forced to withdraw, and has, on its retreat, been destroyed by the Cossacks and Nogay Tartars. Thus defeat was turned into success, and Ivan had overthrown the Golden Horde, not by fighting it himself, but by challenging it through a feigned desire of combat into offensive movements, which exhausted its remnants of vitality and exposed it to the fatal blows of the tribes of its own race whom he had managed to turn into his allies. He caught one Tartar with another Tartar. As the immense danger he had himself summoned proved unable to betray him into one single trait of manhood, so his miraculous triumph did not infatuate him even for one moment. With cautious circumspection he dared not incorporate Kasan with Muscovy, but made it over to sovereigns belonging to the family of Menghi-Ghirei, his Crimean ally, to hold it, as it were, in trust for Muscovy. With the spoils of the vanquished Tartar, he enchained the victorious Tartar. But if too prudent to assume, with the eye-witnesses of his disgrace, the airs of a conqueror, this impostor did fully understand how the downfall of the Tartar empire must dazzle at a distance — with what halo of glory it would encircle him, and how it would facilitate a magnificent entry among the European Powers. Accordingly he assumed abroad the theatrical attitude of the conqueror, and, indeed, succeeded in

hiding under a mask of proud susceptibility and irritable haughtiness the obtrusiveness of the Mongol serf, who still remembered kissing the stirrup of the Khan's meanest envoy. He aped in more subdued tone the voice of his old masters, which terrified his soul. Some standing phrases of modern Russian diplomacy, such as the magnanimity, the wounded dignity of the master, are borrowed from the diplomatic instructions of Ivan III.

After the surrender of Kasan, he set out on a long-planned expedition against Novgorod, the head of the Russian republics. If the overthrow of the Tartar yoke was, in his eyes, the first condition of Muscovite greatness, the overthrow of Russian freedom was the second. As the republic of Viatka had declared itself neutral between Muscovy and the Horde, and the republic of Tskof, with its twelve cities, had shown symptoms of disaffection, Ivan flattered the latter and affected to forget the former, meanwhile concentrating all his forces against Novgorod the Great, with the doom of which he knew the fate of the rest of the Russian republics to be sealed. By the prospect of sharing in this rich booty, he drew after him the princes holding appanages, while he inveigled the boyards by working upon their blind hatred of Novgorodian democracy. Thus he contrived to march three armies upon Novgorod and to overwhelm it by disproportionate force. But then, in order not to keep his word to the princes, not to forfeit his immutable "Vos non vobis," at the same time apprehensive, lest Novgorod should not yet have become digestible from the want of preparatory treatment, he thought fit to exhibit a sudden moderation; to content himself with a ransom and the acknowledgment of his suzerainty; but into the act of submission of the republic he smuggled some ambiguous words which made him its supreme judge and legislator. Then he fomented the dissensions between the patricians and plebeians raging as well in Novgorod as at Florence. Of some complaints of the plebeians he took occasion to introduce himself again into the city, to have its nobles, whom he knew to be hostile to himself, sent to Moscow loaded with chains, and to break the ancient law of the republic that "none of its citizens should ever be tried or punished out of the limits of its own territory." From that moment he became supreme arbiter. "Never," say the annalists, "never since Rurik had such an event happened; never had the grand princes of Kiev and Vladimir seen the Novgorodians come and submit to them as their judges. Ivan alone could reduce Novgorod to that degree of humiliation." Seven years were employed by Ivan to corrupt the republic by the exercise of his

judicial authority. Then, when he found its strength worn out, he thought the moment ripe for declaring himself. To doff his own mask of moderation, he wanted, on the part of Novgorod, a breach of the peace. As he had simulated calm endurance, so he simulated now a sudden burst of passion. Having bribed an envoy of the republic to address him during a public audience with the name of sovereign, he claimed, at once, all the rights of a despot — the self-annihilation of the republic.

## CHAPTER VI

One feature characteristic of the Slavonic race must strike every observer. Almost everywhere it confined itself to an inland country, leaving the sea-borders to non-Slavonic tribes. Finno-Tartaric tribes held the shores of the Black Sea, Lithuanians and Fins those of the Baltic and White Sea. Wherever they touched the sea-board, as in the Adriatic and part of the Baltic, the Slavonians had soon to submit to foreign rule. The Russian people shared this common fate of the Slavonian race. Their home, at the time they first appear in history, was the country about the sources and upper course of the Volga and its tributaries, the Dnieper, Don, and Northern Dwina. Nowhere did their territory touch the sea except at the extremity of the Gulf of Finland. Nor had they before Peter the Great proved able to conquer any maritime outlet beside that of the White Sea, which, during three-fourths of the year, is itself enchained and immovable. The spot where Petersburg now stands had been for a thousand years past contested ground between Fins, Swedes, and Russians. All the remaining extent of coast from Polangen, near Memel, to Torrea, the whole coast of the Black Sea, from Akerman to Redut Kaleh, has been conquered later on. And, as if to witness the anti-maritime peculiarity of the Slavonic race, of all this line of coast, no portion of the Baltic coast has really adopted Russian nationality. Nor has the Circassian and Mingrelian east coast of the Black Sea. It is only the coast of the White Sea, as far as it was worth cultivating, some portion of the northern coast of the Black Sea, and part of the coast of the Sea of Azof, that have really been peopled with Russian inhabitants, who, however, despite the new circumstances in which they are placed, still refrain from taking to the sea, and obstinately stick to the land-lopers' traditions of their ancestors.

From the very outset, Peter the Great broke through all the traditions of the Slavonic race. "It is water that Russia wants." These words he addressed as a rebuke to Prince Cantemir are inscribed on the title-page of his life. The conquest of the Sea of Azof was aimed at in his first war with Turkey, the conquest of the Baltic in his war against Sweden, the conquest of the Black Sea in his second war against the Porte, and the conquest of the Caspian Sea in his fraudulent intervention in Persia. For a system of local encroachment, land was sufficient; for a system of universal aggression,

water had become indispensable. It was but by the conversion of Muscovy from a country wholly of land into a sea-bordering empire, that the traditional limits of the Muscovite policy could be superseded and merged into that bold synthesis which, blending the encroaching method of the Mongol slave with the world-conquering tendencies of the Mongol master, forms the life-spring of modern Russian diplomacy.

It has been said that no great nation has ever existed, or been able to exist, in such an inland position as that of the original empire of Peter the Great; that none has ever submitted thus to see its coasts and the mouths of its rivers torn away from it; that Russia could no more leave the mouth of the Neva, the natural outlet for the produce of Northern Russia, in the hands of the Swedes, than the mouths of the Don, Dnieper, and Bug, and the Straits of Kertch, in the hands of nomadic and plundering Tartars; that the Baltic provinces, from their very geographical configuration, are naturally a corollary to whichever nation holds the country behind them; that, in one word, Peter, in this quarter, at least, but took hold of what was absolutely necessary for the natural development of his country. From this point of view, Peter the Great intended, by his war against Sweden, only rearing a Russian Liverpool, and endowing it with its indispensable strip of coast.

But then, one great fact is slighted over, the *tour de force* by which he transferred the capital of the Empire from the inland centre to the maritime extremity, the characteristic boldness with which he erected the new capital on the first strip of Baltic coast he conquered, almost within gunshot of the frontier, thus deliberately giving his dominions an *eccentric centre*. To transfer the throne of the Czars from Moscow to Petersburg was to place it in a position where it could not be safe, even from insult, until the whole coast from Libau to Tornea was subdued — a work not completed till 1809, by the conquest of Finland. “St. Petersburg is the window from which Russia can overlook Europe,” said Algarotti. It was from the first a defiance to the Europeans, an incentive to further conquest to the Russians. The fortifications in our own days of Russian Poland are only a further step in the execution of the same idea. Modlin, Warsaw, Ivangorod, are more than citadels to keep a rebellious country in check. They are the same menace to the west which Petersburg, in its immediate bearing, was a hundred years ago to the north. They are to transform Russia into Panslavonia, as the Baltic provinces were to transform Muscovy into Russia.

Petersburg, the *eccentric centre* of the empire, pointed at once to a periphery still to be drawn.

It is, then, not the mere conquest of the Baltic provinces which separates the policy of Peter the Great from that of his ancestors, but it is the transfer of the capital which reveals the true meaning of his Baltic conquests. Petersburg was not like Muscovy, the centre of a race, but the seat of a government; not the slow work of a people, but the instantaneous creation of a man; not the medium from which the peculiarities of an inland people radiate, but the maritime extremity where they are lost; not the traditional nucleus of a national development, but the deliberately chosen abode of a cosmopolitan intrigue. By the transfer of the capital, Peter cut off the natural ligaments which bound up the encroaching system of the old Muscovite Czars with the natural abilities and aspirations of the great Russian race. By planting his capital on the margin of a sea, he put to open defiance the anti-maritime instincts of that race, and degraded it to a mere weight in his political mechanism. Since the 16th century Muscovy had made no important acquisitions but on the side of Siberia, and to the 16th century the dubious conquests made towards the west and the south were only brought about by direct agency on the east. By the transfer of the capital, Peter proclaimed that he, on the contrary, intended working on the east and the immediately neighbouring countries through the agency of the west. If the agency through the east was narrowly circumscribed by the stationary character and the limited relations of Asiatic peoples, the agency through the west became at once illimited and universal from the movable character and the all-sided relations of Western Europe. The transfer of the capital denoted this intended change of agency, which the conquest of the Baltic provinces afforded the means of achieving, by securing at once to Russia the supremacy among the neighbouring Northern States; by putting it into immediate and constant contact with all points of Europe; by laying the basis of a material bond with the maritime Powers, which by this conquest became dependent on Russia for their naval stores; a dependence not existing as long as Muscovy, the country that produced the great bulk of the naval stores, had got no outlets of its own; while Sweden, the Power that held these outlets, had not got the country lying behind them.

If the Muscovite Czars, who worked their encroachments by the agency principally of the Tartar Khans, were obliged to *tartarize* Muscovy, Peter the Great, who resolved upon working through the agency of the west, was

obliged to *civilize* Russia. In grasping upon the Baltic provinces, he seized at once the tools necessary for this process. They afforded him not only the diplomatists and the generals, the brains with which to execute his system of political and military action on the west, they yielded him, at the same time, a crop of bureaucrats, schoolmasters, and drill-sergeants, who were to drill Russians into that varnish of civilization that adapts them to the technical appliances of the Western peoples, without imbuing them with their ideas.

Neither the Sea of Azof, nor the Black Sea, nor the Caspian Sea, could open to Peter this direct passage to Europe. Besides, during his lifetime still Taganrog, Azof, the Black Sea, with its new-formed Russian fleets, ports, and dockyards, were again abandoned or given up to the Turk. The Persian conquest, too, proved a premature enterprise. Of the four wars which fill the military life of Peter the Great, his first war, that against Turkey, the fruits of which were lost in a second Turkish war, continued in one respect the traditional struggle with the Tartars. In another respect, it was but the prelude to the war against Sweden, of which the second Turkish war forms an episode and the Persian war an epilogue. Thus the war against Sweden, lasting during twenty-one years, almost absorbs the military life of Peter the Great. Whether we consider its purpose, its results, or its endurance, we may justly call it *the* war of Peter the Great. His whole creation hinges upon the conquest of the Baltic coast.

Now, suppose we were altogether ignorant of the details of his operations, military and diplomatic. The mere fact that the conversion of Muscovy into Russia was brought about by its transformation from a half-Asiatic inland country into the paramount maritime Power of the Baltic, would it not enforce upon us the conclusion that England, the greatest maritime Power of that epoch — a maritime Power lying, too, at the very gates of the Baltic, where, since the middle of the 17th century, she had maintained the attitude of supreme arbiter — that England must have had her hand in this great change, that she must have proved the main prop or the main impediment of the plans of Peter the Great, that during the long protracted and deadly struggle between Sweden and Russia she must have turned the balance, that if we do not find her straining every nerve in order to save the Swede we may be sure of her having employed all the means at her disposal for furthering the Muscovite? And yet, in what is commonly

called history, England does hardly appear on the plan of this grand drama, and is represented as a spectator rather than as an actor. Real history will show that the Khans of the Golden Horde were no more instrumental in realizing the plans of Ivan III. and his predecessors than the rulers of England were in realizing the plans of Peter I. and his successors.

The pamphlets which we have reprinted, written as they were by English contemporaries of Peter the Great, are far from concurring in the common delusions of later historians. They emphatically denounce England as the mightiest tool of Russia. The same position is taken up by the pamphlet of which we shall now give a short analysis, and with which we shall conclude the introduction to the diplomatic revelations. It is entitled, "*Truth is but Truth as it is timed; or, our Ministry's present measures against the Muscovite vindicated*, etc., etc. Humbly dedicated to the House of C., London, 1719."

The former pamphlets we have reprinted, were written at, or shortly after, the time when, to use the words of a modern admirer of Russia, "Peter traversed the Baltic Sea as master at the head of the combined squadrons of all the northern Powers, England included, which gloried in sailing under his orders." In 1719, however, when *Truth is but Truth* was published, the face of affairs seemed altogether changed. Charles XII. was dead, and the English Government now pretended to side with Sweden, and to wage war against Russia. There are other circumstances connected with this anonymous pamphlet which claim particular notice. It purports to be an extract from a relation, which, on his return from Muscovy, in August, 1715, its author, by order of George I., drew up and handed over to Viscount Townshend, then Secretary of State.

"It happens," says he, "to be an advantage that at present I may own to have been the first so happy to foresee, or honest to forewarn our Court here, of the absolute necessity of our then breaking with the Czar, and shutting him out again of the Baltic." "My relation discovered his aim as to other States, and even to the German Empire, to which, although an inland Power, he had offered to annex Livonia as an Electorate, so that he could but be admitted as an elector. It drew attention to the Czar's then contemplated assumption of the title of Autocrator. Being head of the Greek Church he would be owned by the other potentates as head of the Greek Empire. I am not to say how reluctant we would be to acknowledge that

title, since we have already made an ambassador treat him with the title of Imperial Majesty, which the Swede has never yet condescended to.”

For some time attached to the British Embassy in Muscovy, our author, as he states, was later on “*dismissed the service, because the Czar desired it,*” having made sure that

“I had given our Court such light into his affairs as is contained in this paper; for which I beg leave to appeal to the King, and to vouch the Viscount Townshend, who heard his Majesty give that vindication.” “And yet, notwithstanding all this, I have been for these five years past kept soliciting for a very long arrear still due, and whereof I contracted the greatest part in executing a commission for her late Majesty.”

The anti-Muscovite attitude, suddenly assumed by the Stanhope Cabinet, our author looks to in rather a sceptic mood.

“I do not pretend to foreclose, by this paper, the Ministry of that applause due to them from the public, when they shall satisfy us as to what the motives were which made them, till but yesterday, straiten the Swede in everything, although then our ally as much as now; or strengthen, by all the ways they could, the Czar, although under no tie, but barely that of amity with Great Britain.... At the minute I write this I learn that the gentleman who brought the Muscovites, not yet three years ago, as a royal navy, not under our protection, on their first appearance in the Baltic, is again authorized by the persons now in power, to give the Czar a second meeting in these seas. For what reason or to what good end?”

The gentleman hinted at is Admiral Norris, whose Baltic campaign against Peter I. seems, indeed, to be the original pattern upon which the recent naval campaigns of Admirals Napier and Dundas were cut out.

The restoration to Sweden of the Baltic provinces is required by the commercial as well as the political interest of Great Britain. Such is the pith of our author’s argument:

“Trade is become the very life of our State; and what food is to life, naval stores are to a fleet. The whole trade we drive with all the other nations of the earth, at best, is but lucrative; this, of the north, is indispensably needful, and may not be improperly termed the *sacra embole* of Great Britain, as being its chiefest foreign vent, for the support of all our trade, and our safety at home. As woollen manufactures and minerals are the staple commodities of Great Britain, so are likewise naval stores those of Muscovy, as also of all those very provinces in the Baltic which the Czar

has so lately wrested from the crown of Sweden. Since those provinces have been in the Czar's possession, Pernan is entirely waste. At Revel we have not one British merchant left, and all the trade which was formerly at Narwa is now brought to Petersburg.... The Swede could never possibly engross the trade of our subjects, because those seaports in his hands were but so many thoroughfares from whence these commodities were uttered, the places of their produce or manufacture lying behind those ports, in the dominions of the Czar. But, if left to the Czar, these Baltic ports are no more thoroughfares, but peculiar magazines from the inland countries of the Czar's own dominions. Having already Archangel in the White Sea, to leave him but any seaport in the Baltic were to put no less in his hands than the *two keys of the general magazines of all the naval stores of Europe*; it being known that Danes, Swedes, Poles, and Prussians have but single and distinct branches of those commodities in their several dominions. If the Czar should thus engross 'the supply of what we cannot do without,' where then is our fleet? Or, indeed, where is the security for all our trade to any part of the earth besides?"

If, then, the interest of British commerce requires to exclude the Czar from the Baltic, the interest of our State ought to be no less a spur to quicken us to that attempt. By the interest of our State I would be understood to mean neither the party measures of a Ministry, nor any foreign motives of a Court, but precisely what is, and ever must be, the immediate concern, either for the safety, ease, dignity, or emolument of the Crown, as well as the common weal of Great Britain. With respect to the Baltic, it has "from the earliest period of our naval power" always been considered a fundamental interest of our State: first, to prevent the rise there of any new maritime Power; and, secondly, to maintain the balance of power between Denmark and Sweden.

"One instance of the wisdom and foresight of our *then truly British statesmen* is the peace at Stalboa, in the year 1617. James the First was the mediator of that treaty, by which the Muscovite was obliged to give up all the provinces which he then was possessed of in the Baltic, and to be barely an inland Power on this side of Europe."

The same policy of preventing a new maritime Power from starting in the Baltic was acted upon by Sweden and Denmark.

“Who knows not that the Emperor’s attempt to get a seaport in Pomerania weighed no less with the great Gustavus than any other motive for carrying his arms even into the bowels of the house of Austria? What befel, at the times of Charles Gustavus, the crown of Poland itself, who, besides it being in those days by far the mightiest of any of the northern Powers, had then a long stretch of coast on, and some ports in, the Baltic? The Danes, though then in alliance with Poland, would never allow them, even for their assistance against the Swedes, to have a fleet in the Baltic, but destroyed the Polish ships wherever they could meet them.”

As to the maintenance of the balance of power between the established maritime States of the Baltic, the tradition of British policy is no less clear. “When the Swedish power gave us some uneasiness there by threatening to crush Denmark,” the honour of our country was kept up by retrieving the then inequality of the balance of power.

The Commonwealth of England sent in a squadron to the Baltic which brought on the treaty of Roskild (1658), afterwards confirmed at Copenhagen (1660). The fire of straw kindled by the Danes in the times of King William III. was as speedily quenched by George Rock in the treaty of Copenhagen.

Such was the hereditary British policy.

“It never entered into the mind of the politicians of those times in order to bring the scale again to rights, to find out the happy *expedient of raising a third naval Power* for framing a juster balance in the Baltic.... Who has taken this counsel against Tyre, the crowning city, whose merchants are princes, whose traffickers are the honourables of the earth? *Ego autem neminem nomino, quare irasci mihi nemo poterit, nisi qui ante de se noluerit confiteri.* Posterity will be under some difficulty to believe that this could be the *work of any of the persons now in power ... that we have opened; St. Petersburg to the Czar solely at our own expense, and without any risk to him....*”

The safest line of policy would be to return to the treaty of Itolbowa, and to suffer the Muscovite no longer “to nestle in the Baltic.” Yet, it may be said, that in “the present state of affairs” it would be “difficult to retrieve the advantage we have lost by not curbing, when it was more easy, the growth of the Muscovite power.” A middle course may be thought more convenient.

“If we should find it consistent with the welfare of our State that the Muscovite have an inlet into the Baltic, as having, of all the princes of Europe, a country that can be made most beneficial to its prince, by uttering its produce to foreign markets. In this case, it were but reasonable to expect, on the other hand, that in return for our complying so far with his interest, for the improvement of his country, his Czarish Majesty, on his part, should demand nothing that may tend to the disturbance of another; and, therefore, contenting himself with ships of trade, should demand none of war.”

“We should thus preclude his hopes of being ever more than an inland Power,” but “obviate every objection of using the Czar worse than any Sovereign Prince may expect. I shall not for this give an instance of a Republic of Genoa, or another in the Baltic itself, of the Duke of Courland; but will assign Poland and Prussia, who, though both now crowned heads, have ever contented themselves with the freedom of an open traffic, without insisting on a fleet. Or the treaty of Falczin, between the Turk and Muscovite, by which Peter was forced not only to restore Asoph, and to part with all his men-of-war in those parts, but also to content himself with the bare freedom of traffic in the Black Sea. Even an inlet in the Baltic for trade is much beyond what he could morally have promised himself not yet so long ago on the issue of his war with Sweden.”

If the Czar refuse to agree to such “a healing temperament,” we shall have “nothing to regret but the time we lost to exert all the means that Heaven has made us master of, to reduce him to a peace advantageous to Great Britain.” War would become inevitable. In that case

“it ought no less to animate our Ministry to pursue their present measures, than fire with indignation the breast of every honest Briton that a Czar of Muscovy, who owes his naval skill to our instructions, and his grandeur to our forbearance, should so soon deny to Great Britain the terms which so few years ago he was fain to take up with from the Sublime Porte.”

“’Tis every way our interest to have the Swede restored to those provinces which the Muscovite has wrested from that crown in the Baltic. *Great Britain can no longer hold the balance in that sea,*” since she “*has raised the Muscovite to be a maritime Power there....* Had we performed the articles of our alliance made by King William with the crown of Sweden, that gallant nation would ever have been a bar strong enough against the

Czar coming into the Baltic.... Time must confirm us, that the Muscovite's *expulsion from the Baltic* is now the principal end of our Ministry."

# REVOLUTION AND COUNTER-REVOLUTION



**OR, GERMANY IN 1848**

*Translated by Eleanor Marx Aveling*

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## NOTE BY THE EDITOR

The following articles are now, after forty-five years, for the first time collected and printed in book form. They are an invaluable pendant to Marx's work on the *coup d'état* of Napoleon III. ("Der Achtzehnte Brumaire des Louis Bonaparte.") Both works belong to the same period, and both are what Engels calls "excellent specimens of that marvellous gift ... of Marx ... of apprehending clearly the character, the significance, and the necessary consequences of great historical events at a time when these events are actually in course of taking place, or are only just completed."

These articles were written in 1851-1852, when Marx had been about eighteen months in England. He was living with his wife, three young children, and their life-long friend, Helene Demuth, in two rooms in Dean Street, Soho, almost opposite the Royalty Theatre. For nearly ten years they had been driven from pillar to post. When, in 1843, the Prussian Government suppressed the *Rhenish Gazette* which Marx had edited, he went with his newly-married wife, Jenny von Westphalen, to Paris. Not long after, his expulsion was demanded by the Prussian Government — it is said that Alexander von Humboldt acted as the agent of Prussia on this occasion — and M. Guizot was, of course, too polite to refuse the request. Marx was expelled, and betook himself to Brussels. Again the Prussian Government requested his expulsion, and where the French Government had complied it was not likely the Belgian would refuse. Marx received marching orders.

But at this same time the French Government that had expelled Marx had gone the way of French Governments, and the new Provisional Government through Ferdinand Flocon invited the "brave et loyal Marx" to return to the country whence "tyranny had banished him, and where he, like all fighting in the sacred cause, the cause of the fraternity of all peoples," would be welcome. The invitation was accepted, and for some months he lived in Paris. Then he returned to Germany in order to start the *New Rhenish Gazette* in Cologne. And the *Rhenish Gazette* writers had very lively times. Marx was twice prosecuted, but as the juries would not convict, the Prussian Government took the nearer way and suppressed the paper.

Again Marx and his family returned to the country whose “doors” had only a few short months before been “thrown open” to him. The sky had changed — and the Government. “We remained in Paris,” my mother says in some biographical notes I have found, “a month. Here also there was to be no resting-place for us. One fine morning the familiar figure of the sergeant of police appeared with the announcement that Karl ‘et sa dame’ must leave Paris within twenty-four hours. We were graciously told we might be interned at Vannes in the Morbihan. Of course we could not accept such an exile as that, and I again gathered together my small belongings to seek a safe haven in London. Karl had hastened thither before us.” The “us” were my mother, Helene Demuth, and the three little children, Jenny (Madame Longuet), Laura (Madame Lafargue), and Edgar, who died at the age of eight.

The haven was safe indeed. But it was storm-tossed. Hundreds of refugees — all more or less destitute — were now in London. There followed years of horrible poverty, of bitter suffering — such suffering as can only be known to the penniless stranger in a strange land. The misery would have been unendurable but for the faith that was in these men and women, and but for their invincible “Humor.” I use the German word because I know no English one that quite expresses the same thing — such a combination of humor and good-humor, of light-hearted courage, and high spirits.

That readers of these articles may have some idea of the conditions under which Marx was working, under which he wrote them and the “Achtzehnte Brumaire,” and was preparing his first great economical work, “Zur Kritik der Politischen Oeconomie” (published in 1859), I again quote from my mother’s notes. Soon after the arrival of the family a second son was born. He died when about two years old. Then a fifth child, a little girl, was born. When about a year old, she too fell sick and died. “Three days,” writes my mother, “the poor child wrestled with death. She suffered so.... Her little dead body lay in the small back room; we all of us” (i.e., my parents, Helene Demuth, and the three elder children) “went into the front room, and when night came we made us beds on the floor, the three living children lying by us. And we wept for the little angel resting near us, cold and dead. The death of the dear child came in the time of our bitterest poverty. Our German friends could not help us; Engels, after vainly trying to get literary work in London, had been obliged to go, under very

disadvantageous conditions, into his father's firm, as a clerk, in Manchester; Ernest Jones, who often came to see us at this time, and had promised help, could do nothing.... In the anguish of my heart I went to a French refugee who lived near, and who had sometimes visited us. I told him our sore need. At once with the friendliest kindness he gave me £2. With that we paid for the little coffin in which the poor child now sleeps peacefully. I had no cradle for her when she was born, and even the last small resting-place was long denied her." ... "It was a terrible time," Liebknecht writes to me (the Editor), "but it was grand nevertheless."

In that "front room" in Dean Street, the children playing about him, Marx worked. I have heard tell how the children would pile up chairs behind him to represent a coach, to which he was harnessed as horse, and would "whip him up" even as he sat at his desk writing.

Marx had been recommended to Mr. C. A. Dana, the managing director of the *New York Tribune*, by Ferdinand Freiligrath, and the first contributions sent by him to America are the series of letters on Germany here reprinted. They seem to have created such a sensation that before the series had been completed Marx was engaged as regular London correspondent. On the 12th of March, 1852, Mr. Dana wrote: "It may perhaps give you pleasure to know that they" (i.e., the "Germany" letters) "are read with satisfaction by a considerable number of persons, and are widely reproduced." From this time on, with short intervals, Marx not only sent letters regularly to the New York paper; he wrote a large number of leading articles for it. "Mr. Marx," says an editorial note in 1853, "has indeed opinions of his own, with some of which we are far from agreeing; but those who do not read his letters neglect one of the most instructive sources of information on the great questions of European politics."

Not the least remarkable among these contributions were those dealing with Lord Palmerston and the Russian Government. "Urquhart's writings on Russia," says Marx, "had interested but not convinced me. In order to arrive at a definite opinion, I made a minute analysis of Hansard's Parliamentary Debates, and of the Diplomatic Blue Books from 1807 to 1850. The first fruits of these studies was a series of articles in the *New York Tribune*, in which I proved Palmerston's relations with the Russian Government.... Shortly after, these studies were reprinted in the Chartist organ edited by Ernest Jones, *The People's Paper*.... Meantime the *Glasgow Sentinel* had reproduced one of these articles, and part of it was issued in pamphlet form

by Mr. Tucker, London.” And the Sheffield Foreign Affairs Committee thanked Marx for the “great public service rendered by the admirable *exposé*” in his “Kars papers,” published both in the *New York Tribune* and the *People’s Paper*. A large number of articles on the subject were also printed in the *Free Press* by Marx’s old friend, C. D. Collett. I hope to republish these and other articles.

As to the *New York Tribune*, it was at this time an admirably edited paper, with an immense staff of distinguished contributors, both American and European. It was a passionate anti-slavery organ, and also recognized that there “was need for a true organization of society,” and that “our evils” were “social, not political.” The paper, and especially Marx’s articles, were frequently referred to in the House of Commons, notably by John Bright.

It may also interest readers to know what Marx was paid for his articles — many of them considerably longer even than those here collected. He received £1 for each contribution — not exactly brilliant remuneration.

It will be noted that the twentieth chapter, promised in the nineteenth, does not appear. It may have been written, but was certainly not printed. It was probably crowded out. “I do not know,” wrote Mr. Dana, “how long you intend to make the series, and under ordinary circumstances I should desire to have it prolonged as much as possible. But we have a presidential election at hand, which will occupy our columns to a great extent... Let me suggest to you if possible to condense your survey ... into say half a dozen more articles” (eleven had then been received by Mr. Dana). “Do not, however, close it without an exposition of the forces now remaining at work there (Germany) and active in the preparation of the future.” This “exposition” will be found in the article which I have added to the “Germany” series, on the “Cologne Communist Trial.” That trial really gives a complete picture of the conditions of Germany under the triumphant Counter-Revolution.

Marx himself nowhere says the series of letters is incomplete, although he occasionally refers to them. Thus in the letter on the Cologne trial he speaks of the articles, and in 1853 writes: “Those of your readers who, having read my letters on the German Revolution and Counter-Revolution written for the *Tribune* some two years ago, desire to have an immediate intuition of it, will do well to inspect the picture by Mr. Hasenclever now being exhibited in ... New York ... representing the presentation of a

workingmen's petition to the magistrates of Düsseldorf in 1848. What the writer could only analyze, the eminent painter has reproduced in its dramatic vitality."

Finally, I would remind English readers that these articles were written when Marx had only been some eighteen months in England, and that he never had any opportunity of reading the proofs. Nevertheless, it has not seemed to me that anything needed correction. I have therefore only removed a few obvious printer's errors.

The date at the head of each chapter refers to the issue of the *Tribune* in which the article appeared, that at the end to the time of writing. I am alone responsible for the headings of the letters as published in this volume.

Eleanor Marx Aveling.

*Sydenham, April, 1896.*

# I. GERMANY AT THE OUTBREAK OF THE REVOLUTION.

October 25, 1851.

The first act of the revolutionary drama on the continent of Europe has closed. The “powers that were” before the hurricane of 1848 are again the “powers that be,” and the more or less popular rulers of a day, provisional governors, triumvirs, dictators, with their tail of representatives, civil commissioners, military commissioners, prefects, judges, generals, officers, and soldiers, are thrown upon foreign shores, and “transported beyond the seas” to England or America, there to form new governments *in partibus infidelium*, European committees, central committees, national committees, and to announce their advent with proclamations quite as solemn as those of any less imaginary potentates.

A more signal defeat than that undergone by the continental revolutionary party — or rather parties — upon all points of the line of battle, cannot be imagined. But what of that? Has not the struggle of the British middle classes for their social and political supremacy embraced forty-eight, that of the French middle classes forty years of unexampled struggles? And was their triumph ever nearer than at the very moment when restored monarchy thought itself more firmly settled than ever? The times of that superstition which attributed revolutions to the ill-will of a few agitators have long passed away. Everyone knows nowadays that wherever there is a revolutionary convulsion, there must be some social want in the background, which is prevented, by outworn institutions, from satisfying itself. The want may not yet be felt as strongly, as generally, as might ensure immediate success; but every attempt at forcible repression will only bring it forth stronger and stronger, until it bursts its fetters. If, then, we have been beaten, we have nothing else to do but to begin again from the beginning. And, fortunately, the probably very short interval of rest which is allowed us between the close of the first and the beginning of the second act of the movement, gives us time for a very necessary piece of work: the study of the causes that necessitated both the late outbreak and its defeat; causes that are not to be sought for in the accidental efforts, talents, faults, errors, or treacheries of some of the leaders, but in the general social state and

conditions of existence of each of the convulsed nations. That the sudden movements of February and March, 1848, were not the work of single individuals, but spontaneous, irresistible manifestations of national wants and necessities, more or less clearly understood, but very distinctly felt by numerous classes in every country, is a fact recognized everywhere; but when you inquire into the causes of the counter-revolutionary successes, there you are met on every hand with the ready reply that it was Mr. This or Citizen That who “betrayed” the people. Which reply may be very true or not, according to circumstances, but under no circumstances does it explain anything — not even show how it came to pass that the “people” allowed themselves to be thus betrayed. And what a poor chance stands a political party whose entire stock-in-trade consists in a knowledge of the solitary fact that Citizen So-and-so is not to be trusted.

The inquiry into, and the exposition of, the causes, both of the revolutionary convulsion and its suppression, are, besides, of paramount importance from a historical point of view. All these petty, personal quarrels and recriminations — all these contradictory assertions that it was Marrast, or Ledru Rollin, or Louis Blanc, or any other member of the Provisional Government, or the whole of them, that steered the Revolution amidst the rocks upon which it foundered — of what interest can they be, what light can they afford, to the American or Englishman who observed all these various movements from a distance too great to allow of his distinguishing any of the details of operations? No man in his senses will ever believe that eleven men, mostly of very indifferent capacity either for good or evil, were able in three months to ruin a nation of thirty-six millions, unless those thirty-six millions saw as little of their way before them as the eleven did. But how it came to pass that thirty-six millions were at once called upon to decide for themselves which way to go, although partly groping in dim twilight, and how then they got lost and their old leaders were for a moment allowed to return to their leadership, that is just the question.

If, then, we try to lay before the readers of *The Tribune* the causes which, while they necessitated the German Revolution of 1848, led quite as inevitably to its momentary repression in 1849 and 1850, we shall not be expected to give a complete history of events as they passed in that country. Later events, and the judgment of coming generations, will decide what portion of that confused mass of seemingly accidental, incoherent, and incongruous facts is to form a part of the world’s history. The time for such

a task has not yet arrived; we must confine ourselves to the limits of the possible, and be satisfied, if we can find rational causes, based upon undeniable facts, to explain the chief events, the principal vicissitudes of that movement, and to give us a clue as to the direction which the next, and perhaps not very distant, outbreak will impart to the German people.

And firstly, what was the state of Germany at the outbreak of the Revolution?

The composition of the different classes of the people which form the groundwork of every political organization was, in Germany, more complicated than in any other country. While in England and France feudalism was entirely destroyed, or, at least, reduced, as in the former country, to a few insignificant forms, by a powerful and wealthy middle class, concentrated in large towns, and particularly in the capital, the feudal nobility in Germany had retained a great portion of their ancient privileges. The feudal system of tenure was prevalent almost everywhere. The lords of the land had even retained the jurisdiction over their tenants. Deprived of their political privileges, of the right to control the princes, they had preserved almost all their Mediæval supremacy over the peasantry of their demesnes, as well as their exemption from taxes. Feudalism was more flourishing in some localities than in others, but nowhere except on the left bank of the Rhine was it entirely destroyed. This feudal nobility, then extremely numerous and partly very wealthy, was considered, officially, the first "Order" in the country. It furnished the higher Government officials, it almost exclusively officered the army.

The bourgeoisie of Germany was by far not as wealthy and concentrated as that of France or England. The ancient manufactures of Germany had been destroyed by the introduction of steam, and the rapidly extending supremacy of English manufactures; the more modern manufactures, started under the Napoleonic continental system, established in other parts of the country, did not compensate for the loss of the old ones, nor suffice to create a manufacturing interest strong enough to force its wants upon the notice of Governments jealous of every extension of non-noble wealth and power. If France carried her silk manufactures victorious through fifty years of revolutions and wars, Germany, during the same time, all but lost her ancient linen trade. The manufacturing districts, besides, were few and far between; situated far inland, and using, mostly, foreign, Dutch, or Belgian ports for their imports and exports, they had little or no interest in common

with the large seaport towns on the North Sea and the Baltic; they were, above all, unable to create large manufacturing and trading centres, such as Paris and Lyons, London and Manchester. The causes of this backwardness of German manufactures were manifold, but two will suffice to account for it: the unfavorable geographical situation of the country, at a distance from the Atlantic, which had become the great highway for the world's trade, and the continuous wars in which Germany was involved, and which were fought on her soil, from the sixteenth century to the present day. It was this want of numbers, and particularly of anything like concentrated numbers, which prevented the German middle classes from attaining that political supremacy which the English bourgeoisie has enjoyed ever since 1688, and which the French conquered in 1789. And yet, ever since 1815, the wealth, and with the wealth the political importance of the middle class in Germany, was continually growing. Governments were, although reluctantly, compelled to bow, at least to its more immediate material interests. It may even be truly said that from 1815 to 1830, and from 1832 to 1840, every particle of political influence, which, having been allowed to the middle class in the constitutions of the smaller States, was again wrested from them during the above two periods of political reaction, that every such particle was compensated for by some more practical advantage allowed to them. Every political defeat of the middle class drew after it a victory on the field of commercial legislation. And certainly, the Prussian Protective Tariff of 1818, and the formation of the Zollverein, were worth a good deal more to the traders and manufacturers of Germany than the equivocal right of expressing in the chambers of some diminutive dukedom their want of confidence in ministers who laughed at their votes. Thus, with growing wealth and extending trade, the bourgeoisie soon arrived at a stage where it found the development of its most important interests checked by the political constitution of the country; by its random division among thirty-six princes with conflicting tendencies and caprices; by the feudal fetters upon agriculture and the trade connected with it; by the prying superintendence to which an ignorant and presumptuous bureaucracy subjected all its transactions. At the same time the extension and consolidation of the Zollverein, the general introduction of steam communication, the growing competition in the home trade, brought the commercial classes of the different States and Provinces closer together, equalized their interests and centralized their strength. The natural

consequence was the passing of the whole mass of them into the camp of the Liberal Opposition, and the gaining of the first serious struggle of the German middle class for political power. This change may be dated from 1840, from the moment when the bourgeoisie of Prussia assumed the lead of the middle class movement of Germany. We shall hereafter revert to this Liberal Opposition movement of 1840-1847.

The great mass of the nation, which neither belonged to the nobility nor to the bourgeoisie, consisted in the towns of the small trading and shopkeeping class and the working people, and in the country of the peasantry.

The small trading and shopkeeping class is exceedingly numerous in Germany, in consequence of the stunted development which the large capitalists and manufacturers as a class have had in that country. In the larger towns it forms almost the majority of the inhabitants; in the smaller ones it entirely predominates, from the absence of wealthier competitors or influence. This class, a most important one in every modern body politic, and in all modern revolutions, is still more important in Germany, where, during the recent struggles, it generally played the decisive part. Its intermediate position between the class of larger capitalists, traders, and manufacturers, the bourgeoisie properly so-called, and the proletarian or industrial class, determines its character. Aspiring to the position of the first, the least adverse turn of fortune hurls the individuals of this class down into the ranks of the second. In monarchical and feudal countries the custom of the court and aristocracy becomes necessary to its existence; the loss of this custom might ruin a great part of it. In the smaller towns a military garrison, a county government, a court of law with its followers, form very often the base of its prosperity; withdraw these, and down go the shopkeepers, the tailors, the shoemakers, the joiners. Thus eternally tossed about between the hope of entering the ranks of the wealthier class, and the fear of being reduced to the state of proletarians or even paupers; between the hope of promoting their interests by conquering a share in the direction of public affairs, and the dread of rousing, by ill-timed opposition, the ire of a Government which disposes of their very existence, because it has the power of removing their best customers; possessed of small means, the insecurity of the possession of which is in the inverse ratio of the amount, — this class is extremely vacillating in its views. Humble and crouchingly submissive under a powerful feudal or monarchical Government, it turns to

the side of Liberalism when the middle class is in the ascendant; it becomes seized with violent democratic fits as soon as the middle class has secured its own supremacy, but falls back into the abject despondency of fear as soon as the class below itself, the proletarians, attempts an independent movement. We shall by and by see this class, in Germany, pass alternately from one of these stages to the other.

The working class in Germany is, in its social and political development, as far behind that of England and France as the German bourgeoisie is behind the bourgeoisie of those countries. Like master, like man. The evolution of the conditions of existence for a numerous, strong, concentrated, and intelligent proletarian class goes hand in hand with the development of the conditions of existence for a numerous, wealthy, concentrated, and powerful middle class. The working class movement itself never is independent, never is of an exclusively proletarian character until all the different factions of the middle class, and particularly its most progressive faction, the large manufacturers, have conquered political power, and remodelled the State according to their wants. It is then that the inevitable conflict between the employer and the employed becomes imminent, and cannot be adjourned any longer; that the working class can no longer be put off with delusive hopes and promises never to be realized; that the great problem of the nineteenth century, the abolition of the proletariat, is at last brought forward fairly and in its proper light. Now, in Germany the mass of the working class were employed, not by those modern manufacturing lords of which Great Britain furnishes such splendid specimens, but by small tradesmen, whose entire manufacturing system is a mere relic of the Middle Ages. And as there is an enormous difference between the great cotton lord and the petty cobbler or master tailor, so there is a corresponding distance from the wide-awake factory operative of modern manufacturing Babylons to the bashful journeyman tailor or cabinetmaker of a small country town, who lives in circumstances and works after a plan very little different from those of the like sort of men some five hundred years ago. This general absence of modern conditions of life, of modern modes of industrial production, of course was accompanied by a pretty equally general absence of modern ideas, and it is, therefore, not to be wondered at if, at the outbreak of the Revolution, a large part of the working classes should cry out for the immediate re-establishment of guilds and Mediæval privileged trades' corporations. Yet from the manufacturing

districts, where the modern system of production predominated, and in consequence of the facilities of inter-communication and mental development afforded by the migratory life of a large number of the working men, a strong nucleus formed itself, whose ideas about the emancipation of their class were far clearer and more in accordance with existing facts and historical necessities; but they were a mere minority. If the active movement of the middle class may be dated from 1840, that of the working class commences its advent by the insurrections of the Silesian and Bohemian factory operatives in 1844, and we shall soon have occasion to pass in review the different stages through which this movement passed.

Lastly, there was the great class of the small farmers, the peasantry, which with its appendix of farm laborers, constitutes a considerable majority of the entire nation. But this class again sub-divided itself into different fractions. There were, firstly, the more wealthy farmers, what is called in Germany *Gross* and *Mittel-Bauern*, proprietors of more or less extensive farms, and each of them commanding the services of several agricultural laborers. This class, placed between the large untaxed feudal landowners, and the smaller peasantry and farm laborers, for obvious reasons found in an alliance with the anti-feudal middle class of the towns its most natural political course. Then there were, secondly, the small freeholders, predominating in the Rhine country, where feudalism had succumbed before the mighty strokes of the great French Revolution. Similar independent small freeholders also existed here and there in other provinces, where they had succeeded in buying off the feudal charges formerly due upon their lands. This class, however, was a class of freeholders by name only, their property being generally mortgaged to such an extent, and under such onerous conditions, that not the peasant, but the usurer who had advanced the money, was the real landowner. Thirdly, the feudal tenants, who could not be easily turned out of their holdings, but who had to pay a perpetual rent, or to perform in perpetuity a certain amount of labor in favor of the lord of the manor. Lastly, the agricultural laborers, whose condition, in many large farming concerns, was exactly that of the same class in England, and who in all cases lived and died poor, ill-fed, and the slaves of their employers. These three latter classes of the agricultural population, the small freeholders, the feudal tenants, and the agricultural laborers, never troubled their heads much about politics before the Revolution, but it is evident that this event must have opened to them a new

career, full of brilliant prospects. To every one of them the Revolution offered advantages, and the movement once fairly engaged in, it was to be expected that each, in their turn, would join it. But at the same time it is quite as evident, and equally borne out by the history of all modern countries, that the agricultural population, in consequence of its dispersion over a great space, and of the difficulty of bringing about an agreement among any considerable portion of it, never can attempt a successful independent movement; they require the initiatory impulse of the more concentrated, more enlightened, more easily moved people of the towns.

The preceding short sketch of the most important of the classes, which in their aggregate formed the German nation at the outbreak of the recent movements, will already be sufficient to explain a great part of the incoherence, incongruence, and apparent contradiction which prevailed in that movement. When interests so varied, so conflicting, so strangely crossing each other, are brought into violent collision; when these contending interests in every district, every province, are mixed in different proportions; when, above all, there is no great centre in the country, no London, no Paris, the decisions of which, by their weight, may supersede the necessity of fighting out the same quarrel over and over again in every single locality; what else is to be expected but that the contest will dissolve itself into a mass of unconnected struggles, in which an enormous quantity of blood, energy, and capital is spent, but which for all that remain without any decisive results?

The political dismemberment of Germany into three dozen of more or less important principalities is equally explained by this confusion and multiplicity of the elements which compose the nation, and which again vary in every locality. Where there are no common interests there can be no unity of purpose, much less of action. The German Confederation, it is true, was declared everlastingly indissoluble; yet the Confederation, and its organ, the Diet, never represented German unity. The very highest pitch to which centralization was ever carried in Germany was the establishment of the Zollverein; by this the States on the North Sea were also forced into a Customs Union of their own, Austria remaining wrapped up in her separate prohibitive tariff. Germany had the satisfaction to be, for all practical purposes divided between three independent powers only, instead of between thirty-six. Of course the paramount supremacy of the Russian Czar, as established in 1814, underwent no change on this account.

Having drawn these preliminary conclusions from our premises, we shall see, in our next, how the aforesaid various classes of the German people were set into movement one after the other, and what character the movement assumed on the outbreak of the French Revolution of 1848.

London, September, 1851.

## II. THE PRUSSIAN STATE.

October 28th, 1851.

The political movement of the middle class or bourgeoisie, in Germany, may be dated from 1840. It had been preceded by symptoms showing that the moneyed and industrial class of that country was ripening into a state which would no longer allow it to continue apathetic and passive under the pressure of a half-feudal, half-bureaucratic Monarchism. The smaller princes of Germany, partly to insure to themselves a greater independence against the supremacy of Austria and Prussia, or against the influence of the nobility of their own States, partly in order to consolidate into a whole the disconnected provinces united under their rule by the Congress of Vienna, one after the other granted constitutions of a more or less liberal character. They could do so without any danger to themselves; for if the Diet of the Confederation, this mere puppet of Austria and Prussia, was to encroach upon their independence as sovereigns, they knew that in resisting its dictates they would be backed by public opinion and the Chambers; and if, on the contrary, these Chambers grew too strong, they could readily command the power of the Diet to break down all opposition. The Bavarian, Würtemberg, Baden or Hanoverian Constitutional institutions could not, under such circumstances, give rise to any serious struggle for political power, and, therefore, the great bulk of the German middle class kept very generally aloof from the petty squabbles raised in the Legislatures of the small States, well knowing that without a fundamental change in the policy and constitution of the two great powers of Germany, no secondary efforts and victories would be of any avail. But, at the same time, a race of Liberal lawyers, professional oppositionists, sprung up in these small assemblies: the Rottecks, the Welckers, the Roemers, the Jordans, the Stüves, the Eisenmanns, those great "popular men" (*Volksmänner*) who, after a more or less noisy, but always unsuccessful, opposition of twenty years, were carried to the summit of power by the revolutionary springtide of 1848, and who, after having there shown their utter impotency and insignificance, were hurled down again in a moment. These first specimen upon German soil of the trader in politics and opposition, by their speeches and writings made familiar to the German ear the language of Constitutionalism, and by their very existence foreboded the approach of a time when the middle class

would seize upon and restore to their proper meaning political phrases which these talkative attorneys and professors were in the habit of using without knowing much about the sense originally attached to them.

German literature, too, labored under the influence of the political excitement into which all Europe had been thrown by the events of 1830. A crude Constitutionalism, or a still cruder Republicanism, were preached by almost all writers of the time. It became more and more the habit, particularly of the inferior sorts of literati, to make up for the want of cleverness in their productions, by political allusions which were sure to attract attention. Poetry, novels, reviews, the drama, every literary production teemed with what was called "tendency," that is with more or less timid exhibitions of an anti-governmental spirit. In order to complete the confusion of ideas reigning after 1830 in Germany, with these elements of political opposition there were mixed up ill-digested university-recollections of German philosophy, and misunderstood gleanings from French Socialism, particularly Saint-Simonism; and the clique of writers who expatiated upon this heterogeneous conglomerate of ideas, presumptuously called themselves "Young Germany," or "the Modern School." They have since repented their youthful sins, but not improved their style of writing.

Lastly, German philosophy, that most complicated, but at the same time most sure thermometer of the development of the German mind, had declared for the middle class, when Hegel in his "Philosophy of Law" pronounced Constitutional Monarchy to be the final and most perfect form of government. In other words, he proclaimed the approaching advent of the middle classes of the country to political power. His school, after his death, did not stop here. While the more advanced section of his followers, on one hand, subjected every religious belief to the ordeal of a rigorous criticism, and shook to its foundation the ancient fabric of Christianity, they at the same time brought forward bolder political principles than hitherto it had been the fate of German ears to hear expounded, and attempted to restore to glory the memory of the heroes of the first French Revolution. The abstruse philosophical language in which these ideas were clothed, if it obscured the mind of both the writer and the reader, equally blinded the eyes of the censor, and thus it was that the "young Hegelian" writers enjoyed a liberty of the Press unknown in every other branch of literature.

Thus it was evident that public opinion was undergoing a great change in Germany. By degrees the vast majority of those classes whose education or position in life enabled them, under an Absolute Monarchy, to gain some political information, and to form anything like an independent political opinion, united into one mighty phalanx of opposition against the existing system. And in passing judgment upon the slowness of political development in Germany no one ought to omit taking into account the difficulty of obtaining correct information upon any subject in a country where all sources of information were under the control of the Government, where from the Ragged School and the Sunday School to the Newspaper and University nothing was said, taught, printed, or published but what had previously obtained its approbation. Look at Vienna, for instance. The people of Vienna, in industry and manufactures, second to none perhaps in Germany; in spirit, courage, and revolutionary energy, proving themselves far superior to all, were yet more ignorant as to their real interests, and committed more blunders during the Revolution than any others, and this was due in a very great measure to the almost absolute ignorance with regard to the very commonest political subjects in which Metternich's Government had succeeded in keeping them.

It needs no further explanation why, under such a system, political information was an almost exclusive monopoly of such classes of society as could afford to pay for its being smuggled into the country, and more particularly of those whose interests were most seriously attacked by the existing state of things, namely, the manufacturing and commercial classes. They, therefore, were the first to unite in a mass against the continuance of a more or less disguised Absolutism, and from their passing into the ranks of the opposition must be dated the beginning of the real revolutionary movement in Germany.

The oppositional pronunciamento of the German bourgeoisie may be dated from 1840, from the death of the late King of Prussia, the last surviving founder of the Holy Alliance of 1815. The new King was known to be no supporter of the predominantly bureaucratic and military monarchy of his father. What the French middle class had expected from the advent of Louis XVI., the German bourgeoisie hoped, in some measure, from Frederick William IV. of Prussia. It was agreed upon all hands that the old system was exploded, worn-out, and must be given up; and what had been

borne in silence under the old King now was loudly proclaimed to be intolerable.

But if Louis XVI., “Louis le Désiré,” had been a plain, unpretending simpleton, half conscious of his own nullity, without any fixed opinions, ruled principally by the habits contracted during his education, “Frederick William le Désiré” was something quite different. While he certainly surpassed his French original in weakness of character, he was neither without pretensions nor without opinions. He had made himself acquainted, in an amateur sort of way, with the rudiments of most sciences, and thought himself, therefore, learned enough to consider final his judgment upon every subject. He made sure he was a first-rate orator, and there was certainly no commercial traveller in Berlin who could beat him either in prolixity of pretended wit, or in fluency of elocution. And, above all, he had his opinions. He hated and despised the bureaucratic element of the Prussian Monarchy, but only because all his sympathies were with the feudal element. Himself one of the founders of, and chief contributors to, the *Berlin Political Weekly Paper*, the so-called Historical School (a school living upon the ideas of Bonald, De Maistre, and other writers of the first generation of French Legitimists), he aimed at a restoration, as complete as possible, of the predominant social position of the nobility. The King, first nobleman of his realm, surrounded in the first instance by a splendid court of mighty vassals, princes, dukes, and counts; in the second instance, by a numerous and wealthy lower nobility; ruling according to his discretion over his loyal burgesses and peasants, and thus being himself the chief of a complete hierarchy of social ranks or castes, each of which was to enjoy its particular privileges, and to be separated from the others by the almost insurmountable barrier of birth, or of a fixed, inalterable social position; the whole of these castes, or “estates of the realm” balancing each other at the same time so nicely in power and influence that a complete independence of action should remain to the King — such was the *beau idéal* which Frederick William IV. undertook to realize, and which he is again trying to realize at the present moment.

It took some time before the Prussian bourgeoisie, not very well versed in theoretical questions, found out the real purport of their King’s tendency. But what they very soon found out was the fact that he was bent upon things quite the reverse of what they wanted. Hardly did the new King find his “gift of the gab” unfettered by his father’s death than he set about

proclaiming his intentions in speeches without number; and every speech, every act of his, went far to estrange from him the sympathies of the middle class. He would not have cared much for that, if it had not been for some stern and startling realities which interrupted his poetic dreams. Alas, that romanticism is not very quick at accounts, and that feudalism, ever since Don Quixote, reckons without its host! Frederick William IV. partook too much of that contempt of ready cash which ever has been the noblest inheritance of the sons of the Crusaders. He found at his accession a costly, although parsimoniously arranged system of government, and a moderately filled State Treasury. In two years every trace of a surplus was spent in court festivals, royal progresses, largesses, subventions to needy, seedy, and greedy noblemen, etc., and the regular taxes were no longer sufficient for the exigencies of either Court or Government. And thus His Majesty found himself very soon placed between a glaring deficit on one side, and a law of 1820 on the other, by which any new loan, or any increase of the then existing taxation was made illegal without the assent of "the future Representation of the People." This representation did not exist; the new King was less inclined than even his father to create it; and if he had been, he knew that public opinion had wonderfully changed since his accession.

Indeed, the middle classes, who had partly expected that the new King would at once grant a Constitution, proclaim the Liberty of the Press, Trial by Jury, etc., etc. — in short, himself take the lead of that peaceful revolution which they wanted in order to obtain political supremacy — the middle classes had found out their error, and had turned ferociously against the King. In the Rhine Provinces, and more or less generally all over Prussia, they were so exasperated that they, being short themselves of men able to represent them in the Press, went to the length of an alliance with the extreme philosophical party, of which we have spoken above. The fruit of this alliance was the *Rhenish Gazette* of Cologne, a paper which was suppressed after fifteen months' existence, but from which may be dated the existence of the Newspaper Press in Germany. This was in 1842.

The poor King, whose commercial difficulties were the keenest satire upon his Mediæval propensities, very soon found out that he could not continue to reign without making some slight concession to the popular outcry for that "Representation of the People," which, as the last remnant of the long-forgotten promises of 1813 and 1815, had been embodied in the law of 1820. He found the least objectionable mode of satisfying this

untoward law in calling together the Standing Committees of the Provincial Diets. The Provincial Diets had been instituted in 1823. They consisted for every one of the eight provinces of the kingdom: — (1) Of the higher nobility, the formerly sovereign families of the German Empire, the heads of which were members of the Diet by birthright. (2) Of the representatives of the knights, or lower nobility. (3) Of representatives of towns. (4) Of deputies of the peasantry, or small farming class. The whole was arranged in such a manner that in every province the two sections of the nobility always had a majority of the Diet. Every one of these eight Provincial Diets elected a Committee, and these eight Committees were now called to Berlin in order to form a Representative Assembly for the purpose of voting the much-desired loan. It was stated that the Treasury was full, and that the loan was required, not for current wants, but for the construction of a State railway. But the united Committees gave the King a flat refusal, declaring themselves incompetent to act as the representatives of the people, and called upon His Majesty to fulfil the promise of a Representative Constitution which his father had given, when he wanted the aid of the people against Napoleon.

The sitting of the united Committees proved that the spirit of opposition was no longer confined to the bourgeoisie. A part of the peasantry had joined them, and many nobles, being themselves large farmers on their own properties, and dealers in corn, wool, spirits, and flax, requiring the same guarantees against absolutism, bureaucracy, and feudal restoration, had equally pronounced against the Government, and for a Representative Constitution. The King's plan had signally failed; he had got no money, and had increased the power of the opposition. The subsequent sitting of the Provincial Diets themselves was still more unfortunate for the King. All of them asked for reforms, for the fulfilment of the promises of 1813 and 1815, for a Constitution and a Free Press; the resolutions to this effect of some of them were rather disrespectfully worded, and the ill-humored replies of the exasperated King made the evil still greater.

In the meantime, the financial difficulties of the Government went on increasing. For a time, abatements made upon the moneys appropriated for the different public services, fraudulent transactions with the "Seehandlung," a commercial establishment speculating and trading for account and risk of the State, and long since acting as its money-broker, had sufficed to keep up appearances; increased issues of State paper-money had

furnished some resources; and the secret, upon the whole, had been pretty well kept. But all these contrivances were soon exhausted. There was another plan tried: the establishment of a bank, the capital of which was to be furnished partly by the State and partly by private shareholders; the chief direction to belong to the State, in such a manner as to enable the Government to draw upon the funds of this bank to a large amount, and thus to repeat the same fraudulent transactions that would no longer do with the "Seehandlung." But, as a matter of course, there were no capitalists to be found who would hand over their money upon such conditions; the statutes of the bank had to be altered, and the property of the shareholders guaranteed from the encroachments of the Treasury, before any shares were subscribed for. Thus, this plan having failed, there remained nothing but to try a loan, if capitalists could be found who would lend their cash without requiring the permission and guarantee of that mysterious "future Representation of the People." Rothschild was applied to, and he declared that if the loan was to be guaranteed by this "Representation of the People," he would undertake the thing at a moment's notice — if not, he could not have anything to do with the transaction.

Thus every hope of obtaining money had vanished, and there was no possibility of escaping the fatal "Representation of the People." Rothschild's refusal was known in autumn, 1846, and in February of the next year the King called together all the eight Provincial Diets to Berlin, forming them into one "United Diet." This Diet was to do the work required, in case of need, by the law of 1820; it was to vote loans and increased taxes, but beyond that it was to have no rights. Its voice upon general legislation was to be merely consultative; it was to assemble, not at fixed periods, but whenever it pleased the King; it was to discuss nothing but what the Government pleased to lay before it. Of course, the members were very little satisfied with the part they were expected to perform. They repeated the wishes they had enounced when they met in the provincial assemblies; the relations between them and the Government soon became acrimonious, and when the loan, which was again stated to be required for railway constructions, was demanded from them, they again refused to grant it.

This vote very soon brought their sitting to a close. The King, more and more exasperated, dismissed them with a reprimand, but still remained without money. And, indeed, he had every reason to be alarmed at his

position, seeing that the Liberal League, headed by the middle classes, comprising a large part of the lower nobility, and all the different sections of the lower orders — that this Liberal League was determined to have what it wanted. In vain the King had declared, in the opening speech, that he would never, never grant a Constitution in the modern sense of the word; the Liberal League insisted upon such a modern, anti-feudal, Representative Constitution, with all its sequels, Liberty of the Press, Trial by Jury, etc.; and before they got it, not a farthing of money would they grant. There was one thing evident: that things could not go on long in this manner, and that either one of the parties must give way, or that a rupture — a bloody struggle — must ensue. And the middle classes knew that they were on the eve of a revolution, and they prepared themselves for it. They sought to obtain by every possible means the support of the working class of the towns, and of the peasantry in the agricultural districts, and it is well known that there was, in the latter end of 1847, hardly a single prominent political character among the bourgeoisie who did not proclaim himself a “Socialist,” in order to insure to himself the sympathy of the proletarian class. We shall see these “Socialists” at work by and by.

This eagerness of the leading bourgeoisie to adopt, at least the outward show of Socialism, was caused by a great change that had come over the working classes of Germany. There had been ever since 1840 a fraction of German workmen, who, travelling in France and Switzerland, had more or less imbibed the crude Socialist or Communist notions then current among the French workmen. The increasing attention paid to similar ideas in France ever since 1840 made Socialism and Communism fashionable in Germany also, and as far back as 1843, all newspapers teemed with discussions of social questions. A school of Socialists very soon formed itself in Germany, distinguished more for the obscurity than for the novelty of its ideas; its principal efforts consisted in the translation of French Fourierist, Saint-Simonian, and other doctrines into the abstruse language of German philosophy. The German Communist school, entirely different from this sect, was formed about the same time.

In 1844, there occurred the Silesian weavers’ riots, followed by the insurrection of the calico printers of Prague. These riots, cruelly suppressed, riots of working men not against the Government, but against their employers, created a deep sensation, and gave a new stimulus to Socialist and Communist propaganda amongst the working people. So did the bread

riots during the year of famine, 1847. In short, in the same manner as Constitutional Opposition rallied around its banner the great bulk of the propertied classes (with the exception of the large feudal land-holders), so the working classes of the larger towns looked for their emancipation to the Socialist and Communist doctrines, although, under the then existing Press laws, they could be made to know only very little about them. They could not be expected to have any very definite ideas as to what they wanted; they only knew that the programme of the Constitutional bourgeoisie did not contain all they wanted, and that their wants were no wise contained in the Constitutional circle of ideas.

There was then no separate Republican party in Germany. People were either Constitutional Monarchists, or more or less clearly defined Socialists or Communists.

With such elements the slightest collision must have brought about a great revolution. While the higher nobility and the older civil and military officers were the only safe supports of the existing system; while the lower nobility, the trading middle classes, the universities, the school-masters of every degree, and even part of the lower ranks of the bureaucracy and military officers were all leagued against the Government; while behind these there stood the dissatisfied masses of the peasantry, and of the proletarians of the large towns, supporting, for the time being, the Liberal Opposition, but already muttering strange words about taking things into their own hands; while the bourgeoisie was ready to hurl down the Government, and the proletarians were preparing to hurl down the bourgeoisie in its turn; this Government went on obstinately in a course which must bring about a collision. Germany was, in the beginning of 1848, on the eve of a revolution, and this revolution was sure to come, even had the French Revolution of February not hastened it.

What the effects of this Parisian Revolution were upon Germany we shall see in our next.

London, September, 1851.

### III. THE OTHER GERMAN STATES.

November 6th, 1851.

In our last we confined ourselves almost exclusively to that State which, during the years 1840 to 1848, was by far the most important in the German movement, namely, to Prussia. It is, however, time to pass a rapid glance over the other States of Germany during the same period.

As to the petty States, they had, ever since the revolutionary movements of 1830, completely passed under the dictatorship of the Diet, that is of Austria and Prussia. The several Constitutions, established as much as a means of defence against the dictates of the larger States, as to insure popularity to their princely authors, and unity to heterogeneous Assemblies of Provinces, formed by the Congress of Vienna, without any leading principle whatever — these Constitutions, illusory as they were, had yet proved dangerous to the authority of the petty princes themselves during the exciting times of 1830 and 1831. They were all but destroyed; whatever of them was allowed to remain was less than a shadow, and it required the loquacious self-complacency of a Welcker, a Rotteck, a Dahlmann, to imagine that any results could possibly flow from the humble opposition, mingled with degrading flattery, which they were allowed to show off in the impotent Chambers of these petty States.

The more energetic portion of the middle class in these smaller States, very soon after 1840, abandoned all the hopes they had formerly based upon the development of Parliamentary government in these dependencies of Austria and Prussia. No sooner had the Prussian bourgeoisie and the classes allied to it shown a serious resolution to struggle for Parliamentary government in Prussia, than they were allowed to take the lead of the Constitutional movement over all non-Austrian Germany. It is a fact which now will not any longer be contested, that the nucleus of those Constitutionals of Central Germany, who afterwards seceded from the Frankfort National Assembly, and who, from the place of their separate meetings, were called the Gotha party, long before 1848 contemplated a plan which, with little modification, they in 1849 proposed to the representatives of all Germany. They intended a complete exclusion of Austria from the German Confederation, the establishment of a new Confederation, with a new fundamental law, and with a Federal Parliament,

of the more insignificant States into the larger ones. All this was to be carried out the moment Prussia entered into the ranks of Constitutional Monarchy, established the Liberty of the Press, assumed a policy independent from that of Russia and Austria, and thus enabled the Constitutionals of the lesser States to obtain a real control over their respective Governments. The inventor of this scheme was Professor Gervinus, of Heidelberg (Baden). Thus the emancipation of the Prussian bourgeoisie was to be the signal for that of the middle classes of Germany generally, and for an alliance, offensive and defensive of both against Russia and Austria, for Austria was, as we shall see presently, considered as an entirely barbarian country, of which very little was known, and that little not to the credit of its population; Austria, therefore, was not considered as an essential part of Germany.

As to the other classes of society, in the smaller States they followed, more or less rapidly, in the wake of their equals in Prussia. The shopkeeping class got more and more dissatisfied with their respective Governments, with the increase of taxation, with the curtailments of those political sham-privileges of which they used to boast when comparing themselves to the "slaves of despotism" in Austria and Prussia; but as yet they had nothing definite in their opposition which might stamp them as an independent party, distinct from the Constitutionalism of the higher bourgeoisie. The dissatisfaction among the peasantry was equally growing, but it is well known that this section of the people, in quiet and peaceful times, will never assert its interests and assume its position as an independent class, except in countries where universal suffrage is established. The working classes in the trades and manufactures of the towns commenced to be infected with the "poison" of Socialism and Communism, but there being few towns of any importance out of Prussia, and still fewer manufacturing districts, the movement of this class, owing to the want of centres of action and propaganda, was extremely slow in the smaller States.

Both in Prussia and in the smaller States the difficulty of giving vent to political opposition created a sort of religious opposition in the parallel movements of German Catholicism and Free Congregationalism. History affords us numerous examples where, in countries which enjoy the blessings of a State Church, and where political discussion is fettered, the profane and dangerous opposition against the worldly power is hid under the more sanctified and apparently more disinterested struggle against

spiritual despotism. Many a Government that will not allow of any of its acts being discussed, will hesitate before it creates martyrs and excites the religious fanaticism of the masses. Thus in Germany, in 1845, in every State, either the Roman Catholic or the Protestant religion, or both, were considered part and parcel of the law of the land. In every State, too, the clergy of either of those denominations, or of both, formed an essential part of the bureaucratic establishment of the Government. To attack Protestant or Catholic orthodoxy, to attack priestcraft, was then to make an underhand attack upon the Government itself. As to the German Catholics, their very existence was an attack upon the Catholic Governments of Germany, particularly Austria and Bavaria; and as such it was taken by those Governments. The Free Congregationalists, Protestant Dissenters, somewhat resembling the English and American Unitarians, openly professed their opposition to the clerical and rigidly orthodox tendency of the King of Prussia and his favourite Minister for the Educational and Clerical Department, Mr. Eickhorn. The two new sects, rapidly extending for a moment, the first in Catholic, the second in Protestant countries, had no other distinction but their different origin; as to their tenets, they perfectly agreed upon this most important point — that all definite dogmas were nugatory. This want of any definition was their very essence; they pretended to build that great temple under the roof of which all Germans might unite; they thus represented, in a religious form, another political idea of the day — that of German unity, and yet they could never agree among themselves.

The idea of German unity, which the above-mentioned sects sought to realize, at least, upon religious ground, by inventing a common religion for all Germans, manufactured expressly for their use, habits, and taste — this idea was, indeed, very widely spread, particularly in the smaller States. Ever since the dissolution of the German Empire by Napoleon, the cry for a union of all the *disjecta membra* of the German body had been the most general expression of discontent with the established order of things, and most so in the smaller States, where costliness of a court, an administration, an army, in short, the dead weight of taxation, increased in a direct ratio with the smallness and impotency of the State. But what this German unity was to be when carried out was a question upon which parties disagreed. The bourgeoisie, which wanted no serious revolutionary convulsion, were satisfied with what we have seen they considered “practicable,” namely a

union of all Germany, exclusive of Austria, under the supremacy of a Constitutional Government of Prussia; and surely, without conjuring dangerous storms, nothing more could, at that time, be done. The shopkeeping class and the peasantry, as far as these latter troubled themselves about such things, never arrived at any definition of that German unity they so loudly clamoured after; a few dreamers, mostly feudalist reactionists, hoped for the re-establishment of the German Empire; some few ignorant, *soi-disant* Radicals, admiring Swiss institutions, of which they had not yet made that practical experience which afterwards most ludicrously undeceived them, pronounced for a Federated Republic; and it was only the most extreme party which, at that time, dared pronounce for a German Republic, one and indivisible. Thus, German unity was in itself a question big with disunion, discord, and, in the case of certain eventualities, even civil war.

To resume, then; this was the state of Prussia, and the smaller States of Germany, at the end of 1847. The middle class, feeling their power, and resolved not to endure much longer the fetters with which a feudal and bureaucratic despotism enchained their commercial transactions, their industrial productivity, their common action as a class; a portion of the landed nobility so far changed into producers of mere marketable commodities, as to have the same interests and to make common cause with the middle class; the smaller trading class, dissatisfied, grumbling at the taxes, at the impediments thrown in the way of their business, but without any definite plan for such reforms as should secure their position in the social and political body; the peasantry, oppressed here by feudal exactions, there by money-lenders, usurers, and lawyers; the working people of the towns infected with the general discontent, equally hating the Government and the large industrial capitalists, and catching the contagion of Socialist and Communist ideas; in short, a heterogeneous mass of opposition, springing from various interests, but more or less led on by the bourgeoisie, in the first ranks of which again marched the bourgeoisie of Prussia, and particularly of the Rhine Province. On the other hand, Governments disagreeing upon many points, distrustful of each other, and particularly of that of Prussia, upon which yet they had to rely for protection; in Prussia a Government forsaken by public opinion, forsaken by even a portion of the nobility, leaning upon an army and a bureaucracy which every day got more infected by the ideas, and subjected to the influence, of the oppositional

bourgeoisie — a Government, besides all this, penniless in the most literal meaning of the word, and which could not procure a single cent to cover its increasing deficit, but by surrendering at discretion to the opposition of the bourgeoisie. Was there ever a more splendid position for the middle class of any country, while it struggled for power against the established Government?

London, September, 1851.

## IV. AUSTRIA.

November 7th, 1851.

We have now to consider Austria; that country which, up to March, 1848, was sealed up to the eyes of foreign nations almost as much as China before the late war with England.

As a matter of course, we can here take into consideration nothing but German Austria. The affairs of the Polish, Hungarian, or Italian Austrians do not belong to our subject, and as far as they, since 1848, have influenced the fate of the German Austrians, they will have to be taken into account hereafter.

The Government of Prince Metternich turned upon two hinges; firstly, to keep every one of the different nations subjected to the Austrian rule, in check, by all other nations similarly conditioned; secondly, and this always has been the fundamental principle of absolute monarchies, to rely for support upon two classes, the feudal landlords and the large stock-jobbing capitalists; and to balance, at the same time, the influence and power of either of these classes by that of the other, so as to leave full independence of action to the Government. The landed nobility, whose entire income consisted in feudal revenues of all sorts, could not but support a Government which proved their only protection against that down-trodden class of serfs upon whose spoils they lived; and whenever the less wealthy portion of them, as in Galicia, in 1846, rose in opposition against the Government, Metternich in an instant let loose upon them these very serfs, who at any rate profited by the occasion to wreak a terrible vengeance upon their more immediate oppressors. On the other hand, the large capitalists of the Exchange were chained to Metternich's Government by the vast share they had in the public funds of the country. Austria, restored to her full power in 1815 restoring and maintaining in Italy Absolute Monarchy ever since 1820, freed from part of her liabilities by the bankruptcy of 1810, had, after the peace, very soon re-established her credit in the great European money markets; and in proportion as her credit grew, she had drawn against it. Thus all the large European money-dealers had engaged considerable portions of their capital in the Austrian funds; they all of them were interested in upholding the credit of that country, and as Austrian public credit, in order to be upheld, ever required new loans, they were obliged

from time to time to advance new capital in order to keep up the credit of the securities for that which they already had advanced. The long peace after 1815, and the apparent impossibility of a thousand years old empire, like Austria, being upset, increased the credit of Metternich's Government in a wonderful ratio, and made it even independent of the good will of the Vienna bankers and stock-jobbers; for as long as Metternich could obtain plenty of money at Frankfort and Amsterdam, he had, of course, the satisfaction of seeing the Austrian capitalists at his feet. They were, besides, in every other respect at his mercy; the large profits which bankers, stock-jobbers, and Government contractors always contrive to draw out of an absolute monarchy, were compensated for by the almost unlimited power which the Government possessed over their persons and fortunes; and not the smallest shadow of an opposition was, therefore, to be expected from this quarter. Thus Metternich was sure of the support of the two most powerful and influential classes of the empire, and he possessed besides an army and a bureaucracy, which for all purposes of absolutism could not be better constituted. The civil and military officers in the Austrian service form a race of their own; their fathers have been in the service of the Kaiser, and so will their sons be; they belong to none of the multifarious nationalities congregated under the wing of the double-headed eagle; they are, and ever have been, removed from one end of the empire to the other, from Poland to Italy, from Germany to Transylvania; Hungarian, Pole, German, Roumanian, Italian, Croat, every individual not stamped with "imperial and royal authority," etc., bearing a separate national character, is equally despised by them; they have no nationality, or rather, they alone make up the really Austrian nation. It is evident what a pliable, and at the same time powerful instrument, in the hands of an intelligent and energetic chief, such a civil and military hierarchy must be.

As to the other classes of the population, Metternich, in the true spirit of a statesman of the *ancien régime*, cared little for their support. He had, with regard to them, but one policy: to draw as much as possible out of them in the shape of taxation, and at the same time, to keep them quiet. The trading and manufacturing middle class was but of slow growth in Austria. The trade of the Danube was comparatively unimportant; the country possessed but one port, Trieste, and the trade of the port was very limited. As to the manufacturers, they enjoyed considerable protection, amounting even in most cases to the complete exclusion of all foreign competition; but this

advantage had been granted to them principally with a view to increase their tax-paying capabilities, and was in a high degree counterpoised by internal restrictions on manufactures, privileges on guilds, and other feudal corporations, which were scrupulously upheld as long as they did not impede the purposes and views of the Government. The petty tradesmen were encased in the narrow bounds of these Mediæval guilds, which kept the different trades in a perpetual war of privilege against each other, and at the same time, by all but excluding individuals of the working class from the possibility of raising themselves in the social scale, gave a sort of hereditary stability to the members of those involuntary associations. Lastly, the peasant and the working man were treated as mere taxable matter, and the only care that was taken of them was to keep them as much as possible in the same conditions of life in which they then existed, and in which their fathers had existed before them. For this purpose every old, established, hereditary authority was upheld in the same manner as that of the State; the authority of the landlord over the petty tenant farmer, that of the manufacturer over the operative, of the small master over the journeyman and apprentice, of the father over the son, was everywhere rigidly maintained by the Government, and every branch of disobedience punished the same as a transgression of the law, by that universal instrument of Austrian justice — the stick.

Finally, to wind up into one comprehensive system all these attempts at creating an artificial stability, the intellectual food allowed to the nation was selected with the minutest caution, and dealt out as sparingly as possible. Education was everywhere in the hands of the Catholic priesthood, whose chiefs, in the same manner as the large feudal landowners, were deeply interested in the conservation of the existing system. The universities were organized in a manner which allowed them to produce nothing but special men, that might or might not obtain great proficiency in sundry particular branches of knowledge, but which, at all events, excluded that universal liberal education which other universities are expected to impart. There was absolutely no newspaper press, except in Hungary, and the Hungarian papers were prohibited in all other parts of the monarchy. As to general literature, its range had not widened for a century; it had narrowed again after the death of Joseph II. And all around the frontier, wherever the Austrian States touched upon a civilized country, a cordon of literary censors was established in connection with the cordon of customhouse

officials, preventing any foreign book or newspaper from passing into Austria before its contents had been twice or three times thoroughly sifted, and found pure of even the slightest contamination of the malignant spirit of the age.

For about thirty years after 1815 this system worked with wonderful success. Austria remained almost unknown to Europe, and Europe was quite as little known in Austria. The social state of every class of the population, and of the population as a whole, appeared not to have undergone the slightest change. Whatever rancour there might exist from class to class — and the existence of this rancour was for Metternich a principal condition of government, which he even fostered by making the higher classes the instruments of all Government exactions, and thus throwing the odium upon them — whatever hatred the people might bear to the inferior officials of the State, there existed, upon the whole, little or no dissatisfaction with the Central Government. The Emperor was adored, and old Francis I. seemed to be borne out by facts when, doubting of the durability of this system, he complacently added: “And yet it will hold while I live, and Metternich.”

But there was a slow underground movement going on which baffled all Metternich's efforts. The wealth and influence of the manufacturing and trading middle class increased. The introduction of machinery and steam-power in manufactures upset in Austria, as it had done everywhere else, the old relations and vital conditions of whole classes of society; it changed serfs into free men, small farmers into manufacturing operatives; it undermined the old feudal trades-corporations, and destroyed the means of existence of many of them. The new commercial and manufacturing population came everywhere into collision with the old feudal institutions. The middle classes, more and more induced by their business to travel abroad, introduced some mythical knowledge of the civilized countries situated beyond the Imperial line of customs; the introduction of railways finally accelerated both the industrial and intellectual movement. There was, too, a dangerous part in the Austrian State establishment, *viz.*, the Hungarian feudal Constitution, with its parliamentary proceedings, and its struggles of the impoverished and oppositional mass of the nobility against the Government and its allies, the magnates. Presburg, the seat of the Diet, was at the very gates of Vienna. All the elements contributed to create among the middle classes of the towns a spirit, not exactly of opposition,

for opposition was as yet impossible, but of discontent; a general wish for reforms, more of an administrative than of a constitutional nature. And in the same manner as in Prussia, a portion of the bureaucracy joined the bourgeoisie. Among this hereditary caste of officials the traditions of Joseph II. were not forgotten; the more educated functionaries of the Government, who themselves sometimes meddled with imaginary possible reforms, by far preferred the progressive and intellectual despotism of that Emperor to the “paternal” despotism of Metternich. A portion of the poorer nobility equally sided with the middle class, and as to the lower classes of the population, who always had found plenty of grounds to complain of their superiors, if not of the Government, they in most cases could not but adhere to the reformatory wishes of the bourgeoisie.

It was about this time, say 1843 or 1844, that a particular branch of literature, agreeable to this change, was established in Germany. A few Austrian writers, novelists, literary critics, bad poets, the whole of them of very indifferent ability, but gifted with that peculiar industrialism proper to the Jewish race, established themselves in Leipsic and other German towns out of Austria, and there, out of the reach of Metternich, published a number of books and pamphlets on Austrian affairs. They and their publishers made “a roaring trade” of it. All Germany was eager to become initiated into the secrets of the policy of European China; and the Austrians themselves, who obtained these publications by the wholesale smuggling carried on upon the Bohemian frontier, were still more curious. Of course, the secrets let out in these publications were of no great importance, and the reform plans schemed out by their well-wishing authors bore the stamp of an innocuousness almost amounting to political virginity. A Constitution and a free press for Austria were things considered unattainable; administrative reforms, extension of the rights of the Provincial Diets, admission of foreign books and newspapers, and a less severe censorship — the loyal and humble desires of these good Austrians did hardly go any farther.

At all events the growing impossibility of preventing the literary intercourse of Austria with the rest of Germany, and through Germany with the rest of the world, contributed much toward the formation of an anti-Governmental public opinion, and brought at least some little political information within the reach of part of the Austrian population. Thus, by the end of 1847, Austria was seized, although in an inferior degree, by that

political and politico-religious agitation which then prevailed in all Germany; and if its progress in Austria was more silent, it did, nevertheless, find revolutionary elements enough to work upon. There was the peasant, serf, or feudal tenant, ground down into the dust by lordly or Government exactions; then the factory operative, forced by the stick of the policeman to work upon any terms the manufacturer chose to grant; then the journeyman, debarred by the corporative laws from any chance of gaining an independence in his trade; then the merchant, stumbling at every step in business over absurd regulations; then the manufacturer, in uninterrupted conflict with trade-guilds, jealous of their privileges, or with greedy and meddling officials; then the school-master, the *savant*, the better educated functionary, vainly struggling against an ignorant and presumptuous clergy, or a stupid and dictating superior. In short, there was not a single class satisfied, for the small concessions Government was obliged now and then to make were not made at its own expense, for the treasury could not afford that, but at the expense of the high aristocracy and clergy; and as to the great bankers, and fundholders, the late events in Italy, the increasing opposition of the Hungarian Diet, and the unwonted spirit of discontent and cry for reform, manifesting themselves all over the Empire, were not of a nature to strengthen their faith in the solidity and solvency of the Austrian Empire.

Thus Austria, too, was marching slowly but surely toward a mighty change, when, of a sudden, an event broke out in France, which at once brought down the impending storm, and gave the lie to old Francis's assertion, that the building would hold out both during his and Metternich's lifetime.

London, September, 1851.

## V. THE VIENNA INSURRECTION.

November 12, 1851.

On the 24th of February, 1848, Louis Philippe was driven out of Paris, and the French Republic was proclaimed. On the 13th of March following, the people of Vienna broke the power of Prince Metternich, and made him flee shamefully out of the country. On the 18th of March the people of Berlin rose in arms, and, after an obstinate struggle of eighteen hours, had the satisfaction of seeing the King surrender himself into their hands. Simultaneous outbreaks of a more or less violent nature, but all with the same success, occurred in the capitals of the smaller States of Germany. The German people, if they had not accomplished their first revolution, were at least fairly launched into the revolutionary career.

As to the incidents of these various insurrections, we cannot enter here into the details of them: what we have to explain is their character, and the position which the different classes of the population took up with regard to them.

The Revolution of Vienna may be said to have been made by an almost unanimous population. The bourgeoisie (with the exception of the bankers and stock-jobbers), the petty trading class, the working people, one and all arose at once against a Government detested by all, a Government so universally hated, that the small minority of nobles and money lords which had supported it made itself invisible on the very first attack. The middle classes had been kept in such a degree of political ignorance by Metternich that to them the news from Paris about the reign of Anarchy, Socialism, and terror, and about impending struggles between the class of capitalists and the class of laborers, proved quite unintelligible. They, in their political innocence, either could attach no meaning to these news, or they believed them to be fiendish inventions of Metternich, to frighten them into obedience. They, besides, had never seen working men acting as a class, or stand up for their own distinct class interests. They had, from their past experience, no idea of the possibility of any differences springing up between classes that now were so heartily united in upsetting a Government hated by all. They saw the working people agree with themselves upon all points: a Constitution, Trial by Jury, Liberty of the Press, etc. Thus they were, in March, 1848, at least, heart and soul with the movement, and the

movement, on the other hand, at once constituted them the (at least in theory) predominant class of the State.

But it is the fate of all revolutions that this union of different classes, which in some degree is always the necessary condition of any revolution, cannot subsist long. No sooner is the victory gained against the common enemy than the victors become divided among themselves into different camps, and turn their weapons against each other. It is this rapid and passionate development of class antagonism which, in old and complicated social organisms, makes a revolution such a powerful agent of social and political progress; it is this incessantly quick upshooting of new parties succeeding each other in power, which, during those violent commotions, makes a nation pass in five years over more ground than it would have done in a century under ordinary circumstances.

The Revolution in Vienna made the middle class the theoretically predominant class; that is to say, the concessions wrung from the Government were such as, once carried out practically and adhered to for a time, would inevitably have secured the supremacy of the middle class. But practically the supremacy of that class was far from being established. It is true that by the establishment of a national guard, which gave arms to the bourgeoisie and petty tradesmen, that class obtained both force and importance; it is true that by the installation of a "Committee of Safety," a sort of revolutionary, irresponsible Government in which the bourgeoisie predominated, it was placed at the head of power. But, at the same time, the working classes were partially armed too; they and the students had borne the brunt of the fight, as far as fight there had been; and the students, about 4,000 strong, well-armed, and far better disciplined than the national guard, formed the nucleus, the real strength of the revolutionary force, and were no ways willing to act as a mere instrument in the hands of the Committee of Safety. Though they recognized it, and were even its most enthusiastic supporters, they yet formed a sort of independent and rather turbulent body, deliberating for themselves in the "Aula," keeping an intermediate position between the bourgeoisie and the working-classes, preventing by constant agitation things from settling down to the old every-day tranquillity, and very often forcing their resolutions upon the Committee of Safety. The working men, on the other hand, almost entirely thrown out of employment, had to be employed in public works at the expense of the State, and the money for this purpose had, of course, to be taken out of the purse of the

tax-payers or out of the chest of the city of Vienna. All this could not but become very unpleasant to the tradesmen of Vienna. The manufactures of the city, calculated for the consumption of the rich and aristocratic courts of a large country, were as a matter of course entirely stopped by the Revolution, by the flight of the aristocracy and Court; trade was at a standstill, and the continuous agitation and excitement kept up by the students and working people was certainly not the means to “restore confidence,” as the phrase went. Thus a certain coolness very soon sprung up between the middle classes on the one side and the turbulent students and working people on the other; and if for a long time this coolness was not ripened into open hostility, it was because the Ministry, and particularly the Court, in their impatience to restore the old order of things, constantly justified the suspicions and the turbulent activity of the more revolutionary parties, and constantly made arise, even before the eyes of the middle classes, the spectre of old Metternichian despotism. Thus on the 15th of May, and again on the 16th, there were fresh risings of all classes in Vienna, on account of the Government having tried to attack, or to undermine some of the newly-conquered liberties, and on each occasion the alliance between the national guard or armed middle class, the students, and the workingmen, was again cemented for a time.

As to the other classes of the population, the aristocracy and the money lords had disappeared, and the peasantry were busily engaged everywhere in removing, down to the very last vestiges of feudalism. Thanks to the war in Italy, and the occupation which Vienna and Hungary gave to the Court, they were left at full liberty, and succeeded in their work of liberation, in Austria, better than in any other part of Germany. The Austrian Diet had very shortly after only to confirm the steps already practically taken by the peasantry, and whatever else the Government of Prince Schwarzenberg may be enabled to restore, it will never have the power of re-establishing the feudal servitude of the peasantry. And if Austria at the present moment is again comparatively tranquil, and even strong, it is principally because the great majority of the people, the peasants, have been real gainers by the Revolution, and because whatever else has been attacked by the restored Government, those palpable, substantial advantages, conquered by the peasantry, are as yet untouched.

London, October, 1851.

## VI. THE BERLIN INSURRECTION.

November 28, 1851.

The second center of revolutionary action was Berlin, and from what has been stated in the foregoing papers, it may be guessed that there this action was far from having that unanimous support of almost all classes by which it was accompanied in Vienna. In Prussia, the bourgeoisie had been already involved in actual struggles with the Government; a rupture had been the result of the "United Diet"; a bourgeois revolution was impending, and that revolution might have been, in its first outbreak, quite as unanimous as that of Vienna, had it not been for the Paris Revolution of February. That event precipitated everything, while at the same time it was carried out under a banner totally different from that under which the Prussian bourgeoisie was preparing to defy its Government. The Revolution of February upset, in France, the very same sort of Government which the Prussian bourgeoisie were going to set up in their own country. The Revolution of February announced itself as a revolution of the working classes against the middle classes; it proclaimed the downfall of middle-class government and the emancipation of the workingman. Now the Prussian bourgeoisie had, of late, had quite enough of working-class agitation in their own country. After the first terror of the Silesian riots had passed away, they had even tried to give this agitation a turn in their own favor; but they always had retained a salutary horror of revolutionary Socialism and Communism; and, therefore, when they saw men at the head of the Government in Paris whom they considered as the most dangerous enemies of property, order, religion, family, and of the other *Penates* of the modern bourgeois, they at once experienced a considerable cooling down of their own revolutionary ardor. They knew that the moment must be seized, and that, without the aid of the working masses, they would be defeated; and yet their courage failed them. Thus they sided with the Government in the first partial and provincial outbreaks, tried to keep the people quiet in Berlin, who, during five days, met in crowds before the royal palace to discuss the news and ask for changes in the Government; and when at last, after the news of the downfall of Metternich, the King made some slight concessions, the bourgeoisie considered the Revolution as completed, and went to thank His Majesty for having fulfilled all the wishes of his people. But then followed the attack of

the military on the crowd, the barricades, the struggle, and the defeat of royalty. Then everything was changed; the very working classes, which it had been the tendency of the bourgeoisie to keep in the background, had been pushed forward, had fought and conquered, and all at once were conscious of their strength. Restrictions of suffrage, of the liberty of the press, of the right to sit on juries, of the right of meeting — restrictions that would have been very agreeable to the bourgeoisie because they would have touched upon such classes only as were beneath them — now were no longer possible. The danger of a repetition of the Parisian scenes of “anarchy” was imminent. Before this danger all former differences disappeared. Against the victorious workingman, although he had not yet uttered any specific demands for himself, the friends and the foes of many years united, and the alliance between the bourgeoisie and the supporters of the over-turned system was concluded upon the very barricades of Berlin. The necessary concessions, but no more than was unavoidable, were to be made, a ministry of the opposition leaders of the United Diet was to be formed, and in return for its services in saving the Crown, it was to have the support of all the props of the old Government, the feudal aristocracy, the bureaucracy, the army. These were the conditions upon which Messrs. Camphausen and Hansemann undertook the formation of a cabinet.

Such was the dread evinced by the new ministers of the aroused masses, that in their eyes every means was good if it only tended to strengthen the shaken foundations of authority. They, poor deluded wretches, thought every danger of a restoration of the old system had passed away; and thus they made use of the whole of the old State machinery for the purpose of restoring “order.” Not a single bureaucrat or military officer was dismissed; not the slightest change was made in the old bureaucratic system of administration. These precious constitutional and responsible ministers even restored to their posts those functionaries whom the people, in the first heat of revolutionary ardor, had driven away on account of their former acts of bureaucratic overbearing. There was nothing altered in Prussia but the persons of the ministers; even the ministerial staffs in the different departments were not touched upon, and all the constitutional place-hunters, who had formed the chorus of the newly-elevated rulers, and who had expected their share of power and office, were told to wait until restored stability allowed changes to be operated in the bureaucratic personnel which now were not without danger.

The King, chap-fallen in the highest degree after the insurrection of the 18th of March, very soon found out that he was quite as necessary to these “liberal” ministers as they were to him. The throne had been spared by the insurrection; the throne was the last existing obstacle to “anarchy”; the liberal middle class and its leaders, now in the ministry, had therefore every interest to keep on excellent terms with the crown. The King, and the reactionary camerilla that surrounded him, were not slow in discovering this, and profited by the circumstance in order to fetter the march of the ministry even in those petty reforms that were from time to time intended.

The first care of the ministry was to give a sort of legal appearance to the recent violent changes. The United Diet was convoked in spite of all popular opposition, in order to vote as the legal and constitutional organ of the people a new electoral law for the election of an Assembly, which was to agree with the crown upon a new constitution. The elections were to be indirect, the mass of voters electing a number of electors, who then were to choose the representative. In spite of all opposition this system of double elections passed. The United Diet was then asked for a loan of twenty-five millions of dollars, opposed by the popular party, but equally agreed to.

These acts of the ministry gave a most rapid development to the popular, or as it now called itself, the Democratic party. This party, headed by the petty trading and shopkeeping class, and uniting under its banner, in the beginning of the revolution, the large majority of the working people, demanded direct and universal suffrage, the same as established in France, a single legislative assembly, and full and open recognition of the revolution of the 18th of March, as the base of the new governmental system. The more moderate faction would be satisfied with a thus “democratized” monarchy, the more advanced demanded the ultimate establishment of the republic. Both factions agreed in recognizing the German National Assembly at Frankfort as the supreme authority of the country, while the Constitutionals and Reactionists affected a great horror of the sovereignty of this body, which they professed to consider as utterly revolutionary.

The independent movement of the working classes had, by the revolution, been broken up for a time. The immediate wants and circumstances of the movement were such as not to allow any of the specific demands of the Proletarian party to be put in the foreground. In fact, as long as the ground was not cleared for the independent action of the working men, as long as direct and universal suffrage was not yet

established, as long as the thirty-six larger and smaller states continued to cut up Germany into numberless morsels, what else could the Proletarian party do but watch the — for them all-important — movement of Paris, and struggle in common with the petty shopkeepers for the attainment of those rights, which would allow them to fight afterwards their own battle?

There were only three points, then, by which the Proletarian party in its political action essentially distinguished itself from the petty trading class, or properly so-called Democratic party; firstly, in judging differently the French movement, with regard to which the democrats attacked, and the Proletarian revolutionists defended, the extreme party in Paris; secondly, in proclaiming the necessity of establishing a German Republic, one and indivisible, while the very extremest ultras among the democrats only dared to sigh for a Federative Republic; and thirdly, in showing upon every occasion, that revolutionary boldness and readiness for action, in which any party headed by, and composed principally of petty tradesmen, will always be deficient.

The Proletarian, or really Revolutionary party, succeeded only very gradually in withdrawing the mass of the working people from the influence of the Democrats, whose tail they formed in the beginning of the Revolution. But in due time the indecision, weakness, and cowardice of the Democratic leaders did the rest, and it may now be said to be one of the principal results of the last years' convulsions, that wherever the working-class is concentrated in anything like considerable masses, they are entirely freed from that Democratic influence which led them into an endless series of blunders and misfortunes during 1848 and 1849. But we had better not anticipate; the events of these two years will give us plenty of opportunities to show the Democratic gentlemen at work.

The peasantry in Prussia, the same as in Austria, but with less energy, feudalism pressing, upon the whole, not quite so hardly upon them here, had profited by the revolution to free themselves at once from all feudal shackles. But here, from the reasons stated before, the middle classes at once turned against them, their oldest, their most indispensable allies; the democrats, equally frightened with the bourgeoisie, by what was called attacks upon private property, failed equally to support them; and thus, after three months' emancipation, after bloody struggles and military executions, particularly in Silesia, feudalism was restored by the hands of the, until yesterday, anti-feudal bourgeoisie. There is not a more damning fact to be

brought against them than this. Similar treason against its best allies, against itself, never was committed by any party in history, and whatever humiliation and chastisement may be in store for this middle class party, it has deserved by this one act every morsel of it.

October, 1851.

## VII. THE FRANKFORT NATIONAL ASSEMBLY.

February 27, 1852.

It will perhaps be in the recollection of our readers that in the six preceding papers we followed up the revolutionary movement of Germany to the two great popular victories of March 13th in Vienna, and March 18th in Berlin. We saw, both in Austria and Prussia, the establishment of constitutional governments and the proclamation, as leading rules for all future policy, of Liberal, or middle class principles; and the only difference observable between the two great centers of action was this, that in Prussia the liberal bourgeoisie, in the persons of two wealthy merchants, Messrs. Camphausen and Hansemann, directly seized upon the reins of power; while in Austria, where the bourgeoisie was, politically, far less educated, the Liberal bureaucracy walked into office, and professed to hold power in trust for them. We have further seen, how the parties and classes of society, that were heretofore all united in opposition to the old government, got divided among themselves after the victory, or even during the struggle; and how that same Liberal bourgeoisie that alone profited from the victory turned round immediately upon its allies of yesterday, assumed a hostile attitude against every class or party of a more advanced character, and concluded an alliance with the conquered feudal and bureaucratic interests. It was in fact, evident, even from the beginning of the revolutionary drama, that the Liberal bourgeoisie could not hold its ground against the vanquished, but not destroyed, feudal and bureaucratic parties except by relying upon the assistance of the popular and more advanced parties; and that it equally required, against the torrent of these more advanced masses, the assistance of the feudal nobility and of the bureaucracy. Thus, it was clear enough that the bourgeoisie in Austria and Prussia did not possess sufficient strength to maintain their power, and to adapt the institutions of the country to their own wants and ideas. The Liberal bourgeois ministry was only a halting-place from which, according to the turn circumstances might take, the country would either have to go on to the more advanced stage of Unitarian republicanism, or to relapse into the old clerico-feudal

and bureaucratic *régime*. At all events, the real, decisive struggle was yet to come; the events of March had only engaged the combat.

Austria and Prussia being the two ruling states of Germany, every decisive revolutionary victory in Vienna or Berlin would have been decisive for all Germany. And as far as they went, the events of March, 1848, in these two cities, decided the turn of German affairs. It would, then, be superfluous to recur to the movements that occurred in the minor States; and we might, indeed, confine ourselves to the consideration of Austrian and Prussian affairs exclusively, if the existence of these minor states had not given rise to a body which was, by its very existence, a most striking proof of the abnormal situation of Germany and of the incompleteness of the late revolution; a body so abnormal, so ludicrous by its very position, and yet so full of its own importance, that history will, most likely, never afford a pendant to it. This body was the so-called *German National Assembly* at Frankfort-on-Main.

After the popular victories of Vienna and Berlin, it was a matter of course that there should be a Representative Assembly for all Germany. This body was consequently elected, and met at Frankfort, by the side of the old Federative Diet. The German National Assembly was expected, by the people, to settle every matter in dispute, and to act as the highest legislative authority for the whole of the German Confederation. But, at the same time, the Diet which had convoked it had in no way fixed its attributions. No one knew whether its decrees were to have force of law, or whether they were to be subject to the sanction of the Diet, or of the individual Governments. In this perplexity, if the Assembly had been possessed of the least energy, it would have immediately dissolved and sent home the Diet — than which no corporate body was more unpopular in Germany — and replaced it by a Federal Government, chosen from among its own members. It would have declared itself the only legal expression of the sovereign will of the German people, and thus have attached legal validity to every one of its decrees. It would, above all, have secured to itself an organized and armed force in the country sufficient to put down any opposition on the parts of the Governments. And all this was easy, very easy, at that early period of the Revolution. But that would have been expecting a great deal too much from an Assembly composed in its majority of Liberal attorneys and *doctrinaire* professors, an Assembly which, while it pretended to embody the very essence of German intellect and science, was in reality nothing but a stage

where old and worn-out political characters exhibited their involuntary ludicrousness and their impotence of thought, as well as action, before the eyes of all Germany. THIS Assembly of old women was, from the first day of its existence, more frightened of the least popular movement than of all the reactionary plots of all the German Governments put together. It deliberated under the eyes of the Diet, nay, it almost craved the Diet's sanction to its decrees, for its first resolutions had to be promulgated by that odious body. Instead of asserting its own sovereignty, it studiously avoided the discussion of any such dangerous question. Instead of surrounding itself by a popular force, it passed to the order of the day over all the violent encroachments of the Governments; Mayence, under its very eyes, was placed in a state of siege, and the people there disarmed, and the National Assembly did not stir. Later on it elected Archduke John of Austria Regent of Germany, and declared that all its resolutions were to have the force of law; but then Archduke John was only instituted in his new dignity after the consent of all the Governments had been obtained, and he was instituted not by the Assembly, but by the Diet; and as to the legal force of the decrees of the Assembly, that point was never recognized by the larger Governments, nor enforced by the Assembly itself; it therefore remained in suspense. Thus we had the strange spectacle of an Assembly pretending to be the only legal representative of a great and sovereign nation, and yet never possessing either the will or the force to make its claims recognized. The debates of this body, without any practical result, were not even of any theoretical value, reproducing, as they did, nothing but the most hackneyed commonplace themes of superannuated philosophical and juridical schools; every sentence that was said, or rather stammered forth, in that Assembly having been printed a thousand times over, and a thousand times better, long before.

Thus the pretended new central authority of Germany left everything as it had found it. So far from realizing the long-demanded unity of Germany, it did not dispossess the most insignificant of the princes who ruled her; it did not draw closer the bonds of union between her separated provinces; it never moved a single step to break down the customhouse barriers that separated Hanover from Prussia, and Prussia from Austria; it did not even make the slightest attempt to remove the obnoxious dues that everywhere obstruct river navigation in Prussia. But the less this Assembly did the more it blustered. It created a German fleet — upon paper; it annexed Poland and

Schleswig; it allowed German-Austria to carry on war against Italy, and yet prohibited the Italians from following up the Austrians into their safe retreat in Germany; it gave three cheers and one cheer more for the French republic, and it received Hungarian embassies, which certainly went home with far more confused ideas about Germany than they had come with.

This Assembly had been, in the beginning of the Revolution, the bugbear of all German Governments. They had counted upon a very dictatorial and revolutionary action on its part — on account of the very want of definiteness in which it had been found necessary to leave its competency. These Governments, therefore, got up a most comprehensive system of intrigues in order to weaken the influence of this dreaded body; but they proved to have more luck than wits, for this Assembly did the work of the Governments better than they themselves could have done. The chief feature among these intrigues was the convocation of local Legislative Assemblies, and in consequence, not only the lesser States convoked their legislatures, but Prussia and Austria also called constituent assemblies. In these, as in the Frankfort House of Representatives, the Liberal middle class, or its allies, liberal lawyers, and bureaucrats had the majority, and the turn affairs took in each of them was nearly the same. The only difference is this, that the German National Assembly was the parliament of an imaginary country, as it had declined the task of forming what nevertheless was its own first condition of existence, viz. a United Germany; that it discussed the imaginary and never-to-be-carried-out measures of an imaginary government of its own creation, and that it passed imaginary resolutions for which nobody cared; while in Austria and Prussia the constituent bodies were at least real parliaments, upsetting and creating real ministries, and forcing, for a time at least, their resolutions upon the princes with whom they had to contend. They, too, were cowardly, and lacked enlarged views of revolutionary resolutions; they, too, betrayed the people, and restored power to the hands of feudal, bureaucratic, and military despotism. But then they were at least obliged to discuss practical questions of immediate interest, and to live upon earth with other people, while the Frankfort humbugs were never happier than when they could roam in “the airy realms of dream,” *im Luftreich des Traums*. Thus the proceedings of the Berlin and Vienna Constituents form an important part of German revolutionary history, while the lucubrations of the Frankfort collective

tomfoolery merely interest the collector of literary and antiquarian curiosities.

The people of Germany, deeply feeling the necessity of doing away with the obnoxious territorial division that scattered and annihilated the collective force of the nation, for some time expected to find, in the Frankfort National Assembly at least, the beginning of a new era. But the childish conduct of that set of wiseacres soon disenchanted the national enthusiasm. The disgraceful proceedings occasioned by the armistice of Malmoe (September, 1848,) made the popular indignation burst out against a body which, it had been hoped, would give the nation a fair field for action, and which, instead, carried away by unequalled cowardice, only restored to their former solidity the foundations upon which the present counter-revolutionary system is built.

London, January, 1852.

## VIII. POLES, TSCHECHS, AND GERMANS.

March 5th, 1852.

From what has been stated in the foregoing articles, it is already evident that unless a fresh revolution was to follow that of March, 1848, things would inevitably return, in Germany, to what they were before this event. But such is the complicated nature of the historical theme upon which we are trying to throw some light, that subsequent events cannot be clearly understood without taking into account what may be called the foreign relations of the German Revolution. And these foreign relations were of the same intricate nature as the home affairs.

The whole of the eastern half of Germany, as far as the Elbe, Saale, and Bohemian Forest, has, it is well known, been reconquered during the last thousand years, from invaders of Slavonic origin. The greater part of these territories have been Germanized, to the perfect extinction of all Slavonic nationality and language, for several centuries past; and if we except a few totally isolated remnants, amounting in the aggregate to less than a hundred thousand souls (Kassubians in Pomerania, Wends or Sorbians in Lusatia), their inhabitants are, to all intents and purposes, Germans. But the case is different along the whole of the frontier of ancient Poland, and in the countries of the Tschechian tongue, in Bohemia and Moravia. Here the two nationalities are mixed up in every district, the towns being generally more or less German, while the Slavonic element prevails in the rural villages, where, however, it is also gradually disintegrated and forced back by the steady advance of German influence.

The reason of this state of things is this: ever since the time of Charlemagne, the Germans have directed their most constant and persevering efforts to the conquest, colonization, or, at least, civilization of the east of Europe. The conquest of the feudal nobility between the Elbe and the Oder, and the feudal colonies of the military orders of knights in Prussia and Livonia, only laid the ground for a far more extensive and effective system of Germanization by the trading and manufacturing middle classes, which in Germany, as in the rest of Western Europe, rose into social and political importance since the fifteenth century. The Slavonians, and particularly the Western Slavonians (Poles and Tschechs), are essentially an agricultural race; trade and manufactures never were in great favor with

them. The consequence was that, with the increase of population and the origin of cities in these regions, the production of all articles of manufacture fell into the hands of German immigrants, and the exchange of these commodities against agricultural produce became the exclusive monopoly of the Jews, who, if they belong to any nationality, are in these countries certainly rather Germans than Slavonians. This has been, though in a less degree, the case in all the east of Europe. The handicraftsman, the small shopkeeper, the petty manufacturer, is a German up to this day in Petersburg, Pesth, Jassy, and even Constantinople; while the money-lender, the publican, the hawker — a very important man in these thinly populated countries — is very generally a Jew, whose native tongue is a horribly corrupted German. The importance of the German element in the Slavonic frontier localities, thus rising with the growth of towns, trade and manufactures, was still increased when it was found necessary to import almost every element of mental culture from Germany; after the German merchant and handicraftsman, the German clergyman, the German schoolmaster, the German *savant* came to establish himself upon Slavonic soil. And lastly, the iron thread of conquering armies, or the cautious, well-premeditated grasp of diplomacy, not only followed, but many times went ahead of the slow but sure advance of denationalization by social development. Thus, great parts of Western Prussia and Posen have been Germanized since the first partition of Poland, by sales and grants of public domains to German colonists, by encouragements given to German capitalists for the establishment of manufactories, etc., in those neighborhoods, and very often, too, by excessively despotic measures against the Polish inhabitants of the country.

In this manner the last seventy years had entirely changed the line of demarcation between the German and Polish nationalities. The Revolution of 1848 calling forth at once the claim of all oppressed nations to an independent existence, and to the right of settling their own affairs for themselves, it was quite natural that the Poles should at once demand the restoration of their country within the frontiers of the old Polish Republic before 1772. It is true, this frontier, even at that time, had become obsolete, if taken as the delimitation of German and Polish nationality; it had become more so every year since by the progress of Germanization; but then, the Germans had proclaimed such an enthusiasm for the restoration of Poland, that they must expect to be asked, as a first proof of the reality of their

sympathies to give up *their* share of the plunder. On the other hand, should whole tracts of land, inhabited chiefly by Germans, should large towns, entirely German, be given up to a people that as yet had never given any proofs of its capability of progressing beyond a state of feudalism based upon agricultural serfdom? The question was intricate enough. The only possible solution was in a war with Russia. The question of delimitation between the different revolutionized nations would have been made a secondary one to that of first establishing a safe frontier against the common enemy. The Poles, by receiving extended territories in the east, would have become more tractable and reasonable in the west; and Riga and Milan would have been deemed, after all, quite as important to them as Danzig and Elbing. Thus the advanced party in Germany, deeming a war with Russia necessary to keep up the Continental movement, and considering that the national re-establishment even of a part of Poland would inevitably lead to such a war, supported the Poles; while the reigning middle class partly clearly foresaw its downfall from any national war against Russia, which would have called more active and energetic men to the helm, and, therefore, with a feigned enthusiasm for the extension of German nationality, they declared Prussian Poland, the chief seat of Polish revolutionary agitation, to be part and parcel of the German Empire that was to be. The promises given to the Poles in the first days of excitement were shamefully broken. Polish armaments got up with the sanction of the Government were dispersed and massacred by Prussian artillery; and as soon as the month of April, 1848, within six weeks of the Berlin Revolution, the Polish movement was crushed, and the old national hostility revived between Poles and Germans. This immense and incalculable service to the Russian autocrat was performed by the Liberal merchant-ministers, Camphausen and Hansemann. It must be added that this Polish campaign was the first means of reorganizing and reassuring that same Prussian army, which afterward turned out the Liberal party, and crushed the movement which Messrs. Camphausen and Hansemann had taken such pains to bring about. "Whereby they sinned, thereby are they punished." Such has been the fate of all the upstarts of 1848 and 1849, from Ledru Rolin to Changarnier, and from Camphausen down to Haynau.

The question of nationality gave rise to another struggle in Bohemia. This country, inhabited by two millions of Germans, and three millions of Slavonians of the Tschechian tongue, had great historical recollections,

almost all connected with the former supremacy of the Tschechs. But then the force of this branch of the Slavonic family had been broken ever since the wars of the Hussites in the fifteenth century. The province speaking the Tschechian tongue was divided, one part forming the kingdom of Bohemia, another the principality of Moravia, a third the Carpathian hill-country of the Slovaks, being part of Hungary. The Moravians and Slovaks had long since lost every vestige of national feeling and vitality, although mostly preserving their language. Bohemia was surrounded by thoroughly German countries on three sides out of four. The German element had made great progress on her own territory; even in the capital, in Prague, the two nationalities were pretty equally matched; and everywhere capital, trade, industry, and mental culture were in the hands of the Germans. The chief champion of the Tschechian nationality, Professor Palacky, is himself nothing but a learned German run mad, who even now cannot speak the Tschechian language correctly and without foreign accent. But as it often happens, dying Tschechian nationality, dying according to every fact known in history for the last four hundred years, made in 1848 a last effort to regain its former vitality — an effort whose failure, independently of all revolutionary considerations, was to prove that Bohemia could only exist, henceforth, as a portion of Germany, although part of her inhabitants might yet, for some centuries, continue to speak a non-German language.

London, February, 1852.

## IX. PANSLAVISM — THE SCHLESWIG-HOLSTEIN WAR.

March 15th, 1852.

Bohemia and Croatia (another disjected member of the Slavonic family, acted upon by the Hungarian, as Bohemia by the German) were the homes of what is called on the European continent “Panslavism.” Neither Bohemia nor Croatia was strong enough to exist as a nation by herself. Their respective nationalities, gradually undermined by the action of historical causes that inevitably absorbs into a more energetic stock, could only hope to be restored to anything like independence by an alliance with other Slavonic nations. There were twenty-two millions of Poles, forty-five millions of Russians, eight millions of Serbians and Bulgarians; why not form a mighty confederation of the whole eighty millions of Slavonians, and drive back or exterminate the intruder upon the holy Slavonic soil, the Turk, the Hungarian, and above all the hated, but indispensable *Niemetz*, the German? Thus in the studies of a few Slavonian *dilettanti* of historical science was this ludicrous, this anti-historical movement got up, a movement which intended nothing less than to subjugate the civilized West under the barbarian East, the town under the country, trade, manufactures, intelligence, under the primitive agriculture of Slavonian serfs. But behind this ludicrous theory stood the terrible reality of the *Russian Empire*; that empire which by every movement proclaims the pretension of considering all Europe as the domain of the Slavonic race, and especially of the only energetic part of this race, of the Russians; that empire which, with two capitals such as St. Petersburg and Moscow, has not yet found its centre of gravity, as long as the “City of the Czar” (Constantinople, called in Russian Tzarigrad, the Czar’s city), considered by every Russian peasant as the true metropolis of his religion and his nation, is not actually the residence of its Emperor; that empire which, for the last one hundred and fifty years, has never lost, but always gained territory by every war it has commenced. And well known in Central Europe are the intrigues by which Russian policy supported the new-fangled system of Panslavism, a system than which none better could be invented to suit its purposes. Thus, the Bohemian and Croatian Panslavists, some intentionally, some without knowing it, worked

in the direct interest of Russia; they betrayed the revolutionary cause for the shadow of a nationality which, in the best of cases, would have shared the fate of the Polish nationality under Russian sway. It must, however, be said for the honor of the Poles, that they never got to be seriously entangled in these Panslavist traps, and if a few of the aristocracy turned furious Panslavists, they knew that by Russian subjugation they had less to lose than by a revolt of their own peasant serfs.

The Bohemians and Croatians called, then, a general Slavonic Congress at Prague, for the preparation of the universal Slavonian Alliance. This Congress would have proved a decided failure even without the interference of the Austrian military. The several Slavonic languages differ quite as much as the English, the German, and the Swedish, and when the proceedings opened, there was no common Slavonic tongue by which the speakers could make themselves understood. French was tried, but was equally unintelligible to the majority, and the poor Slavonic enthusiasts, whose only common feeling was a common hatred against the Germans, were at last obliged to express themselves in the hated German language, as the only one that was generally understood! But just then another Slavonic Congress was assembling in Prague, in the shape of Galician lancers, Croatian and Slovak grenadiers, and Bohemian gunners and cuirassiers; and this real, armed Slavonic Congress, under the command of Windischgrätz, in less than twenty-four hours drove the founders of an imaginary Slavonian supremacy out of the town, and dispersed them to the winds.

The Bohemian, Moravian, Dalmatian, and part of the Polish deputies (the aristocracy) to the Austrian Constituent Diet, made in that Assembly a systematic war upon the German element. The Germans, and part of the Poles (the impoverished nobility), were in this Assembly the chief supporters of revolutionary progress; the mass of the Slavonic deputies, in opposing them, were not satisfied with thus showing clearly the reactionary tendencies of their entire movement, but they were degraded enough to tamper and conspire with the very same Austrian Government which had dispersed their meeting at Prague. They, too, were paid for this infamous conduct; after supporting the Government during the insurrection of October, 1848, an event which finally secured to them a majority in the Diet, this now almost exclusively Slavonic Diet was dispersed by Austrian soldiers, the same as the Prague Congress, and the Panslavists threatened with imprisonment if they should stir again. And they have only obtained

this, that Slavonic nationality is now being everywhere undermined by Austrian centralization, a result for which they may thank their own fanaticism and blindness.

If the frontiers of Hungary and Germany had admitted of any doubt, there would certainly have been another quarrel there. But, fortunately, there was no pretext, and the interests of both nations being intimately related, they struggled against the same enemies, *viz.*, the Austrian Government and the Panslavistic fanaticism. The good understanding was not for a moment disturbed. But the Italian Revolution entangled at least a part of Germany in an internecine war, and it must be stated here, as a proof how far the Metternichian system had succeeded in keeping back the development of the public mind, that during the first six months of 1848, the same men that had in Vienna mounted the barricades, went, full of enthusiasm, to join the army that fought against the Italian patriots. This deplorable confusion of ideas did not, however, last long.

Lastly, there was the war with Denmark about Schleswig and Holstein. These countries, unquestionably German by nationality, language and predilection, are also from military, naval and commercial grounds necessary to Germany. Their inhabitants have, for the last three years, struggled hard against Danish intrusion. The right of treaties, besides, was for them. The Revolution of March brought them into open collision with the Danes, and Germany supported them. But while in Poland, in Italy, in Bohemia, and later on, in Hungary, military operations were pushed with the utmost vigor, in this the only popular, the only, at least partially, revolutionary war, a system of resultless marches and counter-marches was adopted, and an interference of foreign diplomacy was submitted to, which led, after many an heroic engagement, to a most miserable end. The German Government betrayed, during the war, the Schleswig-Holstein revolutionary army on every occasion, and allowed it purposely to be cut up, when dispersed or divided, by the Danes. The German corps of volunteers were treated the same.

But while thus the German name earned nothing but hatred on every side, the German Constitutional and Liberal Governments rubbed their hands for joy. They had succeeded in crushing the Polish and the Bohemian movements. They had everywhere revived the old national animosities, which heretofore had prevented any common understanding and action between the German, the Pole, the Italian. They had accustomed the people

to scenes of civil war and repression by the military. The Prussian army had regained its confidence in Poland, the Austrian army in Prague; and while the superabundant patriotism (“*die Patriotische Ueberkraft*,” as Heine has it) of revolutionary but shortsighted youth was led in Schleswig and Lombardy, to be crushed by the grape-shot of the enemy, the regular army, the real instrument of action, both of Prussia and Austria, was placed in a position to regain public favor by victories over the foreigner. But we repeat: these armies, strengthened by the Liberals as a means of action against the more advanced party, no sooner had recovered their self-confidence and their discipline in some degree, than they turned themselves against the Liberals, and restored to power the men of the old system. When Radetzky, in his camp beyond the Adige, received the first orders from the “responsible ministers” at Vienna, he exclaimed: “Who are these ministers? They are not the Government of Austria! Austria is now nowhere but in my camp; I and my army, we are Austria; and when we shall have beaten the Italians we shall reconquer the Empire for the Emperor!” And old Radetzky was right — but the imbecile “responsible” ministers at Vienna heeded him not.

London, February, 1852.

## X. THE PARIS RISING — THE FRANKFORT ASSEMBLY.

March 18th, 1852.

As early as the beginning of April, 1848, the revolutionary torrent had found itself stemmed all over the Continent of Europe by the league which those classes of society that had profited by the first victory immediately formed with the vanquished. In France, the petty trading class and the Republican faction of the bourgeoisie had combined with the Monarchist bourgeoisie against the proletarians; in Germany and Italy, the victorious bourgeoisie had eagerly courted the support of the feudal nobility, the official bureaucracy, and the army, against the mass of the people and the petty traders. Very soon the united Conservative and Counter-Revolutionary parties again regained the ascendant. In England, an untimely and ill-prepared popular demonstration (April 10th) turned out a complete and decisive defeat of the popular party. In France, two similar movements (16th April and 15th May) were equally defeated. In Italy, King Bomba regained his authority by a single stroke on the 15th May. In Germany, the different new bourgeois Governments and their respective constituent Assemblies consolidated themselves, and if the eventful 15th of May gave rise, in Vienna, to a popular victory, this was an event of merely secondary importance, and may be considered the last successful flash of popular energy. In Hungary the movement appeared to turn into the quiet channel of perfect legality, and the Polish movement, as we have seen in our last, was stifled in the bud by Prussian bayonets. But as yet nothing was decided as to the eventual turn which things would take, and every inch of ground lost by the Revolutionary parties in the different countries only tended to close their ranks more and more for the decisive action.

The decisive action drew near. It could be fought in France only; for France, as long as England took no part in the revolutionary strife, or as Germany remained divided, was, by its national independence, civilization, and centralization, the only country to impart the impulse of a mighty convulsion to the surrounding countries. Accordingly, when, on the 23rd of June, 1848, the bloody struggle began in Paris, when every succeeding telegraph or mail more clearly exposed the fact to the eyes of Europe, that

this struggle was carried on between the mass of the working people on the one hand, and all the other classes of the Parisian population, supported by the army, on the other; when the fighting went on for several days with an exasperation unequalled in the history of modern civil warfare, but without any apparent advantage for either side — then it became evident to every one that this was the great decisive battle which would, if the insurrection were victorious, deluge the whole continent with renewed revolutions, or, if it was suppressed, bring about an at least momentary restoration of counter-revolutionary rule.

The proletarians of Paris were defeated, decimated, crushed with such an effect that even now they have not yet recovered from the blow. And immediately, all over Europe, the new and old Conservatives and Counter-Revolutionists raised their heads with an effrontery that showed how well they understood the importance of the event. The Press was everywhere attacked, the rights of meeting and association were interfered with, every little event in every small provincial town was taken profit of to disarm the people to declare a state of siege, to drill the troops in the new man[oe]uvres and artifices that Cavaignac had taught them. Besides, for the first time since February, the invincibility of a popular insurrection in a large town had been proved to be a delusion; the honor of the armies had been restored; the troops hitherto always defeated in street battles of importance regained confidence in their efficiency even in this kind of struggle.

From this defeat of the *ouvriers* of Paris may be dated the first positive steps and definite plans of the old feudal bureaucratic party in Germany, to get rid even of their momentary allies, the middle classes, and to restore Germany to the state she was in before the events of March. The army again was the decisive power in the State, and the army belonged not to the middle classes but to themselves. Even in Prussia, where before 1848 a considerable leaning of part of the lower grades of officers towards a Constitutional Government had been observed, the disorder introduced into the army by the Revolution had brought back those reasoning young men to their allegiance; as soon as the private soldier took a few liberties with regard to the officers, the necessity of discipline and passive obedience became at once strikingly evident to them. The vanquished nobles and bureaucrats now began to see their way before them; the army, more united than ever, flushed with victory in minor insurrections and in foreign

warfare, jealous of the great success the French soldiers had just attained — this army had only to be kept in constant petty conflicts with the people, and the decisive moment once at hand, it could with one great blow crush the Revolutionists, and set aside the presumptions of the middle class Parliamentarians. And the proper moment for such a decisive blow arrived soon enough.

We pass over the sometimes curious, but mostly tedious, parliamentary proceedings and local struggles that occupied, in Germany, the different parties during the summer. Suffice it to say that the supporters of the middle class interest in spite of numerous parliamentary triumphs, not one of which led to any practical result, very generally felt that their position between the extreme parties became daily more untenable, and that, therefore, they were obliged now to seek the alliance of the reactionists, and the next day to court the favor of the more popular factions. This constant vacillation gave the finishing stroke to their character in public opinion, and according to the turn events were taking, the contempt into which they had sunk, profited for the movement principally to the bureaucrats and feudalists.

By the beginning of autumn the relative position of the different parties had become exasperated and critical enough to make a decisive battle inevitable. The first engagements in this war between the democratic and revolutionary masses and the army took place at Frankfort. Though a mere secondary engagement, it was the first advantage of any note the troops acquired over the insurrection, and had a great moral effect. The fancy Government established by the Frankfort National Assembly had been allowed by Prussia, for very obvious reasons, to conclude an armistice with Denmark, which not only surrendered to Danish vengeance the Germans of Schleswig, but which also entirely disclaimed the more or less revolutionary principles which were generally supposed in the Danish war. This armistice was, by a majority of two or three, rejected in the Frankfort Assembly. A sham ministerial crisis followed this vote, but three days later the Assembly reconsidered their vote, and were actually induced to cancel it and acknowledge the armistice. This disgraceful proceeding roused the indignation of the people. Barricades were erected, but already sufficient troops had been drawn to Frankfort, and after six hours' fighting, the insurrection was suppressed. Similar, but less important, movements connected with this event took place in other parts of Germany (Baden, Cologne), but were equally defeated.

This preliminary engagement gave to the Counter-Revolutionary party the one great advantage, that now the only Government which had entirely — at least in semblance — originated with popular election, the Imperial Government of Frankfort, as well as the National Assembly, was ruined in the eyes of the people. This Government and this Assembly had been obliged to appeal to the bayonets of the troops against the manifestation of the popular will. They were compromised, and what little regard they might have been hitherto enabled to claim, this repudiation of their origin, the dependency upon the anti-popular Governments and their troops, made both the Lieutenant of the Empire, his ministers and his deputies, henceforth to be complete nullities. We shall soon see how first Austria, then Prussia, and later on the smaller States too, treated with contempt every order, every request, every deputation they received from this body of impotent dreamers.

We now come to the great counter-stroke in Germany, of the French battle of June, to that event which was as decisive for Germany as the proletarian struggle of Paris had been for France; we mean the revolution and subsequent storming of Vienna, October, 1848. But the importance of this battle is such, and the explanation of the different circumstances that more immediately contributed to its issue will take up such a portion of *The Tribune's* columns, as to necessitate its being treated in a separate letter.

London, February, 1852.

## XI. THE VIENNA INSURRECTION.

March 19th, 1852.

We now come to the decisive event which formed the counter-revolutionary part in Germany to the Parisian insurrection of June, and which, by a single blow, turned the scale in favor of the Counter-Revolutionary party, — the insurrection of October, 1848, in Vienna.

We have seen what the position of the different classes was, in Vienna, after the victory of 12th March. We have also seen how the movement of German-Austria was entangled with and impeded by the events in the non-German provinces of Austria. It only remains for us, then, briefly to survey the causes which led to this last and most formidable rising of German-Austria.

The high aristocracy and the stock-jobbing bourgeoisie, which had formed the principal non-official supports of the Metternichian Government, were enabled, even after the events of March, to maintain a predominating influence with the Government, not only by the Court, the army and the bureaucracy, but still more by the horror of “anarchy,” which rapidly spread among the middle classes. They very soon ventured a few feelers in the shape of a Press Law, a nondescript Aristocratic Constitution, and an Electoral Law based upon the old division of “estates.” The so-called Constitutional ministry, consisting of half Liberal, timid, incapable bureaucrats, on the 14th of May, even ventured a direct attack upon the revolutionary organizations of the masses by dissolving the Central Committee of Delegates of the National Guard and Academic Legion; a body formed for the express purpose of controlling the Government, and calling out against it, in case of need, the popular forces. But this act only provoked the insurrection of the 15th May, by which the Government was forced to acknowledge the Committee, to repeal the Constitution and the Electoral Law and to grant the power of framing a new Fundamental Law to a Constitutional Diet, elected by universal suffrage. All this was confirmed on the following day by an Imperial proclamation. But the reactionary party, which also had its representatives in the ministry, soon got their “Liberal” colleagues to undertake a new attack upon the popular conquests. The Academic Legion, the stronghold of the movement party, the centre of continuous agitation, had, on this very account, become obnoxious to the

more moderate burghers of Vienna; on the 26th a ministerial decree dissolved it. Perhaps this blow might have succeeded, if it had been carried out by a part of the National Guard only, but the Government, not trusting them either, brought the military forward, and at once the National Guard turned round, united with the Academic Legion, and thus frustrated the ministerial project.

In the meantime, however, the Emperor and his Court had, on the 16th of May, left Vienna, and fled to Innsbruck. Here surrounded by the bigoted Tyroleans, whose loyalty was roused again by the danger of an invasion of their country by the Sarde-Lombardian army, supported by the vicinity of Radetzky's troops, within shell-range of whom Innsbruck lay, here the Counter-Revolutionary party found an asylum, from whence, uncontrolled, unobserved and safe, it might rally its scattered forces, repair and spread again all over the country the network of its plots. Communications were reopened with Radetzky, with Jellachich, and with Windischgrätz, as well as with the reliable men in the administrative hierarchy of the different provinces; intrigues were set on foot with the Slavonic chiefs, and thus a real force at the disposal of the Counter-Revolutionary camarilla was formed, while the impotent ministers in Vienna were allowed to wear their short and feeble popularity out in continual bickerings with the revolutionary masses, and in the debates of the forthcoming Constituent Assembly. Thus the policy of leaving the movement of the capital to itself for a time; a policy which must have led to the omnipotence of the movement party in a centralized and homogeneous country like France, here in Austria, in a heterogeneous political conglomerate, was one of the safest means of reorganizing the strength of the reactionists.

In Vienna the middle class, persuaded that after three successive defeats, and in the face of a Constituent Assembly based upon universal suffrage, the Court was no longer an opponent to be dreaded, fell more and more into that weariness and apathy, and that eternal outcry for order and tranquillity, which has everywhere seized this class after violent commotions and consequent derangement of trade. The manufactures of the Austrian capital are almost exclusively limited to articles of luxury, for which, since the Revolution and the flight of the Court, there had necessarily been little demand. The shout for a return to a regular system of government, and for a return of the Court, both of which were expected to bring about a revival of commercial prosperity — this shout became now general among the middle

classes. The meeting of the Constituent Assembly in July was hailed with delight as the end of the revolutionary era; so was the return of the Court, which, after the victories of Radetzky in Italy, and after the advent of the reactionary ministry of Doblhoff, considered itself strong enough to brave the popular torrent, and which, at the same time, was wanted in Vienna in order to complete its intrigues with the Slavonic majority of the Diet. While the Constituent Diet discussed the laws on the emancipation of the peasantry from feudal bondage and forced labor for the nobility, the Court completed a master stroke. On the 19th of August the Emperor was made to review the National Guard; the Imperial family, the courtiers, the general officers, outbade each other in flatteries to the armed burghers, who were already intoxicated with pride at thus seeing themselves publicly acknowledged as one of the important bodies of the State; and immediately afterwards a decree, signed by Herr Schwarzer, the only popular minister in the Cabinet, was published, withdrawing the Government aid, given hitherto to the workmen out of employ. The trick succeeded; the working classes got up a demonstration; the middle class National Guards declared for the decree of their minister; they were launched upon the “Anarchists,” fell like tigers on the unarmed and unresisting workpeople, and massacred a great number of them on the 23rd of August. Thus the unity and strength of the revolutionary force was broken; the class-struggle between bourgeois and proletarian had come in Vienna, too, to a bloody outbreak, and the counter-revolutionary camarilla saw the day approaching on which it might strike its grand blow.

The Hungarian affairs very soon offered an opportunity to proclaim openly the principles upon which it intended to act. On the 5th of October an Imperial decree in the *Vienna Gazette* — a decree countersigned by none of the responsible ministers for Hungary — declared the Hungarian Diet dissolved, and named the Ban Jellachich, of Croatia, civil and military governor of that country — Jellachich, the leader of South Slavonian reaction, a man who was actually at war with the lawful authorities of Hungary. At the same time orders were given to the troops in Vienna to march out and form part of the army which was to enforce Jellachich’s authority. This, however, was showing the cloven foot too openly; every man in Vienna felt that war upon Hungary was war upon the principle of constitutional government, which principle was in the very decree trampled upon by the attempt of the emperor to make decrees with legal force,

without the countersign of a responsible minister. The people, the Academic Legion, the National Guard of Vienna, on the 6th of October rose in mass, and resisted the departure of the troops; some grenadiers passed over to the people; a short struggle took place between the popular forces and the troops; the minister of war, Latour, was massacred by the people, and in the evening the latter were victors. In the meantime, Ban Jellachich, beaten at Stuhlweissenburg by Perczel, had taken refuge near Vienna on German-Austrian territory; the Viennese troops that were to march to his support now took up an ostensibly hostile and defensive position against him; and the emperor and court had again fled to Olmütz, on semi-Slavonic territory.

But at Olmütz the Court found itself in very different circumstances from what it had been at Innsbruck. It was now in a position to open immediately the campaign against the Revolution. It was surrounded by the Slavonian deputies of the Constituent, who flocked in masses to Olmütz, and by the Slavonian enthusiasts from all parts of the monarchy. The campaign, in their eyes, was to be a war of Slavonian restoration and of extermination, against the two intruders, upon what was considered Slavonian soil, against the German and the Magyar. Windischgrätz, the conqueror of Prague, now commander of the army that was concentrated around Vienna, became at once the hero of Slavonian nationality. And his army concentrated rapidly from all sides. From Bohemia, Moravia, Styria, Upper Austria, and Italy, marched regiment after regiment on routes that converged at Vienna, to join the troops of Jellachich and the ex-garrison of the capital. Above sixty thousand men were thus united towards the end of October, and soon they commenced hemming in the imperial city on all sides, until, on the 30th of October, they were far enough advanced to venture upon the decisive attack.

In Vienna, in the meantime, confusion and helplessness was prevalent. The middle class, as soon as the victory was gained, became again possessed of their old distrust against the “anarchic” working classes; the working men, mindful of the treatment they had received, six weeks before, at the hands of the armed tradesmen, and of the unsteady, wavering policy of the middle class at large, would not trust to them the defence of the city, and demanded arms and military organization for themselves. The Academic Legion, full of zeal for the struggle against imperial despotism, were entirely incapable of understanding the nature of the estrangement of the two classes, or of otherwise comprehending the necessities of the

situation. There was confusion in the public mind, confusion in the ruling councils. The remnant of the German Diet deputies, and a few Slavonians, acting the part of spies for their friends at Olmütz, besides a few of the more revolutionary Polish deputies, sat in permanency; but instead of taking part resolutely, they lost all their time in idle debates upon the possibility of resisting the imperial army without overstepping the bounds of constitutional conventionalities. The committee of safety, composed of deputies from almost all the popular bodies of Vienna, although resolved to resist, was yet dominated by a majority of burghers and petty tradesmen, who never allowed it to follow up any determined, energetic line of action. The council of the Academic Legion passed heroic resolutions, but was in no way able to take the lead. The working classes, distrusted, disarmed, disorganized, hardly emerging from the intellectual bondage of the old *régime*, hardly awaking, not to a knowledge, but to a mere instinct of their social position and proper political line of action, could only make themselves heard by loud demonstrations, and could not be expected to be up to the difficulties of the moment. But they were ready — as they ever were in Germany during the revolution — to fight to the last, as soon as they obtained arms.

That was the state of things in Vienna. Outside, the reorganized Austrian army flushed with the victories of Radetzky in Italy; sixty or seventy thousand men well armed, well organized, and if not well commanded at least possessing commanders. Inside, confusion, class division, disorganization; a national guard part of which was resolved not to fight at all, part irresolute, and only the smallest part ready to act; a proletarian mass, powerful by numbers but without leaders, without any political education, subject to panic as well as to fits of fury almost without cause, a prey to every false rumor spread about, quite ready to fight, but unarmed, at least in the beginning, and incompletely armed, and barely organized when at last they were led to battle; a helpless Diet, discussing theoretical quibbles while the roof over their heads was almost burning; a leading committee without impulse or energy. Everything was changed from the days of March and May, when, in the counter-revolutionary camp, all was confusion, and when the only organized force was that created by the revolution. There could hardly be a doubt about the issue of such a struggle, and whatever doubt there might be, was settled by the events of the 30th and 31st of October, and 1st November.

London, March, 1852.

## XII. THE STORMING OF VIENNA — THE BETRAYAL OF VIENNA.

April 9th, 1852.

When at last the concentrated army of Windischgrätz commenced the attack upon Vienna, the forces that could be brought forward in defence were exceedingly insufficient for the purpose. Of the National Guard only a portion was to be brought to the entrenchments. A Proletarian Guard, it is true, had at last been hastily formed, but owing to the lateness of the attempt to thus make available the most numerous, most daring, and most energetic part of the population, it was too little inured to the use of arms and to the very first rudiments of discipline to offer a successful resistance. Thus the Academic Legion, three to four thousand strong, well exercised and disciplined to a certain degree, brave and enthusiastic, was, militarily speaking, the only force which was in a state to do its work successfully. But what were they, together with the few reliable National Guards, and with the confused mass of the armed proletarians, in opposition to the far more numerous regulars of Windischgrätz, not counting even the brigand hordes of Jellachich, hordes that were, by the very nature of their habits, very useful in a war from house to house, from lane to lane? And what but a few old, outworn, ill-mounted, and ill-served pieces of ordnance had the insurgents to oppose to that numerous and well-appointed artillery, of which Windischgrätz made such an unscrupulous use?

The nearer the danger drew, the more grew the confusion in Vienna. The Diet, up to the last moment, could not collect sufficient energy to call in for aid the Hungarian army of Perczel, encamped a few leagues below the capital. The committee passed contradictory resolutions, they themselves being, like the popular armed masses, floated up and down with the alternately rising and receding tide of rumors and counter-rumors. There was only one thing upon which all agreed — to respect property; and this was done in a degree almost ludicrous for such times. As to the final arrangement of a plan of defence, very little was done. Bem, the only man present who could have saved Vienna, if any could then in Vienna, an almost unknown foreigner, a Slavonian by birth, gave up the task, overwhelmed as he was by universal distrust. Had he persevered, he might

have been lynched as a traitor. Messenhauser, the commander of the insurgent forces, more of a novel-writer than even of a subaltern officer, was totally inadequate to the task; and yet, after eight months of revolutionary struggles, the popular party had not produced or acquired a military man of more ability than he. Thus the contest began. The Viennese considering their utterly inadequate means of defence, considering their utter absence of military skill and organization in the ranks, offered a most heroic resistance. In many places the order given by Bem, when he was in command, "to defend that post to the last man," was carried out to the letter. But force prevailed. Barricade after barricade was swept away by the imperial artillery in the long and wide avenues which form the main streets of the suburbs; and on the evening of the second day's fighting the Croats occupied the range of houses facing the glacis of the Old Town. A feeble and disorderly attack of the Hungarian army had been utterly defeated; and during an armistice, while some parties in the Old Town capitulated, while others hesitated and spread confusion, while the remnants of the Academic Legion prepared fresh intrenchments, an entrance was made by the imperialists, and in the midst of the general disorder the Old Town was carried.

The immediate consequences of this victory, the brutalities and executions by martial law, the unheard-of cruelties and infamies committed by the Slavonian hordes let loose upon Vienna, are too well known to be detailed here. The ulterior consequences, the entirely new turn given to German affairs by the defeat of the revolution in Vienna, we shall have reason to notice hereafter. There remain two points to be considered in connection with the storming of Vienna. The people of that capital had two allies — the Hungarians and the German people. Where were they in the hour of trial?

We have seen that the Viennese, with all the generosity of a newly freed people, had risen for a cause which, though ultimately their own, was in the first instance, and above all, that of the Hungarians. Rather than suffer the Austrian troops to march upon Hungary, they would draw their first and most terrific onslaught upon themselves. And while they thus nobly came forward for the support of their allies, the Hungarians, successful against Jellachich, drove him upon Vienna, and by their victory strengthened the force that was to attack that town. Under these circumstances it was the clear duty of Hungary to support, without delay, and with all disposable

forces, not the Diet of Vienna, not the Committee of Safety or any other official body at Vienna, but the *Viennese* revolution. And if Hungary should even have forgotten that Vienna had fought the first battle of Hungary, she owed it to her own safety not to forget that Vienna was the only outpost of Hungarian independence, and that after the fall of Vienna nothing could meet the advance of the imperial troops against herself. Now, we know very well all the Hungarians can say and have said in defence of their inactivity during the blockade and storming of Vienna: the insufficient state of their own force, the refusal of the Diet or any other official body in Vienna to call them in, the necessity to keep on constitutional ground, and to avoid complications with the German central power. But the fact is, as to the insufficient state of the Hungarian army, that in the first days after the Viennese revolution and the arrival of Jellachich, nothing was wanted in the shape of regular troops, as the Austrian regulars were very far from being concentrated; and that a courageous, unrelenting following up of the first advantage over Jellachich, even with nothing but the *Land Sturm* that had fought at Stuhlweissenburg, would have sufficed to effect a junction with the Viennese, and to adjourn to that day six months every concentration of an Austrian army. In war, and particularly in revolutionary warfare, rapidity of action until some decided advantage is gained is the first rule, and we have no hesitation in saying that upon *merely military grounds*. Perczel ought not to have stopped until his junction with the Viennese was affected. There was certainly some risk, but who ever won a battle without risking something? And did the people of Vienna risk nothing when they drew upon themselves — they, a population of four hundred thousand — the forces that were to march to the conquest of twelve millions of Hungarians? The military fault committed by waiting until the Austrians had united, and by making the feeble demonstration at Schwechat which ended, as it deserved to do, in an inglorious defeat — this military fault certainly incurred more risks than a resolute march upon Vienna against the disbanded brigands of Jellachich would have done.

But, it is said, such an advance of the Hungarians, unless authorized by some official body, would have been a violation of the German territory, would have brought on complications with the central power at Frankfort, and would have been, above all, an abandonment of the legal and constitutional policy which formed the strength of the Hungarian cause. Why, the official bodies in Vienna were nonentities! Was it the Diet, was it

the popular committees, who had risen for Hungary, or was it the people of Vienna, and they alone, who had taken to the musket to stand the brunt of the first battle for Hungary's independence? It was not this nor that official body in Vienna which it was important to uphold; all these bodies might, and would have been, upset very soon in the progress of the revolutionary development; but it was the ascendancy of the revolutionary movement, the unbroken progress of popular action itself, which alone was in question, and which alone could save Hungary from invasion. What forms this revolutionary movement afterwards might take, was the business of the Viennese, not of the Hungarians, so long as Vienna and German Austria at large continued their allies against the common enemy. But the question is, whether in this stickling of the Hungarian government for some quasi-legal authorization, we are not to see the first clear symptom of that pretence to a rather doubtful legality of proceeding, which, if it did not save Hungary, at least told very well, at a later period, before the English middle class audiences.

As to the pretext of possible conflicts with the central power of Germany at Frankfort, it is quite futile. The Frankfort authorities were *de facto* upset by the victory of the counter-revolution at Vienna; they would have been equally upset had the revolution there found the support necessary to defeat its enemies. And lastly, the great argument that Hungary could not leave legal and constitutional ground, may do very well for British free-traders, but it will never be deemed sufficient in the eyes of history. Suppose the people of Vienna had stuck to "legal and constitutional means" on the 13th of March, and on the 6th of October, what then of the "legal and constitutional" movement, and of all the glorious battles which, for the first time, brought Hungary to the notice of the civilized world? The very legal and constitutional ground upon which it is asserted the Hungarians moved in 1848 and 1849 was conquered for them by the exceedingly illegal and unconstitutional rising of the people of Vienna on the 13th March. It is not to our purpose here to discuss the revolutionary history of Hungary, but it may be deemed proper if we observe that it is utterly useless to professedly use merely legal means of resistance against an enemy who scorns such scruples; and if we add, that had it not been for this eternal pretence of legality which Görgey seized upon and turned against the Government, the devotion of Görgey's army to its general, and the disgraceful catastrophe of Villagos, would have been impossible. And when, at last, to save their

honor, the Hungarians came across the Leitha, in the latter end of October, 1848, was not this quite as illegal as any immediate and resolute attack would have been?

We are known to harbor no unfriendly feeling toward Hungary. We stood by her during the struggles; we may be allowed to say that our paper, the *Neue Rheinische Zeitung*, has done more than any other to render the Hungarian cause popular in Germany, by explaining the nature of the struggle between the Magyar and Slavonian races, and by following up the Hungarian war in a series of articles which have had paid them the compliment of being plagiarized in almost every subsequent book upon the subject, the works of native Hungarians and “eyewitnesses” not excepted. We even now, in any future continental convulsion, consider Hungary as the necessary and natural ally of Germany. But we have been severe enough upon our own countrymen, to have a right to speak out upon our neighbors; and then we have here to record facts with historical impartiality, and we must say that in this particular instance, the generous bravery of the people of Vienna was not only far more noble, but also more far-sighted than the cautious circumspection of the Hungarian Government. And, as a German, we may further be allowed to say, that not for all the showy victories and glorious battles of the Hungarian campaign, would we exchange that spontaneous, single-handed rising, and heroic resistance of the people of Vienna, our countrymen, which gave Hungary the time to organize the army that could do such great things.

The second ally of Vienna was the German people. But they were everywhere engaged in the same struggle as the Viennese. Frankfort, Baden, Cologne, had just been defeated and disarmed. In Berlin and Breslau the people were at daggers-drawn with the army, and daily expected to come to blows. Thus it was in every local center of action. Everywhere questions were pending that could only be settled by the force of arms; and now it was that for the first time were severely felt the disastrous consequences of the continuation of the old dismemberment and decentralization of Germany. The different questions in every State, every province, every town, were fundamentally the same; but they were brought forward everywhere under different shapes and pretexts, and had everywhere attained different degrees of maturity. Thus it happened that while in every locality the decisive gravity of the events at Vienna was felt, yet nowhere could an important blow be struck with any hope of bringing

the Viennese succor, or making a diversion in their favor; and there remained nothing to aid them but the Parliament and Central Power of Frankfort; they were appealed to on all hands; but what did they do?

The Frankfort Parliament and the bastard child it had brought to light by incestuous intercourse with the old German Diet, the so-called Central Power, profited by the Viennese movement to show forth their utter nullity. This contemptible Assembly, as we have seen, had long since sacrificed its virginity, and young as it was, it was already turning grey-headed and experienced in all the artifices of painting and pseudo-diplomatic prostitution. Of the dreams and illusions of power, of German regeneration and unity, that in the beginning had pervaded it, nothing remained but a set of Teutonic clap-trap phraseology, that was repeated on every occasion, and a firm belief of each individual member in his own importance, as well as in the credulity of the public. The original naivety was discarded; the representatives of the German people had turned practical men, that is to say, they had made it out that the less they did, and the more they prated, the safer would be their position as the umpires of the fate of Germany. Not that they considered their proceedings superfluous; quite the contrary. But they had found out that all really great questions, being to them forbidden ground, had better be let alone, and there, like a set of Byzantine doctors of the Lower Empire, they discussed with an importance and assiduity worthy of the fate that at last overtook them, theoretical dogmas long ago settled in every part of the civilized world, or microscopical practical questions which never led to any practical result. Thus, the Assembly being a sort of Lancastrian School for the mutual instruction of members, and being, therefore, very important to themselves, they were persuaded it was doing even more than the German people had a right to expect, and looked upon everyone as a traitor to the country who had impudence to ask them to come to any result.

When the Viennese insurrection broke out, there was a host of interpellations, debates, motions, and amendments upon it, which, of course, led to nothing. The Central Power was to interfere. It sent two commissioners, Welcker, the ex-Liberal, and Mosle, to Vienna. The travels of Don Quixote and Sancho Panza form matter for an Odyssey in comparison with the heroic feats and wonderful adventures of those two knight-errants of German Unity. Not daring to go to Vienna, they were bullied by Windischgrätz, wondered at by the idiot Emperor, and

impudently hoaxed by the Minister Stadion. Their despatches and reports are perhaps the only portion of the Frankfort transactions that will retain a place in German literature; they are a perfect satirical romance, ready cut and dried, and an eternal monument of disgrace for the Frankfort Assembly and its Government.

The left side of the Assembly had also sent two commissioners to Vienna, in order to uphold its authority there — Froebel and Robert Blum. Blum, when danger drew near, judged rightly that here the great battle of the German Revolution was to be fought, and unhesitatingly resolved to stake his head on the issue. Froebel, on the contrary, was of opinion that it was his duty to preserve himself for the important duties of his post at Frankfort. Blum was considered one of the most eloquent men of the Frankfort Assembly; he certainly was the most popular. His eloquence would not have stood the test of any experienced Parliamentary Assembly; he was too fond of the shallow declamations of a German dissenting preacher, and his arguments wanted both philosophical acumen and acquaintance with practical matters of fact. In politics he belonged to “Moderate Democracy,” a rather indefinite sort of thing, cherished on account of this very want of definiteness in its principles. But with all this Robert Blum was by nature a thorough, though somewhat polished, plebeian, and in decisive moments his plebeian instinct and plebeian energy got the better of his indefiniteness, and, therefore, indecisive political persuasion and knowledge. In such moments he raised himself far above the usual standard of his capacities.

Thus, in Vienna, he saw at a glance that here, not in the midst of the would-be elegant debates of Frankfort, the fate of his country would have to be decided. He at once made up his mind, gave up all idea of retreat, took a command in the revolutionary force, and behaved with extraordinary coolness and decision. It was he who retarded for a considerable time the taking of the town, and covered one of its sides from attack by burning the Tabor Bridge over the Danube. Everybody knows how, after the storming, he was arrested, tried by court-martial, and shot. He died like a hero. And the Frankfort Assembly, horrorstruck as it was, yet took the bloody insult with a seeming good grace. A resolution was carried, which, by the softness and diplomatic decency of its language, was more an insult to the grave of the murdered martyr than a damning stain upon Austria. But it was not to be

expected that this contemptible Assembly should resent the assassination of one of its members, particularly of the leader of the Left.

London, March, 1852.

## XIII. THE PRUSSIAN ASSEMBLY — THE NATIONAL ASSEMBLY.

April 17th, 1852.

On the 1st of November Vienna fell, and on the 9th of the same month the dissolution of the Constituent Assembly in Berlin showed how much this event had at once raised the spirit and the strength of the Counter-Revolutionary party all over Germany.

The events of the summer of 1848 in Prussia are soon told. The Constituent Assembly, or rather “the Assembly elected for the purpose of agreeing upon a Constitution with the Crown,” and its majority of representatives of the middle class interest, had long since forfeited all public esteem by lending itself to all the intrigues of the Court, from fear of the more energetic elements of the population. They had confirmed, or rather restored, the obnoxious privileges of feudalism, and thus betrayed the liberty and the interests of the peasantry. They had neither been able to draw up a Constitution, nor to amend in any way the general legislation. They had occupied themselves almost exclusively with nice theoretical distinctions, mere formalities, and questions of constitutional etiquette. The Assembly, in fact, was more a school of Parliamentary *savoir vivre* for its members, than a body in which the people could take any interest. The majorities were, besides, very nicely balanced, and almost always decided by the wavering centers whose oscillations from right to left, and *vice versa*, upset, first the ministry of Camphausen, then that of Auerswald and Hansemann. But while thus the Liberals, here as everywhere else, let the occasion slip out of their hands, the Court reorganized its elements of strength among the nobility, and the most uncultivated portion of the rural population, as well as in the army and the bureaucracy. After Hansemann’s downfall, a ministry of bureaucrats and military officers, all staunch reactionists, was formed, which, however, seemingly gave way to the demands of the Parliament; and the Assembly acting upon the commodious principle of “measures, not men,” were actually duped into applauding this ministry, while they, of course, had no eyes for the concentration and organization of Counter-Revolutionary forces, which that same ministry carried on pretty openly. At last, the signal being given by the fall of

Vienna, the King dismissed its ministers, and replaced them by “men of action,” under the leadership of the present premier, Manteuffel. Then the dreaming Assembly at once awoke to the danger; it passed a vote of no confidence in the Cabinet, which was at once replied to by a decree removing the Assembly from Berlin, where it might, in case of a conflict, count upon the support of the masses, to Brandenburg, a petty provincial town dependent entirely upon the Government. The Assembly, however, declared that it could not be adjourned, removed or dissolved, except with its own consent. In the meantime, General Wrangle entered Berlin at the head of some forty thousand troops. In a meeting of the municipal magistrates and the officers of the National Guard, it was resolved not to offer any resistance. And now, after the Assembly and its Constituents, the Liberal bourgeoisie, had allowed the combined reactionary party to occupy every important position, and to wrest from their hands almost every means of defence, began that grand comedy of “passive and legal resistance” which they intended to be a glorious imitation of the example of Hampden, and of the first efforts of the Americans in the War of Independence. Berlin was declared in a state of siege, and Berlin remained tranquil; the National Guard was dissolved by the Government, and its arms were delivered up with the greatest punctuality. The Assembly was hunted down during a fortnight, from one place of meeting to another, and everywhere dispersed by the military, and the members of the Assembly begged of the citizens to remain tranquil. At last the Government having declared the Assembly dissolved, it passed a resolution to declare the levying of taxes illegal, and then its members dispersed themselves over the country to organize the refusal of taxes. But they found that they had been woefully mistaken in the choice of their means. After a few agitated weeks, followed by severe measures of the Government against the Opposition, everyone gave up the idea of refusing the taxes in order to please a defunct Assembly that had not even had the courage to defend itself.

Whether it was in the beginning of November, 1848, already too late to try armed resistance, or whether a part of the army, on finding serious opposition, would have turned over to the side of the Assembly, and thus decided the matter in its favor, is a question which may never be solved. But in revolution as in war, it is always necessary to show a strong front, and he who attacks is in the advantage; and in revolution as in war, it is of the highest necessity to stake everything on the decisive moment, whatever

the odds may be. There is not a single successful revolution in history that does not prove the truth of these axioms. Now, for the Prussian Revolution, the decisive moment had come in November, 1848; the Assembly, at the head, officially, of the whole revolutionary interest, did neither show a strong front, for it receded at every advance of the enemy; much less did it attack, for it chose even not to defend itself; and when the decisive moment came, when Wrangle, at the head of forty thousand men, knocked at the gates of Berlin, instead of finding, as he and all his officers fully expected, every street studded with barricades, every window turned into a loophole, he found the gates open, and the streets obstructed only by peaceful Berliner burghers, enjoying the joke they had played upon him, by delivering themselves up, hands and feet tied, unto the astonished soldiers. It is true, the Assembly and the people, if they had resisted, might have been beaten; Berlin might have been bombarded, and many hundreds might have been killed, without preventing the ultimate victory of the Royalist party. But that was no reason why they should surrender their arms at once. A well-contested defeat is a fact of as much revolutionary importance as an easily-won victory. The defeats of Paris in June, 1848, and of Vienna in October, certainly did far more in revolutionizing the minds of the people of these two cities than the victories of February and March. The Assembly and the people of Berlin would, probably, have shared the fate of the two towns above-named; but they would have fallen gloriously, and would have left behind themselves, in the minds of the survivors, a wish of revenge which in revolutionary times is one of the highest incentives to energetic and passionate action. It is a matter of course that, in every struggle, he who takes up the gauntlet risks being beaten; but is that a reason why he should confess himself beaten, and submit to the yoke without drawing the sword?

In a revolution he who commands a decisive position and surrenders it, instead of forcing the enemy to try his hands at an assault, invariably deserves to be treated as a traitor.

The same decree of the King of Prussia which dissolved the Constituent Assembly also proclaimed a new Constitution, founded upon the draft which had been made by a Committee of that Assembly, but enlarging in some points the powers of the Crown, and rendering doubtful in others those of the Parliament. This Constitution established two Chambers, which were to meet soon for the purpose of confirming and revising it.

We need hardly ask where the German National Assembly was during the “legal and peaceful” struggle of the Prussian Constitutionalists. It was, as usual, at Frankfort, occupied with passing very tame resolutions against the proceedings of the Prussian Government, and admiring the “imposing spectacle of the passive, legal, and unanimous resistance of a whole people against brutal force.” The Central Government sent commissioners to Berlin to intercede between the Ministry and the Assembly; but they met the same fate as their predecessors at Olmütz, and were politely shown out. The Left of the National Assembly, *i.e.*, the so-called Radical party, sent also their commissioners; but after having duly convinced themselves of the utter helplessness of the Berlin Assembly, and confessed their own equal helplessness, they returned to Frankfort to report progress, and to testify to the admirably peaceful conduct of the population of Berlin. Nay, more; when Herr Bassermann, one of the Central Government’s commissioners, reported that the late stringent measures of the Prussian ministers were not without foundation, inasmuch as there had of late been seen loitering about the streets of Berlin sundry, savage-looking characters, such as always appear previous to anarchical movements (and which ever since have been named “Bassermannic characters”), these worthy deputies of the Left and energetic representatives of the revolutionary interest actually arose to make oath, and testify that such was not the case! Thus within two months the total impotency of the Frankfort Assembly was signally proved. There could be no more glaring proofs that this body was totally inadequate to its task; nay, that it had not even the remotest idea of what its task really was. The fact that both in Vienna and in Berlin the fate of the Revolution was settled, that in both these capitals the most important and vital questions were disposed of, without the existence of the Frankfort Assembly ever being taken the slightest notice of — this fact alone is sufficient to establish that the body in question was a mere debating-club, composed of a set of dupes, who allowed the Governments to use them as Parliamentary puppet, shown to amuse the shopkeepers and petty tradesmen of petty States and petty towns, as long as it was considered convenient to divert the attention of these parties. How long this was considered convenient we shall soon see. But it is a fact worthy of attention that among all the “eminent” men of this Assembly there was not one who had the slightest apprehension of the part they were made to perform, and that even up to the present day ex-

members of the Frankfort Club have invariably organs of historical perception quite peculiar to themselves.

London, March, 1852.

## XIV. THE RESTORATION OF ORDER — DIET AND CHAMBER

April 24th, 1852.

The first months of the year 1849 were employed by the Austrian and Prussian Governments in following up the advantages obtained in October and November, 1848. The Austrian Diet, ever since the taking of Vienna, had carried on a merely nominal existence in a small Moravian country-town, named Kremsir. Here the Slavonian deputies, who, with their constituents, had been mainly instrumental in raising the Austrian Government from its prostration, were singularly punished for their treachery against the European Revolution. As soon as the Government had recovered its strength, it treated the Diet and its Slavonian majority with the utmost contempt, and when the first successes of the Imperial arms foreboded a speedy termination of the Hungarian War, the Diet, on the 4th of March, was dissolved, and the deputies dispersed by military force. Then at last the Slavonians saw that they were duped, and then they shouted: "Let us go to Frankfort and carry on there the opposition which we cannot pursue here!" But it was then too late, and the very fact that they had no other alternative than either to remain quiet or to join the impotent Frankfort Assembly, this fact alone was sufficient to show their utter helplessness.

Thus ended for the present, and most likely for ever, the attempts of the Slavonians of Germany to recover an independent national existence. Scattered remnants of numerous nations, whose nationality and political vitality had long been extinguished, and who in consequence had been obliged, for almost a thousand years, to follow in the wake of a mightier nation, their conqueror, the same as the Welsh in England, the Basques in Spain, the Bas-Bretons in France, and at a more recent period the Spanish and French Creoles in those portions of North America occupied of late by the Anglo-American race — these dying nationalities, the Bohemians, Carinthians, Dalmatians, etc., had tried to profit by the universal confusion of 1848, in order to restore their political *status quo* of A.D. 800. The history of a thousand years ought to have shown them that such a retrogression was impossible; that if all the territory east of the Elbe and Saale had at one time been occupied by kindred Slavonians, this fact merely

proved the historical tendency, and at the same time physical and intellectual power of the German nation to subdue, absorb, and assimilate its ancient eastern neighbors; that this tendency of absorption on the part of the Germans had always been, and still was, one of the mightiest means by which the civilization of Western Europe had been spread in the east of that continent; that it could only cease whenever the process of Germanization had reached the frontier of large, compact, unbroken nations, capable of an independent national life, such as the Hungarians, and in some degree the Poles; and that, therefore, the natural and inevitable fate of these dying nations was to allow this process of dissolution and absorption by their stronger neighbors to complete itself. Certainly this is no very flattering prospect for the national ambition of the Panslavistic dreamers who succeeded in agitating a portion of the Bohemian and South Slavonian people; but can they expect that history would retrograde a thousand years in order to please a few phthisical bodies of men, who in every part of the territory they occupy are interspersed with and surrounded by Germans, who from time almost immemorial have had for all purposes of civilization no other language but the German, and who lack the very first conditions of national existence, numbers and compactness of territory? Thus, the Panslavistic rising, which everywhere in the German and Hungarian Slavonic territories was the cloak for the restoration to independence of all these numberless petty nations, everywhere clashed with the European revolutionary movements, and the Slavonians, although pretending to fight for liberty, were invariably (the Democratic portion of the Poles excepted) found on the side of despotism and reaction. Thus it was in Germany, thus in Hungary, thus even here and there in Turkey. Traitors to the popular cause, supporters and chief props to the Austrian Government's cabal, they placed themselves in the position of outlaws in the eyes of all revolutionary nations. And although nowhere the mass of the people had a part in the petty squabbles about nationality raised by the Panslavistic leaders, for the very reason that they were too ignorant, yet it will never be forgotten that in Prague, in a half-German town, crowds of Slavonian fanatics cheered and repeated the cry: "Rather the Russian knout than German Liberty!" After their first evaporated effort in 1848, and after the lesson the Austrian Government gave them, it is not likely that another attempt at a later opportunity will be made. But if they should try again under similar pretexts to ally themselves to the counter-revolutionary force, the duty of Germany

is clear. No country in a state of revolution and involved in external war can tolerate a Vendée in its very heart.

As to the Constitution proclaimed by the Emperor at the same time with the dissolution of the Diet, there is no need to revert to it, as it never had a practical existence, and is now done away with altogether. Absolutism has been restored in Austria to all intents and purposes ever since the 4th March, 1849.

In Prussia, the Chambers met in February for the ratification and revision of the new Charter proclaimed by the King. They sat for about six weeks, humble and meek enough in their behavior toward the Government, yet not quite prepared to go the lengths the King and his ministers wished them to go. Therefore, as soon as a suitable occasion presented itself, they were dissolved.

Thus both Austria and Prussia had for the moment got rid of the shackles of parliamentary control. The Governments now concentrated all power in themselves, and could bring that power to bear wherever it was wanted: Austria upon Hungary and Italy, Prussia upon Germany. For Prussia, too, was preparing for a campaign by which "order" was to be restored in the smaller States.

Counter-revolution being now paramount in the two great centres of action in Germany, — in Vienna and Berlin, — there remained only the lesser States in which the struggle was still undecided, although the balance there, too, was leaning more and more against the revolutionary interest. These smaller States, we have said, found a common centre in the National Assembly at Frankfort. Now, this so-called National Assembly, although its reactionist spirit had long been evident, so much so that the very people of Frankfort had risen in arms against it, yet its origin was of more or less revolutionary nature; it occupied an abnormal, revolutionary position in January; its competence had never been defined, and it had at last come to the decision — which, however, was never recognized by the larger States — that its resolutions had the force of law. Under these circumstances, and when the Constitutionalist-Monarchial party saw their positions turned by the recovering Absolutists, it is not to be wondered that the Liberal, monarchical bourgeoisie of almost the whole of Germany should place their last hopes upon the majority of this Assembly, just as the petty shopkeepers in the rest, the nucleus of the Democratic party, gathered in their growing distress around the minority of that same body, which indeed formed the

last compact Parliamentary phalanx of Democracy. On the other hand, the larger Governments, and particularly the Prussian Ministry, saw more and more the incompatibility of such an irregular elective body with the restored monarchical system of Germany, and if they did not at once force its dissolution, it was only because the time had not yet come, and because Prussia hoped first to use it for the furthering of its own ambitious purposes.

In the meantime, that poor Assembly itself fell into a greater and greater confusion. Its deputations and commissaries had been treated with the utmost contempt, both in Vienna and Berlin; one of its members, in spite of his parliamentary inviolability, had been executed in Vienna as a common rebel. Its decrees were nowhere heeded; if they were noticed at all by the larger powers, it was merely by protesting notes which disputed the authority of the Assembly to pass laws and resolutions binding upon their Governments. The Representative of the Assembly, the Central Executive power, was involved in diplomatic squabbles with almost all the Cabinets of Germany, and, in spite of all their efforts, neither Assembly nor Central Government could bring Austria and Prussia to state their ultimate views, plans and demands. The Assembly, at last, commenced to see clearly, at least so far, that it had allowed all power to slip out of its hands, that it was at the mercy of Austria and Prussia, and that if it intended making a Federal Constitution for Germany at all, it must set about the thing at once and in good earnest. And many of the vacillating members also saw clearly that they had been egregiously duped by the Governments. But what were they, in their impotent position, able to do now? The only thing that could have saved them would have been promptly and decidedly to pass over into the popular camp; but the success, even of that step, was more than doubtful; and then, where in this helpless crowd of undecided, shortsighted, self-conceited beings, who, when the eternal noise of contradictory rumors and diplomatic notes completely stunned them, sought their only consolation and support in the everlastingly repeated assurance that they were the best, the greatest, the wisest men of the country, and that they alone could save Germany — where, we say, among these poor creatures, whom a single year of Parliamentary life had turned into complete idiots, where were the men for a prompt and decisive resolution, much less for energetic and consistent action?

At last the Austrian Government threw off the mask. In its Constitution of the 4th of March, it proclaimed Austria an indivisible monarchy, with

common finances, system of customs-duties, of military establishments, thereby effacing every barrier and distinction between the German and non-German provinces. This declaration was made in the face of resolutions and articles of the intended Federal Constitution which had been already passed by the Frankfort Assembly. It was the gauntlet of war thrown down to it by Austria, and the poor Assembly had no other choice but to take it up. This it did with a deal of blustering, which Austria, in the consciousness of her power, and of the utter nothingness of the Assembly, could well afford to allow to pass. And this precious representation, as it styled itself, of the German people, in order to revenge itself for this insult on the part of Austria, saw nothing better before it than to throw itself, hands and feet tied, at the feet of the Prussian Government. Incredible as it would seem, it bent its knees before the very ministers whom it had condemned as unconstitutional and anti-popular, and whose dismissal it had in vain insisted upon. The details of this disgraceful transaction, and the tragicomical events that followed, will form the subject of our next.

London, April, 1852.

## XV. THE TRIUMPH OF PRUSSIA.

July 27th, 1852.

We now come to the last chapter in the history of the German Revolution; the conflict of the National Assembly with the Governments of the different States, especially of Prussia; the insurrection of Southern and Western Germany, and its final overthrow by Prussia.

We have already seen the Frankfort National Assembly at work. We have seen it kicked by Austria, insulted by Prussia, disobeyed by the lesser States, duped by its own impotent Central "Government," which again was the dupe of all and every prince in the country. But at last things began to look threatening for this weak, vacillating, insipid legislative body. It was forced to come to the conclusion that "the sublime idea of Germany unity was threatened in its realization," which meant neither more nor less than that the Frankfort Assembly, and all it had done, and was about to do, were very likely to end in smoke. Thus it set to work in good earnest in order to bring forth, as soon as possible, its grand production, the "Imperial Constitution." There was, however, one difficulty. What Executive Government was there to be? An Executive Council? No; that would have been, they thought in their wisdom, making Germany a Republic. A "president"? That would come to the same. Thus they must revive the old Imperial dignity. But — as, of course, a prince was to be emperor — who should it be? Certainly none of the *Dii minorum gentium*, from Reuss-Schleitz-Greiz-Lobenstein-Ebersdorf up to Bavaria; neither Austria nor Prussia would have borne that. It could only be Austria or Prussia. But which of the two? There is no doubt that, under otherwise favorable circumstances, this august Assembly would be sitting up to the present day, discussing this important dilemma without being able to come to a conclusion, if the Austrian Government had not cut the Gordian knot, and saved them the trouble.

Austria knew very well that from the moment in which she could again appear before Europe with all her provinces subdued, as a strong and great European power, the very law of political gravitation would draw the remainder of Germany into her orbit, without the help of any authority which an Imperial crown, conferred by the Frankfort Assembly, could give her. Austria had been far stronger, far freer in her movements, since she

shook off the powerless *crown* of the German Empire — a crown which clogged her own independent policy, while it added not one iota to her strength, either within or without Germany. And supposing the case that Austria could not maintain her footing in Italy and Hungary, why, then she was dissolved, annihilated in Germany too, and could never pretend to re seize a crown which had slipped from her hands while she was in the full possession of her strength. Thus Austria at once declared against all imperialist resurrections, and plainly demanded the restoration of the German Diet, the only Central Government of Germany known and recognized by the treaties of 1815; and on the 4th of March, 1849, issued that Constitution which had no other meaning than to declare Austria an indivisible, centralized, and independent monarchy, distinct even from that Germany which the Frankfort Assembly was to reorganize.

This open declaration of war left, indeed, the Frankfort wiseacres no other choice but to exclude Austria from Germany, and to create out of the remainder of that country a sort of lower empire, a “little Germany,” the rather shabby Imperial mantle of which was to fall on the shoulders of His Majesty of Prussia. This, it will be recollected, was the renewal of an old project fostered already some six or eight years ago by a party of South and Middle German Liberal *doctrinaires*, who considered as a godsend the degrading circumstances by which their old crotchet was now again brought forward as the latest “new move” for the salvation of the country.

They accordingly finished, in February and March, 1849, the debate on the Imperial Constitution, together with the Declaration of Rights and the Imperial Electoral Law; not, however, without being obliged to make, in a great many points, the most contradictory concessions — now to the Conservative or rather Reactionary party — now to the more advanced factions of the Assembly. In fact, it was evident that the leadership of the Assembly, which had formerly belonged to the Right and Right Centre (the Conservatives and Reactionists), was gradually, although slowly, passing toward the Left or Democratic side of that body. The rather dubious position of the Austrian deputies in an Assembly which had excluded their country from Germany, and in which they yet were called upon to sit and vote, favored the derangement of its equipoise; and thus, as early as the end of February, the Left Centre and Left found themselves, by the help of the Austrian votes, very generally in a majority, while on other days the Conservative faction of the Austrians, all of a sudden, and for the fun of the

thing, voting with the Right, threw the balance again on the other side. They intended, by these sudden *soubresauts*, to bring the Assembly into contempt, which, however, was quite unnecessary, the mass of the people being long since convinced of the utter hollowness and futility of anything coming from Frankfort. What a specimen of a Constitution, in the meantime, was framed under such jumping and counter-jumping, may easily be imagined.

The Left of the Assembly — this *élite* and pride of revolutionary Germany, as it believed itself to be — was entirely intoxicated with the few paltry successes it obtained by the good-will, or rather the ill-will, of a set of Austrian politicians, acting under the instigation and for the interest of Austrian despotism. Whenever the slightest approximation to their own not very well-defined principles had, in a hom[oe]opathically diluted shape, obtained a sort of sanction by the Frankfort Assembly, these Democrats proclaimed that they had saved the country and the people. These poor, weak-minded men, during the course of their generally very obscure lives, had been so little accustomed to anything like success, that they actually believed their paltry amendments, passed with two or three votes majority, would change the face of Europe. They had, from the beginning of their legislative career, been more imbued than any other faction of the Assembly with that incurable malady *Parliamentary cretinism*, a disorder which penetrates its unfortunate victims with the solemn conviction that the whole world, its history and future, are governed and determined by a majority of votes in that particular representative body which has the honor to count them among its members, and that all and everything going on outside the walls of their house — wars, revolutions, railway-constructing, colonizing of whole new continents, California gold discoveries, Central American canals, Russian armies, and whatever else may have some little claim to influence upon the destinies of mankind — is nothing compared with the incommensurable events hinging upon the important question, whatever it may be, just at that moment occupying the attention of their honorable house. Thus it was the Democratic party of the Assembly, by effectually smuggling a few of their nostrums into the “Imperial Constitution,” first became bound to support it, although in every essential point it flatly contradicted their own oft-proclaimed principles, and at last, when this mongrel work was abandoned, and bequeathed to them by its main authors, accepted the inheritance, and held out for this *Monarchical* Constitution,

even in opposition to everybody who *then* proclaimed their own *Republican* principles.

But it must be confessed that in this the contradiction was merely apparent. The indeterminate, self-contradictory, immature character of the Imperial Constitution was the very image of the immature, confused, conflicting political ideas of these Democratic gentlemen. And if their own sayings and writings — as far as they could write — were not sufficient proof of this, their actions would furnish such proof; for among sensible people it is a matter of course to judge of a man, not by his professions, but by his actions; not by what he pretends to be, but by what he does, and what he really is; and the deeds of these heroes of German Democracy speak loud enough for themselves, as we shall learn by and by. However, the Imperial Constitution, with all its appendages and paraphernalia, was definitely passed, and on the 28th of March, the King of Prussia was, by 290 votes against 248 who abstained, and 200 who were absent, elected Emperor of Germany *minus Austria*. The historical irony was complete; the Imperial farce executed in the streets of astonished Berlin, three days after the Revolution of March 18th, 1848, by Frederick William IV., while in a state which elsewhere would come under the Maine Liquor Law — this disgusting farce, just one year afterwards, had been sanctioned by the pretended Representative Assembly of all Germany. That, then, was the result of the German Revolution!

London, July, 1852.

## XVI. THE ASSEMBLY AND THE GOVERNMENTS.

August 19th, 1852.

The National Assembly of Frankfort, after having elected the King of Prussia Emperor of Germany (*minus* Austria), sent a deputation to Berlin to offer him the crown, and then adjourned. On the 3rd of April, Frederick William received the deputies. He told them that, although he accepted the right of precedence over all the other princes of Germany, which this vote of the people's representatives had given him, yet he could not accept the Imperial crown as long as he was not sure that the remaining princes acknowledged his supremacy, and the Imperial Constitution conferring those rights upon him. It would be, he added, for the Governments of Germany to see whether this Constitution was such as could be ratified by them. At all events, Emperor or not, he always would be found ready, he concluded, to draw the sword against either the external or the internal foe. We shall see how he kept his promise in a manner rather startling for the National Assembly.

The Frankfort wiseacres, after profound diplomatic inquiry, at last came to the conclusion that this answer amounted to a refusal of the crown. They then (April 12th) resolved: That the Imperial Constitution was the law of the land, and must be maintained; and not seeing their way at all before them, elected a Committee of thirty, to make proposals as to the means how this Constitution could be carried out.

This resolution was the signal for the conflict between the Frankfort Assembly and the German Governments which now broke out. The middle classes, and especially the smaller trading class, had all at once declared for the new Frankfort Constitution. They could not wait any longer the moment which was "to close the Revolution." In Austria and Prussia the Revolution had, for the moment, been closed by the interference of the armed power. The classes in question would have preferred a less forcible mode of performing that operation, but they had not had a chance; the thing was done, and they had to make the best of it, a resolution which they at once took and carried out most heroically. In the smaller States, where things had been going on comparatively smoothly, the middle classes had long since

been thrown back into that showy, but resultless, because powerless, parliamentary agitation, which was most congenial to themselves. The different States of Germany, as regarded each of them separately, appeared thus to have attained that new and definite form which was supposed to enable them to enter henceforth the path of peaceful constitutional development. There only remained one open question, that of the new political organization of the German Confederacy. And this question, the only one which still appeared fraught with danger, it was considered a necessity to resolve at once. Hence the pressure exerted upon the Frankfort Assembly by the middle classes, in order to induce it to get the Constitution ready as soon as possible; hence the resolution among the higher and lower bourgeoisie to accept and support this Constitution, whatever it might be, in order to create a settled state of things without delay. Thus from the very beginning the agitation for the Imperial Constitution arose out of a reactionary feeling, and sprang up among these classes which were long since tired of the Revolution.

But there was another feature in it. The first and fundamental principles of the future German Constitution had been voted during the first months of spring and summer, 1848, a time when popular agitation was still rife. The resolutions then passed, though completely reactionary *then*, now, after the arbitrary acts of the Austrian and Prussian Governments, appeared exceedingly Liberal, and even Democratic. The standard of comparison had changed. The Frankfort Assembly could not, without moral suicide, strike out these once-voted provisions, and model the Imperial Constitution upon those which the Austrian and Prussian Governments had dictated, sword in hand. Besides, as we have seen, the majority in that Assembly had changed sides, and the Liberal and Democratic party were rising in influence. Thus the Imperial Constitution not only was distinguished by its apparently exclusive popular origin, but at the same time, full of contradiction as it was, it yet was the most Liberal Constitution in all Germany. Its greatest fault was, that it was a mere sheet of paper, with no power to back its provisions.

Under these circumstances it was natural that the so-called Democratic party, that is, the mass of the petty trading class, should cling to the Imperial Constitution. This class had always been more forward in its demands than the Liberal-Monarchico-Constitutional bourgeoisie; it had shown a bolder front, it had very often threatened armed resistance, it was lavish in its

promises to sacrifice its blood and its existence in the struggle for freedom; but it had already given plenty of proofs that on the day of danger it was nowhere, and that it never felt more comfortable than the day after a decisive defeat, when everything being lost, it had at least the consolation to know that somehow or other the matter *was* settled. While, therefore, the adhesion of the large bankers, manufacturers, and merchants was of a more reserved character, more like a simple demonstration in favor of the Frankfort Constitution, the class just beneath them, our valiant Democratic shopkeepers, came forward in grand style, and, as usual, proclaimed they would rather spill their last drop of blood than let the Imperial Constitution fall to the ground.

Supported by these two parties, the bourgeois adherents of the Constitutional Royalty, and the more or less Democratic shopkeepers, the agitation for the immediate establishment of the Imperial Constitution gained ground rapidly, and found its most powerful expression in the Parliaments of the several States. The Chambers of Prussia, of Hanover, of Saxony, of Baden, of Württemberg, declared in its favor. The struggle between the Governments and the Frankfort Assembly assumed a threatening aspect.

The Governments, however, acted rapidly. The Prussian Chambers were dissolved, anti-constitutionally, as they had to revise and confirm the Constitution; riots broke out at Berlin, provoked intentionally by the Government, and the next day, the 28th of April, the Prussian Ministry issued a circular note, in which the Imperial Constitution was held up as a most anarchical and revolutionary document, which it was for the Governments of Germany to remodel and purify. Thus Prussia denied, point-blank, that sovereign constituent power which the wise men at Frankfort had always boasted of, but never established. Thus a Congress of Princes, a renewal of the old Federal Diet, was called upon to sit in judgment on that Constitution which had already been promulgated as law. And at the same time Prussia concentrated troops at Kreuznach, three days' march from Frankfort, and called upon the smaller States to follow its example, by also dissolving their Chambers as soon as they should give their adhesion to the Frankfort Assembly. This example was speedily followed by Hanover and Saxony.

It was evident that a decision of the struggle by force of arms could not be avoided. The hostility of the Governments, the agitation among the

people, were daily showing themselves in stronger colors. The military were everywhere worked upon by the Democratic citizens, and in the south of Germany with great success. Large mass meetings were everywhere held, passing resolutions to support the Imperial Constitution and the National Assembly, if need should be, with force of arms. At Cologne, a meeting of deputies of all the municipal councils of Rhenish Prussia took place for the same purpose. In the Palatinate, at Bergen, Fulda, Nuremberg, in the Odenwald, the peasantry met by myriads and worked themselves up into enthusiasm. At the same time the Constituent Assembly of France dissolved, and the new elections were prepared amid violent agitation, while on the eastern frontier of Germany, the Hungarians had within a month, by a succession of brilliant victories, rolled back the tide of Austrian invasion from the Theiss to the Leitha, and were every day expected to take Vienna by storm. Thus, popular imagination being on all hands worked up to the highest pitch, and the aggressive policy of the Governments defining itself more clearly every day, a violent collision could not be avoided, and cowardly imbecility only could persuade itself that the struggle was to come off peaceably. But this cowardly imbecility was most extensively represented in the Frankfort Assembly.

London, July, 1852.

## XVII. INSURRECTION.

September 18, 1852.

The inevitable conflict between the National Assembly of Frankfort and the States Governments of Germany at last broke out in open hostilities during the first days of May, 1849. The Austrian deputies, recalled by their Government, had already left the Assembly and returned home, with the exception of a few members of the Left or Democratic party. The great body of the Conservative members, aware of the turn things were about to take, withdrew even before they were called upon to do so by their respective Governments. Thus, even independently of the causes which in the foregoing letters have been shown to strengthen the influence of the Left, the mere desertion of their posts by the members of the Right, sufficed to turn the old minority into a majority of the Assembly. The new majority, which, at no former time, had dreamed of ever obtaining that good fortune, had profited by their places on the opposition benches to spout against the weakness, the indecision, the indolence of the old majority, and of its Imperial Lieutenancy. Now all at once, *they* were called on to replace that old majority. *They* were now to show what they could perform. Of course, *their* career was to be one of energy, determination, activity. *They*, the *élite* of Germany, would soon be able to drive onwards the senile Lieutenant of the Empire, and his vacillating ministers, and in case that was impossible they would — there could be no doubt about it — by force of the sovereign right of the people, depose that impotent Government, and replace it by an energetic, indefatigable Executive, who would assure the salvation of Germany. Poor fellows! *Their* rule — if rule it can be named, where no one obeyed — was a still more ridiculous affair than even the rule of their predecessors.

The new majority declared that, in spite of all obstacles, the Imperial Constitution must be carried out, and *at once*; that on the 15th of July ensuing, the people were to elect the deputies of the new House of Representatives, and that this House was to meet at Frankfort on the 15th of August following. Now, this was an open declaration of war against those Governments that had not recognized the Imperial Constitution, the foremost among which were Prussia, Austria, Bavaria, comprising more than three-fourths of the German population; a declaration of war which

was speedily accepted by them. Prussia and Bavaria, too, recalled the deputies sent from their territories to Frankfort, and hastened their military preparations against the National Assembly, while, on the other hand, the demonstrations of the Democratic party (out of Parliament) in favor of the Imperial Constitution and of the National Assembly, acquired a more turbulent and violent character, and the mass of the working people, led by the men of the most extreme party, were ready to take up arms in a cause which, if it was not their own, at least gave them a chance of somewhat approaching their aims by clearing Germany of its old monarchical encumbrances. Thus everywhere the people and the Governments were at daggers drawn upon this subject; the outbreak was inevitable; the mine was charged, and it only wanted a spark to make it explode. The dissolution of the Chambers in Saxony, the calling in of the Landwehr (military reserve) in Prussia, the open resistance of the Government to the Imperial Constitution, were such sparks; they fell, and all at once the country was in a blaze. In Dresden, on the 4th of May, the people victoriously took possession of the town, and drove out the King, while all the surrounding districts sent re-inforcements to the insurgents. In Rhenish Prussia and Westphalia the Landwehr refused to march, took possession of the arsenals, and armed itself in defence of the Imperial Constitution. In the Palatinate the people seized the Bavarian Government officials, and the public moneys, and instituted a Committee of Defence, which placed the province under the protection of the National Assembly. In Würtemberg the people forced the King to acknowledge the Imperial Constitution, and in Baden the army, united with the people, forced the Grand Duke to flight, and erected a Provincial Government. In other parts of Germany the people only awaited a decisive signal from the National Assembly to rise in arms and place themselves at its disposal.

The position of the National Assembly was far more favorable than could have been expected after its ignoble career. The western half of Germany had taken up arms in its behalf; the military everywhere were vacillating; in the lesser States they were undoubtedly favorable to the movement. Austria was prostrated by the victorious advance of the Hungarians, and Russia, that reserve force of the German Governments, was straining all its powers in order to support Austria against the Magyar armies. There was only Prussia to subdue, and with the revolutionary

sympathies existing in that country, a chance certainly existed of attaining that end. Everything then depended upon the conduct of the Assembly.

Now, insurrection is an art quite as much as war or any other, and subject to certain rules of proceeding, which, when neglected, will produce the ruin of the party neglecting them. Those rules, logical deductions from the nature of the parties and the circumstances one has to deal with in such a case, are so plain and simple that the short experience of 1848 had made the Germans pretty well acquainted with them. Firstly, never play with insurrection unless you are fully prepared to face the consequences of your play. Insurrection is a calculus with very indefinite magnitudes, the value of which may change every day; the forces opposed to you have all the advantage of organization, discipline, and habitual authority: unless you bring strong odds against them you are defeated and ruined. Secondly, the insurrectionary career once entered upon, act with the greatest determination, and on the offensive. The defensive is the death of every armed rising; it is lost before it measures itself with its enemies. Surprise your antagonists while their forces are scattering, prepare new successes, however small, but daily; keep up the moral ascendancy which the first successful rising has given to you; rally those vacillating elements to your side which always follow the strongest impulse, and which always look out for the safer side; force your enemies to a retreat before they can collect their strength against you; in the words of Danton, the greatest master of revolutionary policy yet known, *de l'audace, de l'audace, encore de l'audace!*

What, then, was the National Assembly of Frankfort to do if it would escape the certain ruin which it was threatened with? First of all, to see clearly through the situation, and to convince itself that there was now no other choice than either to submit to the Governments unconditionally, or take up the cause of the armed insurrection without reserve or hesitation. Secondly, to publicly recognize all the insurrections that had already broken out, and to call the people to take up arms everywhere in defence of the national representation, outlawing all princes, ministers and others who should dare to oppose the sovereign people represented by its mandatories. Thirdly, to at once depose the German Imperial Lieutenant, to create a strong, active, unscrupulous Executive, to call insurgent troops to Frankfort for its immediate protection, thus offering at the same time a legal pretext for the spread of the insurrection, to organize into a compact body all the

forces at its disposal, and, in short, to profit quickly and unhesitatingly by every available means for strengthening its position and impairing that of its opponents.

Of all this the virtuous Democrats in the Frankfort Assembly did just the contrary. Not content with letting things take the course they liked, these worthies went so far as to suppress by their opposition all insurrectionary movements which were preparing. Thus, for instance, did Herr Karl Vogt at Nuremberg. They allowed the insurrections of Saxony, of Rhenish Prussia, of Westphalia to be suppressed without any other help than a posthumous, sentimental protest against the unfeeling violence of the Prussian Government. They kept up an underhand diplomatic intercourse with the South German insurrections but never gave them the support of their open acknowledgment. They knew that the Lieutenant of the Empire sided with the Governments, and yet they called upon *him*, who never stirred, to oppose the intrigues of these Governments. The ministers of the Empire, old Conservatives, ridiculed this impotent Assembly in every sitting, and they suffered it. And when William Wolff, a Silesian deputy, and one of the editors of the *New Rhenish Gazette*, called upon them to outlaw the Lieutenant of the Empire — who was, he justly said, nothing but the first and greatest traitor to the Empire, he was hooted down by the unanimous and virtuous indignation of those Democratic Revolutionists! In short, they went on talking, protesting, proclaiming, pronouncing, but never had the courage or the sense to act; while the hostile troops of the Governments drew nearer and nearer, and their own Executive, the Lieutenant of the Empire, was busily plotting with the German princes their speedy destruction. Thus even the last vestige of consideration was lost to this contemptible Assembly; the insurgents who had risen to defend it ceased to care any more for it, and when at last it came to a shameful end, as we shall see, it died without anybody taking any notice of its unhonored exit.

London, August, 1852.

## XVIII. PETTY TRADERS.

October 2, 1852.

In our last we showed that the struggle between the German Governments on the one side, and the Frankfort Parliament on the other, had ultimately acquired such a degree of violence that in the first days of May, a great portion of Germany broke out in open insurrection; first Dresden, then the Bavarian Palatinate, parts of Rhenish Prussia, and at last Baden.

In all cases, the *real fighting* body of the insurgents, that body which first took up arms and gave battle to the troops consisted of the *working classes of the towns*. A portion of the poorer country population, laborers and petty farmers, generally joined them after the outbreak of the conflict. The greater number of the young men of all classes, below the capitalist class, were to be found, for a time at least, in the ranks of the insurgent armies, but this rather indiscriminate aggregate of young men very soon thinned as the aspect of affairs took a somewhat serious turn. The students particularly, those “representatives of intellect,” as they liked to call themselves, were the first to quit their standards, unless they were retained by the bestowal of officer’s rank, for which they, of course, had very seldom any qualifications.

The working class entered upon this insurrection as they would have done upon any other which promised either to remove some obstacles in their progress towards political dominion and social revolution, or, at least, to tie the more influential but less courageous classes of society to a more decided and revolutionary course than they had followed hitherto. The working class took up arms with a full knowledge that this was, in the direct bearings of the case, no quarrel of its own; but it followed up its only true policy, to allow no class that has risen on its shoulders (as the bourgeoisie had done in 1848) to fortify its class-government, without opening, at least, a fair field to the working classes for the struggle for its own interests, and, in any case, to bring matters to a crisis, by which either the nation was fairly and irresistibly launched in the revolutionary career, or else the *status quo* before the Revolution restored as nearly as possible, and, thereby, a new revolution rendered unavoidable. In both cases the working classes represented the real and well-understood interest of the nation at large, in

hastening as much as possible that revolutionary course which for the old societies of civilized Europe has now become a historical necessity, before any of them can again aspire to a more quiet and regular development of their resources.

As to country people that joined the insurrection, they were principally thrown into the arms of the Revolutionary party, partly by the relatively enormous load of taxation, and partly of feudal burdens pressing upon them.

Without any initiative of their own, they formed the tail of the other classes engaged in the insurrection, wavering between the working men on the one side, and the petty trading class on the other. Their own private social position, in almost every case, decided which way they turned; the agricultural laborer generally supported the city artisan; the small farmer was apt to go hand in hand with the small shopkeeper.

This class of petty tradesmen, the great importance and influence of which we have already several times adverted to, may be considered as the leading class of the insurrection of May, 1849. There being, this time, none of the large towns of Germany among the center of the movement, the petty trading class, which in middling and lesser towns always predominates, found the means of getting the direction of the movement into its hands. We have, moreover, seen that, in this struggle for the Imperial Constitution, and for the rights of the German Parliament, there were the interests of this peculiar class at stake. The Provisional Governments formed in all the insurgent districts represented in the majority of each of them this section of the people, and the length they went to may therefore be fairly taken as the measure of what the German petty bourgeoisie is capable of — capable, as we shall see, of nothing but ruining any movement that entrusts itself to its hands.

The petty bourgeoisie, great in boasting, is very impotent for action, and very shy in risking anything. The *mesquin* character of its commercial transactions and its credit operations is eminently apt to stamp its character with a want of energy and enterprise; it is, then, to be expected that similar qualities will mark its political career. Accordingly the petty bourgeoisie encouraged insurrection by big words, and great boasting as to what it was going to do; it was eager to seize upon power as soon as the insurrection, much against its will, had broken out; it used this power to no other purpose but to destroy the effects of the insurrection. Wherever an armed conflict

had brought matters to a serious crisis, there the shopkeepers stood aghast at the dangerous situation created for them; aghast at the people who had taken their boasting appeals to arms in earnest; aghast at the power thus thrust into their own hands; aghast, above all, at the consequences for themselves, for their social positions, for their fortunes, of the policy in which they were forced to engage themselves. Were they not expected to risk "life and property," as they used to say, for the cause of the insurrection? Were they not forced to take official positions in the insurrection, whereby, in the case of defeat, they risked the loss of their capital? And in case of victory, were they not sure to be immediately turned out of office, and to see their entire policy subverted by the victorious proletarians who formed the main body of their fighting army? Thus placed between opposing dangers which surrounded them on every side, the petty bourgeoisie knew not to turn its power to any other account than to let everything take its chance, whereby, of course, there was lost what little chance of success there might have been, and thus to ruin the insurrection altogether. Its policy, or rather want of policy, everywhere was the same, and, therefore, the insurrections of May, 1849, in all parts of Germany, are all cut out to the same pattern.

In Dresden, the struggle was kept on for four days in the streets of the town. The shopkeepers of Dresden, the "communal guard," not only did not fight, but in many instances favored the proceedings of the troops against the insurgents. These again consisted almost exclusively of working men from the surrounding manufacturing districts. They found an able and cool-headed commander in the Russian refugee Michael Bakunin, who afterwards was taken prisoner, and now is confined in the dungeons of Munkacs, Hungary. The intervention of numerous Prussian troops crushed this insurrection.

In Rhenish Prussia the actual fighting was of little importance. All the large towns being fortresses commanded by citadels, there could be only skirmishing on the part of the insurgents. As soon as a sufficient number of troops had been drawn together, there was an end to armed opposition.

In the Palatinate and Baden, on the contrary, a rich, fruitful province and an entire state fell into the hands of the insurrection. Money, arms, soldiers, warlike stores, everything was ready for use. The soldiers of the regular army themselves joined the insurgents; nay, in Baden, they were amongst the foremost of them. The insurrections in Saxony and Rhenish Prussia

sacrificed themselves in order to gain time for the organization of the South German movement. Never was there such a favorable position for a provincial and partial insurrection as this. A revolution was expected in Paris; the Hungarians were at the gates of Vienna; in all the central States of Germany, not only the people, but even the troops, were strongly in favor of the insurrection, and only wanted an opportunity to join it openly. And yet the movement, having once got into the hands of the petty bourgeoisie, was ruined from its very beginning. The petty bourgeois rulers, particularly of Baden — Herr Brentano at the head of them — never forgot that by usurping the place and prerogatives of the “lawful” sovereign, the Grand Duke, they were committing high treason. They sat down in their ministerial armchairs with the consciousness of criminality in their hearts. What can you expect of such cowards? They not only abandoned the insurrection to its own uncentralized, and therefore ineffective, spontaneity, they actually did everything in their power to take the sting out of the movement, to unman, to destroy it. And they succeeded, thanks to the zealous support of that deep class of politicians, the “Democratic” heroes of the petty bourgeoisie, who actually thought they were “saving the country,” while they allowed themselves to be led by their noses by a few men of a sharper cast, such as Brentano.

As to the fighting part of the business, never were military operations carried on in a more slovenly, more stolid way than under the Baden General-in-Chief Sigel, an ex-lieutenant of the regular army. Everything was got into confusion, every good opportunity was lost, every precious moment was loitered away with planning colossal, but impracticable projects, until, when at last the talented Pole Mieroslawski, took up the command, the army was disorganized, beaten, dispirited, badly provided for, opposed to an enemy four times more numerous, and withal, he could do nothing more than fight, at Waghäusel, a glorious though unsuccessful battle, carry out a clever retreat, offer a last hopeless fight under the walls of Rastatt, and resign. As in every insurrectionary war where armies are mixed of well-drilled soldiers and raw levies, there was plenty of heroism, and plenty of unsoldierlike, often unconceivable panic, in the revolutionary army; but, imperfect as it could not but be, it had at least the satisfaction that four times its number were not considered sufficient to put it to the rout, and that a hundred thousand regular troops, in a campaign against

twenty thousand insurgents, treated them, militarily, with as much respect as if they had to fight the Old Guard of Napoleon.

In May the insurrection had broken out; by the middle of July, 1849, it was entirely subdued and the first German Revolution was closed.

London. (Undated.)

## **XIX. THE CLOSE OF THE INSURRECTION.**

October 23, 1852.

While the south and west of Germany was in open insurrection, and while it took the Governments from the first opening of hostilities at Dresden to the capitulation of Rastatt, rather more than ten weeks, to stifle this final blazing up of the first German Revolution, the National Assembly disappeared from the political theater without any notice being taken of its exit.

We left this august body at Frankfort, perplexed by the insolent attacks of the Governments upon its dignity, by the impotency and treacherous listlessness of the Central Power it had itself created, by the risings of the petty trading class for its defence, and of the working class for a more revolutionary ultimate end. Desolation and despair reigned supreme among its members; events had at once assumed such a definite and decisive shape that in a few days the illusions of these learned legislators as to their real power and influence were entirely broken down. The Conservatives, at the signal given by the Governments, had already retired from a body which, henceforth, could not exist any longer, except in defiance of the constituted authorities. The Liberals gave the matter up in utter discomfiture; they, too, threw up their commissions as representatives. Honorable gentlemen decamped by hundreds. From eight or nine hundred members the number had dwindled down so rapidly that now one hundred and fifty, and a few days after one hundred, were declared a quorum. And even these were difficult to muster, although the whole of the Democratic party remained.

The course to be followed by the remnants of a parliament was plain enough. They had only to take their stand openly and decidedly with the insurrection, to give it, thereby, whatever strength legality could confer upon it, while they themselves at once acquired an army for their own defence. They had to summon the Central Power to stop all hostilities at once; and if, as could be foreseen, this power neither could nor would do so, to depose it at once and put another more energetic Government in its place. If insurgent troops could not be brought to Frankfort (which, in the beginning, when the State Governments were little prepared and still hesitating, might have been easily done), then the Assembly could have adjourned at once to the very center of the insurgent district. All this done at

once, and resolutely, not later than the middle or end of May, might have opened chances both for the insurrection and for the National Assembly.

But such a determined course was not to be expected from the representatives of German shopocracy. These aspiring statesmen were not at all freed from their illusions. Those members who had lost their fatal belief in the strength and inviolability of the Parliament had already taken to their heels; the Democrats who remained, were not so easily induced to give up dreams of power and greatness which they had cherished for a twelvemonth. True to the course they had hitherto pursued, they shrank back from decisive action until every chance of success, nay, every chance to succumb, with at least the honors of war, had passed away. In order, then, to develop a fictitious, busy-body sort of activity, the sheer impotency of which, coupled with its high pretension, could not but excite pity and ridicule, they continued insinuating resolutions, addresses, and requests to an Imperial Lieutenant, who not even noticed them; to ministers who were in open league with the enemy. And when at last William Wolff, member for Striegan, one of the editors of the *New Rhenish Gazette*, the only really revolutionary man in the whole Assembly, told them that if they meant what they said, they had better give over talking, and declare the Imperial Lieutenant, the chief traitor to the country, an outlaw at once; then the entire compressed virtuous indignation of these parliamentary gentlemen burst out with an energy which they never found when the Government heaped insult after insult upon them.

Of course, for Wolff's proposition was the first sensible word spoken within the walls of St. Paul's Church; of course, for it was the very thing that was to be done, and such plain language going so direct to the purpose, could not but insult a set of sentimentalists, who were resolute in nothing but irresolution, and who, too cowardly to act, had once for all made up their minds that in doing nothing, they were doing exactly what was to be done. Every word which cleared up, like lightning, the infatuated, but intentional nebulosity of their minds, every hint that was adapted to lead them out of the labyrinth where they obstinated themselves to take up as lasting an abode as possible, every clear conception of matters as they actually stood, was, of course, a crime against the majesty of this Sovereign Assembly.

Shortly after the position of the honorable gentlemen in Frankfort became untenable, in spite of resolutions, appeals, interpellations, and

proclamations, they retreated, but not into the insurgent districts; that would have been too resolute a step. They went to Stuttgart, where the Würtemberg Government kept up a sort of expectative neutrality. There, at last, they declared the Lieutenant of the Empire to have forfeited his power, and elected from their own body a Regency of five. This Regency at once proceeded to pass a Militia law, which was actually in all due force sent to all the Governments of Germany.

They, the very enemies of the Assembly, were ordered to levy forces in its defence! Then there was created — on paper, of course — an army for the defence of the National Assembly. Divisions, brigades, regiments, batteries, everything was regulated and ordained. Nothing was wanted but reality, for that army, of course, was never called into existence.

One last scheme offered itself to the General Assembly. The Democratic population from all parts of the country sent deputations to place itself at the disposal of the Parliament, and to urge it on to a decisive action. The people, knowing what the intentions of the Würtemberg Government were, implored the National Assembly to force that Government into an open and active participation with their insurgent neighbors. But no. The National Assembly, in going to Stuttgart, had delivered itself up to the tender mercies of the Würtemberg Government. The members knew it, and repressed the agitation among the people. They thus lost the last remnant of influence which they might yet have retained. They earned the contempt they deserved, and the Imperial Lieutenant put a stop to the Democratic farce by shutting up, on the 18th of June, 1849, the room where the Parliament met, and by ordering the members of the Regency to leave the country.

Next they went to Baden, into the camp of the insurrection; but there they were now useless. Nobody noticed them. The Regency, however, in the name of the Sovereign German people, continued to save the country by its exertions. It made an attempt to get recognized by foreign powers, by delivering *passports* to anybody who would accept of them. It issued proclamations, and sent commissioners to insurge those very districts of Würtemberg whose active assistance it had refused when it was yet time; of course, without effect. We have now under our eye an original report, sent to the Regency by one of these commissioners, Herr Roesler (member for Oels), the contents of which are rather characteristic. It is dated, Stuttgart, June 30, 1849. After describing the adventures of half a dozen of these commissioners in a resultless search for cash, he gives a series of excuses

for not having yet gone to his post, and then delivers himself of a most weighty argument respecting possible differences between Prussia, Austria, Bavaria, and Würtemberg, with their possible consequences. After having fully considered this, he comes, however, to the conclusion that there is no more chance. Next, he proposes to establish relays of trustworthy men for the conveyance of intelligence, and a system of espionage as to the intentions of the Würtemberg Ministry and the movements of the troops. This letter never reached its address, for when it was written the "Regency" had already passed entirely into the "foreign department," viz., Switzerland; and while poor Herr Roesler troubled his head about the intentions of the formidable ministry of a sixth-rate kingdom, a hundred thousand Prussian, Bavarian, and Hessian soldiers had already settled the whole affair in the last battle under the walls of Rastatt.

Thus vanished the German Parliament, and with it the first and last creation of the Revolution. Its convocation had been the first evidence that there actually *had been* a revolution in January; and it existed as long as this, the first modern German Revolution, was not yet brought to a close. Chosen under the influence of the capitalist class by a dismembered, scattered, rural population, for the most part only awaking from the dumbness of feudalism, this Parliament served to bring in one body upon the political arena all the great popular names of 1820-1848, and then to utterly ruin them. All the celebrities of middle class Liberalism were here collected. The bourgeoisie expected wonders; it earned shame for itself and its representatives. The industrial and commercial capitalist class were more severely defeated in Germany than in any other country; they were first worsted, broken, expelled from office in every individual State of Germany, and then put to rout, disgraced and hooted in the Central German Parliament. Political Liberalism, the rule of the bourgeoisie, be it under a Monarchical or Republican form of government, is forever impossible in Germany.

In the latter period of its existence, the German Parliament served to disgrace forever that section which had ever since March, 1848, headed the official opposition, the Democrats representing the interests of the small trading, and partially of the farming class. That class was, in May and June, 1849, given a chance to show its means of forming a stable Government in Germany. We have seen how it failed; not so much by adverse circumstances as by the actual and continued cowardice in all trying

movements that had occurred since the outbreak of the revolution; by showing in politics the same shortsighted, pusillanimous, wavering spirit, which is characteristic of its commercial operations. In May, 1849, it had, by this course, lost the confidence of the real fighting mass of all European insurrections, the working class. But yet, it had a fair chance. The German Parliament belonged to it, exclusively, after the Reactionists and Liberals had withdrawn. The rural population was in its favor. Two-thirds of the armies of the smaller States, one-third of the Prussian army, the majority of the Prussian Landwehr (reserve or militia), were ready to join it, if it only acted resolutely, and with that courage which is the result of a clear insight into the state of things. But the politicians who led on this class were not more clear-sighted than the host of petty tradesmen which followed them. They proved even to be more infatuated, more ardently attached to delusions voluntarily kept up, more credulous, more incapable of resolutely dealing with facts than the Liberals. Their political importance, too, is reduced below the freezing-point. But not having actually carried their commonplace principles into execution, they were, under *very* favorable circumstances, capable of a momentary resurrection, when this last hope was taken from them, just as it was taken from their colleagues of the “pure Democracy” in France by the *coup d'état* of Louis Bonaparte.

The defeat of the south-west German insurrection, and the dispersion of the German Parliament, bring the history of the first German insurrection to a close. We have now to cast a parting glance upon the victorious members of the counter-revolutionary alliance; we shall do this in our next letter.

London, September 24, 1852.

## XX. THE LATE TRIAL AT COLOGNE.

December 22, 1852.

You will have ere this received by the European papers numerous reports of the Communist Monster Trial at Cologne, Prussia, and of its result. But as none of the reports is anything like a faithful statement of the facts, and as these facts throw a glaring light upon the political means by which the continent of Europe is kept in bondage, I consider it necessary to revert to this trial.

The Communist or Proletarian party, as well as other parties, had lost, by suppression of the rights of association and meeting, the means of giving to itself a legal organization on the Continent. Its leaders, besides, had been exiled from their countries. But no political party can exist without an organization; and that organization which both the Liberal bourgeois and the Democratic shopkeeping class were enabled more or less to supply by the social station, advantages, and long-established, every-day intercourse of their members, the proletarian class, without such social station and pecuniary means, was necessarily compelled to seek in secret association. Hence, both in France and Germany, sprung up those numerous secret Societies which have, ever since 1849, one after another, been discovered by the police, and prosecuted as conspiracies; but if many of them were really conspiracies, formed with the actual intention of upsetting the Government for the time being, — and he is a coward that under certain circumstances would not conspire, just as he is a fool who, under other circumstances, would do so; — there were some other Societies which were formed with a wider and more elevated purpose, which knew that the upsetting of an existing Government was but a passing stage in the great impending struggle, and which intended to keep together and to prepare the party, whose nucleus they formed, for the last decisive combat which must, one day or another, crush forever in Europe the domination, not of mere “tyrants,” “despots” and “usurpers,” but of a power far superior, and far more formidable than theirs; that of capital over labor.

The organization of the advanced Communist party in Germany was of this kind. In accordance with the principles of the “Manifesto” (published in 1848), and with those explained in the series of articles on “Revolution and Counter-Revolution in Germany,” published in the *New York Daily Tribune*,

this party never imagined itself capable of producing, at any time and at its pleasure, that revolution which was to carry its ideas into practice. It studied the causes that had produced the revolutionary movement in 1848, and the causes that made them fail. Recognizing the social antagonism of classes at the bottom of all political struggles, it applied itself to the study of the conditions under which one class of society can and must be called on to represent the whole of the interests of a nation, and thus politically to rule over it. History showed to the Communist party how, after the landed aristocracy of the Middle Ages, the monied power of the first capitalists arose and seized the reins of Government; how the social influence and political rule of this financial section of capitalists was superseded by the rising strength since the introduction of steam, of the manufacturing capitalists, and how at the present moment two more classes claim their turn of domination, the petty trading class and the industrial working class. The practical revolutionary experience of 1848-1849 confirmed the reasonings of theory, which led to the conclusion that the Democracy of the petty traders must first have its turn, before the Communist working class could hope to permanently establish itself in power and destroy that system of wage-slavery which keeps it under the yoke of the bourgeoisie. Thus the secret organization of the Communists could not have the direct purpose of upsetting the present Governments of Germany. Being formed to upset not these, but the insurrectionary Government, which is sooner or later to follow them, its members might, and certainly would, individually, lend an active hand to a revolutionary movement against the present *status quo* in its turn; but the preparation of such a movement, otherwise than by spreading of Communist opinions by the masses, could not be an object of the Association. So well was this foundation of the Society understood by the majority of its members, that when the place-hunting ambition of some tried to turn it into a conspiracy for making an extempore revolution they were speedily turned out.

Now, according to no law upon the face of the earth, could such an Association be called a plot, a conspiracy for purposes of high treason. If it was a conspiracy, it was one against, not the existing Government, but its probable successor. And the Prussian Government was aware of it. That was the cause why the eleven defendants were kept in solitary confinement during eighteen months, spent, on the part of the authorities, in the strangest judicial feats. Imagine, that after eight months' detention, the prisoners

were remanded for some months more, “there being no evidence of any crime against them!” And when at last they were brought before a jury, there was not a single overt act of a treasonable nature proved against them. And yet they were convicted, and you will speedily see how.

One of the emissaries of the society was arrested in May, 1851, and from documents found upon him, other arrests followed. A Prussian police officer, a certain Stieber, was immediately ordered to trace the ramifications, in London, of the pretended plot. He succeeded in obtaining some papers connected with the above-mentioned seceders from the society, who had, after being turned out, formed an actual conspiracy in Paris and London. These papers were obtained by a double crime. A man named Reuter was bribed to break open the writing-desk of the secretary of the Society, and steal the papers therefrom. But that was nothing yet. This theft led to the discovery and conviction of the so-called Franco-German plot, in Paris, but it gave no clue as to the great Communist Association. The Paris plot, we may as well here observe, was under the direction of a few ambitious imbeciles and political *chevaliers d’industrie* in London, and of a formerly convicted forger, then acting as a police spy in Paris; their dupes made up, by rabid declamations and blood-thirsty rantings, for the utter insignificance of their political existence.

The Prussian police, then, had to look out for fresh discoveries. They established a regular office of secret police at the Prussian Embassy in London. A police agent, Greif by name, held his odious vocation under the title of an attaché to the Embassy — a step which should suffice to put all Prussian embassies out of the pale of international law, and which even the Austrians have not yet dared to take. Under him worked a certain Fleury, a merchant in the city of London, a man of some fortune and rather respectably connected, one of those low creatures who do the basest actions from an innate inclination to infamy. Another agent was a commercial clerk named Hirsch, who, however, had already been denounced as a spy on his arrival. He introduced himself into the society of some German Communist refugees in London, and they, in order to obtain proofs of his real character, admitted him for a short time. The proofs of his connection with the police were very soon obtained, and Herr Hirsch, from that time, absented himself. Although, however, he thus resigned all opportunities of gaining the information he was paid to procure, he was not inactive. From his retreat in Kensington, where he never met one of the Communists in question, he

manufactured every week pretended reports of pretended sittings of a pretended Central Committee of that very conspiracy which the Prussian police could not get hold of. The contents of these reports were of the most absurd nature; not a Christian name was correct, not a name correctly spelt, not a single individual made to speak as he would be likely to speak. His master, Fleury, assisted him in this forgery, and it is not yet proved that "Attaché" Greif can wash his hands of these infamous proceedings. The Prussian Government, incredible to say, took these silly fabrications for gospel truth, and you may imagine what a confusion such depositions created in the evidence brought before the jury. When the trial came on, Herr Stieber, the already mentioned police officer, got into the witness-box, swore to all these absurdities, and, with no little self-complacency, maintained that he had a secret agent in the very closest intimacy with those parties in London who were considered the prime movers in this awful conspiracy. This secret agent was very secret indeed, for he had hid his face for eight months in Kensington, for fear he might actually see one of the parties whose most secret thoughts, words and doings, he pretended to report week after week.

Messrs. Hirsch and Fleury, however, had another invention in store. They worked up the whole of the reports they had made into an "original minute book" of the sittings of the Secret Supreme Committee, whose existence was maintained by the Prussian police; and Herr Stieber, finding that this book wondrously agreed with the reports already received from the same parties, at once laid it before the jury, declaring upon his oath that after serious examination, and according to his fullest conviction, that book was genuine. It was then that most of the absurdities reported by Hirsch were made public. You may imagine the surprise of the pretended members of that Secret Committee when they found things stated of them which they never knew before. Some who were baptized William were here christened Louis or Charles; others, at the time they were at the other end of England, were made to have pronounced speeches in London; others were reported to have read letters they never had received; they were made to have met regularly on a Thursday, when they used to have a convivial reunion, once a week, on Wednesdays; a working man, who could hardly write, figured as one of the takers of minutes, and signed as such; and they all of them were made to speak in a language which, if it may be that of Prussian police stations, was certainly not that of a reunion in which literary men, favorably

known in their country, formed the majority. And, to crown the whole, a receipt was forged for a sum of money, pretended to have been paid by the fabricators to the pretended secretary of the fictitious Central Committee for this book; but the existence of this pretended secretary rested merely upon a hoax that some malicious Communist had played upon the unfortunate Hirsch.

This clumsy fabrication was too scandalous an affair not to produce the contrary of its intended effect. Although the London friends of the defendants were deprived of all means to bring the facts of the case before the jury — although the letters they sent to the counsel for the defence were suppressed by the post — although the documents and affidavits they succeeded in getting into the hands of these legal gentlemen were not admitted in evidence, yet the general indignation was such that even the public accusers, nay, even Herr Stieber — whose oath had been given as a guarantee for the authenticity of that book — were compelled to recognize it as a forgery.

This forgery, however, was not the only thing of the kind of which the police was guilty. Two or three more cases of the sort came out during the trial. The documents stolen by Reuter were interpolated by the police so as to disfigure their meaning. A paper, containing some rabid nonsense, was written in a handwriting imitating that of Dr. Marx, and for a time it was pretended that it had been written by him, until at last the prosecution was obliged to acknowledge the forgery. But for every police infamy that was proved as such, there were five or six fresh ones brought forward, which could not, at the moment, be unveiled, the defence being taken by surprise, the proofs having to be got from London, and every correspondence of the counsel for the defence with the London Communist refugees being in open court treated as complicity in the alleged plot!

That Greif and Fleury are what they are here represented to be has been stated by Herr Stieber himself, in his evidence; as to Hirsch, he has before a London magistrate confessed that he forged the “minute book,” by order and with the assistance of Fleury, and then made his escape from this country in order to evade a criminal prosecution.

The Government could stand few such branding disclosures as came to light during the trial. It had a jury — six nobles, two Government officials. These were not the men to look closely into the confused mass of evidence heaped before them during six weeks, when they heard it continually dinned

into their ears that the defendants were the chiefs of a dreadful Communist conspiracy, got up in order to subvert everything sacred — property, family, religion, order, government and law! And yet, had not the Government, at the same time, brought it to the knowledge of the privileged classes, that an acquittal in this trial would be the signal for the suppression of the jury; and that it would be taken as a direct political demonstration — as a proof of the middle-class Liberal Opposition being ready to unite even with the most extreme revolutionists — the verdict would have been an acquittal. As it was, the retroactive application of the new Prussian code enabled the Government to have seven prisoners convicted, while four merely were acquitted, and those convicted were sentenced to imprisonment varying from three to six years, as you have, doubtless, already stated at the time the news reached you.

London, December 1, 1852.

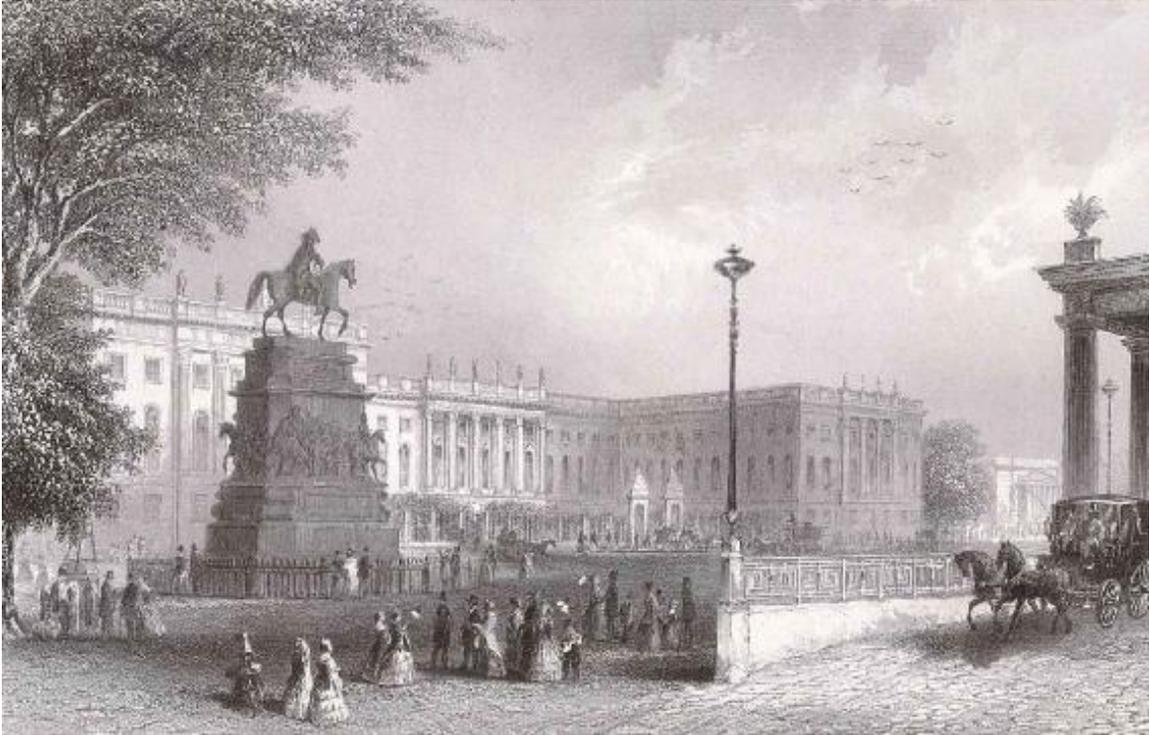
# The Biographies



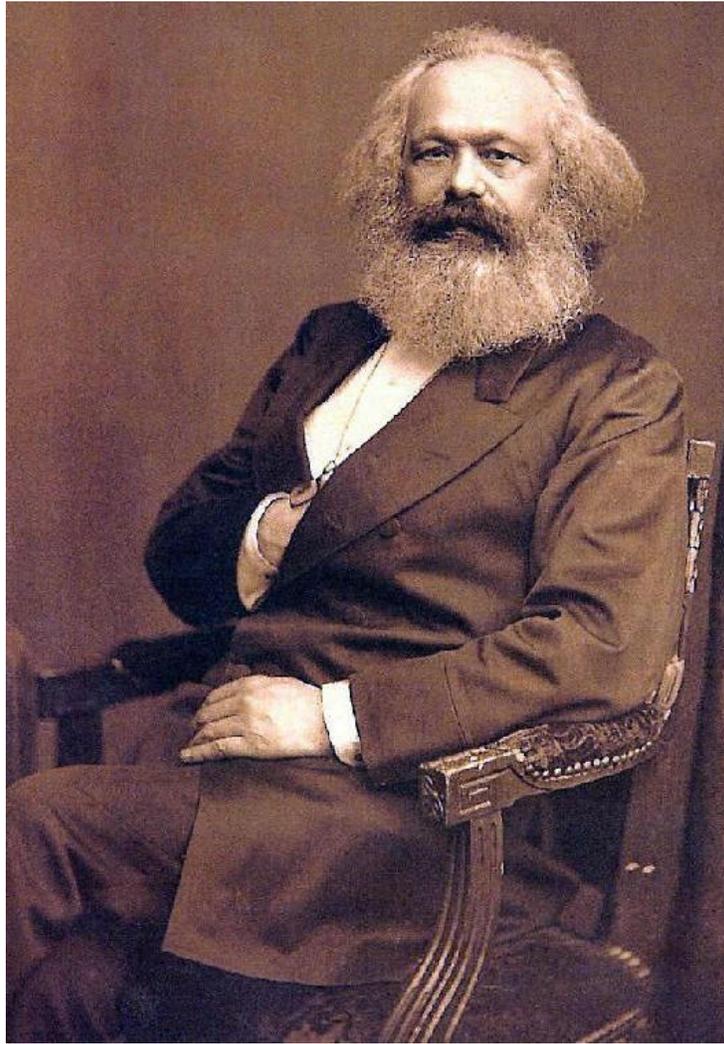
*University of Bonn, Germany — in October 1835 at the age of 17, Marx wished to study philosophy and literature at Bonn; however, his father insisted on law as a more practical field. While at the University at Bonn, Marx joined the Poets' Club, a group containing political radicals that were monitored by the police.*



*University of Berlin, Germany. Although Marx's grades at Bonn in the first term were good, they soon deteriorated, leading his father to force a transfer to the more serious and academic University of Berlin.*



*Berlin University in 1850*



*Marx, 1875*

**THE LIFE AND TEACHING OF KARL MARX**  
**by Max Beer**



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# INTRODUCTION.

## I. The Significance of Marx.

Karl Marx belongs to the ranks of those philosophical and sociological thinkers who throw potent thought-ferment into the world, and set in motion the masses of mankind. They awaken slumbering doubts and contradictions. They proclaim new modes of thought, new social forms. Their systems may sooner or later become obsolete, and the ruthless march of time may finally overthrow their intellectual edifice; meanwhile, however, they stimulate into activity the minds of countless men, inflame countless human hearts, imprinting on them characteristics which are transmitted to coming generations. This is the grandest and finest work to which any human being can be called. Because these thinkers have lived and worked, their contemporaries and successors think more clearly, feel more intensely, and are richer in knowledge and self-consciousness.

The history of philosophy and of social science is comprised in such systems and generalisations. They are the index to the annals of mankind. None of these systems is complete, none comprehends all human motives and capacities, none exhausts all the forces and currents of human society. They all express only fragmentary truths, which, however, become effective and achieve success because they are shining lights amidst the intellectual confusion of the generation which gives them birth, bringing it to a consciousness [x]of the questions of the time, rendering its further development less difficult, and enabling its strongest spirits to stand erect, with fixity of purpose, in critical periods.

Hegel expresses himself in a similar sense where he remarks: "When the refutation of a philosophy is spoken of, this is usually meant in an abstract negative (completely destructive) sense, so that the confuted philosophy has no longer any validity whatever, and is set aside and done with. If this be so, the study of the history of philosophy must be regarded as a thoroughly depressing business, seeing that this study teaches that every system of philosophy which has arisen in the course of time has found its refutation. But if it is as good as granted that every philosophy has been refuted, yet at the same time it must be also asserted that no philosophy has been refuted, nor ever can be refuted ... for every philosophical system is to be considered as the presentation of a particular moment or a particular stage in the

evolutionary process of the idea. The history of philosophy ... is not, in its totality, a gallery of the aberrations of the human intellect, but is rather to be compared to a pantheon of deities.”

— (“Hegel, Encyclopædia,” vol. 1, section 86, note 2.)

What Hegel says here about philosophy is true also of systems of social science, and styles and forms in art. The displacement of one system by another reflects the historical sequence of the various stages of social evolution. The characteristic which is common to all these systems is their vitality.

In spite of their defects and difficulties there surges through them a living spirit from the influence of which [xi]contemporaries cannot escape. Opponents may put themselves to endless trouble to contradict such systems, and show up their shortcomings and inconsistencies, and yet, with all their pains, they do not succeed in attaining their object; their logical sapping and mining, their passionate attacks break against the vital spirit which the creative genius has breathed into his work. The deep impression made on us by this vitality is one of the main factors in the formation of our judgments upon scientific and artistic achievements. Mere formal perfection and beauty through which the life of the times does not throb can never create this impression.

Walter Scott, who was often reproached with defects and inconsistencies in the construction of his novels, once made answer with the following anecdote: A French sculptor, who had taken up his abode in Rome, was fond of taking to the Capitol his artistically inclined countrymen who were travelling in Italy, to show them the equestrian statue of Marcus Aurelius, on which occasions he was at pains to demonstrate that the horse was defectively modelled, and did not meet the requirements of anatomy. After one of these criticisms a visitor urged him to prove his case in a concrete form by constructing a horse on correct artistic principles. The critic set to work, and when, after the lapse of a year, his friends were again visiting Rome, exhibited to them his horse. It was anatomically perfect. Proudly he had it brought to the Capitol, in order to compare both productions and so celebrate his triumph. Quite absorbed in his critical comparison, the French sculptor after a while gave way to a burst of genuine artistic feeling, which caused him pathetically to exclaim, “*Et pourtant [xii]cette bête-là est vivante, et la mienne est morte!*” (And yet that animal is alive, while mine is dead.)

Quite a number of Marxian critics find themselves in the same position as the hypercritical French sculptor. Their formal and logically complete economic doctrines and systems of historical philosophy, provided with pedantically correct details and definitions, remain dead and ineffective. They do not put us into contact with the relations of the time, whereas Marx has bequeathed both to the educated and the uneducated, to his readers and to non-readers, a multitude of ideas and expressions relating to social science, which have become current throughout the whole world.

In Petrograd and in Tokio, in Berlin and in London, in Paris and in Pittsburg, people speak of capital and of the capitalist system, of means of production and of the class struggle; of Reform and Revolution; of the Proletariat and of Socialism. The extent of Marx's influence is shown by the economic explanation of the world-war, which is even accepted by the most decided opponents of the materialist conception of history. A generation after Marx's death, the sovereignty of Capital shrinks visibly, works' committees and shops' stewards interfere with the productive processes, Socialists and Labour men fill the Parliaments, working men and their representatives rise to or take by storm the highest position of political power in States and Empires. Many of their triumphs would scarcely have received Marx's approval. His theory, white-hot with indomitable passion, demanded that the new tables of the Law should be given to men amidst thunder and lightning. But still the essential thing is that the proletariat is loosening its bonds, even [xiii]if it does not burst them noisily asunder. We find ourselves in the first stages of the evolution of Socialist society. Through whatever forms this evolutionary process may pass in its logical development, this much is certain, that only by active thought on the part of Socialists and by the loyal co-operation of the workers can it be brought to its perfection.

We are already using Hegelian expressions, and must therefore pause here to note briefly Hegel's contribution to the subject. Without a knowledge of this, no one can be in a position to appreciate the important factors in the life and influence of Marx, or even to understand his first intellectual achievements during his student years.

## II. The Work of Hegel.

Until towards the end of the eighteenth century, learned and unlearned, philosophers and philistines, had some such general notions as the following. The world has either been created, or it has existed from eternity. It is either governed by a personal, supernatural god or universal spirit, or it is kept going by nature, like some delicate machine. It exists in accordance with eternal laws, and is perfect, ordained to fulfil some design, and constant. The things and beings which are found in it are divided into kinds, species and classes. All is fixed, constant and eternal. Things and beings are contiguous in space, and succeed one another in time, as they have done ever since time was. It is the same with the incidents and events of the world and of mankind. Such common [xiv]proverbs as “There is nothing new under the sun” and “History repeats itself” are but the popular expression of this view.

Correlative to this philosophy was Logic, or the science of the laws of thinking (Greek logos — reason, word). It taught how men should use their reason, how they should express themselves reasonably, how concepts arise (in what manner, for example, the human understanding arrived at the concepts stone, tree, animal, man, virtue, vice, etc.); further, how such concepts are combined into judgments (propositions), and finally, how conclusions are drawn from these judgments. This logic exhibited the intellectual processes of the human mind. It was founded by the Greek philosopher, Aristotle (384 to 322 B.C.), and remained essentially unaltered until the beginning of the nineteenth century, in the same way as our whole conception of the universe remained unchanged. This science of human intellectual processes was based on three original laws of thought, which best characterise it. Just as an examining magistrate looks a prisoner in the face, and identifies him, so that uncertainty and contradiction may be avoided, so this logic began by establishing the identity of the conceptions with which it was to operate. Consequently, it established as the first law of thought the Principle of Identity, which runs as follows:  $A = A$ , i.e., each thing, each being, is like itself; it possesses an individuality of its own, peculiar to itself. To put it more clearly, this principle affirms that the earth is the earth, a state is a state, Capital is Capital, Socialism is Socialism.

From this proceeds the second law of thought, the Principle of Contradiction. A cannot be A and not — A. Or following our example given above, the [xv]earth cannot be the earth and a ball of fire; a State cannot be a State and an Anarchy; Capital cannot be Capital and Poverty;

Socialism cannot be Socialism and Individualism. Therefore there must be no contradictions, for a thing which contradicts itself is nonsense; where, however, this occurs either in actuality or in thought, it is only an accidental exception to the rule, as it were, or a passing and irregular phenomenon.

From this law of thought follows directly the third, viz., the Principle of the Excluded Middle. A thing is either A or non-A; there is no middle term. Or, according to our example, the earth is either a solid body, or, if it is not solid, it is no earth; there is no middle term. The State is either monarchical, or, if it is not monarchical, it is no State. Capitalism is either oppressive, or altogether not Capitalism. Socialism is either revolutionary, or not Socialism at all; there is no middle term. (Socialism is either reformist, or not Socialism at all; there is no middle term.)

With these three intellectual laws of identity, of contradiction, and of the excluded middle, formal logic begins.

It is at once apparent that this logic operates with rigid, constant, unchanging, dogmatic conceptions, something like geometry, which deals with definitely bounded spatial forms. Such was the rationale of the old world-philosophy.

By the beginning of the nineteenth century a new conception of the world had begun to make its way. The world, as we see it, or get to know it from books, was neither created, nor has it existed from time immemorial, but has developed in the course of uncounted thousands of years, and is still in process [xvi]of development. It has traversed a whole series of changes, transformations, and catastrophes. The earth was a gaseous mass, then a ball of fire; the species and classes of things and beings which exist on the earth have partly arisen by gradual transition from one sort into another, and partly made their appearance as a result of sudden changes. And in human history it is the same as in nature; the form and significance of the family, of the State, of production, of religion, of law, etc., are subjected to a process of development. All things are in flux, in a state of becoming, of arising and disappearing. There is nothing rigid, constant, unchanging in the Cosmos.

In view of the new conception, the old formal logic could no longer satisfy the intellect; it could not adequately deal with things in a state of evolution. In ever-increasing measure it became impossible for the thinker to work with hard and fast conceptions. From the beginning of the nineteenth century a new logic was sought, and it was G.W.F. Hegel (1770-1831) who made a comprehensive and thoroughly painstaking endeavour to

formulate a new logic in accordance with the universal process of evolution. This task appeared to him to be the more urgent, as his whole philosophy aimed at bringing thought and being, reason and the universe, into the closest connection and agreement, dealing with them as inseparable from each other, regarding them as identical, and representing the universe as the gradual embodiment of Reason. "What is reasonable is real; what is real is reasonable." The task of philosophy is to comprehend what is. Every individual is the child of his time. Even philosophy is its time grasped in thought. No individual can overleap his time. [xvii](Pref. to Phil, of Law.) It is evident that, in his way, Hegel was no abstract thinker, divorced from actuality, and speculating at large. Rather he set himself to give material content to the abstract and purely ideal, to make it concrete, in fact. The idea without reality, or reality without the idea, seemed to him unthinkable. Accordingly his logic could not deal merely with the laws of thought, but must at the same time take account of the laws of cosmic evolution. Merely to play with the forms of thought, and to fence with ideas, as the old logicians, especially in the Middle Ages, were wont to do, seemed to him a useless, abstract, unreal operation. He, therefore, created a science of thinking, which formulated not only the laws of thought, but also the laws of evolution, albeit, unfortunately, in a language which offered immense difficulties to his readers.

The essence of his logic is the dialectic.

By dialectic the old Greeks understood the art of discourse and rejoinder, the refutation of an opponent by the destruction of his assertions and proofs, the bringing into relief of the contradictions and antitheses. When examined closely, this art of discussion, in spite of its contradictory and apparently negative (destructive) intellectual work, is seen to be very useful, because, out of the clash of opposing opinions, it brings forth the truth and stimulates to deeper thought. Hegel seized hold of this expression, and named his logical method after it. This is the dialectical method, or the manner of conceiving the things and beings of the universe as in the process of becoming, through the struggle of contradictory elements and their resolution. With its aid, he brings to judgment the three original laws of thought which [xviii] have already been alluded to. The principle of identity is an abstract, incomplete truth, for it separates a thing from the variety of other things, and its relations to them. Everybody will see this to be true. Let us take the proposition: the earth is the earth. Whoever hears the first

three words of this proposition naturally expects that what is predicated of the earth should tell him something which distinguishes the earth from other things. Instead of this, he is offered an empty, hard and fast identity, the dead husk of an idea. If the principle of identity is at best only an incomplete truth, the principles of contradiction and of the excluded middle are complete untruths. Far from making a thought nonsense, contradiction is the very thing which unfolds and develops the thought, and hence, too, the object which it expresses. It is precisely opposition, or antithesis, which sets things in motion, which is the mainspring of evolution, which calls forth and develops the latent forces and powers of being. Had the earth as a fiery, gaseous mass remained in that state, without the contradiction, that is, the cooling and condensation, taking place, then no life would have appeared on it. Had the State remained autocratic, and the contradictory principle, middle-class freedom, been absent, then the life of the State would have become rigid, and the bloom of culture rendered impossible. Had Capitalism remained without its proletarian contradiction, then it would have reverted to an industrial feudalism. It is the contradiction, or the antithesis, which brings into being the whole kingdom of the potentialities and gifts of nature and of humanity. Only when the contradictory begins to reveal itself does evolution to a higher plane of thought and [xix]existence begin. It is obvious that we are not concerned here with logical contradictions, which usually arise from unclear thinking or from confusion in the presentation of facts; Hegel, and after him Marx, dealt rather with real contradictions, with antitheses and conflicts, as they arise of themselves in the process of evolution of things and conditions.

The thing or the being, against which the contradiction operates, was called by Hegel the Positive, and the contradiction, the antagonistic element, or the antithesis, he called the Negation. As may be seen from our example, this negation is not mere annihilation, not a resolution into nothing, but a clearing away and a building up at the same time; a disappearance and a coming into existence; a movement to a higher stage. Hegel says in this connection: "It has been hitherto one of the rooted prejudices of logic and a commonly accepted belief that the contradiction is not so essential or so inherent a characteristic (in thought and existence) as the identity. Yet in comparison with it the identity is, in truth, but the characteristic of what is simply and directly perceived, of lifeless existence. The contradiction, however, is the source of all movement and life; only in

so far as it contains a contradiction can anything have movement, power, and effect.”

The part played by the contradiction, the antithesis, or the negation very easily escapes a superficial observer. He sees, indeed, that the world is filled with a variety of things, and that where anything is there is also its opposite; e.g., existence — non-existence, cold — heat, light — darkness, mildness — harshness, pleasure — pain, joy — sorrow, riches — poverty, Capital — Labour, life — death, virtue — vice, [xx]Idealism — Materialism, Romanticism — Classicism, etc., but superficial thought does not realise that it is faced with a world of contradictions and antitheses; it only knows that the world is full of varied and manifold things. “Only active reason,” says Hegel, “reduced the mere multiplicity and diversity of phenomena to antithesis. And only when pushed to this point do the manifold phenomena become active and mutually stimulating, producing the state of negation, which is the very heart-beat of progress and life.” Only through their differentiation and unfolding as opposing forces and factors is further progress beyond the antithesis to a higher positive stage made possible. “Where, however,” continues Hegel, “the power to develop the contradiction and bring it to a head is lacking, the thing or the being is shattered on the contradiction.” — (Hegel, “Science of Logic,” Pt. 1, Sec. 2, pp. 66, 69, 70.)

This thought of Hegel’s is of extraordinary importance for the understanding of Marxism. It is the soul of the Marxian doctrine of the class-struggle, nay, of the whole Marxian system. One may say that Marx is always on the look-out for contradictions within the social development, for wherever the contradiction (antithesis — class struggle) shows itself, there begins, according to Marx-Hegel, the progress to a higher plane.<sup>1</sup>

We have now become familiar with two expressions of the dialectical method, the positive and the negation. We have seen the first two stages of the process of growth in thought and in reality. The process is not yet complete. It still requires a third stage. [xxi]This third step Hegel called the Negation of the Negation. With the continued operation of the negation, a new thing or being comes into existence.

To revert to our examples: the complete cooling and condensation of the earth’s crust: the rise of the middle-class State: the victory of the Proletariat: these things represent the suspension or the setting aside of the Negation; the contradiction is thus resolved, and a new stage in the process of

evolution is reached. The expressions Positive (or affirmation), Negation, and Negation of the Negation, are also known as thesis, antithesis, and synthesis.

In order to understand this more distinctly, and to visualise it, let us consider an egg. It is something positive, but it contains a germ, which, awakening to life, gradually consumes (i.e., negates) the contents of the egg. This negation is, however, no mere destruction and annihilation; on the contrary, it results in the germ developing into a living thing. The negation being complete, the chick breaks through the egg shell. This represents the negation of the negation, whereby there has arisen something organically higher than an egg.

This mode of procedure in human thinking and in the operations of nature and history Hegel called the dialectical method, or the dialectical process. It is evident that the dialectic is at the same time a method of investigation and a philosophy. Hegel outlines his dialectic in the following words:

“The only thing which is required for scientific progress, an elementary principle for the understanding of which one should really strive, is the recognition of the logical principle that the negative is just as much a positive, or that the contradictory does not [xxii]resolve into nothing, into an abstract nothingness, but actually only into the negation of a special content.... In so far as the resultant, the negation, is a definite negation, it has a content. It is a new conception, but a higher and richer conception than the preceding one; for it has been enriched by the negation or antithesis of this; it therefore contains it and more than contains it, being indeed the synthetic unity of itself and its contrary. In this way the system of concepts has to be formed — and is to be perfected by a continual and purely intellectual process which is independent of outside influences.” — (Hegel, “Science of Logic” (German), Bk. I., Introduction.)

The dialectical process completes itself not only by gradual transitions, but also by leaps. Hegel remarks:

“It has been said that there are no sudden leaps in nature, and it is a common notion that things have their origin through gradual increase or decrease. But there is also such a thing as sudden transformation from quantity into quality. For example, water does not become gradually hard on cooling, becoming first pulpy and ultimately attaining the rigidity of ice, but turns hard at once. If the temperature be lowered to a certain degree, the

water is suddenly changed into ice, i.e., the quantity — the number of degrees of temperature — is transformed into quality — a change in the nature of the thing.” — (“Logic” (German), Pt. 1, Sec. 1, p. 464, Ed. 1841.)

Marx handled this method with unsurpassed mastery; with its aid he formulated the laws of the evolution of Socialism. In his earliest works, “The Holy Family” (1844) and the “Poverty of [xxiii]Philosophy” (1847), written when he was formulating his materialist conception of history, as also in his “Capital,” it is with the dialectic of Hegel that he investigates these laws.

“Proletariat and Riches (later Marx would have said Capital) are antitheses. As such they constitute a whole; both are manifestations of the world of private property. The question to be considered is the specific position which both occupy in the antithesis. To describe them as two sides of a whole is not a sufficient explanation. Private property as private property, as riches, is compelled to preserve its own existence, and along with it that of its antithesis, the Proletariat. Private property satisfied in itself is the positive side of the antithesis. The Proletariat, on the other hand, is obliged, as Proletariat, to abolish itself, and along with it private property, its conditioned antithesis, which makes it the Proletariat. It is a negative side of the antithesis, the internal source of unrest, the disintegrated and disintegrating Proletariat.... Within the antithesis, therefore, the owner of private property is the conservative, and the proletarian is the destructive party. From the former proceeds the action of maintaining the antithesis, from the latter the action of destroying it. From the point of view of its national, economic movement, private property is, of course, continually being driven towards its own dissolution, but only by an unconscious development which is independent of it, and which exists against its will, and is limited by the nature of things; only, that is, by creating the Proletariat as proletariat, poverty conscious of its own physical and spiritual poverty, and demoralised humanity conscious of its own [xxiv]demoralisation and consequently striving against it.

“The Proletariat fulfils the judgment which private property by the creation of the Proletariat suspends over itself, just as it fulfils the judgment which wage-labour suspends over itself in creating alien riches and its own condemnation. If the Proletariat triumphs, it does not thereby become the absolute side of society, for it triumphs only by abolishing itself and its

opposite. In this way both the Proletariat and its conditioned opposite, private property, are done away with.”<sup>2</sup>

The dialectical method is again described in a few sentences on pages 420-421 of the third volume of “Capital” (German), where we read: “In so far as the labour process operates merely between man and nature, its simple elements are common to every form of its social development. But any given historical form of this process further develops its material foundations and its social forms. When it has attained a certain degree of maturity the given historical form is cast off and makes room for a higher one. That the moment of such a crisis has arrived is shown as soon as there is a deepening and widening of the contradiction and antithesis between the conditions of distribution, and consequently also the existing historical form of the conditions of production corresponding to them, on the one hand, and the forces of production, productive capacity, and the state of evolution of its agents, on the other. There then arises a conflict between the material development of production and its corresponding social form.”

[xxv]But the Hegelian dialectic appears most strikingly in the famous twenty-fourth chapter (sec. 7) of the first volume of “Capital” (German), where the evolution of capitalism from small middle-class ownership through all phases up to the Socialist revolution is comprehensively outlined in bold strokes: “The capitalist method of appropriation, which springs from the capitalist method of production, and therefore capitalist private property, is the first negation of individual private property based on one’s own labour. But capitalist production begets with the inevitableness of a natural process its own negation. It is the negation of the negation.” Here we have the three stages: the thesis — private property; the antithesis — capitalism; the synthesis — common ownership.

Of critical social writers outside Germany it was Proudhon, in particular, who, in his works “What is Property?” and “Economic Contradictions, or the Philosophy of Poverty” (1840, 1846), attempted to use the Hegelian dialectic. The fact that he gave his chief book the title “Economic Contradictions” shows that Proudhon was largely preoccupied with Hegel. Nevertheless, he did not get below the surface; he used the Hegelian formulæ quite mechanically, and lacked the conception of an immanent process of development (the forward-impelling force within the social organism).

If we look at the dialectical method as here presented, Hegel might be taken for a materialist thinker. Such a notion would be erroneous. For Hegel is an idealist: the origin and essence of the process of growth is to be sought, according to him, not in material forces, but in the logical idea, reason, the universal spirit, the absolute, or — in its religious [xxvi]expression — God. Before He created the world He is to be regarded as an Idea, containing within itself all forms of being, which it develops dialectically. The idea creates for itself a material embodiment; it first expresses itself in the objects of inorganic nature; then in plants, organisms wherein life awakens; then in animals, in which the Idea attains to the twilight of reason; finally, in men, where reason rises into mind and achieves self-consciousness and freedom. As self-conscious mind it expresses itself in the history of peoples, in religion, art and philosophy, in human institutions, in the family and in law, until it realises itself in the State as its latest and highest object.

According to Hegel, then, the universal Idea develops into Godhead in proportion as the material world rises from the inorganic to the organic, and, finally, to man. In the mental part of man, the Idea arrives at self-consciousness and freedom and becomes God. In his cosmology, Hegel is a direct descendant of the German mystics, Sebastian Franck and Jacob Boehme. He was in a much higher degree German than any of the German philosophers since Leibnitz.

The strangest thing, however, is that Germanism, Protestantism, and the Prussian State appeared to Hegel as the highest expression of the universal mind. Particularly the Prussian State as it existed before March, 1848, with its repudiation of all middle-class reforms and liberalism (of any kind), and its basis of strong governmental force.

There is little purpose in trying to acquire a logical conception of Hegelian cosmology. It is not only idealist, but, as we said, mystical; it is as inconceivable to human reason as the biblical; it is irrational, and lies beyond the sphere of [xxvii]reason. Making the universe arise out of pure reason, out of the logical idea, developing through the dialectical process with a consciousness of freedom, it yet concludes in unreason and an obstinate determinism. In Liberalism Hegel saw only a simple negation, a purely destructive factor, which disintegrates the State and resolves it into individuals, thus depriving it of all cohesion and organising strength. He blamed Parliamentarism for demanding “that everything should take place

through their (the individuals) expressed power and consent. The will of the many overturns the Ministry, and what was the Opposition now takes control, but, so far as it is the Government, the latter finds the many against it. Thus agitation and unrest continue. This collision, this knot, this problem, is what confronts history, a problem which it must resolve at some future time.” One would have thought that it was precisely Parliamentarism, with its unrest and agitation, its antitheses and antagonisms, which would have had a special attraction for Hegel, but nevertheless he turned aside from it. How is this to be explained?

Hegel’s relation to the Prussian State is to be accounted for by his strong patriotic sentiments. His disposition inclined him strongly to nationalism in politics. In his early manhood he witnessed the complete dissolution of the German Empire, and deeply bewailed the wretchedness of German conditions. He wrote: “Germany is no longer a State; even the wars which Germany waged have not ended in a particularly honourable manner for her. Burgundy, Alsace, Lorraine have been torn away. The Peace of Westphalia has often been alluded to as Germany’s Palladium, although by it the complete [xxviii]dismemberment of Germany has only been established more thoroughly than before. The Germans have been grateful to Richelieu, who destroyed their power.” On the other hand, the achievements of Prussia in the Seven Years’ War, and in the War of Liberation against the French, awoke in him the hope that it was this State which could save Germany. To this thought he gave eloquent and enthusiastic expression in his address at the opening of his Berlin lectures in October, 1818, and also in his lecture on Frederick the Great. Hegel therefore rejected everything which seemed to him to spell a weakening of the Prussia State power. The dialectician was overcome by national feelings.

However, Hegel’s place in the history of thought rests, not on his explanations of the creation of the world, nor on his German nationalist politics, but upon the dialectical method. In exploring, by means of this method, the wide expanse of human knowledge, he scattered an astonishing abundance of materialistic and strictly scientific observations and suggestions, and inspired his pupils and readers with a living conception of history, of the development of mankind to self-consciousness and freedom, thus rendering them capable of pushing their studies further, and emancipating themselves from all mysticism. As an example of the

materialist tendency of his philosophy, the following references will serve. His “Philosophy of History” contains a whole chapter upon the geographical foundations of universal history. In this chapter he expresses himself — quite contrary to his deification of the State — as follows: “A real State and a real central government only arise when the distinction of classes is already given, when Riches and Poverty have become very great, and such [xxix]conditions have arisen that a great multitude can no longer satisfy their needs in the way to which they have been accustomed.” Or take his explanation of the founding of colonies by the Greeks.

“This projecting of colonies, particularly in the period after the Trojan War until Cyrus, is here a peculiar phenomenon, which may thus be explained: in the individual towns the people had the governing power in their hands, in that they decided the affairs of State in the last resort. In consequence of the long peace, population and development greatly increased, and quickly brought about the accumulation of great riches, which is always accompanied by the phenomenon of great distress and poverty. Industry, in our sense, did not exist at that time, and the land was speedily monopolised. Nevertheless, a section of the poorer classes would not allow themselves to be depressed to the poverty line, for each man felt himself to be a free citizen. The sole resource, therefore, was colonisation.”

Or even the following passage, which conceives the philosophical system merely as the result and reflection of the accomplished facts of existence, and therefore rejects all painting of Utopias: “Besides, philosophy comes always too late to say a word as to how the world ought to be. As an idea of the universe, it only arises in the period after reality has completed its formative process and attained its final shape. What this conception teaches is necessarily demonstrated by history, namely, that the ideal appears over against the real only after the consummation of reality, that the ideal reconstructs the same world, comprehended in the substance of reality, in the form of an intellectual realm. A form of life has become old when philosophy paints its grey on grey, [xxx]and with grey on grey it cannot be rejuvenated but only recognised. The owl of Minerva begins its flight only with the falling twilight.” — Preface to the “Philosophy of Law.”

No materialist could have said this better: the owl — the symbol of wisdom — only begins her flight in the evening, after the busy activities of the world are over. Thus we have first the universe, and then thought; first existence, and then consciousness.

Hegel himself was therefore an example of his own teaching that contradictory elements are to be found side by side. His mind contained both idealism and realism, but he did not bring them by a process of reasoning to the point of acute contradiction in order to reach a higher plane of thought. And as he regarded it as the task of philosophy to recognise the principle of things, and to follow it out systematically and logically throughout the whole vast domain of reality, and as further, owing to his mystical bent, he asserted the idea to be the ultimate reality, he remained a consistent Idealist.

The Conservatism of Hegel, who was the philosophical representative of the Prussian State, was, however, sadly incompatible with the awakening consciousness of the German middle class, which, in spite of its economic weakness, aspired to a freer State constitution, and greater liberty of action. These aspirations were already somewhat more strongly developed in the larger towns and industrial centres of Prussia and the other German States. The Young Hegelians<sup>3</sup> championed this middle-class awakening in [xxxi]the philosophical sphere, just as “Young Germany” (Heine, Boerne, etc.) did in the province of literature.

Just at the time when Marx was still at the university the Young Hegelians took up the fight against the conservative section of Hegel’s disciples and the Christian Romanticism of Prussia. The antagonism between the old and the new school made itself felt both in religious philosophy and political literature, but both tendencies were seldom combined in the same persons. David Strauss subjected the Gospels to a candid criticism; Feuerbach investigated the nature of Christianity and of religion generally, and in this department inverted Hegel’s Idealism to Materialism; Bruno Bauer trained his heavy historical and philosophical artillery on the traditional dogmas concerning the rise of Christianity. Politically, however, they remained at the stage of the freedom of the individual: that is, they were merely moderate Liberals. Nevertheless, there were also less prominent Young Hegelians who were at that time in the Liberal left wing as regards their political opinions, such as Arnold Ruge.

None of the Young Hegelians had, however, used the dialectical method to develop still further the teaching of the Master. Karl Marx, the youngest of the Hegelians, first brought it to a higher stage in social science. He was no longer known to Hegel, who might otherwise have died with a more contented or perhaps even still more perturbed mind. Heinrich Heine, who

belonged to the Hegelians in the thirties and forties, relates the following anecdote, which if not true yet excellently illustrates the extraordinary difficulties of the Master's doctrines: —

As Hegel lay dying, his disciples, who had gathered [xxxii]round him, seeing the furrows deepen on the Master's care-worn countenance, inquired the cause of his grief, and tried to comfort him by reminding him of the large number of admiring disciples and followers he would leave behind. Breathing with difficulty, he replied: "None of my disciples has understood me; only Michelet has understood me, and," he added with a sigh, "even he has misunderstood me."

#### ENDNOTES.

<sup>1</sup> In one of the later chapters the reader will find the series of contradictions discovered by Marx in the evolution of capitalism. Sec. IV., "Outlines of the Economic Doctrine." Chapter 8, "Economic Contradictions."

<sup>2</sup> Marx, in "The Holy Family" (1844), reprinted by Mehring in the "Collected Works or Literary Remains of Marx and Engels," vol. II., p. 132.

<sup>3</sup> After the death of Hegel differences of opinion arose among his disciples, chiefly with respect to his doctrines of the Deity, immortality and the personality of Christ. One section, the so-called "Right Wing," inclined to orthodoxy on these questions. In opposition to them stood the "Young Hegelians," the progressive "Left Wing." To this section belonged Arnold Ruge, Bruno Bauer, Feuerbach, and Strauss, author of the "Life of Jesus."

# I. PARENTS AND FRIENDS.

## I. Marx's Apprenticeship.

Karl Heinrich Marx first saw the light of day in Treves on May 5, 1818. His father, an enlightened, fine feeling, and philanthropic Jew, was a Jurist who had slowly risen from the humble circumstances of a German Rabbi family and acquired a respectable practice, but who never learnt the art of making money. His mother was a Dutchwoman, and came of a Rabbi family called Pressburg, which, as the name indicates, had emigrated from Pressburg, in Hungary, to Holland, in the seventeenth century. She spoke German very imperfectly. Marx has handed on to us one of her sayings, "If Karl made a lot of Capital, instead of writing a lot about Capital, it would have been much better." The Marxes had several children, of whom Karl alone showed special mental gifts.

In the year 1824 the family embraced Christianity. The baptism of Jews was at that time no longer a rarity. The enlightenment of the last half of the eighteenth century had undermined the dogmatic beliefs of many cultured Jews, and the succeeding period of German Christian Romanticism brought a strengthening and idealising of Christianity and of national feeling, from which, for practical just as much as for spiritual reasons, the Jews who had renounced their own religion could not escape. They were completely assimilated, felt and thought like the rest of their Christian and German fellow-citizens. Marx's father felt himself to be a good Prussian, and once recommended his son to compose an ode, in the grand style, on Napoleon's downfall and Prussia's victory. Karl did not, in truth, follow his father's advice, but from that time of Christian enthusiasm and German patriotic sentiment until his life's end, there remained with him an anti-Jewish prejudice; the Jew was generally to him either a usurer or a cadger.

Karl was sent to the grammar school in his native town, leaving with a highly creditable record. The school was, however, not the only place where he developed his mind. During his school years he used to frequent the house of the Government Privy Councillor, L. von Westphalen, a highly cultured Prussian official, whose favourite poets were Homer and Shakespeare, and who followed attentively the intellectual tendencies of his time. Although he had already reached advanced age, he liked to converse with the precocious youth, and to influence his mental growth. Marx

honoured him as a fatherly friend “who welcomes every progressive movement with the enthusiasm and sober judgment of a lover of truth, and who is a living proof that Idealism is no imagination, but the truth.” — (Dedication of Marx’s doctor thesis.)

After quitting the public school, Marx went to the University of Bonn, in order to study jurisprudence, according to his father’s wishes. After a year of the merry life of a student, he removed in the autumn of 1836 to Berlin University, the centre of culture and truth, as Hegel had called it in his Inaugural Lecture (1818). Before his departure for Berlin, he had become secretly engaged to Jenny Von Westphalen, the daughter of his fatherly friend, a woman distinguished alike for beauty, culture, and strength of character.

## II. Student.

In Berlin, Marx threw himself into the study of Philosophy, Jurisprudence, History, Geography, Literature, the History of Art, etc. He had a Faust-like thirst for truth, and his appetite for work was insatiable; in these matters only superlatives can be used to describe, Marx. In one of his poems dating, from this period, he says of himself:

“Ne’er can I perform in calmness What has seized my soul with might,  
But must strive and struggle onward In a ceaseless, restless flight.

All divine, enhancing graces Would I make of life a part;  
Penetrate the realms of science, Grasp the joys of Song and Art.”

Giving up all social intercourse, he worked night and day, making abstracts of what he read, translating from Greek and Latin, working at philosophical systems, setting down a considerable number of his own thoughts, and drafting outlines of philosophy or jurisprudence, as well as writing three volumes of poems. The year 1837 marks one of the critical periods of Marx’s intellectual development; it was a time of vacillation and ferment and of internal struggle, at the end of which he found refuge in the Hegelian dialectics. In so doing he turned his back on the abstract idealism of Kant and Fichte, and made the first step towards reality; and indeed at that time Marx firmly believed that Hegel actually stood for reality. In a somewhat lengthy letter dated November 10, 1837, a truly human document, Marx gives his father an account of his intense activity during

that remarkable period, comprising his first two terms at the University of Berlin, when he was still so very young:

“Dear Father,

“There are times which are landmarks in our lives; and they not only mark off a phase that has passed, but, at the same time, point out clearly our new direction. At such turning points we feel impelled to make a critical survey of the past and the present, so as to attain to a clear knowledge of our actual position. Nay, mankind itself, as all history shows, loves to indulge in this retrospection and contemplation, and thereby often appears to be going backward or standing still, when after all it has only thrown itself back in its armchair, the better to apprehend itself, to grasp its own doings, and to penetrate into the workings of the spirit.

“The individual, however, becomes lyrical at such times; for every metamorphosis is in part an elegy on the past and in part the prologue of a great new poem that is striving for permanent expression in a chaos of resplendent but fleeting colours. Be that as it may, we would fain set up a monument to our past experiences that they may regain in memory the significance which they have lost in the active affairs of life: and what more fitting way can we find of doing that than by bringing them and laying them before the hearts of our parents!

“And so now, when I take stock of the year which I have just spent here, and in so doing answer your very welcome letter from Ems, let me consider my position, in the same way as I look on life altogether, as the embodiment of a spiritual force that seeks expression in every direction: in science, in art, and in one’s own personality.... On my arrival in Berlin I broke off all my former connections, paid visits rarely and unwillingly, and sought to bury myself in science and art.... In accordance with my ideas at the time, poetry must of necessity be my first concern, or at least the most agreeable of my pursuits, and the one for which I most cared; but, as might be expected from my disposition and the whole trend of my development, it was purely idealistic. Next I had to study jurisprudence, and above all I felt a strong impulse to grapple with philosophy. Both studies, however, were so interwoven that on the one hand I worked through the Jurist’s Heineccius and Thibaut and the Sources docilely and quite uncritically, translating, for instance, the first two books of the Pandects of Justinian, while on the other hand I attempted to evolve a philosophy of law in the sphere of jurisprudence. By way of introduction I laid down a few metaphysical

principles, and carried this unfortunate work as far as Public Rights, in all about 300 sheets.

“In this, however, more than in anything else, the conflict between what is and what ought to be, which is peculiar to Idealism, made itself disagreeably prominent. In the first place there was what I had so graciously christened the Metaphysics of Law, i.e., first principles, reflections, definitions, standing aloof from all established jurisprudence and from every actual form of legal practice. Then the unscientific form of mathematical dogmatism in which there is so much beating about the bush, so much diffuse argumentation without any fruitful development or vital creation, hindered me from the outset from arriving at the Truth. A triangle may be constructed and reasoned about by the mathematician; it is a mere spatial concept and does not of itself undergo any further evolution; it must be brought in conjunction with something else, when it requires other properties, and thus by placing the same thing in various relationships we are enabled to deduce new relationships and new truths. Whereas in the concrete expression of the mental life as we have it in Law, in the State, in Nature, and in the whole of philosophy, the object of our study must be considered in its development.... The individual’s reason must proceed with its self-contradiction until it discovers its own unity.”

In this we perceive the first trace of the Hegelian dialectic in Marx. We see rigid geometrical forms contrasted with the continually evolving organism, with social forms and human institutions. Marx had put up a stout resistance against the influence of the Hegelian philosophy; nay, he had even hated it and had made mighty efforts to cling faithfully to his idealism, but in the end he, too, must fall under the spell of the idea of evolution, in the form which it then assumed in Hegelian speculation in Germany.

Marx then goes on to speak of his legal studies as well as of his poems, and thus continues:

“As a result of these various activities I passed many sleepless nights during my first term, engaged in many battles, and had to endure much mental and physical excitement; and at the end of it all I found myself not very much better off, having in the meanwhile neglected nature, art and society, and spurned pleasure: such, indeed, was the comment which my body seemed to make. My doctor advised me to try the country, and so, having for the first time passed through the whole length of the city, I found myself before the gate on the Stralau Road.... From the idealism which I

had cherished so long I fell to seeking the ideal in reality itself. Whereas before the gods had dwelt above the earth, they had now become its very centre.

“I had read fragments of Hegel’s philosophy, the strange, rugged melody of which had not pleased me. Once again I wished to dive into the depths of the sea, this time with the resolute intention of finding a spiritual nature just as essential, concrete, and perfect as the physical, and instead of indulging in intellectual gymnastics, bringing up pure pearls into the sunlight.

“I wrote about 24 sheets of a dialogue entitled ‘Cleantes or on the Source and Inevitable Development of Philosophy.’ In this, art and science, which had hitherto been kept asunder, were to some extent blended, and bold adventurer that I was, I even set about the task of evolving a philosophical, dialectical exposition of the nature of the Deity as it is manifested in a pure concept, in religion, in nature, and in history. My last thesis was the beginning of the Hegelian system; and this work, in course of which I had to make some acquaintance with science, Schelling and history, and which had occasioned me an infinite amount of hard thinking, delivers me like a faithless siren into the hands of the enemy....

“Upset by Jenny’s illness and by the fruitlessness and utter failure of my intellectual labours, and torn with vexation at having to make into my idol a view which I had hated, I fell ill, as I have already told you in a previous letter. On my recovery I burnt all my poems and material for projected short stories in the vain belief that I could give all that up; and, to be sure, so far I have not given cause to gainsay it.

“During my illness I had made acquaintance with Hegel from beginning to end, as also with most of his disciples. Through frequent meetings with friends in Stralau I got an introduction into a Graduates’ Club, in which were a number of professors and Dr. Rutenberg, the closest of my Berlin friends. In the discussions that took place many conflicting views were put forward, and more and more securely did I get involved in the meshes of the new philosophy which I had sought to escape; but everything articulate in me was put to silence, a veritable ironical rage fell upon me, as well it might after so much negation.” — (“Neue Zeit,” 16th year, Vol. I., No. 1.)

His father was anything but pleased with this letter. He reproached Karl with the aimless and discursive way in which he worked. He had expected that these Berlin studies would lead to something more than breeding monstrosities and destroying them again. He believed that Karl would,

before everything else, have considered his future career, that he would have devoted all his attention to the lectures in his course, that he would have cultivated the acquaintance of people in authority, that he would have been economical, and that he would have avoided all philosophical extravagances. He refers him to the example of his fellow students who attend their lectures regularly and have an eye to their future:

“Indeed these young men sleep quite peacefully except when they now and then devote the whole or part of a night to pleasure, whereas my clever and gifted son Karl passes wretched sleepless nights, wearying body and mind with cheerless study, forbearing all pleasures with the sole object of applying himself to abstruse studies: but what he builds to-day he destroys again to-morrow, and in the end he finds that he has destroyed what he already had, without having gained anything from other people. At last the body begins to ail and the mind gets confused, whilst these ordinary folks steal along in easy marches, and attain their goal if not better at least more comfortably than those who contemn youthful pleasures and undermine their health in order to snatch at the ghost of erudition, which they could probably have exorcised more successfully in an hour spent in the society of competent men — with social enjoyment into the bargain!”

In spite of his unbounded love for his father, Marx could not deviate from the path which he had chosen. Those deeper natures who, after having lost their religious beliefs, have the good fortune to attain to a philosophical or scientific conception of the universe, do not easily shrink from a conflict between filial affection and loyalty to new convictions. Nor was Marx allured by the prospects of a distinguished official career. Indeed his fighting temperament would never have admitted of that. He wrote the lines:

Therefore let us, all things daring, Never from our task recede; Never sink in sullen silence, Paralysed in will and deed.

Let us not in base subjection Brood away our fearful life, When with deed and aspiration We might enter in the strife.

His stay in Stralau had the most beneficial effects on his health. He worked strenuously at his newly-acquired philosophical convictions, and for this his relations with the members of the Graduates' Club stood him in good stead, more especially his acquaintance with Bruno Bauer, a lecturer in theology, and Friedrich Köppen, a master in a grammar school, who in spite of difference of age and position treated him as an equal. Marx gave

up all thought of an official career, and looked forward to obtaining a lectureship in some university or other. His father reconciled himself to the new studies and strivings of his son; he was, however, not destined to rejoice at Karl's subsequent achievements. After a short illness he died in May, 1838, at the age of fifty-six.

Marx then gave up altogether the study of jurisprudence, and worked all the more assiduously at the perfecting of his philosophical knowledge, preparing himself for his degree examination in order — at the instigation of Bruno Bauer — to get himself admitted as quickly as possible as lecturer in philosophy at the University of Bonn. Bauer himself expected to be made Professor of Theology in Bonn after having served as lecturer in Berlin from 1834 to 1839 and in Bonn during the year 1840. Marx wrote a thesis on the Natural Philosophies of Democritus and Epicurus, and in 1841 the degree of Doctor of Philosophy was conferred on him at Jena. He then went over to his friend Bauer in Bonn, where he thought to begin his career as lecturer. Meanwhile his hopes had disappeared. Prussian universities were at that time no places for free inquirers. It was not even possible for Bauer to obtain a professorship; still less could Marx, who was much more violent in the expression of his opinions, reckon on an academic career. His only way out of this blind alley was free-lance journalism, and for this an opportunity soon presented itself.

### III. Beginnings of Public Life.

Marx made his entry into public life with a thorough philosophical training and with an irrestrainable impulse to enter into the struggle for the spiritual freedom of Germany. By spiritual freedom he understood first and foremost freedom in religion and liberalism in politics. He was, too, perfectly clear as to the instrument to be used: it was criticism. The positive and rigid having become ineffectual and unreasonable, is to fall before the weapon of criticism and so make room for a living stream of thought and being, or as Marx himself expressed it in 1844, "to make the petrified conditions dance by singing to them their own tune." Their own tune is, of course, the dialectic. Criticism, generally speaking, was the weapon of the Young Hegelians. Criticism is negation, sweeping away existing conditions and prevailing dogmas to make a clear path for life. Not the setting up of new

principles or new dogmas, but the clearing away of the old dogmas is the task of the Young Hegelians. For if dialectic be rightly understood, criticism or negation is the best positive work. Criticism finds expression, above all, in polemics, in the literal meaning of waging war — ruthless war — against the unreal for the purpose of shaking up one's contemporaries.

After Marx had given up all hope of an academic career, the only field of labour that remained open to him was, as we have already said, that of journalism. His material circumstances compelled him, moreover, to consider the question of an independent livelihood. Just about this time the Liberals in the Rhine provinces took up a scheme for the foundation of a newspaper, the object of which was to prepare the way for conditions of greater freedom. The necessary money was soon procured. Significantly enough, Young Hegelians were kept in view for editors and contributors. On the first of January, 1842, the first number of the *Rheinische Zeitung* was published at Cologne. The editor was Dr. Rutenberg, who had formed an intimate friendship with Marx at the time the latter was attending the University of Berlin; and so Marx, then in Bonn, was also invited to contribute. He accepted the invitation, and his essays brought him to the notice of Arnold Ruge, who likewise invited him to take part in his literary undertakings in conjunction with Feuerbach, Bauer, Moses Hess, and others. Marx's essays were greatly appreciated, too, by the readers of the *Rheinische Zeitung*, so that in October, 1842, on the retirement of Rutenberg, he was called to the editorial chair of that journal. In his new position he had to deal with a series of economic and political questions which, no doubt, with a less conscientious editor would have occasioned little hard thinking, but which for Marx showed the need of a thorough study of political economy and Socialism. In October, 1842, a congress of French and German intellectuals was held in Strasburg, and amongst other things French Socialist theories were discussed. Likewise in the Rhine provinces arose questions concerning landed property and taxes, which had to be dealt with from the editorial chair, questions which were not to be answered by a purely philosophical knowledge. Besides, the censorship made the way hard for a paper conducted with such critical acumen, and did not allow the editor to fulfil his real mission. In the preface to "The Critique of Political Economy" (1859) Marx gives a short sketch of his editorial life:

"As editor of the *Rheinische Zeitung*, in 1842 and 1843 I came up, for the first time, against the difficulty of having to take part in the controversy

over so-called material interests. The proceedings of the Diet of the Rhine provinces with regard to wood stealing and parcelling out of landed property, and their action towards the farmers of the Moselle districts, and lastly debates on Free Trade and Protection, gave the first stimulus to my investigation of economic questions. On the other hand, an echo of French Socialism and Communism, feebly philosophical in tone, had at that time made itself heard in the columns of the *Rheinische Zeitung*. I declared myself against superficiality, confessing, however, at the same time that the studies I had made so far did not allow me to venture any judgment of my own on the significance of the French tendencies. I readily took advantage of the illusion cherished by the directors of the *Rheinische Zeitung*, who believed they could reverse the death sentence passed on that journal as a result of weak management, in order to withdraw from the public platform into my study.”

And so the intellectual need which he felt of studying economics and Socialism, as well as his thirst for free, unfettered activity, resulted in Marx’s retirement from his post as editor, although he was about to enter upon married life and had to make provision for his own household. But he was from the beginning determined to subordinate his material existence to his spiritual aspirations.

## II. THE FORMATIVE PERIOD OF MARXISM.

### I. The Franco-German Year Books.

Between the years 1843 and 1844 we have the second and probably the most important critical period in the intellectual development of Marx. In 1837 he had become a disciple of Hegel, into whose philosophy he penetrated deeper and deeper during the two years which ensued. Between 1843 and 1844 he became a Socialist, and in the following two years he laid the foundations of those social and historical doctrines associated with his name. Of the way he came to be a Socialist and by what studies he was led to Socialism, we know nothing. All that can be said is that in the summer of 1848 he must have pursued the reading of French Socialist literature just as assiduously as he did the study of Hegel in 1837. In his letters to Arnold Ruge, written about 1843, and printed in the Franco-German Year Books, we find a few passages which bear witness to his sudden turnover. In a letter from Cologne (May, 1843) he remarks: "This system of acquisition and commercialism, of possession and of the exploitation of mankind, is leading even more swiftly than the increase of population to a breach within the present society, which the old system cannot heal, because indeed it has not the power either to heal or create, but only to exist and enjoy."

That is still in the sentimental vein, and anything but dialectical criticism. In the following few months, however, he made surprisingly rapid progress towards the fundamental ideas of that conception of history and society, which later on came to be known as Marxism, and which he almost built up into a complete system during those restless years of exuberant creative activity, 1845-46. In a letter from Kreuznach, dated September, 1843, he shows already an acquaintance with Fourier, Proudhon, Cabet, Weitling, etc., and sees his task not in the setting up of Utopias but in the criticism of political and social conditions, "in interpreting the struggles and aspirations of the age." And by the winter of 1843 he has already advanced so much as to be able to write the introduction to the criticism of Hegel's "Philosophy of Law," which is one of the boldest and most brilliant of his essays. He deals with the question of a German revolution, and asks which is the class that could bring about the liberation of Germany. His answer is that the positive conditions for the German revolution and liberation are to

be sought “in the formation of a class in chains, a class which finds itself in bourgeois society, but which is not of it, of an order which shall break up all orders. The product of this dissolution of society reduced to a special order is the proletariat. The proletariat arises in Germany only with the beginning of the industrial movement; for it is not poverty resulting from natural circumstances but poverty artificially created, not the masses who are held down by the weight of the social system but the multitude arising from the acute break-up of society — especially of the middle class — which gives rise to the proletariat. When the proletariat proclaims the dissolution of the existing order of things, it is merely announcing the secret of its own existence, for it is in itself the virtual dissolution of this order of things. When the proletariat desires the negation of private property, it is merely elevating to a general principle of society what it already involuntarily embodies in itself as the negative product of society.”

Marx wrote this in Paris, whither he had removed with his young wife in October, 1843, in order to take up the editorship of the Franco-German Year Books founded by Arnold Ruge. In a letter addressed to Ruge from Kreuznach in September, 1843, Marx summed up the program of this periodical as follows: “If the shaping of the future and its final reconstruction is not our business, yet it is all the more evident what we have to accomplish with our joint efforts, I mean the fearless criticism of all existing institutions — fearless in the sense that it does not flinch either from its logical consequences or from the conflict with the powers that be. I am therefore not with those who would have us set up the standard of dogmatism; far from it; we should rather try to give what help we can to those who are involved in dogma, so that they may realise the implications of their own principles. So, for example, Communism as taught by Cabet, Dezamy, Weitling, and others is a dogmatic abstraction.... Moreover, we want to work upon our contemporaries, and particularly on our German contemporaries. The question is: How is that to be done? Two factors cannot be ignored. In the first place religion, in the second place politics, are the two things which claim most attention in the Germany of to-day.... As far as everyday life is concerned, the political State, even where it has not been consciously perfected through Socialist demands, exactly fulfils, in all its modern forms, the demands of reason. Nor does it stop there. It presupposes reason everywhere as having been realised. But in so doing it lands itself everywhere in the contradiction between its ideal purpose and

its real achievements. Out of this conflict, therefore, of the political State with itself social truth is evolved.”

Without a doubt, the Hegelian conception of the State as the embodiment of reason and morality did not accord well with the constitution and the working of the actual State. And Marx goes on to remark that in its history the political State is the expression of the struggles, the needs, and the realities of society. It is not true, then, as the French and English Utopians have thought, that the treatment of political questions is beneath the dignity of Socialists. Rather is it work of this kind which leads into party conflict and away from the abstract theory. “We do not then proclaim to the world in doctrinaire fashion any new principle: ‘This is the truth, bow down before it!’ We do not say: ‘Refrain from strife, it is foolishness!’ We only make clear to men for what they are really struggling, and to the consciousness of this they must come whether they will or not.”

That is conceived in a thoroughly dialectical vein. The thinker propounds no fresh problems, brings forward no abstract dogmas, but awakens an understanding for the growth of the future out of the past, inspiring the political and social warriors with the consciousness of their own action.

## II. Friendship with Friedrich Engels.

Of the Franco-German Year Books only one number appeared (Spring, 1844). Alongside Marx’s contributions (an Introduction to the criticism of Hegel’s “Philosophy of Jurisprudence” and a review of Bauer’s book on the Jewish Question) the volume contains a comprehensive treatise, “Outlines for a Criticism of Political Economy,” from the pen of Friedrich Engels (born in Barmen, 1820; died in London, 1895), who was then living in Manchester. In September, 1844, Engels went to visit Marx in Paris. This visit was the beginning of the lifelong intimate friendship between the two men, who without a close collaboration would not have achieved what they did.

Marx was a highly-gifted theorist, a master in the realm of thought, but he was quite unpractical in the affairs of everyday life. Had he enjoyed a regular income throughout life, he would probably have attained his end even without the help of Engels. On the other hand, Engels was an exceedingly able, energetic, and highly-cultured man, eminently practical

and successful in everything he undertook, but not endowed with that speculative temperament which surmounts intellectual crises and opens out new horizons. But for his intellectual association with Marx he would, in all probability, have remained little more than a Moses Hess. Marx was never a Utopian; the complete saturation of his mind with Hegelian dialectics made him immune to all eternal truths and final social forms. On the contrary, up to 1844 Engels was a Utopian — until Marx explained to him the meaning of political and social conflicts, the basis and the motive force, the statics and dynamics of the history of civilised mankind. Engels' "Criticism of Political Economy" is a very noteworthy performance for a youth of twenty-three engaged in commerce, but it does not rise above the level of the writings of Owen, Fourier, and Proudhon. Engels' contributions to Owen's "New Moral World" (1843-44) are indeed more philosophical than the other articles by Owenites, but as far as matter goes, there is no perceptible difference between them. "The System of Economic Contradictions," on which Proudhon was working when Engels published his "Outlines," is couched, as far as the critical side is concerned, in the same strain of thought as we find in Engels. Both sought to expose the contradictions of the middle-class economic system, not in order to discover in them the source of the progress of society, but to condemn them in the name of justice. Whereas the Owenites considered their system as perfect, Proudhon and Engels had, independently of one another, striven to free themselves from the Socialist Utopias. Proudhon became a peaceful Anarchist and found salvation in the scheme of autonomous economic groups, which should carry on an exchange of labour equivalents with one another. Engels, on the other hand, found a solution of his difficulties in Marx, whom he rewarded with a lifelong friendship and devotion, which proved to be Marx's salvation. Without Engels' literary and financial help, Marx, with his unpractical, helpless, and, at the same time, proud and uncompromising disposition, would most probably have perished in exile.

### III. Controversies with Bauer and Ruge.

After the Franco-German Year Books had been discontinued, Marx, recognising the importance of economics, studied English and French systems of political economy with still greater zeal than before, and

continued his studies in Socialism and history with remarkable steadiness of purpose. No longer now did he show signs of hesitation or wavering; he knew exactly what he wanted. He had left behind him that period of ideological speculation when he was still a disciple of Hegel, and he was impelled, as in the autumn of 1837, to envisage, from his new standpoint, the past and the future. He takes such a survey in “The Holy Family,” which had its genesis in the autumn of 1844, and to which Engels also furnished a slight contribution. It is a settling of accounts with his former friend and master, Bruno Bauer, and his brother Edgar, who had not been able to break away from Hegel. The aim of the book was to force the Young Hegelians into the path of social criticism, to urge them forward and prevent them from falling into stereotyped and abstract ways of thinking. It is not easy reading. In it Marx has compressed the knowledge he then had of philosophy, history, economics, and Socialism in concentrated and sharply-cut form. Besides the excellent sketch of English and French materialism, which among other things discloses in a few short but pregnant sentences the connection between this and English and French Socialism, “The Holy Family” contains the germs of the materialistic conception of history as well as the first attempt to give a social revolutionary interpretation to the class struggle between Capital and Labour. In the Introduction to the present book a quotation from “The Holy Family” has been given. Speaking against Bauer’s conception of history, Marx says: “Or can he believe that he has arrived even at the beginning of a knowledge of historical reality so long as he excludes science and industry from the historical movements? Or does he really think that he can understand any period without having studied, for example, the industries of that period, the immediate means of production of life itself?... In the same way as he separated thought from the senses, the soul from the body, and himself from the world, so he separates history from science and industry, and he does not see the birthplace of history in coarse, material production upon earth but in the nebulous constructions in the heavens.” — (“Posthumous Works,” Vol. II., pp. 259-60.)

Bruno Bauer, who believed in the world-swaying might of the idea, but would not concede that the masses had any power whatever, wrote: “All the great movements of history up to this time were therefore doomed to failure and could not have lasting success, because the masses had taken an interest in them and inspired them — or they must come to a lamentable conclusion

because the underlying idea was of such a nature that a superficial apprehension of it must suffice, that is to say, it must reckon on the approval of the masses.”

Marx’s answer to this was that “the great historical movements had been always determined by mass interests, and only in so far as they represented these interests could the ideas prevail in these movements; otherwise the ideas might indeed stir up enthusiasm, but they could not achieve any results. The idea always fell into disrepute in so far as it differed from the interest. On the other hand, it is easy to understand that, when it makes its first appearance on the world-stage, every mass interest working itself out in history far exceeds, as an idea or in its presentation, its actual limits and identifies itself purely and simply with the interest of humanity. Thus the idea of the French Revolution not only took hold of the middle classes, in whose interest it manifested itself in great movements, but it also aroused enthusiasm in the labouring masses, for whose conditions of existence it could do nothing. As history has shown, then, ideas have only had effective results in so far as they corresponded to class interests. The enthusiasm, to which such ideas gave birth, arose from the illusion that these ideas signified the liberation of mankind in general.” — (“Posthumous Works,” Vol. II., pp. 181-3.)

In August, 1844, Marx published under the title “Marginal Notes” in the Paris *Vorwärts* a lengthy polemic against Ruge, which is a defence of Socialism and revolution and takes the part of the German proletariat against Ruge. “As regards the stage of culture or the capacity for culture of the German workers, let me refer to Weitling’s clever writings, which in their theoretical aspect often surpass those of Proudhon, however much they may fall behind them in execution. Where would the middle classes, their scholars and philosophers included, be able to show a work like Weitling’s ‘Guarantees of Peace and Concord’ bearing on the question of emancipation? If one compares the insipid, spiritless mediocrity of German political literature with this unconstrained and brilliant literary début of the German workers, if one compares these gigantic baby shoes of the proletariat with the dwarfishness of the worn-out political shoes of the German middle classes, one can only prophesy an athletic stature for the German Cinderella. One must admit that the German proletariat is the philosopher of the European proletariat, just as the English proletariat is its political economist and the French proletariat its politician. One must admit

that Germany is destined to play just as classic a rôle in the social revolution as it is incompetent to play one in the political. For, as the impotence of the German middle classes is the political impotence of Germany, so the capacity of the German proletariat — even leaving out of account German philosophy — is the social capacity of Germany.”

At that time (1844) Marx had already begun to mix among the German working classes resident in Paris, who clung to the various Socialist and Anarchist doctrines which then held sway, and he sought to influence them according to his own ideas. With Heine, too, who at that time was coquetting with Communism, he carried on a sprightly and not unfruitful intercourse. He likewise came into frequent contact with Proudhon, whom he endeavoured to make familiar with Hegelian philosophy. Already in his first work, “What is Property?” (1840) Proudhon had played with Hegelian formulæ, and Marx probably believed that he could win him over to Socialism. Proudhon, who, like the German Weitling, sprang from the proletariat, ushered in his activity as a social theorist with the above-mentioned work, which had a stimulating effect on Marx and on German Socialists in general, all the more so as Proudhon manifested some acquaintance with classical German philosophy. In this book (“What is Property?” German edition, 1844, p. 289) he sums up the whole matter as follows: “Expressing this according to the Hegelian formula, I should say that Communism, the first kind, the first determination of social life, is the first link in social evolution, the *thesis*; property is the antagonistic principle, the *antithesis*; if only we can get the third factor, the *synthesis*, the question is solved. This synthesis comes about only through the cancelling of the thesis by the antithesis; one must therefore in the last instance examine its characteristics, discard what is anti-social, and in the union of the remaining two is then seen the real kind of human social life.”

That was indeed a superficial conception of Hegelian dialectics, for what Proudhon wanted to find was not a synthesis but a combination; still for a French working man it was a smart performance to have manipulated German philosophical formulæ, and would justify the most sanguine hopes. Marx did not want to let this opportunity slip, and in “debates both late and long” he discussed Hegelian philosophy with Proudhon. — (Marx: “The Poverty of Philosophy,” German edition, Stuttgart, 1885, p. 29.)

In the midst of this activity, however, Marx and other German contributors to the Paris *Vorwärts* were expelled from France in January,

1845, at the instigation of the Prussian Government. Marx packed up his traps and left for Brussels, where he lived, with short interruptions, until the outbreak of the European Revolution in February, 1848. During his sojourn in Brussels his time was occupied mainly with economic studies, for which Engels placed his library of works on political economy at his disposal. Marx embodied the result of these studies in the criticism directed against Proudhon in his “*Misère de la Philosophie*” (Poverty of Philosophy), published in 1847.

#### IV. Controversy with Proudhon.

Marx’s “*Misère de la Philosophie*” indicates the culmination of the first phase of his creative work. In this critical review he makes his position clear with respect not only to Proudhon but to Utopian Socialism in general. It marks also the turning point in the studies of Marx: English political economy occupied henceforth the place which German philosophy had held. The anti-Proudhon controversy is therefore worthy of a fuller treatment.

Pierre Joseph Proudhon (b. 1809 in Besançon, d. 1865 in Paris) was one of the most gifted and most distinguished of social philosophers which the modern proletariat has produced. He was originally a compositor, like his similarly minded English contemporary, John Francis Bray, the author of “*Labour’s Wrongs*,” published in 1839, but he had a much greater inclination for study and a more fruitful literary talent. He managed to acquire, self-taught, a knowledge of the classical languages, of mathematics and of science, read assiduously but indiscriminately works on economics, philosophy, and history, and applied himself to social criticism. It is rare for a working man in the West of Europe to feel impelled to make an acquaintance with Kant, Hegel, and Feuerbach as Proudhon did through French translations and through intercourse with German scholars in Paris. He possessed the noble ambition of blending French sprightliness with German thoroughness. But self-instruction failed to give him that intellectual training which is more valuable than knowledge, and which alone gives the power to order and to utilise the information acquired, as well as to submit one’s own work to self-criticism. The value of a systematic education does not consist in the main in the acquisition of

knowledge but in the training of our intellectual faculties as instruments of inquiry and apprehension, of methodical thinking and of sound judgment, to enable us to find our bearings more easily in the chaos of phenomena, experiences, and ideas. A self-taught man may no doubt attain to this degree of culture, but only if his first attempts at independent creative work are submitted to a strict but kindly criticism, which makes him discipline his thoughts. This was not the case with Proudhon; he lacked mental self-discipline. His first work, "What is Property?" (1840) brought him immediate recognition and strengthened him in his high opinion of his knowledge and his powers, even to the point of making him conceited. When, for example, the French historian, Michelet, disapproved of his dictum, "Property is robbery," Proudhon replied, "Not twice in a thousand years does one come across a pronouncement like that." — ("Economic Contradictions," Leipzig, 1847. Vol. II., p. 301.) And yet the idea is as old as Communism itself. Besides all this, the vivacity and exuberance of language for which Proudhon was noted easily blinded him to the shortcomings of his intellectual culture. Thus it often happened that he rediscovered ideas of his predecessors and published them to the world with naïve pride. Through page after page of argument he holds the reader in expectation of the explanation, which he is about to give, of the nature of value, which he rightly characterises as the "corner-stone of political economy." At last he will disclose the secret: "It is time to make ourselves acquainted with this power. This power ... is *labour*." His main work, "The System of Economic Contradictions," swarms with philosophical formulæ and expressions like thesis, antithesis, antinomies, synthesis, dialectics, induction, syllogisms, etc., as also with Latin, Greek, and Hebrew etymologies; it often wanders into irrelevant theological and philosophical digressions and side issues, not so much with the intention of parading the author's knowledge as from his lack of intellectual discipline and insufficient command of his material. The work in question was to combine German philosophy with French and English political economy, and its author believed that it would secure for him before everything else the admiration of the German Socialists, especially of Marx. He drew the latter's attention to it by letter, and awaited his "rigorous criticism." The criticism came in "Misère de la Philosophie" (Brussels, 1847), but it could no longer fulfil its purpose, as the fundamental difference between the two men had already widened to a gulf that could not be bridged. Marx had

almost completed his materialistic, logical, and revolutionary Socialism, Proudhon had laid the foundations of his peaceful Anarchism with its federative economic basis. With his searching analysis, his systematised knowledge, and his great indignation at the presumptuous attacks on every Socialist school and leader, Marx sat in judgment upon Proudhon, exposing him as a dilettante in philosophy and economics, and at the same time sketching in outline his own conception of history and economics.

Marx's verdict is damning, yet one cannot but acknowledge that Proudhon, in spite of his obvious insufficiency, had endeavoured, honestly and zealously, to extricate himself from Capitalism as well as from Utopianism, and to outline a scheme for an economic order, in which men, such as he had found them, might lead a free, industrious, and righteous life. The task which Proudhon had set himself was the same as that which engaged the attention of Marx, the criticism of political economy and of the sentimental Utopian Socialism. That is the key-note of Proudhon's system, and it is sounded in almost every chapter. He lacked, however, the requisite knowledge and the historical sense which alone could have made him equal to his task. The whole of his criticism consists virtually in the complaint that riches and poverty accumulate side by side, and that the economic categories — use value, exchange value, division of labour, competition, monopoly, machinery, property, ground rent, credit, tax, etc. — manifest contradictions. Proudhon's special problem was the following: "The workers of any country produce yearly goods to the value, let us say, of 20 milliards. But if the workers, as consumers, wish to buy back these goods they have to pay 25 milliards. The workers are thus cheated out of a fifth. That is a terrible contradiction." — ("What is Property?" Chap. IV.; "Economic Contradictions," Vol. I., pp. 292-93.) This statement of the problem shows that Proudhon had no inkling of the essential features of the question of value, in spite of the fact that he cites Adam Smith, David Ricardo, etc., whom he must therefore have read. Had he really understood these economists and taken up his critical attitude towards them from the standpoint of justice, he would have stated the problem somewhat as follows: "The workers of any country produce yearly goods to the value, say, of 20 milliards. For their work, however, they receive as wages a quantity of goods of the value of only 10 or 12 milliards. Is that just?" Only this way of stating the question could possibly have revealed to him the nature of wages, of value, of profit, of capital and its contradictions.

Proudhon sees the perpetration of fraud or robbery in the sphere of exchange and not in that of production, and he does not ask himself how, if labour produces goods to the value of only 20 milliards, they can be exchanged at a value of 25 milliards, and what is responsible for the increase of five milliards. The other contradictions which he brings forward are not indeed new, but they are ingeniously treated. For example: the essence of exchange-value is labour, which creates wealth; but the more the wealth produced, the less becomes its exchange-value. Or this: the division of labour is, according to Smith, one of the most effective means of increasing wealth, but the further the division of labour proceeds the lower sinks the workman, being reduced to the level of an unintelligent automaton engaged in the performance of a fractional operation. The same thing holds good for machinery. So, too, competition stimulates effort, but brings much misery in its train by leading to adulteration, sharp practices, and strife between man and man. Further, taxation should be proportional to riches, in reality it is proportional to poverty. Or again, private ownership of land ought to increase productivity; in practice it deprives the farmer of the land. In this way he runs to earth the contradictions in political economy, and so we find everywhere the words thesis and anti-thesis or antinomies (contradictions between two well-established propositions). And out of this contradiction springs poverty. The solution or the synthesis is the creation of an economic order which shall preserve the good elements in this category and eliminate the bad ones, and so satisfy the demands of justice. And that is what Socialism cannot do. "For the economic order is based upon calculations of an inexorable justice and not upon those angelic sentiments of brotherhood, sacrifice, and love which so many well-meaning Socialists of the present time are endeavouring to awake in the people. It is useless for them to preach, after the example of Jesus Christ, the necessity for sacrifice, and to set an example of it in their own lives: selfishness is stronger than they and can only be restrained by rigid justice and immutable economic law. Humanitarian enthusiasm may cause upheavals which are conducive to the progress of civilisation, but such emotional crises, like the fluctuations in value, simply result in the establishing of law and order on a more rigid and more restricted basis. Nature or the Deity planted mistrust in our hearts, having no faith in the love of man for his fellow men; and though I say it to the shame of the human conscience (for our hypocrisy must be confronted with it sooner or later), every disclosure which science

has made to us concerning the designs of providence with respect to the progress of society points to a deeply rooted hatred of mankind on God's part." — ("System of Economic Contradictions or the Philosophy of Poverty," Vol. I., p. 107.) Just as severely does he denounce the institution of Trade Unionism and its methods of warfare, together with State politics, as indeed the working of class organisation and of the State generally. The only way to realise social justice is to create a society of producers who exchange their goods among one another according to their equivalents in labour and carry on work in adequate relationship to the production of wealth, or, to put it clearly, to establish an order where supply and demand balance one another.

Marx's answer to the "Philosophy of Poverty" is indicated at once by the title "The Poverty of Philosophy." He deals first of all with the economic details of Proudhon's work, and proves with documentary evidence that the theses and antitheses it contains partly spring from a half-understood reading of English and French political economists, and in part have been taken direct from the English Communists. Marx already displays in this section an extensive knowledge of economic literature. Then he confronts Proudhon's philosophical and social theories with his own deductions and gives many positive results. Marx's main object was to induce the Socialists to give up their Utopianism and think in terms of realism, and to regard social and economic *categories* in their historical setting:

"Economic *categories* are only the theoretical expressions, ideal conceptions of the conditions of production obtaining in society.... Proudhon has grasped well enough that men manufacture cloth, linen, etc., under certain conditions of production. But what he has not grasped is that these social conditions themselves are just as much human products as cloth, linen, etc. Social conditions are intimately bound up with productive power. With the acquisition of new productive power men change their methods of production, and with the change in the methods of production, in the manner of obtaining a livelihood, they change their social conditions. The hand-mill gives rise to a society with feudal lords, the steam-mill to a society with industrial capitalists. But the same men who shape the social conditions in conformity with the material means of production, shape also the principles, the ideas, the *categories* in conformity with their social conditions. Consequently these ideas, these *categories*, are just as little eternal as are the conditions to which they give expression. They are the

transitory and changing products of history. We are living in the midst of a continuous movement of growth in productive power, of destruction of existing social conditions, of formation of ideas.” — (“Poverty of Philosophy,” Stuttgart, 1885, pp. 100-101.)

Here it should, above all, be noticed that Marx ascribes to industrialism a powerful revolutionary effect, and that he characterises the different forms of society by their different methods of labour. Or, as he says later in “Capital,” “not *what* is produced, but *how* it is produced distinguishes the various forms of society.” What he means to say, then, is that ideas and systems are limited by their time, that they are conditioned by the prevailing means of production. To understand them one must study the times which have preceded them, as well as investigate the ideas and systems themselves, and find out whether new forms have not arisen which stand in contradiction or in contrast to the old one. Or, as Marx says:

“Feudalism, too, had its proletariat — the villeinage — which contains all the germs of the middle class. Feudal production, too, had two contradictory elements which are likewise characterised as the ‘good’ and ‘bad’ sides of feudalism without regard to the fact that it is always the ‘bad’ side which triumphs ultimately over the ‘good’ side. It is the bad side which calls into being the movement which makes history, in that it brings the struggle to a head. If, at the time of the supremacy of feudalism, the economists, in their enthusiasm for knightly virtues, for the beautiful harmony between rights and duties, for the patriarchal life of the towns, for the flourishing home industries in the country, for the development of industry organised in corporations, companies and guilds, in a word, for everything which forms the finer side of feudalism, had set themselves the problem of eliminating everything which could throw a shadow on this picture — serfdom, privileges, anarchy — where would it all have ended? They would have destroyed every element which called forth strife, they would have nipped in the bud the development of the middle class. They would have set themselves the absurd problem of blotting out history.

“When the middle class had come to the top, neither the good nor the bad side of feudalism come into question. The productive forces, which had been developed under feudalism through its agency, fell to its control. All old economic forms, the legal relations between private individuals, which corresponded to them, the political order, which was the official expression of the old society, were shattered.”

“Those Socialists and social revolutionaries who regard the hardships and struggles of society as an absolute evil and plan the construction of a society comprised solely of good elements, have not grasped the meaning of the history of mankind. They think abstractly. They misjudge both the past and the present.

“Hence to form a correct judgment of production under feudalism one must consider it a method of production based upon contradiction. One must show how wealth was produced within this contradiction, how productive power developed contemporaneously with the antagonism of classes, how one of these classes, the bad side, the social evil, constantly increased until the material conditions for its liberation were fully ripe.

“Does that not show clearly enough that the means of production, the conditions under which productive power is developed, are anything but eternal laws, that they rather correspond to a definite stage in the evolution of mankind and of its productive power, and that a variation in the productive power of mankind necessarily brings about a variation in its conditions of production?

“The middle class begins with a proletariat, which in its turn is itself a remnant of the feudal proletariat. In the course of its historical development the middle class necessarily develops its contradictory character, which on its first appearance is more or less veiled, existing only in a latent form. In proportion as the middle class develops, there develops in its bosom a new proletariat, a modern proletariat; and a struggle arises between the proletarian class and the middle class, a struggle which, before being felt, observed, estimated, understood, acknowledged, and finally openly proclaimed on both sides, issues in the meanwhile only in partial and transitory conflicts and acts of destruction.”

In a special chapter Marx shows the necessity and the historical significance of the Trade Unions, which in spite of all the apprehensions and warnings of Utopians and Economists the workers have gone on establishing and perfecting, in order to be able to withstand the domination of capital. That means the gathering together of the divided interests and activities of the workers in a vast class movement, standing in opposition to the middle class; which, however, does not exclude the possibility of conflicting interests within the classes themselves, though these shall be put aside as soon as class is brought against class:

“From day to day it becomes clearer then that the conditions of production, among which the middle class moves, have not a simple, uniform character but one which involves conflicting elements; that the same conditions which produce wealth produce also poverty; that the same conditions which tend to the development of productive power develop also the power of repression; that these conditions only create bourgeois wealth, i.e., the wealth of the middle class, at the cost of the continued destruction of the wealth of individual members of this class and the creation of an ever-increasing proletariat.” — (“Poverty of Philosophy,” 1885, pp. 116-118, 177 sq.)

This antithetical character of capitalist society has for its effect that the political economists, who are the philosophers of the existing order, lose their bearings, while the Socialists, who are the philosophers of the proletariat, look round for means to relieve the distress. They condemn class struggles,<sup>4</sup> build Utopias and plan schemes of salvation, whereas the only real solution, because it is the only one which arises from the actual conditions, must be to further the organisation of the oppressed class and make it conscious of the objects of its struggles. For out of these struggles the new society will arise, and that, of course, can only happen when productive power has reached a high stage of development. Or as Marx himself proceeds:

“An oppressed class is a vital condition of any society founded upon class antagonism. The liberation of the oppressed class necessarily includes, therefore, the creation of a new society. In order that the oppressed class may be able to free itself, a stage must be reached in which the already acquired powers of production and the prevailing social institutions can no longer exist side by side. Of all the instruments of production, the greatest productive force is the revolutionary class itself. The organisation of the revolutionary elements as a class presupposes the existence in perfected form of all the productive forces that could in any way be developed in the bosom of the old society. Does this mean that after the collapse of the old order of society there will be a new class domination culminating in a new political power? The condition of the emancipation of the working class is the abolition of all classes, as the condition of the emancipation of the third estate, of the middle class, was the abolition of all the three estates. The working class will, in the course of its evolution, replace the old middle-class society by an association excluding classes and their antagonism, and

there will no longer be any real political power,<sup>5</sup> because it is just this political power which is the official expression of class antagonism within the community.

“Meanwhile the antagonism between proletariat and bourgeoisie is a struggle of class against class, a struggle which, when brought to its highest expression, means a complete revolution. And can one indeed be surprised that a society founded upon class antagonism should, at its final dissolution, issue in brutal conflict and collision of man against man? Let it not be said that the social movement excludes the political. There never was a political movement which was not at the same time a social movement.

“Only in an order of things where there are no classes and no class antagonism will social evolution cease to be political revolution. Until then the last word of social science on the eve of every general reconstruction of society must ever be: ‘Fight or die; bloody war or annihilation. Thus are we confronted with the inexorable question.’ — (George Sand).”

With this battle-cry “The Poverty of Philosophy” comes to a close. It is the prologue to the “Communist Manifesto,” which in itself is but a popular version of the positive doctrines developed in the controversy against Proudhon.

#### ENDNOTES.

<sup>4</sup> The Socialists of those times were the Owenites and the Fourierists, who condemned all class struggles, Trade Unionist strikes, and Labour politics.

<sup>5</sup> Marx means the State.

### III. YEARS OF AGITATION AND VARYING FORTUNES.

#### I. The Revolutionary Spirit of the Forties.

Marx was a revolutionary not only in the sense that he was the representative of a new conception of society and the founder of a theory of a new economic order, but also in the popular sense of advocating the use of force, in which connection he looked to the first years of the French Revolution as a model. He had a keen ear for the revolutionary rumblings in the depths of the populace. The years during which the elements of his new conception of society were accumulating in his mind and shaping themselves into a system were involved in a revolutionary atmosphere. In 1842 England witnessed the first strike on a large scale, which threatened to extend into a general strike and bore a political revolutionary character. In 1843 and 1844 the idea of the impending revolution was widely spread in England. Insurrections broke out among the Silesian weavers in 1844. In 1845 and 1846 Socialism spread rapidly on all sides in Germany, and Socialist periodicals appeared in the industrial centres. France swarmed with Socialist systems, Socialist novels and newspaper articles. The spectre of Communism was abroad in Europe. The convention of the United Assembly by Frederick William IV. at the beginning of February, 1847, was looked upon as the harbinger of the German Revolution. The connection between these phenomena could not escape acute intellects. Hand in hand with the extension of industry and the rapid construction of railways and telegraphs came alternations of economic prosperity and crisis, poverty grew, and the workers fought with ever-increasing bitterness against the iron law of wages and against the scanty pay, which hardly allowed the proletariat to eke out a bare subsistence. The cry in England was: "More factories, more poverty," but at the same time: "The greater the political rights of the masses, the surer becomes emancipation." Whoever lived in England and France during these years and had dealings with Socialism could not help feeling that political and social revolutions were on the march.

Already in his first letter to Ruge, written from Holland in March, 1843, Marx deals with the coming revolution, and foresees, to the astonishment of

Ruge, who refused to believe it, that the Government of Frederick William IV. was drifting towards a revolution. At that time Marx had hardly begun his studies in Socialism; and the further he advanced in these studies, elaborating his social dialectics and evolving the ideas of the class struggle, the more inevitably was he driven to the conclusion that the proletarian revolution, the seizure of political power by the proletariat, was the indispensable preliminary to the triumph of Communism.

Utopian Socialism stood outside the State and attempted to set up a Socialist Commonwealth apart from the State and behind the back of the State. Utopianism, with its moral and religious motives and mediæval Communist traditions, was pervaded with that spirit of contempt for the State which was characteristic of the Catholic Church during the period of its splendour. Moreover Marx, who recognised all practical forms of power, even if he did not always estimate them at their true value, saw in the State an executive power which it was a question of overturning and using as an extremely powerful instrument in the social revolution. As a result of his excursions into politics and French and English Socialism, Marx gave up Hegel's overstrained idea of the State and accepted the view current in Western European thought of the time; but he interpreted the State in the sense of the doctrine of the class struggle as the executive council of the ruling and possessing classes.

The impressions, the ideas, the experiences and the modes of thinking which took root in the mind of Marx during the evolution of the fundamental principles of his sociological and historical system dominated the whole of his life's work.

Marxism is quite a natural growth of the revolutionary soil of the first half of the nineteenth century. Marx completes the social revolutionary doctrines of that time, of which he is, as it were, the executor. All his thoughts and sentiments are deeply rooted in it; they have nothing specifically Jewish about them. I know of no Jewish philosopher, sociologist, or poet who had so little of the Jewish character as had Marx.

## II. The Communist Manifesto.

As in Paris, so too in Brussels, Marx frequented the society of German working men in order to instruct them by lectures and by conversation. He

was loyally seconded by Engels, who had more time and more money to devote to this task, and who worked for the new doctrine in Paris, Cologne, Elberfeld and other towns. Since 1836 the German working men living abroad had been organised in the League of the Just, which from 1840 had its head-quarters in London. The individual groups were kept in touch with one another by means of Communist correspondence committees. The Paris and Brussels groups drew the attention of the London Committee to Marx, and in January, 1847, Joseph Moll, one of its members, was commissioned to go to Brussels and obtain information about Marx. — (“Mehring’s Introduction to the Reprint of the Cologne Communist Proceedings,” published by *Vorwärts*, Berlin, 1914, pp. 10-11.) The result was the transformation of the League of the Just into the League of Communists, which held its first Congress in London in the summer of 1847, Engels and Wilhelm Wolff (Lupus) being among those present as delegates. At the second Congress, held in London towards the end of November and beginning of December, 1847, Marx also appeared, and together with Engels was commissioned to prepare a new program. The new program is the Communist Manifesto. Engels had come from Paris, Marx from Brussels. Before leaving Paris, Engels wrote a letter to Marx, dated November 24, in which he speaks as follows on the subject of the Manifesto:

“Just think over the confession of faith a little. I believe it will be best if we leave out the form of catechism and entitle the thing ‘The Communist Manifesto.’ And then, as more or less of it will consist in historical narrative, the present form is quite unsuitable. I am bringing along the manuscript which I have written; it is a plain narrative, but is badly put together, and has been done in a frightful hurry. I begin, ‘What is Communism?’ and then straight away with the proletariat — the history of its origin, difference from earlier workers, development of the antagonism of the proletariat and the middle class, crises, conclusions, with all kinds of secondary considerations thrown in, and lastly party politics of the Communists, as much as is good for the public to know.” — (“Correspondence of Marx and Engels,” Vol. I., p. 84.)

Engels’ draft of the Communist Manifesto has been edited by Eduard Bernstein. — (“Grundsätze des Kommunismus,” published by *Vorwärts*, 1914.) A comparison of this draft with the actual “Communist Manifesto” makes evident the full extent of Marx’s intellectual superiority to Engels.

The Communist Manifesto contains four main groups of ideas: (1) The history of the evolution of the middle class, its character, its positive and negative achievement — modern capitalism and the rise of the proletariat. (2) Theoretical conceptions and conclusions — the doctrine of the class struggle and the rôle of the proletariat. (3) Practical application — revolutionary action by the Communists. (4) Criticism of other Socialist schools. The last section has long ago lost all practical interest, so that we need only deal with the first three sections.

(1) The middle class developed in the bosom of feudal society, in the mediæval industrial towns. With the geographical discoveries of the sixteenth and seventeenth centuries its sphere of activity was extended; it revolutionised the methods of industry, agriculture and communication; it broke through the mediæval economic and political bonds; it overthrew feudalism, the guilds, the little self-governing regions, absolute monarchy, and established modern industry with its accelerated and concentrated production, middle-class franchise, the national State, and, at the same time, international trade. It was the middle class which first showed what human activity can accomplish. “It has achieved greater miracles than the construction of Egyptian pyramids, Roman aqueducts, or Gothic cathedrals, it has carried out greater movements than the migration of peoples or the crusades.... Although it is scarcely a century since it came to be the dominating class, the middle class has created more powerful and more gigantic forces of production than all past generations put together.” The subjugation of natural forces, machinery, the application of chemistry to industry and to agriculture, steamships, railways, electric telegraphs, the clearing of whole continents, making the rivers navigable, the conjuring forth of whole peoples out of the ground: that is the positive achievement of the middle class. Now for the negative: it created the proletariat, immeasurable, uncontrollable, anarchical economic conditions, periodical crises — poverty and famine in consequence of over-production and a glut of wealth, over-driving and reckless exploitation of the workers, whose labour is bought in exchange for the minimum quantity of the necessaries of life. These facts show that the forces of production are more extensive and more powerful than is demanded by the conditions under which they are operative: the economic system can produce and deliver more goods than society can use under the existing laws concerning property, i.e., the distribution and the effective demand fall short of the manufacture and the

supply. The material forces of production press upon the limits imposed upon them by the laws of private property. This happens, too, because the working class must reduce its consumption of goods to a minimum in consequence of the existing laws of property, which give to capital the right of distribution. All these conditions taken together, the positive as well as the negative ones, make possible and give rise to the struggles of the workers against the middle class — and so the productive agents rise in rebellion. These struggles lead to the organisation of the workers in trade unions, to the awakening of class consciousness, and, as a result, to the formation of the political labour party.

(2) The movements within middle-class society, as well as in feudal and ancient society, where freeman and slave, patrician and plebeian, baron and serf, guild-master and journeyman, capitalist and working man stood and stand in constant antagonism to one another, prove that the whole history of mankind since the rise of private ownership is the history of class struggles, and that in these class struggles, carried on now openly, now under the surface, either new forms of society and of ownership, new economic systems arise or else end with the common destruction of the two classes. The antagonistic classes are supporters of conflicting economic interests, systems of ownership and ideals of culture. The craftsman and tradesman of the towns, the burgher, fought against the feudal lord and knight for individual property, for freedom of industry and trade, for freedom to dispose of personal property and for the national State. With the triumphal progress of the middle class private property fell into fewer and fewer hands. The proletarians are without property, they have no share in the wealth of their country; on the other hand, the production of capital becomes more and more a matter of common co-operation, and capital becomes a joint product. The proletariat can, accordingly, no longer fight for individual ownership but for the socially conducted utilisation of the means of production belonging to the community and of the goods produced. The middle class has therefore created in the proletariat a social class which must have as its object to do away with the middle class system of ownership and to set up the proletarian system of common ownership.

(3) In this struggle of the working classes the Communists are therefore the pioneers of the movement. They are at once the philosophers and the self-sacrificing champions of the proletariat awakened into class consciousness. “The Communists are not a special party in contradistinction

to the other Labour parties. They have no interests apart from the interests of the whole proletariat. They set up no special principles according to which they wish to mould the proletarian movement.” The Communists lay stress on the common interests of the whole proletariat and of the collective movement. Their aim is the organisation of the proletariat into a class, the overthrow of middle-class domination, and the conquest of political power by the proletariat. They support everywhere “any revolutionary movement against the existing social and political conditions. In all these movements they emphasise the question of property, in whatever state of evolution it may appear, as the foundation of the movement. And finally the Communists work everywhere for the union and agreement of democratic parties<sup>6</sup> of all nationalities. The Communists disdain to conceal their views and intentions. They declare openly that their ends can only be attained by the forcible overthrow of every obtaining order of society. Let the ruling classes tremble before a Communist revolution; the workers have nothing to lose by it but their chains. They have the world to win. Workers of every land, unite!”

From the standpoint of social philosophy, the Manifesto, a document reflecting its time, is almost perfect. Strong emotion and extraordinary intellectual power are united in it. Years of study of one of the boldest and most fertile minds are here welded together in the glowing heat of one of the most active of intellectual workshops. But the work is not free from logical flaws. In the passages we have quoted the part played in history by the middle class is extolled by Marx; yet in the last few lines of the very same section he declares that “the middle class is the unwitting and inert instrument of industrial progress,” and still more scathing is his criticism in the second section, where the middle class is accused of indolence. “It has been objected that, if private property were done away with, all activity would cease and a general laziness set in. According to that, middle-class society would have been ruined by idleness long ago; for those of its members who work gain nothing, and those who gain do not work.” That is as much as to say that the middle class is lazy and does not work, and yet the Manifesto says that the middle class has achieved more marvellous works than Egypt, Rome, and the Middle Ages, and that, in its reign of power of scarcely a hundred years, it has created more powerful and more gigantic forces of production than all past generations put together. How

can a class which does not work produce more marvellous works than the whole ancient and mediæval world?

Marx frees himself later from this inconsistency by ascribing surplus value solely to the operation of the variable part of capital (wage-labour) — a doctrine which he develops with iron logic in his principal work, “Capital.”

### III. The Revolution of 1848.

The ink had hardly dried on the Communist Manifesto when the February Revolution broke out. The crowing of the Gallic cock soon awoke an echo in the various German States, whilst in Brussels the democrats were attacked and ill-treated by the mob. One of the victims of this attack was Karl Marx, who was, moreover, banished shortly afterwards by the Belgian Government. This action, however, did not cause him any embarrassment, as he was ready in any case to proceed to Paris, whither the Provisional Government of the French Republic had already invited him in the following terms:

“Paris, March 1, 1848.

“Brave and Faithful Marx,

“The soil of the French Republic is a place of refuge for all friends of freedom. Tyranny has banished you; France, the free, opens to you her gates — to you and to all who fight for the holy cause, the fraternal cause of every people. In this sense shall every officer of the French Government understand his duty. *Salut et Fraternité.*”

Ferdinand Flocon,  
Member of the Provisional Government.”

The stay in Paris was, however, of short duration. Marx and Engels gathered together the members of the League of Communists and procured them the means for returning to Germany to take part in the German revolution. They themselves travelled to the Rhineland and succeeded in getting the establishment of the newspaper planned in Cologne into their hands. On the first of June, 1848, the *Neue Rheinische Zeitung* appeared for the first time. It goes without saying that the editor was Karl Marx, and

among his collaborators were Engels, Freiligrath, Wilhelm Wolff, and Georg Weerth. Occasionally, too, Lassalle sent contributions. It is but rarely given to a daily paper to have such an editorial staff. In the third volume of his “Collected Papers of Marx and Engels,” Franz Mehring gives a selection of the articles which appeared in this journal. They are still worth reading. Here are a few examples. After the fall of Vienna he wrote an article concluding with the following words: “With the victory of the ‘Red Republic’ in Paris the armies from the inmost recesses of every land will be vomited forth upon the boundaries and over them, and the real strength of the combatants will clearly appear. Then we shall remember June and October, and we too shall cry, ‘Woe to the vanquished!’ The fruitless butcheries which have occurred since those June and October days ... will convince the peoples that there is only one means of shortening, simplifying, and concentrating the torturing death agonies of society — only one means — revolutionary terrorism.” — (*Neue Rheinische Zeitung*, November 6, 1848.)

Or take, for example, this passage from the last article of the paper, when on May 18, 1849, it succumbed to the “craft and cunning of the dirty West Kalmucks” (i.e., the Prussians).

“In taking leave of our readers we remind them of the words in our first January number: ‘Revolutionary upheaval of the French working class, general war — that is the index for the year 1849. And already in the east a revolutionary army comprised of warriors of all nationalities stands confronting the old Europe represented by and in league with the Russian army, already from Paris looms the Red Republic.’”

In reading these extracts one has only to substitute Russia for France and Moscow for Paris and we get at one of the sources of Lenin’s and Trotsky’s revolutionary policy. The articles written by Marx in 1848 and 1849 have supplied the Bolsheviks their tactics.

The censorship, Press lawsuits, and the decline of the revolution severed the life threads of the paper after scarcely a year of its existence. Marx sacrificed everything he had in money and valuables — in all, 7,000 thalers — in order to satisfy creditors and to pay the contributors and printers. Then he travelled to Paris, where he witnessed not the triumph of the Red Republic but that of the counter-revolution. In July, 1849, he was banished by the French Government to the boggy country of Morbihan, in Brittany;

he preferred, however, to go over to London, where he remained to the end of his life.

#### IV. Days of Cloud and Sunshine in London.

Marx lived for more than a generation in London. Half of this time was spent in a wearying struggle for existence, which, however, did not prevent him from collecting and systematising a vast amount of material for his life-work, "Capital," nor from taking a decisive part in the Labour movement as soon as the opportunity presented itself, as it did on the founding of the International. The first decade was particularly trying. A letter written on May 20, 1851, by Marx's wife to Weydemeyer, in America, gives an affecting picture of their poverty during these first years of exile. — ("Neue Zeit," 25th year, Vol. II., pp. 18-21.)

The attempt to continue the *Neue Rheinische Zeitung* under the title *Neue Rheinische Revue* had only the negative result of swallowing up Marx's last resources. How poor Marx then was can be judged from the fact that he had to send his last coat to the pawnshop in order that he might buy paper for his pamphlet on the Cologne Communist trial (towards the end of 1852). On top of all this, lamentable differences sprang up among the German exiles, who, deceived in their revolutionary illusions, overwhelmed one another with recriminations; an echo of these conflicts is heard in the pamphlet "Herr Vogt" (1860). Marx's only regular source of income in the years 1851-60 was his earnings as correspondent of the *New York Tribune*, which paid him at the rate of a sovereign per article, and this hardly covered his rent and the cost of newspapers and postage. Yet his articles were veritable essays, the fruit of researches which cost him a good deal of time. And in the midst of this penury the idea of writing a Socialistic criticism of political economy burnt within him. One might almost say that since 1845 this idea had allowed him no peace. Freiligrath's lines are, as it were, stamped upon him:

In the clouds his goal he planted; In the dust had he to live, Bare existence daily granted. Cramped, hemmed in on every side, Pinched by poverty and urged By want, he, of all denied, By necessity was scourged.

Only in the sixties did his fortunes improve. Small family inheritances, Wilhelm Wolff's legacy of over £800, and Engels' more plentiful and

regular help, which from 1869 onward amounted to about £350 annually, enabled Marx to write his “Capital,” the first volume of which, as is well known, is dedicated to Wilhelm Wolff.

To these relatively happy times belong Paul Lafargue’s reminiscences — (“Neue Zeit,” 9th year, Vol. I., pp. 10-17, 37-42) — of his intercourse with the Marx family. In particular he depicts the personality of the author of “Capital.” In the bosom of his family and among the circle of his friends on Sunday evenings Marx was a genial companion, full of wit and humour. “His dark black eyes sparkled with mirth and with a playful irony whenever he heard a witty remark or a prompt repartee.” He was a tender, indulgent father, who never asserted the parental authority. His wife was his helper and companion in the truest sense of the word. She was four years older than he, and notwithstanding her aristocratic connections and in spite of the great hardships and persecutions which for years she had to suffer by the side of her husband, she never regretted having taken the step which linked her destiny with that of Marx. She possessed a cheerful, bright disposition and an unflinching tact, easily winning the esteem of every one of her husband’s acquaintances, friends, and followers. “Heinrich Heine, the relentless satirist, feared Marx’s scorn; but he cherished the greatest admiration for the keen, sensitive mind of Marx’s wife. Marx esteemed so highly the intelligence and the critical sense of his wife that he told me in 1866 he had submitted all his manuscripts to her and that he set a high value upon her judgment.” Six children were born to the Marxes, four girls and two boys, of whom only three of the girls grew up — Jenny, who married Charles Longuet; Laura, who became the wife of Paul Lafargue; and the unhappy but highly-gifted Eleanor, who spent 14 sad years of her life by the side of Dr. Edward Aveling.

The sixties were undoubtedly the happiest years of Marx’s life, and seemed to promise an abundant harvest in his later life. But his health soon began to fail, and did not allow him to complete his work. The most productive years of Marx’s life were between 1837 and 1847 and between 1857 and 1871. All his valuable work falls within these years: the “Poverty of Philosophy,” the Communist Manifesto, his activity in the International, “Capital,” the Civil War in France (the Commune).

## V. The International.

The economic studies necessitated by his book "Capital" led Marx into the study of the social history of England during the eighteenth and nineteenth centuries, and gave him an insight into the working-class movements of those times such as but few scholars, English or foreign, have acquired. He became familiar with the modes of thought and expression of the working-class revolutionary movements, and especially of the Chartist movement, with the surviving leaders and adherents of which he was personally acquainted. Always eager to obtain knowledge of the actual working-class movement and to take part in it, he watched the activities of the English working class, which in the fifties was mainly occupied with purely trade unionist questions, being, politically, still in the Liberal camp. A change seemed imminent, however, about the beginning of the sixties. The London Labour leaders began to think about a Parliamentary reform movement, about starting a campaign for universal suffrage, which was an old Chartist demand. Likewise they manifested an interest in the fate of Poland and in other international questions concerning liberty.

At the International Exhibition held in London in 1862, the Labour leaders made the acquaintance of a deputation of French working men, with whom they afterwards carried on a correspondence. In 1863 and 1864, in the course of this correspondence, the idea of founding an international union of workers was mooted; and in the fourth week of September, 1864, this idea was carried into effect. Labour delegates from Paris and London held a conference in London from the 25th to the 28th of September, and the event was celebrated by a public gathering in St. Martin's Hall on the evening of the 28th. Marx received an invitation to this meeting in order that the German workers might be represented there. This conference and meeting resulted in the formation of the International Working Men's Association. Committees and sub-committees were elected to draw up a declaration of principles and outline the constitution. One of Mazzini's followers and a Frenchman submitted schemes which were handed over to Marx to be elaborated by him. He consigned them to the waste-paper basket and wrote the "Inaugural Address," giving a history of the English workers since the year 1825, and deducing the necessary conclusions. The declaration of principles is entirely the work of Marx, and it is by no means a subtly and diplomatically conceived composition designed to please English and French working men; it consists essentially of Marxian ideas expressed in terms, however, which would appeal to English working men

of that time. “It was difficult,” writes Marx to Engels — (“Correspondence,” Vol. III., p. 191)— “so to arrange matters that our view should appear in a form which would prove acceptable to the working-class movement with its present outlook.... It needs time before the reanimated movement will allow of the old boldness of speech. One must go *fortiter in re, suaviter in modo* (firmly maintaining essential principles with a pleasant manner).”

The Inaugural Address sums up the history of the English working class from 1825 to 1864, and shows that from its struggles, as indeed from modern social history in general, the following lessons may be learnt by the proletariat: independent economic and political action by the working class; the turning to account of reforms forced out of the ruling classes by the proletariat; international co-operation of workers in the Socialist revolution and against secret, militarist diplomacy.

Marx devoted a great deal of his time during the years 1865 to 1871 to the International. Its progress awoke in him the greatest hopes. In 1867 he writes to Engels: “Things are moving. And in the next revolution, which is perhaps nearer than it seems, we (i.e., you and I) have this powerful machinery *in our hands*.” — (“Correspondence of Marx and Engels,” Vol. III., p. 406.)

The International passed through three phases: from 1865 to 1867 the followers of Proudhon held sway; from 1868 to 1870 Marxism was in the ascendant; from 1871 to its collapse it was dominated and ultimately broken up by the Bakunists. The followers of Proudhon, like those of Bakunin, were against political action and in favour of the federative economic form of social organisation, only the Bakunists were also Communists, whereas the followers of Proudhon had an antipathy to Communism. Both groups were in agreement with Marx only on the one point — that he made economics the basis of the working-class movement. Both groups, however, accused him of being dictatorial, of attempting to concentrate the whole power of the International in his own hands. Besides insurmountable theoretical differences, racial and national prejudices crept into the International as disintegrating factors. The Romance and Russian Anarchists looked upon Marx as a pan-German, and conversely, some Marxians considered Bakunin a pan-Slav. Even as late as 1914, in the first months of the war, Professor James Guillaume, the last of the Bakunists, wrote a pamphlet entitled “Karl Marx, Pangermaniste” (Paris).

Michael Bakunin (b. 1814, near Twer, in Russia; d. 1876, in Berne) lived and studied in Germany during the forties. In 1848 and 1849 he took part in the revolution, was arrested, then handed over to Russia and banished to Siberia, whence he escaped in 1856, afterwards living in various countries of Western Europe. He was an indifferent theorist, and contributed little to the enrichment of philosophical Anarchism, but he distinguished himself by his immense revolutionary activity and his capacity for sacrifice. The influence which he exercised sprang from his character. He had been acquainted with the Young Hegelians as well as with Marx, Engels, and Wilhelm Wolff since the beginning of the forties. Until the end of 1868 he acknowledged Marx as his intellectual leader, as is evident from the following letter which he addressed to Marx:

“123, Montbrillant, Geneva,  
“December 22, 1868.

“Serno has shown me the portion of your letter which concerns me. You ask him whether I am still your friend. Yes, more than ever, my dear Marx, for now I understand better than ever how truly right you are when you advance along the high road of economic revolution and invite us to follow, and when you set those below us who stray into the side-tracks either of national or exclusively political enterprises. I am now doing the same thing that you have been doing for more than twenty years. Since my solemn public leave-taking from the bourgeois of the Berne Congress, I no longer know any other society, any other milieu, than the world of the workers. Henceforth my country is the ‘International,’ of which you are one of the most illustrious founders. You see, my dear friend, that I am your disciple — and I am proud of it. That will be enough to make clear my attitude and my feelings toward you.” — (“Neue Zeit,” 19th year, Vol. I., p. 6.)

Nevertheless, this discipleship did not hinder Bakunin from secretly forming a separate organisation which contributed to the break-up of the International. Moreover, the International was only a kind of school for Socialist officers who had yet to create their armies, but it proved even more successful than Marx himself could have expected. The fundamental principles of Marxism ousted every other social revolutionary system which had made itself prominent within the working-class movement.

## VI. The Paris Commune.

On September 1, 1870, a part of the French Army was defeated near Sedan and compelled to capitulate on the following day. Among the prisoners was Louis Bonaparte, the French Emperor. The Empire fell on September 4, and France was proclaimed a Republic. On September 6 Marx wrote to Engels: “The French section of the International travelled from London to Paris in order to do foolish things in the name of the International. They want to overthrow the Provisional Government and set up a *Commune de Paris*.” — (“Correspondence,” Vol. IV., p. 330).

Although the Provisional Government of the newly-baked French Republic was in no wise made up of friends of the democracy, Marx and Engels expressed themselves *against* any revolutionary action by the Paris working class. In the second Address (or declaration) of the General Council of the International, written on September 9, and composed by Marx, the question is discussed as follows:

“Thus the French working class finds itself placed in extremely difficult circumstances. Any attempt to overthrow the new Government, when the enemy is already knocking at the gates of Paris, would be a hopeless piece of folly. The French workers must do their duty as citizens; but they must not let themselves be overcome by the national reminiscences of 1792.... They have not to repeat the past but to build the future. Let them quietly and with determination make the most of the republican freedom granted to them, in order to carry out thoroughly the organisation of their own class. That will give them new, Herculean strength for the rebirth of France and for our common task — the emancipation of the proletariat.” — (“Civil War in France,” Second Address.)

Marx then urged the French workers not to do anything foolish, not to set up a revolutionary Commune of Paris, but to make use of their republican liberties to create proletarian organisations and to save and discipline their forces for future tasks. Circumstances, however, proved much stronger than any words of wisdom. Goaded by the anti-democratic moves of the Government supporters, deeply humiliated by the defeats of the French army, burning with patriotism and whipped up into fury against the “capitulards,” the Paris working men cast Marx’s words to the winds

and rose in revolution on March 18, 1871, proclaiming the Paris Commune. Paris was to be the capital of a Socialist Republic. In seven weeks the Paris Revolution was overthrown — and “Vae victis!” (Woe to the vanquished!) Marx afterwards wrote the pamphlet on “The Civil War in France, 1871,” which is one of the most mature of his writings. He did not cut himself entirely adrift from the revolutionaries — the Bolsheviks of that time — but defended them with unsurpassable energy. It is the swan song of Marx and of the first International.

## VII. The Evening of Life.

During the last twelve years of his life Marx had to fight almost uninterruptedly against various bodily ailments, all of which had their origin in his chronic liver complaint and over-exertion. His work, for which he had sacrificed, as he wrote to an American friend, “health, happiness and family,” remained unfinished. He devoted his enforced leisure to making a study of American agriculture and of rural conditions in Russia, for which purpose he learnt Russian; he likewise occupied himself with studies of the Stock Exchange, banking, geology, physiology, and higher mathematics. In 1875 he wrote his “Criticism of the Gotha Program” — (“Neue Zeit,” 9th year, Vol. I., No. 18) — which contains some very important data as to Marx’s attitude to the State, to the revolutionary period of transition from Capitalism to Socialism, and lastly to Socialist society itself.

He went to Karlsbad for the purpose of recovering his health. In 1877 and 1878 he was in some measure capable of carrying on his work, and set about arranging his manuscripts and getting the second volume of “Capital” ready for the press; it soon appeared, however, that his capacity for work had gone. The decline in body and mind could no longer be checked; even visits to French and Algerian watering-places proved ineffective. It was just at this time that Marx began to find recognition both in France and in England: Jules Guesde, Henry M. Hyndman, Belfort Bax set about spreading Marxian doctrines, and Marxian and anti-Marxian parties were formed. But the man to whom this recognition had come was already a ruin. Bronchial catarrh, inflammation of the lungs, spasmodic asthma, together with the loss of his wife on December 2, 1881, and of his eldest daughter (Mme. Longuet) in January, 1883, gave the finishing stroke to his enfeebled

body. On March 14, 1883, Marx breathed his last. Engels gives an account of the last moments in a letter to his American friend Sorge, dated March 15, 1883:

“Yesterday, at half-past two in the afternoon, the best time for visiting him, I went down to see him; everybody was in tears; it looked as if the end had come. I made inquiries, trying to get at the truth of the matter and to offer consolation. There had been a slight hæmorrhage, but a sudden collapse had supervened. Our good old Lena, who had tended him better than any mother does her child, went up, came down. He was half asleep, she said; I could go up. As we went in, he lay there, sleeping, never to wake again. Pulse and breathing had ceased. In those two minutes he had gone painlessly and peacefully to sleep.... Mankind is less by a head, and indeed by the most important head it had to-day. The working-class movement will pursue its course, but its central point, to which French, Russians, Americans, and Germans turned of their own accord in decisive moments, always to receive that clear, unambiguous counsel which genius and perfect mastery alone can give — is gone.”

On Saturday, March 17, he was buried in the Highgate Cemetery, London. Among those who spoke at the graveside were Friedrich Engels and Wilhelm Liebknecht. The former gave a brief account of his revolutionary struggles, in which he said:

“Just as Darwin discovered the law of the evolution of organic nature, so Marx discovered the evolutionary law of human history — the simple fact, hitherto hidden under ideological overgrowths, that above all things men must eat, drink, dress, and find shelter before they can give themselves to politics, science, art, religion, or anything else, and that therefore the production of the material necessities of life and the corresponding stage of economic evolution of a people or a period provides the foundation upon which the national institutions, legal systems, art, and even religious ideas of the people in question have been built, and upon which, therefore, their explanation must be based, a procedure the reverse of that which has hitherto been adopted. Marx discovered also the special law of motion for the modern capitalist mode of production and for the middle-class society which it begets. With the discovery of surplus value light was at once thrown upon a subject, all the earlier investigations of which, whether by middle-class economists or by Socialist critics, had been gropings in the dark....”

After him spoke Liebknecht, who had hastened from Germany to pay a last tribute to his friend and master:

“The dead one, whose loss we mourn, was great in his love and in his hate. His hate sprang from his love. He had a great heart, as he had a great intellect. He has raised social democracy from a sect, from a school, to a party, which now already fights unconquered, and in the end will win the victory.”

Engels, who outlived him by twelve years, edited the two last volumes of “Capital,” while Karl Kautsky, the disciple and successor of Engels and the real disseminator of Marxian doctrines, edited the three volumes of Marx’s historical studies on surplus value. The latter work is not far short of being a great history of political economy.

#### ENDNOTES.

<sup>6</sup> By democratic parties were then understood working-class political movements, such as Chartism, etc.

## IV. THE MARXIAN SYSTEM.

### I. The Materialist Conception of History.

As a guide to his studies from 1843-4 onwards, Marx used the conception of history, or method of investigation, which — in contradistinction to the idealist conception of history of Hegel — was named materialistic. As its nature is dialectic — as it seeks to conceive in thought the evolving antagonisms of the social process — it is, like Hegel's dialectic, a conception of history and a method of investigation at the same time. Nowhere did Marx work out his method of investigation in a special and comprehensive form; the elements of it are scattered throughout his writings, particularly in the Communist Manifesto and in the "Poverty of Philosophy," and serve the purpose of polemics or demonstration. Only in the preface to his book, "On the Critique of Political Economy" (1859) did he devote two pages to a sketch of his conception of history, but in phraseology which is not always clear, sequential, or free from objection. It was the intention of Marx to write a work on Logic, where he would certainly have formulated clearly his materialistic dialectic. As, however, his fundamental ideas on this subject are available, we are able to extract the essentials of his position.

A glance over human history suffices to teach us that from age to age man has held to be true or false various opinions on rights, customs, religion, the State, philosophy, land-holding, trade, industry, etc., that he has had various economic arrangements, and forms of the State and of society, and that he has gone through an endless series of struggles and wars and migrations. How has this complicated variety of human thought and action come about? Marx raises that question, which, so far as he is concerned, does not aim in the first place at the discovery of the origin of thought, of rights, of religion, of society, of trade, etc.; these he takes to be historically given. He is rather concerned to find out the causes, the impulses, or the springs which produce the changes and revolutions of the essentials and forms of the mental and social phenomena, or which create the tendencies thereto. In a sentence: What interested Marx here was not the *origin*, but the development and change of things — he is searching for the dynamic law of history.

Marx answered: The prime motive power of human society, which is responsible for the changes of human consciousness and thought, or which causes the various social institutions and conflicts to arise, does not originate, in the first place, from thought, from the Idea, from the world-reason or the world-spirit, but from the material conditions of life. The basis of human history is therefore material. The material conditions of life — that is, the manner in which men as social beings, with the aid of environing nature, and of their own in-dwelling physical and intellectual qualities, shape their material life, provide for their sustenance, and produce, distribute and exchange the necessary goods for the satisfaction of their needs.

Of all categories of material conditions of existence, the most important is production of the necessary means of life. And this is determined by the nature of the productive forces. These are of two kinds: inanimate and personal. The inanimate productive forces are: soil, water, climate, raw materials, tools and machines. The personal productive forces are: the labourers, the inventors, discoverers, engineers, and finally, the qualities of the race — the inherited capacities of specific groups of men, which facilitate work.

The foremost place among the productive forces belongs to the manual and mental labourers; they are the real creators of exchange-value in capitalist society. The next place of importance is taken by modern technology, which is an eminently revolutionising force in society. — (“Capital” (German), Vol. I., Chapters 1, 12, 13 and 14, “Poverty of Philosophy” (German edition, 1885, pp. 100-101.))

So much for the conception “Productive Forces,” which plays an important part with Marx. We come now to the other equally important notion, “Conditions of production.” By this phrase Marx understands the legal and State forms, ordinances and laws, as well as the grouping of social classes and sections: thus, the social conditions which regulate property and determine the reciprocal human relations in which production is carried on. The conditions of production are the work of men in society. Just as men produce various material goods out of the materials and forces made available to them by Nature, so they create out of the reactions of the productive forces upon the mind definite social, political, and legal institutions, as well as systems of religion, morals, and philosophy.

“Men make their own history, but do not so spontaneously in conditions chosen by them, but on the contrary, in conditions which they have found ready to hand transmitted and given.” — (Marx, “The Eighteenth Brumaire,” I.)

That is to say, under the influence of productive work and its needs, men build their form of society, their State, their religion, their philosophy and science. The material production is the substructure or the groundwork, while the corresponding political, religious, and philosophical systems are the superstructure. And in such a manner that the superstructure corresponds to the foundation, lends it strength, and promotes its development.

The foundation is material, and the superstructure is the psychical reflex and effect.

In broad outlines this conception may be illustrated somewhat as follows:

Primitive human groups lived under Communism and were organised according to blood relationship. Their deities have the characteristics of their natural environment, and reflect the physical effects of this environment upon the primitive mental life of the “savage”; their religion, their morality, and their laws promote the communal life and the tribal discipline. Feudal society is based on the possession of land by the nobles and on the industrial labour of the corporations of the towns. The inherited religious ideas are soon transformed in accordance with the dominant interests of these historical periods (primitive Christianity became a State religion); all religious, ethical, and philosophical ideas antagonistic to these interests were fought and persecuted. The middle-class society, which is based on personal property, is endeavouring to sweep away all vestiges of communal and corporation rights, to set free the individual, to mobilise labour and property, to abolish Feudalism and the old Church and monasterial institutions, and to put in their place the individual relation between man and God, or the personal conscience (the Reformation), introducing individual rights as well; it struggles against the independent sovereignty of the feudal domains, and labours for a united national territory, which will afford greater scope to trade and commerce; it supports Absolutism, so long as the latter is in conflict with the feudal lords; and when, afterwards, Absolutism is a hindrance to the development of middle-class society, this also is fought and a constitutional monarchy or a republic

demanded. And all this takes place not because certain human intelligences, by reason of more intense thought, or enlightenment, or the call of a supernatural power, are primarily at work, but as a consequence of the influence of the material basis, of the economic foundation of society, upon the mind, which translates and transforms these external realities into religious, juridical, and philosophic conceptions:

“It is not the consciousness of men which determines their existence, but, on the contrary, their social existence determines their consciousness.” — (Marx, Preface to “Critique of Political Economy.”)

Man, even the most heroic, is not the sovereign maker and law-giver of social life, but its executive; he only follows out the tendencies and currents set up by the material foundation of society. Nevertheless, a great deal depends upon the executive officials. If they possess comprehensive knowledge, energetic natures, and outstanding capacities, they are able, within the boundaries drawn for them, to accomplish great things, and to accelerate the development.

“Up to the present the philosophers have but interpreted the world; it is, however, necessary to change it.” — (Marx, “Theses to Feuerbach.”)

We have referred in various places to interests. We are not to understand by this personal, but general social or class interests. Marx is not of the opinion that everybody acts in accordance with his personal welfare. This is not Marxian doctrine, but that of the middle-class moral philosophers, like Helvetius (1715-1771) and Jeremy Bentham (1748-1832), who regarded pleasure and pain of the individual as the measure and motive of his actions and conduct. Marx is rather of the opinion that men often, in the most important events of their lives, act contrary to their personal interests, as in their feelings and thoughts they identify themselves with that which they hold to be the interests of the community or of their class. According to Marx, individual interest generally plays a slight part in history. He is preoccupied with the collective interest of social production. Only the latter does he hold to be determining in the formation of the intellectual superstructure.

Up till now we have only spoken of various forms of production and society, and their corresponding mental systems. But we do not yet know why and how one form of production and society becomes obsolete and gives place to another, that is, how and why revolutionary changes are

brought about. Or in other words: we have hitherto considered the statics of society; we will now look at its dynamics.

The revolutionary changes in society depend on two groups of phenomena, which, although casually connected with each other, yet work differently. One of these groups of phenomena is technical, and consists in changes in the productive forces. The other group, which is the effect of the first, is of a personal nature, and consists in struggles between the social classes. Let us consider the first group of causes.

As the productive forces expand, through greater skill on the part of the worker, through discoveries of new raw material and markets, through the invention of new labour processes, tools and machines, and through the better organisation of trade and exchange, so that the material basis or the economic foundation of society is altered, then the old conditions of production cease to promote the interests of production. For the conditions of production: the former social classes, the former laws, State institutions, and intellectual systems were adapted to a state of the productive forces which is either in process of disappearing, or no longer exists. The social and intellectual superstructure no longer corresponds to the economic foundation. The productive forces and the conditions of production come into conflict with each other.

This conflict between the new reality and the old form, this conflict between new causes and the obsolete effects of bygone causes, begins gradually to influence the thoughts of men. Men commence to feel that they are confronted with a new external world, and that a new era has been opened.

Social divisions acquire a new significance: classes and sections which were formerly despised gain in social and economic power; classes which were formerly honoured decline. While this transformation of the social foundation is proceeding, the old religious, legal, philosophical, and political systems cling to their inherited positions, and insist on remaining, although they are obsolete and can no longer satisfy mental needs. For human thought is conservative: it follows external events slowly, just as our eye perceives the sun at a point which the sun has in reality already passed, as the rays require several minutes of time in order to strike our optic nerves. We may recall Hegel's fine metaphor: "The Owl of Minerva begins its flight only when twilight gathers." However late, it does begin. Great thinkers gradually arise, who explain the new situation, and create new

ideas and trains of thought which correspond to the new situation. The human consciousness gives birth to anxious doubts and questionings, and then new truths; leading to differences of opinion, disputes, strifes, schisms, class struggles, and revolutions.

In the next chapter we will consider more closely the class struggle between Labour and Capital. Meanwhile, we will look at the class struggle generally.

In primitive societies, where private property is yet unknown, or still undeveloped, there are no class distinctions, no class domination, and no class antagonisms. The chief, the medicine man, and the judge regulate or supervise the observance of the customary usages, religious ceremonies, and social arrangements. But as soon as the old order is dissolved, and private property develops, in consequence of trade with other peoples or through wars, there arise classes of those who possess and those who do not. The possessing class carries on the Government, makes laws, and creates institutions, which chiefly serve the end of protecting the interests of the possessing and ruling classes. The intellectual structure of the class society likewise corresponds to the interests of those who possess and rule. So long as these interests promote the common good in some measure, so long as the old forms of production and the old conditions of production are largely in harmony with each other, a certain truce prevails between the classes. But should there set in the above-mentioned opposition between the productive forces and the conditions of production, the latter will cease to satisfy the oppressed classes, and class conflicts will arise, which will either result in legal compromises (reforms) or will end in the overthrow of the society concerned, or will lead to a new set of conditions. Ancient history (Hebrew, Greek, Roman) is full of these social struggles; all the great reform laws of these peoples were attempts to establish social peace, but the rich and the poor, the Patricians and the Plebeians, the Slaves and Freemen, continued their struggles until the downfall of the old world, which has bequeathed to us great intellectual treasures as the fruit of these struggles. In the Middle Ages social struggles between the feudal lords and the traders, between nobles and peasants, were kindled. In more recent times the middle classes fought Autocracy and Squirearchy, and at length the proletariat was pitted against the bourgeoisie — class struggles which led to rebellions and revolutions, and powerfully influenced the intellectual life.

From these historical antagonisms and struggles arose the intellectual and political antagonisms, personified by the leaders of the social groups and classes, of which world-history relates: opposing religious and philosophical systems: Brahma and Buddha, Baal and Jahveh, National God and Universal God, Heathendom and Christendom, Catholicism and Protestantism, Materialism and Idealism, Realism and Nominalism. However abstract or metaphysical, however remote from actual life and material production they may appear to be, nevertheless, in the last resort they are to be traced back through many intermediate stages to changes in the economic foundation of the society in question, to the contradiction between this foundation and the conditions of production, as well as to the great struggles between conflicting interests which spring therefrom. The ethical, political, and politico-economic systems which strive with each other for mastery, as well as national and world wars, are separated from the real basis of society by a progressively smaller number of intermediate stages: the questions of idealist or utilitarian ethics, monarchy or republic, oligarchy or democracy, protection or free trade, State regulation or free scope for the economic forces, Socialism or private enterprise, etc., however lofty and humanitarian may be the arguments and ideal motives which their champions may adduce, are connected with the material foundation and the conditions of production which have come into conflict with it.

Marx and Engels have set forth this conception in the Communist Manifesto, in popular form, as follows:

“Does it require deep intuition to comprehend that man’s ideas, views, and conceptions, in one word, man’s consciousness, changes with every change in the conditions of his material existence, in his social relations and in his social life?

“What else does the history of ideas prove than that intellectual production changes in character in proportion as material production is changed. The ruling ideas of each age have ever been the ideas of its ruling class.

“When people speak of ideas that revolutionise society they do but express the fact that within the old society the elements of a new one have been created, and that the dissolution of the old ideas keeps even pace with the dissolution of the old conditions of existence.

“When the ancient world was in its last throes the ancient religions were overcome by Christianity. When Christian ideas succumbed in the eighteenth century to rationalist ideas, feudal society fought its death-battle with the then revolutionary bourgeoisie. The ideas of religious liberty and freedom of conscience merely gave expression to the sway of free competition within the domain of knowledge.”

Now one step farther. When the conditions of production, the social divisions into classes, and the laws of property become fetters to the productive forces, when the conflict of interests condense themselves into class struggles, then comes a period of social revolution.

“With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed. In considering such transformations the distinction should always be made between the material transformation of the economic conditions of production which can be determined with the precision of natural science, and the legal, political, religious, æsthetic, or philosophic — in short, ideological forms in which men become conscious of this conflict and fight it out. Just as our opinion of an individual is not based on what he thinks of himself, so we are not able to judge of such a period of transformation by its own consciousness; on the contrary, this consciousness must rather be explained from the contradictions of material life, from the existing conflict between the social forces of production and the conditions of production.” — (Preface to “Critique of Political Economy.”)

The revolutionary period only closes when the social order that had become full of contradictions liberates the productive forces and strikes off their fetters, and creates new conditions of production which correspond to them. The old society, which is doomed to disappear, evolves the new conditions of existence before it sinks into oblivion. The men who assist the progress of the new society accordingly occupy themselves with problems which they are able to solve, as the means thereto are given in the material development. Such problems are set before them because, regarded from the theoretical standpoint, they are the mental reflex of the contradictions and revolutionary tendencies within society.

Accordingly, the essence of the historical development of human society has been so far the progressive dialectical unfolding and perfection of the productive forces.

“In broad outlines,” says Marx, “we can designate the Asiatic, the ancient, the feudal, and the modern bourgeois methods of production, as so many epochs in the progress of the economic formation of society. The bourgeois relations of production are the last antagonistic form of the social process of production — antagonistic not in the sense of individual antagonism, but of one arising from conditions surrounding the life of individuals in society; at the same time the productive forces developing in the womb of bourgeois society create the material conditions for the solution of that antagonism. This social formation constitutes, therefore, the closing chapter of the prehistoric stage of human society.”

Prehistoric stage of human society! What significant words! The capitalist economic order is the last phase of this stage, which is written in streams of blood and tears of the dispossessed and exploited, and to which is given the task of developing the productive forces and liberating men from the material fetters, so that they may enter into a life of mental culture. The materialist conception of history, unethical and unidealist like all natural science, opens up wide and elevating prospects. During thousands of years man struggled on the physical plane to obtain release from the animal kingdom, and was subjected to the discipline of unfeeling nature. After he had emerged from the animal kingdom, man laboured for thousands of years to lay the foundation of human society, a process which was performed under the hunger whip of stern taskmasters, and which powerfully stimulated the intellectual capacities of men, but only disclosed the ideal of justice and humanity as a remote and inaccessible star.

The materialist conception of history has shown itself to be a fruitful method of historical investigation. Some aspects of this idea were uttered both before and during Marx’s lifetime. The revolution in the positions of classes and the struggles which followed hard on the English industrial revolution (1760-1825), and everywhere attended the transition from an agrarian to an industrial State, were too palpable to be overlooked. It was Marx who fused these ideas, with the aid of the Hegelian dialectics made of them a method of investigation, and pressed them into the service of Socialism and historical research.

## II. Classes, Class Struggles, and Class-Consciousness.

One of the most important contributions of Marx to the understanding of historical processes is his conception of social classes and of class struggles. Although, prior to Marx, there were historians and politicians who pointed out the part played by social classes in politics and in social convulsions, it was Marx who first grasped this conception in its entire scope and significance, giving it precise form, and making it an essential part of political and social thought. He refers to the subject in the Communist Manifesto in the following terms:

“The Socialist and Communist systems properly so called, those of St. Simon, Fourier, Owen, and others, spring into existence in the early undeveloped period of the struggle between proletariat and bourgeoisie. The founders of these systems see, indeed, the class antagonisms, as well as the action of the decomposing elements in the prevailing form of society. But the proletariat, as yet in its infancy, offers to them the spectacle of a class without any historical initiative or any independent political movement.”

The classification of the various groups of society, or the division of human society into classes, is as logical a process, that is, a result attained by the operations of reason, as the division of animals, plants, and minerals into various classes. A specific group of social beings, which bear the stamp of common characteristics, is put in a certain class by social science. This classification cannot be made by purely empirical methods of immediate sensuous perceptions. It cannot be determined from the appearance of modern men, whether they are capitalists or workers. We must look for certain scientifically established features which determine the social classification of men. As we have just seen, Marx held economic facts to be fundamental, and he contended that the economic characteristics were valid for purposes of classification. In his view, the manner in which a specific human group obtained its sustenance was the chief characteristic. Men whose chief means of life are wages form the working class. Men whose most important source of livelihood is the ownership of capital (land, buildings, workshops, and raw material) form the capitalist class. It is of little moment that a worker owns a savings-bankbook, and draws interest or dividends from a co-operative society, or that a capitalist personally supervises his undertaking, or organises his business, so that his profits partly consist in wages of superintendence or salary. The outstanding feature is that the chief interest of the worker is concentrated on wages, whilst that of the capitalist is directed on property. It goes without saying

that the social classes are not completely homogeneous. Like botanical and zoological classes, they may be divided into kinds and species; the working classes include well-paid hand and brain workers, as well as sweated sections; but all the subdivisions of the social classes possess the common outstanding quality of the same source of livelihood, which is either personal labour or the possession of capital. One class disposes only of labour-power, while the other class owns the means of production.

Between these two classes, says Marx, there are deep-seated, unbridgeable antagonisms, which lead to a class struggle. The antagonisms are primarily of an economic nature. The wage-earners, as the owners of labour power, are constrained to sell this as dear as possible, i.e., to obtain the highest possible wages, whereas the owners of capital endeavour to buy such labour-power as cheap as possible, i.e., to pay the least possible wages. This antagonism is indeed fundamental, but, at first sight, does not touch the intellectual sphere very deeply. On the surface, this antagonism is only one as between buyer and seller, but in reality the distinction is very great, as the seller of labour-power will quickly starve if he does not market his commodity. The owner of the means of production is therefore in a position to cause the seller of labour-power to starve, if the latter does not accept the conditions which the capitalist imposes. Ownership of capital reveals itself as a power that can oppress the owner of labour-power.

This antagonism leads to the formation of Trade Unions. It is also the prime cause of the class struggle, but mere trade unionism is but its incipient stage. It develops into a class struggle when the workers recognise that their condition of subjection is not a temporary state, but the result of the economic system of private capitalism, that the subjection will last so long as this economic system exists, and that the latter could be replaced by an economic order in which the means of production belong to all the members of society. The wage-workers only participate in the class struggle when they learn to think in a Socialist sense, when hostility to the existing social order develops out of the sporadic and unrelated wage struggle and actions of Trade Unions, and when the proletariat, as an organised class, turns from the preoccupations of the present to the tasks of the future, and strives to change the basis of society from private property to common property. The workers then become aware that there can be neither freedom nor equality for them in the existing society, and that their emancipation can only be attained through Socialism. The class struggle may, however, stop

short at the recognition of these facts. The dialectical movement will be incomplete if the working class does not take its fate into its own hands, and is not convinced that it has the power to achieve its own emancipation, and therefore contents itself with small social reforms, or relies on noble-minded and benevolent men and heroic redeemers. This was actually the case in the beginnings of the Socialist movement, when the workers saw in Socialism the only way out, but were still too weak to take their fate into their own hands. This was the period which Marx called Utopian, when outstanding personalities spread Socialist ideas, and made Socialist plans and experiments to free the labouring masses. As these personalities knew the impotence of the masses, they turned to philanthropists and humane rulers, and sought to convince them that reason, justice, and the general welfare demanded that Socialism should be introduced, and poverty, misery, and their consequences abolished. This period of Utopian Socialism gave way before the further development of industry, the progress of machine technique, the centralisation and concentration of the means of production and exchange, which brought with it an increase in the number, strength, organisation, and class-consciousness of the working classes. It is the centralisation of the means of production and exchange, in particular, which renders it possible for the working class, by paralysing industry and power stations, to cause the whole of society to feel that living labour-power forms the soul of the economic life.

At the same time Socialist investigators appear, who not only show the reasonableness and justice of Socialism, but exhibit the proof that the new economic order of Socialism is being prepared in the womb of Capitalism, and that therefore the aspirations of the worker are in harmony with the course of social development.

In this wise, a science and an aspiring Socialist movement founded upon reality develops from Utopian Socialism, and, conscious of class, of power, and of aim, enters upon the decisive struggle with the capitalist economic order. The class struggle acts as a lever of social revolution.

The original antagonism of the worker and capitalist over wages and hours of labour becomes an impassionate struggle of two classes over the question of the maintenance or transformation of the social and economic system — one of which classes fights for the existing order of private property and the other for the coming Socialistic system. Great social class struggles inevitably become political struggles. The immediate object of the

struggle is the possession of the power of the State, with the aid of which the capitalist class endeavours to maintain its position, whilst the working class aims at the conquest of the power of the State in order to accomplish its larger objects.

The following chapter will show the direction taken by the Labour movement. Here we will but briefly refer to the profound influence of Marx's doctrine of the class struggle as exercised in political thought. Prior to Marx, political thought and the struggles of political parties seemed to revolve around ideas and great personalities. Ideology and hero-worship were prevalent. Now, political thought, consciously or unconsciously, proceeds along class and economic lines. This is equally true of historical investigations. These new political and historical orientations are largely the result of Marx's life-work.

Rigidly conceived and applied, the Marxian doctrine of the class-struggle may lead to ultra-revolutionary tactics of the Socialist and Labour movement, to the system of Workers' Councils, and Proletarian Dictatorship. If the emerging class and its struggle constitutes the lever of social revolution and the impulse of the dialectical social process, the Dictatorship of the Proletariat is justified, and in any case, democracy, which includes both the capitalist and working class, cannot be the State form during the transition period from private property to Socialism. Considered from the economic standpoint, political democracy is generally impossible, or only sham democracy so long as economic inequality exists. The Communist Manifesto does not contain a single political democratic reform. The conclusion can be drawn from Marx's idea, as a whole, that in his estimation, the class stood higher than so-called democracy. This is one of the sources of Bolshevism.

### III. The Role of the Labour Movement and the Proletarian Dictatorship.

The Labour Party is the political expression of the whole Trade Union movement so far as the latter formulates national demands, directed towards the State and society generally. The Labour Party will function the more effectively, and be able to accomplish its allotted task, as its foundation — the Trade Union movement — becomes established and strengthened, and the more comprehensive will be its effects. The Trade Unions are not

merely to be satisfied with the work of the present, but are to become the focus and centre of gravity of the proletarian aspirations which arise out of the social transformation process, and are to work for the abolition of Capitalism. The most effective lever for the achievement of this object is the conquest of political power. With its aid the proletariat can consciously carry out the transformation of a Capitalist into a Communist society. To this transformation, there also corresponds a political transition period, the state of which can be nothing else than a revolutionary Dictatorship of the Proletariat. — (Marx, Letter to the German Social Democracy, 1875, on their Gotha Programme.)

Marx considered himself to be the real author of the idea of the Dictatorship of the Proletariat. In a letter written by him, in 1852, to his American friend, Weydemeyer, he declares:

“As far as I am concerned, I can’t claim to have discovered the existence of classes in modern society or their strife against one another. Middle-class historians long ago described the evolution of the class struggles, and political economists showed the economic physiology of the classes. I have added as a new contribution the following propositions: (1) that the existence of classes is bound up with certain phases of material production; (2) that the class struggle leads necessarily to the Dictatorship of the Proletariat; (3) that this dictatorship is but the transition to the abolition of all classes and to the creation of a society of free and equal.” — (“Neue Zeit,” Vol. XXV., second part, p. 164.)

With the exception of the year 1870, Marx remained true to his doctrine of Proletarian Dictatorship: he thought in 1875 as he did in 1847, when he sketched the groundwork of the Proletarian Dictatorship in the Communist Manifesto:

“The first step in the revolution by the working class is to raise the proletariat to the position of ruling class, to win the battle of democracy.

“The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the State, i.e., of the proletariat organised as the ruling class; and to increase the total of productive forces as rapidly as possible.

“Of course, in the beginning, this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore, which appear economically insufficient and untenable, but which, in the course of the

movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionising the mode of production.”

But suppose that it is not the revolutionary working class which first attains to power in the revolution, but the democracy of the lower middle class and the social reformists. In this case, Marx gives the following advice: “Separate from it, and fight it.” In the address to the League of Communists in 1850 he said:

“It may be taken for granted that in the bloody conflicts that are coming, as in the case of previous ones, the courage, resolution, and sacrifice of the workers will be the chief factor in the attainment of victory. As hitherto, so in this struggle, the mass of the lower middle class will maintain an attitude of delay, irresolution, and inactivity as long as possible, in order that, as soon as victory is assured, to arrogate it to themselves and call on the workers to remain quiet, return to work, avoid so-called excesses, and to exclude the proletariat from the fruits of victory. It is not in the power of the workers to hinder the lower middle classes from doing this, but it is within their power to render their success over the armed proletariat very difficult, to dictate to them such conditions that from the beginning the rule of the middle-class democrats is doomed to failure, and its later substitution by the rule of the proletariat is considerably facilitated.

“The workers must, during the conflict and immediately afterwards, as much as ever possible, oppose the compromises of the middle class, and compel the democrats to execute their present terrorist threats. They must aim at preventing the subsiding of the revolutionary excitement immediately after the victory. On the contrary, they must endeavour to maintain it as long as possible.

“Far from opposing so-called excesses, and making examples of hated individuals or public buildings to which hateful remembrances are attached, by sacrificing them to the popular rage, such examples must not only be tolerated, but their direction must even be taken in hand. During the struggle and after the struggle, the workers must seize every opportunity to present their own demands side by side with those of the middle-class democrats. The workers must demand guarantees as soon as the middle-class democrats propose to take the government in hand. If necessary, these guarantees must be exacted, and the new rulers must be compelled to make every possible promise and concession, which is the surest way to

compromise them. The workers must size up the conditions in a cool and dispassionate fashion, and manifest open distrust of the new Government, in order to quench, as much as possible, the ardour for the new order of things and the elation which follows every successful street fight. Against the new official Government, they must set up a revolutionary workers' government, either in the form of local committees, communal councils, or workers' clubs or workers' committees, so that the democratic middle-class government not only immediately loses its support amongst the working classes, but from the commencement finds itself supervised and threatened by a jurisdiction, behind which stands the entire mass of the working class. In a word: from the first moment of victory the workers must no longer level their distrust against the defeated reactionary party, but direct it against their former allies, who would seek to exploit the common victory for their own ends. The workers must be armed and organised to enable them to threaten energetic opposition to this party, whose treason to the workers will commence in the first hour of victory. The arming of the whole proletariat with rifles and ammunition must be carried out at once, and steps taken to prevent the reviving of the old militia, which would be directed against the workers. But should this not be successful, the workers must endeavour to organise themselves as an independent guard, choosing their own chief and general staff, with orders to support not the State power, but the councils formed by the workers. Where workers are employed in State service, they must arm and organise in a special corps, with a chief chosen by themselves, or form a part of the Proletarian Guard. Under no pretext must they give up their arms and equipment, and any attempt at disarmament must be forcibly resisted. Destruction of the influence of the middle-class democrats over the workers, immediate independent and armed organisation of the workers, and the imposition of the most irksome and compromising conditions possible upon the rule of the bourgeois democracy, which is for the time unavoidable.... We have noted that the Democrats come to power in the next phase of the movement, and how they will be obliged to impose measures of a more or less Socialistic nature. It will be asked what contrary measures should be proposed by the workers. Naturally, in the beginning of the movement the workers cannot propose actual Communist measures, but they can (1) compel the Democrats to attack the old social order from as many sides as possible, disturb its regular course, and compromise themselves, and concentrate in the hands of the

State as much as possible of the productive forces, means of transport, factories, railways, etc. (2) When the Democrats propose measures which are not revolutionary, but merely reformist, the workers must press them to the point of turning such measures into direct attacks on private property; thus, for example, if the small middle class propose to purchase the railways and factories the workers must demand that such railways and factories, being the property of the reactionaries, shall be simply confiscated by the State, without compensation. If the Democrats propose a proportional tax, the workers must demand a progressive tax; if the Democrats themselves declare for a moderate progressive tax, the workers must insist on a tax so steeply graduated as to cause the collapse of large fortunes; if the Democrats demand the regulation of the State debt, the workers must demand State bankruptcy. Thus the demands of the workers must everywhere be directed against the concessions and measures of the Democrats.... Further, the Democrats will either work directly for a Federal Republic, or, at least, if they cannot avoid the Republic one and indivisible, will seek to paralyse it by granting the greatest possible independence to the municipalities and provinces. The workers must set themselves against this plan, not only to secure the one and indivisible German Republic, but to concentrate as much power as possible in the hands of the State. They need not be misled by democratic platitudes about the freedom of the Communes, self-determination, etc. Their battle-cry must be ‘the revolution in permanence.’”

This Address of Marx, written in 1850, appears to be the guide of the Bolsheviks and Spartacists.

The working classes may, however, not expect their immediate emancipation from their political victory.

“In order to work out their own emancipation, and with it that higher form of life which present-day society inevitably opposes, the protracted struggle must pass through a whole series of historical processes, in the course of which men and circumstances alike will be changed. They have no ideal to realise; they have only to set free the elements of the new society, which have already developed in the womb of the collapsing bourgeois society.” — (Marx, “Civil War in France.”)

The means of production will gradually be socialised, production will be placed on a co-operative basis, education will be combined with productive work, in order to transform the members of society into producers. So long

as the transition period lasts the Communist maxim, “From each according to his capacity, to each according to his needs,” cannot become operative. For this period is in every respect — economic, social, and intellectual — still tainted with the marks of the old society, and “rights cannot transcend the economic structure of society, and the cultural development which it determines.” — (Criticism of Gotha Program.) To each will be given according to his deeds.

“Accordingly the individual producer will receive back what he gives to society, after deductions for government, education, and other social charges. He will give society his individual quota of labour. For example: the social working day consists in the sum total of individual working days; the individual labour time of the individual producer is the part of the social working day which he contributes; his share thereof. He will receive from society a certificate that he has performed so much work (after deducting his work for social funds), and with this certificate he will draw from the social provision of articles of consumption as much as a similar quantity of labour costs. The same quantity of labour as he will give to society in one form he will receive back in another.... The right of producers will be proportionate to the work they will perform: the equality will consist in the application of the same measure: labour.”

Because performances will vary in accordance with unequal gifts and degrees of diligence, an unequal distribution will actually take place during the transition period. Only in a fully developed Communistic society, after the distinction between intellectual and physical labour has disappeared, when productive activity has become a first need of life, when the all-round development of the individual and the productive forces has been achieved, and all the springs of co-operative riches flow abundantly; only then can the narrow middle-class idea of rights be improved on, and the Communist principle of equality be put into operation.

Marx, who reasoned on strictly economic lines, and placed the emancipation of the working class as the highest goal, to which all other political and economic movements are subordinated, did not mistake the economic, political, and historical rôle of the nation: this is shown by the Communist Manifesto, where the creation of the national State by the bourgeoisie is indicated. He mocked at the young enthusiasts who thought they could brush aside the nation as an obsolete prejudice, but, in spite of this, he considerably under-estimated the unifying force of national feeling,

considered from a biological and cultural point of view. He divided civilised mankind into antagonistic classes, and assumed that the economic dividing lines would prove to be more effective than national and political boundary lines. He was, therefore, through and through international. Marx demanded that the national Labour Parties should act internationally as soon as there was a possibility of the collapse of the capitalist domination. He reproached the original Gotha program with the fact that “it borrowed from middle-class Leagues of Peace and Freedom the phrase of the international brotherhood of peoples, whereas it was necessary to promote the international combination of the working classes in a common struggle against the ruling classes and their Governments.” Marx had no confidence in the pacifism of the bourgeoisie.

#### IV. Outlines of the Economic Doctrines.

##### 1. *Capital.*

As we already know, Marx became a Socialist in the year 1843. As a believer in dialectics, he knew that Socialism can only be understood by a knowledge of the movement operating in middle-class society and its developing forces. His investigations in 1843-4 led to the result that political economy forms the basis of bourgeois society. Henceforth political economy became the chief department of his studies. His comprehensive studies of French and English economists, especially Sismondi and Ricardo, and the anti-capitalist literature of England of the years 1820-40, which were connected with the Ricardian theory of value, furnished him with a wealth of suggestions and materials for the criticism of political economy, for the source and origin and development and decline of capitalism, written from the standpoint of the working class and the coming Socialistic society. Such a work is “Capital.” It consists of three volumes. Only the first volume (1867) was carried through the press by Marx himself. The other two volumes he only sketched, and they were completed and published by Engels after Marx’s death.

The first volume deals with the origin and tendencies of large industrial capital, with the immediate and simple process of commodity production, so far as it concerns the relations between employer and worker, the exploitation of the proletariat, wages and labour time, and the influence of

modern technique on the condition of the worker. We see in the first volume the effect of the factory system in creating capital. Its chief figure is the producing, suffering, rebellious working class. In the second volume, the employer appears on the market, sells his commodities, and sets the wheels of production again in motion, so that commodities will continue to be produced. In the third volume, the realisation process of the undertakings of the capitalist class, or the movement of capital as a whole is exhibited: cost of production, cost price, total gains and their division into profit, interest and ground rent. The first volume presents the greatest difficulties. The tremendous efforts of the author to produce a masterpiece unnecessarily refined and sublimated and overloaded with learning the doctrines of value and surplus value until they attained the level of a philosophy, an example of Hegelian logic. He played with his subject like an intellectual athlete. That Marx could handle complicated economic questions in a clear, vigorous manner is shown by the third volume, which is written just as it came out of the author's head, and without the apparatus of learning subsequently erected, without the crutches of notes and polemico-philosophical excursions.

To understand "Capital" it is necessary to bear in mind that (1) Marx regarded the scientifically discovered principles as the real inner being of things, practice he regarded as the superficial appearance of things, capable of being apprehended empirically; for example, Value is the theoretical expression, Price the empirical; Surplus Value is the theoretical, and Profit the empirical expression; the appearances apprehended by experience (Price and Profit) deviate indeed from theory, but without the theory they cannot be understood; (2) he looked at the capitalist economic system as being essentially free from external hindrances and disturbances, free from invasions both by the State and the proletariat: the Labour struggles of factory protection laws of which Marx speaks in "Capital" serve rather to perfect the productive forces than to restrict the exploiting proclivities of sovereign capital.

## 2. *Value.*

The life and motion of capitalistic society appears as an infinite net of exchange operations, formed out of numerous entwined meshes.

Through the medium of money, men continually exchange the most varied commodities and services. A ceaseless buying and selling, an

uninterrupted series of exchanges of things, and labour power — this constitutes the essential part of human relations in capitalistic society. An economic map of these relations, graphically displayed, would not be less confusing than an astronomical map which exhibited the manifold and intersected orbits of the heavenly bodies. And yet there must be some rule or law which operates in this seeming medley of movements; for men do not work or exchange their goods by hazard, like savages who give their entire lumps of gold or rough diamonds for a necklace of glass pearls. The English and French economists in the seventeenth, eighteenth, and nineteenth centuries, amongst whom Petty (1623-87), Quesnay (1694-1759), Adam Smith (1723-96), and Ricardo (1772-1823) were the most original, sought for the laws which regulated exchange operations, and their theories were designated by Marx as classical bourgeois economy. Following up their investigations, Marx declared: Every commodity, that is, every thing or good produced under Capitalism and brought to the market possesses a use value and an exchange value.

The use value is the utility of the commodity to satisfy a physical or mental need of its user: a commodity without use value is not exchangeable or saleable. As use values, commodities are materially different from each other; nobody will exchange a ton of wheat for a ton of wheat of the same kind, but he will for clothes.

In what measure will commodities exchange with one another? The measure is the exchange value, and this consists in the trouble and quantity of labour which the production of a commodity costs. Equal quantities of labour are exchanged with each other on the market. As exchange values, as the embodiment of human labour, commodities are essentially equal to each other, only quantitatively are they different, as different categories of commodities embody different quantities of labour. It is obvious that the quantities of labour will not be calculated according to the working methods of the individual producers, but according to the prevailing social working methods.

If, for example, hand-weaver A requires twenty hours for the production of a piece of cloth, which in a modern factory will be produced in five hours, the cloth of the hand-weaver does not therefore possess four-fold exchange value. If hand-weaver A demands of consumer B an equivalent of twenty working hours, B answers that a similar piece of cloth can be produced in five hours, and therefore it only represents an exchange value

of five working hours. Thus, according to Marx, the exchange value of a commodity consists in the quantity of socially necessary labour power which its reproduction would require.

This quantity of labour is no constant factor. New inventions, improvements in labour processes, increase in the productivity of labour, etc., cause a diminution in the quantity of labour necessary for the reproduction of a commodity; its exchange value, or expressed in terms of money, its price, will therefore sink, provided that other things (demand, medium of exchange) remain equal.

Consequently, labour is the source of exchange value, and the latter is the principle which regulates exchange operations. Exchange value even measures the extent of the commodity wealth of society. Wealth may increase in volume, but decrease in value, in so far as a less quantity of socially necessary labour becomes necessary for its reproduction.

The more progressive a country is industrially and the higher the level of its civilisation, the greater is its wealth, and the smaller is the quantity of labour which must be expended on the creation of wealth. In the practical Labour politics of our times, this is expressed in higher wages and shorter working hours.

It was said above that use value is a basic condition for the exchange of the individual commodity. This does not exhaust the rôle of use value. The quantity of use value of which society has need determines the quantity of the exchange values to be created. If more commodities are required than society requires, the superfluous commodities have no exchange value, in spite of the labour that is expended on them. — (“Capital” (German), Vol. III., 1, pp. 175-176.)

The complete realisation of exchange values or the social labour that is performed depends, as is seen, on the adaptation of supply to demand, and is a matter of organisation, of social direction.

We have noticed that the Marxian theory of value is related to that of the classical economists, but they are by no means the same thing. Apart from some improvements and definitions which Marx made, they are distinguished by the following conceptions: In the classical theory of value, the capitalist who directs production and provides with his capital the tools and raw materials of labour, markets the finished commodity, and keeps going the processes of reproduction, appears as the only creator of value: the wage worker is only one of his means of production. In the Marxian

theory of value, on the other hand, the wage worker who transforms the raw materials into commodities, or removes the raw materials to the place of production, appears as the sole creator of value. Value is only created by the worker in production, and in distribution connected therewith.

### 3. *Wages and Labour.*

The worker appears to receive wages for his work. In reality he receives wages as the equivalent for the labour power expended by him, quite in accordance with the law of value, inasmuch as he receives by way of exchange as much means of sustenance as is usual and customary to replace the labour power he has expended, just as the working horse receives as much oats and hay as are necessary to maintain it capable of work.

The capitalist and the worker exchange certain quantities of commodities in proportions determined by economic laws (means of subsistence against a quantity of the commodity, labour power, of equal value, commodity for commodity, exchange value for exchange value).

As, therefore, the wages of labour signify a certain quantity of the means of subsistence, so they increase even if their money form remains unaltered with a fall in the price of the means of life, for the worker is then in the position, with his unaltered wage, to buy a greater quantity of the means of life. In the reverse case, if the prices of the means of life rise, the wages of labour fall, even if their money form remains the same as previously. This law of wages, formulated by Ricardo, was accepted by Marx, but he did not content himself with this acceptance. Ricardo regarded the capitalist world as the only possible and reasonable one, at least at the time when he wrote his "Principles," while Marx from the year 1843 adopted a critical attitude towards it, and sought to negate it. Consequently, he investigated further, and expressed himself somewhat as follows:

The capitalist theoreticians believed that the wages question was disposed of when it was settled by the law of value. We know, however, that every commodity possesses not only an exchange value, but also a use value, and is bought for the sake of the latter. The use value of the commodity labour power is distinguished in a very remarkable way from the use value of all other commodities.

The use or the employment of labour power creates exchange value, and can create much more exchange value than itself possesses.

The employer can make use of labour power so long that it not only creates its own exchange value (the value of the means of subsistence), but double this. To create the value of wages, the worker needs five or six hours daily, but he is obliged to produce for the capitalist during ten or twelve hours. If the worker were independent he would only produce during one half of the working day in order to receive his means of subsistence. This period of producing Marx called “necessary labour.” As he is dependent on the capitalist, the worker must not only perform “necessary labour” but also surplus labour: the worker can generally only find employment under the conditions that, besides the time needed for himself, he also works a definite number of hours for the capitalist without payment. Or, as Marx says: “The fact that half a day’s labour is necessary to keep the labourer alive during the 24 hours, does not in any way prevent him from working the whole day. Therefore, the value of labour power and the value which labour creates in the labour process are two entirely different magnitudes. And this difference in the two values was what the capitalist had in view when he was purchasing labour power. The circumstance that on the one hand the daily sustenance of labour power costs only half a day’s labour, while on the other hand the very same labour power can work during a whole day; that consequently the value which its use during one day creates is double what he pays for that use, this circumstance is, without doubt, a piece of good luck for the buyer, but by no means an injury to the seller.”

“No injury to the seller,” which is quite correct from the standpoint of Ricardo, but not from that of Marx. He often calls surplus value “unpaid labour,” and says, for example, “the capitalist appropriates one half of every day’s labour without payment.” In other words, he takes away something without return. This is a very distinct ethical judgment.

On the other hand, it is very important that in our consideration of the wages question we have come up against the Marxian doctrine of surplus value. For this doctrine is the cornerstone of the whole economic system of Marx.

#### *4. Surplus Value.*

We have already noted that Marx followed the classical economics in his treatment of the theory of value, but improved the definition of it, and brought it to bear on wages. In doing this he laid stress on the conflict between Capital and Labour.

The beginning of this dialectical process, so far as England was concerned, was the work of the anti-capitalistic critics, who uttered their protest about 1820, or three years after the appearance of Ricardo's work. They declared, according to Ricardo, labour is the source and the measure of value. And yet according to his opinion labour is nothing and capital everything.

This should be reversed: labour must be all, and capital nothing. This literature was contemporaneous with the emergence of the English revolutionary Labour movement, from which Chartism arose at a later date. Piercy Ravenstone (1821) called capital a metaphysical (airy, impalpable) entity. Hodgskin (1827) called it a fetish, whereas they described labour as the economic reality. The expressions surplus-product and surplus-value were already known to this anti-capitalist school, with which Marx also connected himself when he set to work to elaborate his criticism of political economy.<sup>7</sup> But this literature supplied him with much less material for the construction of the theory of surplus value than the formulation of the theory of value of the classical economy. Besides, while the English anti-capitalist critics, like Ravenstone, Gray, Hodgskin, and J.F. Bray merely condemned surplus value as immoral and as the source of all social wrongs, Marx used the theory of surplus value as the key to unlock the mechanism of the capitalist system and to reveal its workings, its tendencies, and its final destiny. This appears to be the real difference between the English anti-capitalist critics and Marx. In this matter he was obliged to perform most of the work himself. The question he put was no longer "What is the substance of wealth and how is it measured?" but "How is its growth and continual accretions to be explained?" Capital is that portion of wealth which is employed for the purpose of gain, of increase. Whence comes this gain, this increase? The answer is as follows:

All capital that is embarked on a productive undertaking consists of two parts: one part is expended on the technical means of production — on buildings, machines, tools, and raw materials, the other on wages. The first part Marx calls Constant Capital (c), the other part Variable Capital (v). The first is called constant, because it only adds to the commodities just as much value as it loses in the course of the productive process; it creates no fresh value: Marx also calls it the passive portion. The outlay on wages is called variable capital because it undergoes an alteration in the process of

production: it creates new additional value: Marx also called variable capital the active portion, for it creates surplus value (s).

This composition of capital of constant and variable parts Marx calls its organic composition. He calls it average or normal composition when the capital of a business is 80 per cent. constant and 20 per cent. variable. If the constant part is higher, and the variable part lower, he calls it capital of a high composition.

Capital of under 80 per cent. constant portion and over 20 per cent. variable portion he calls capital of a lower composition. And rightly, because the higher the ladder of capitalist production is, the more costly and extensive are the machinery and factory buildings and the greater is the outlay on raw materials, whereas primitive businesses employ less machinery, cheaper workshops, but a relatively greater number of workers. The relation between (c) and (v) reveals at the same time the stage to which production has developed.

Thus, according to Marx, it is solely the variable capital which creates surplus value, or, as it is commonly expressed, profit. We have seen above, in the explanation of the nature of wages, why variable capital creates more value than it is paid for by the capitalist; the worker does indeed receive the exchange value of his labour power, but the use value of the labour power functions, we have assumed, twice as many hours as are necessary for its reproduction. This surplus labour is embodied in surplus value. While the worker receives, let us say, a daily wage of three shillings, for the reproduction of which five hours of work suffice, his labour power will be used for ten hours. These five hours of surplus labour appear in the exchange value of the commodity, so that the value of the commodity is composed of the transferred portion of the constant capital, the outlay on wages, and the added surplus value. Immediately before the production process only constant and variable capital existed, or, in brief (c) and (v); after the completion of the production process, the commodity embodies constant and variable capital and also surplus value, or (c) and (v) and (s). This is the actual value of the commodity, (c) or, shortly expressed,  $c + v + s$ .

The relation between wages and surplus value, or between paid and unpaid labour, or, shortly,  $s/v$ , Marx calls the rate of surplus value: it expresses the degree of the exploitation of labour.

If wages amount to three shillings, which can be produced in five working hours, and if the worker works in the factory ten hours for these wages, so that he creates exchange value to the amount of six shillings, then the rate of surplus value is 100 per cent. The whole of the surplus value which arises in this manner in the process of production is called the mass of the surplus value, or shortly, *m.s.*, that is to say, the individual rate of surplus value multiplied by the total number of workers engaged in an undertaking, or the total amount of wages.

### *5. Profit.*

The mass of surplus value appears to the capitalist in the shape of profit. Surplus value is a Marxian scientific term which exactly expresses the principle of profit. Profit is a commercial expression which describes surplus value as it appears in practical life as a subject of experience, i.e., empirically.

The distinction between the Marxian theoretical and the commercial empirical conception is, however, not so simple: it arises from the different conceptions of the influence of capital and labour in the economic process. Let us explain it more distinctly.

As is known, Marx divided the capital embarked in industrial enterprise into two parts: into constant (technical means of production) and variable (living labour power, wages). He assumed that only the living labour power (wage labour) creates surplus value, whilst the constant capital only adds its own value to the new products.

The capitalist divides his capital outlay otherwise: into fixed (buildings and machines) and circulating (raw materials and wages) capital. The fixed capital is only used up slowly and only passes entirely into production during a series of years — let us say 15 years: thus of a fixed capital of £75,000, £5,000 would each year be consumed in the production of commodities, and written off in the balance sheet. On the other hand, the circulating capital (raw materials and wages) are wholly consumed in every period of production, and must be renewed at the beginning of a new period of production.

Suppose an industrial undertaking about to be started requires a capital expenditure of £105,000: £75,000 fixed capital (for buildings and machinery), £20,000 for raw materials, £10,000 for wages. For convenience sake, we will suppose that the period of production lasts a year, and that the

rate of surplus value amounts to 100 per cent., that is, the labour power receives a payment of £10,000, and produces a value of £20,000. At the end of the year, the capitalist reckons an expenditure of £5,000 on account of fixed capital, and £30,000 of circulating capital: the commodities produced cost, therefore, a net outlay of £35,000. This is the cost price, without adding profit. According to Marx, cost price signifies (c) and (v), therefore without (s), (surplus value).

But the capitalist knows that the manufactured commodities represent a greater value than the cost price. According to Marx, the surplus value amounts to £10,000 (as the variable capital of £10,000 creates surplus value at the rate of 100 per cent.); but the capitalist adds to the cost price a profit which includes the gains of the enterprise and interest on the capital outlay. If the capitalist were alone in the market, his profit might suck up the whole of the surplus value of £10,000; but he has to reckon with competition and the state of the market. The cost price, plus profit, is the production price as established by the capitalist. But according to Marx, that is, in pure theory, the production price is equal to the cost price, plus surplus value. There is thus a quantitative distinction — a difference in the amount of money — between the theoretical and practical production price, as well as a qualitative distinction between the notions of the capitalist and Marx respecting the source of profit. The capitalist believes that profit is the result of the portion of capital which he has put into the process of production, combined with his own commercial ability. On the other hand, Marx asserts that the capitalist can only extract a profit because the wage workers (the living labour power) create a surplus value in the process of production for which they receive no payment.

We assumed that the surplus value amounted to 100 per cent. measured with variable capital, and that £10,000 expended on wages produced £20,000. The annual balance sheet, however, would show the percentage of profit to the total outlay. Consequently, we must spread the £10,000 surplus value over the £35,000 which have been expended. The surplus value of an undertaking spread over the total capital (c) Marx calls the rate of profit, or shortly,  $s/c = 10000/35000 = 28.58$  per cent.

As a rule, the capitalist cannot sell under cost price without becoming bankrupt, but he can quite easily sell under the production price, and mostly does so. In the example already given, his rate of profit amounts to over 28 per cent. According to the degree of competition, or by reason of other

circumstances which we will examine in the next chapter, he can content himself with a rate of profit of 10, 15, or 20 per cent., which will serve him partly as an income and partly be expended in the development of his enterprise. The 28 per cent. profit generally forms a circle within which he fixes his manufactured price. Under favourable circumstances he can add the whole 28 per cent. to the price; under less favourable, only 20, 15, or 10 per cent. Accordingly, several portions of surplus value remain in the commodities which are not yet realised. What happens to them? The remaining portions of profit or of surplus value fall to the large or small traders who are interposed between producer and consumer, or go in the form of interest to the banking institutions, in the event of the capitalist operating with borrowed money. As the profit is only realised in the process of circulation (in commerce and exchange) and there divided amongst the various economic classes and sections, most people believe that profit arises in commercial transactions. They do not know that the price of a commodity can only be increased in trade because its manufactured price was fixed below its price of production or its value, that is, because the commodities contain surplus value which is only gradually realised in the process of circulation.

The social significance of this doctrine is far-reaching. If it is correct, then all the social sections which are not engaged as manual and brain workers in the process of production, or in the transport of raw material, lead a parasitical life and consume the surplus value which is squeezed by the capitalist class out of the proletariat and appropriated without payment.

Quite otherwise are capitalist ideas. According to them, profit is the result both of the spirit of the enterprise and the ability of the capitalist, added to that portion of the capital which is put into the process of production: the machines and buildings and raw materials which are used up, and the labour power, all of which are bought at their proper exchange value. It is only fit and proper that the trader and moneylender should receive a portion of the profit so created, for they assist in realising the exchange value by bringing the commodities to the consumer, and thus rendering possible the process of production.

Surplus value or profit? Labour or Capital? Behind this question lurks the great class struggle of the modern social order. No wonder the Marxian doctrine of value and surplus value was the occasion for an extensive

controversy, in which the famous problem of the average rate of profit played a great part.

### 6. *The Average Rate of Profit.*

According to Marx's doctrine of value and surplus value only variable capital creates fresh value and surplus value. An industrial undertaking of a lower organic composition, which thus employs much variable capital and little constant capital, must consequently create a greater surplus value or more profit than an industrial undertaking of higher composition which may employ the same total capital, but composed of greater constant and smaller variable portions than the former. Let us take two industrial capitals of £35,000 each. One expends £15,000 on the constant elements (machinery, raw materials) and £20,000 on the variable element (wages of labour). The other shows £20,000 constant part and £15,000 variable part. With an equal rate of surplus value — 100 per cent. — the first capital would produce £20,000 surplus value (profit) and the other only £15,000 profit. Experience shows, however, that equal amounts of capital — in spite of temporary differences in profits — tend to produce equal profits. From this, it would appear that it is actually the capital expended and not the labour employed which determines the magnitude of the surplus value (profit), that the concrete results of the capitalist process of production do not confirm the Marxian theory of value, that the facts directly contradict the theory. It was Marx himself who drew attention to this problem. After he had constructed his theory of surplus value in the form of a scientific law, he continued: "This law clearly contradicts all experience based on appearance. Everyone knows that a cotton spinner, who, reckoning the percentage on the whole of his applied capital, employs much constant capital and little variable capital, does not, on account of this, pocket less profit or surplus value than a baker, who relatively sets in motion much variable and little constant capital."

How, then, can the equal rate of profit in the case of capitals of different organic composition be harmonised with the theory of surplus value?

Marx concedes that equal capital sums whose organic parts are unequally employed give an equal rate of profit, although the volumes of surplus value created are different. Two capital sums of £50,000 each, one of which, for example, represents £40,000 constant and £10,000 variable capital, and with a rate of surplus value of 100 per cent. gives £10,000 surplus value, while the other is composed of £10,000 constant and £40,000

variable capital, and with an equal rate of surplus value gives an amount of £40,000 surplus value, will nevertheless yield an equal rate of profit, although theoretically they would be unequal if the rate of surplus value directly determined the rate of profit. In the first case, the rate of profit would amount to 20 per cent. and in the second to 80 per cent. In reality both undertakings yield an equal rate of profit.

How is this explained, according to Marx? By means of competition, the different rates of profit are levelled to a general rate of profit, which is the average of all the various rates of profit. Thus the capitalists do not realise the surplus value as it is created in any particular factory, but in the form of average rate of profit as it is produced by the operations of the total capital of society. The average rate of profit may be lower or higher than the individual rate of profit, for the “various capitalists,” as Marx explains, “so far as profits are concerned, are so many stockholders in a stock company in which the shares of profits are uniformly divided for every 100 shares of capital, so that profits differ in the case of the individual capitalists only according to the amount of capital invested by each of them in the social enterprise, according to his investment in social production as a whole, according to his shares.”

While thus the individual rates of profit do not proportionately coincide with the rates of surplus value, i.e., while the degree of exploitation of the worker in the individual factory, and the volume of surplus value thus individually created, do not directly determine the individual rate of profit, it is the total mass of social surplus value which is the source of the average rate of profit. If the mass of the surplus value be large, the average rate of profit will also be great. Marx says: “It is here just the same as with average rate of interest which a usurer makes who lends out various portions of his capital at different rates of interest. The level of his average rate depends entirely on how much of his capital he has lent at each of the different rates of interest.” The higher the various individual rates of interest, the higher will be the average rate of interest at which his capital has been put out.

The individual price of production signifies, therefore, cost price plus the average rate of profit, and not plus surplus value: it does not necessarily correspond with the total amount of the constant and variable portions of capital employed in an individual enterprise, plus the mass of the surplus value: the prices and magnitudes of value of commodities are not manifestly equal, as Marx has often pointed out. Of course, the total profits

of the capitalist class coincide with the total surplus value extracted from the working class, provided, of course, that the supply of commodities corresponds with the social needs.

Thus the law of surplus value, in spite of all deviations and refractions, holds good in the last resort. "In theory," observes Marx, "it is assumed that the laws of the capitalist mode of production develop freely. In reality, there is always only an approximation."

And the more capitalist production develops, the greater will be the degree of approximation in particular cases, for the progress of Capitalism signifies a continuous increase of constant capital, a more mechanical character being given to industrial processes, and a reduction of variable capital to the necessary minimum, so that the differences in the organic composition of capitalist undertakings become less, thus bringing the average rate of profit and the rate of surplus value nearer to each other.

This indirect and difficult method of realising profits involves the fact that the capitalist does not distinctly observe the exploitation of wage labour practised by him, but he believes that the profit is owing to his own commercial ability.

This difficult section of the outlines of the economic doctrines of Marx can be most fitly concluded by quoting the comprehensive observations of Marx himself upon this subject, which he gives at the end of his book. — ("Capital" (German), Vol. III., 2, pp. 355-6.)

"In a capitalist society, this surplus value or this surplus product (leaving aside accidental fluctuations in its distribution and considering only the regulating law of these fluctuations) is divided among the capitalists as a dividend in proportion to the percentage of the total social capital held by each. In this shape the surplus value appears as the average profit, which in its turn is separated into profits of enterprise and interest, and which in this way may fall into the hands of different kinds of capitalists. Just as the active capitalist squeezes surplus labour, and with it surplus value in the form of profit out of the worker, so the landlord in his turn squeezes a portion of this surplus value from the capitalist in the shape of rent. Hence when speaking of profit as that portion of surplus value which falls to the share of capital, we mean average profit.... Profits of capital (profits of enterprise plus interest) and ground rent are merely particular constituents of surplus value.... If added together, these parts form the sum of the social

surplus value. A large part of profits is immediately transformed into capital.” In this way, capital grows, or, as Marx says, accumulates.

### *7. Surplus Value as Social Driving Force.*

It has been said already that capital is that portion of wealth which is devoted to the object of increasing wealth, of gain, the extraction of profit or surplus value. This object dominates the capitalist class; the desire for surplus value is the leading impulse and principle motive of their activity. Goaded by this desire and exclusively occupied with their special interests, this class unconsciously and unintentionally develops the entire capitalist system and leads it to ever higher and more comprehensive stages.

Surplus value is thus the driving force of the history of modern capitalist society. This principle is rigidly followed out by Marx in his theoretical system, which aims at showing the rise and growth of Capitalism.

The capitalist is no scientific investigator: he is not clear himself whether profit is created by a portion of the capital, or is the result of personal productive forces, but he knows one thing — without living labour power, without the wage worker, his whole capital remains dead and does not increase; all the fixed capital and raw materials are of no use to him so long as they are not set in motion by living labour power and transformed into commodities. His efforts are, therefore, primarily directed to making proper use of the living labour power. Historically considered, little constant and relatively much variable capital was employed in the primitive stage of the large scale industry: there was as yet little machinery, and the chief thing was the living labour power. The workers were not yet factory proletarians in the modern sense, but artisans who had lost their independent existence.

The capitalist harnessed them and utilised their labour power and special ability. Consequently, he strives to lengthen the working day, in order that as many commodities and as much profit as possible may be produced.

If previously the wage worker had laboured ten hours, of which five were devoted to the production of the value of his wages and five to surplus value, he is now obliged to work for twelve hours, which increases the period for surplus labour to seven hours. The surplus value which is extracted through the lengthening of the working day is called by Marx “absolute surplus value.”

Meanwhile, the capitalist learns by experience that if the workers are so organised as to co-operate with one another, the productivity of labour

increases. From this arises the mode of labour which Marx calls Co-operation, or a reorganisation of the workplace, which raises the entire production of commodities to a higher level. The co-operation of the workers in the process of production soon leads to the discovery that, if the worker does not himself create the whole product, but only a part thereof, he loses less time and becomes quicker and more skilful in his work and produces more than previously. This discovery leads to the “division of labour,” which indeed reduces the worker to the position of an automaton, or a living machine, but considerably augments commodity wealth. Division of labour again demands finer tools; mechanical problems arise to be solved by mechanics and engineers. This favours the progress of mechanics. The growing commodity wealth, and the pressure to realise it profitably, renders necessary more extensive markets; the need for extension comes up against transport difficulties; transport problems arise, to be solved by road and canal engineers. The increasing variety of the labour process and the categories of commodities which are produced results in new metallurgical, physical, and chemical problems. Natural science flourishes.

Meanwhile, things are not so peaceful in the places of manufacture. The lengthening of labour the closer strain on their nerves and muscles, as well as the arrangement of the work, cause the workers to combine and struggle for improved conditions of labour. This struggle, together with the progress of natural science, of technology, and the expansion of markets, result in the discovery of machine technology, of steam and electricity, the foundation of large-scale industry.

The capitalist is impelled, on the one hand, to make himself as independent as possible of living labour-power; on the other hand, to increase the volume of his profits. The means thereto are offered him by the new technical discoveries. Those workers who still possessed some pride in handicraft, or as expropriated small peasants were not able to submit to factory discipline, and showed themselves rebellious, were partly replaced by the labour of women and children, and partly curbed and made pliable. The labour time is repeatedly lengthened, and the exploitation of the labour of women and children assumes terrible proportions. The wage worker, who entered into the manufacturing premises of the employer full of the pride of his calling and often with his own tools, became then a small cog in a gigantic, relentless piece of working machinery.

In this extensive and hitherto unprecedented social transformation the old forms of handicraft disappear: whole sections of society, which are the representatives of the disappearing forms of handicraft, sink into poverty, and augment the class of proletarians. The progress of the industrial revolution extends also to agriculture: the greed for surplus value (ground rent) leads to enclosure of common lands by the great landlords, the independent yeomanry is decimated, the small proprietor and small tenant are made proletarians. A transmutation of social classes takes place; the urban population grows rapidly, the country districts are depopulated: out of the revolutionary process the outlines of two classes become more and more distinct: Capitalist and Proletarian.

Both the factory proletariat and the other social sections which adopt a hostile attitude towards Capitalism react against the health-destroying exploitation, and struggle for a normal working day.

The working time is curtailed and bounds are set to the efforts of the capitalist to lengthen the working day and obtain surplus value, but soon the progress of machine technique compels the worker to labour more intensely in the shorter working time: the accelerated movement of the machine determines the pace and necessitates a sharper straining of the nerves. Henceforth, the worker must compress into a working hour as much effort as was previously expended in an hour and a half. The surplus value which is extracted in this way Marx calls "relative surplus value." The struggle of the workers to secure a shorter working day is a powerful incentive to the manufacturers to perfect their machinery, in order to increase the amount of relative surplus value. The intensification of work or the creation of relative surplus value is one of the most immediate effects and one of the most striking features of advanced Capitalism. The understanding of this new phase is a preliminary condition to the comprehension of the Marxian system. In this matter, Marx goes considerably beyond the anti-capitalist theoreticians who followed upon Ricardo.

What happens when the capitalist observes that the extraction of absolute surplus value comes up against an insurmountable obstacle? He sets himself to fit up his enterprise with the newest and most costly machinery, in order to supplant living labour-power and to work more intensively the living labour-power which he employs.

As, however, less living labour-power brings forth less exchange value and less surplus value, he is obliged to multiply production, in order to

cover the fall in surplus value by a larger mass of commodities: if the single commodity brings him less profit, he produces it in such large quantities that the profit thereon is the same, or even greater, than formerly. The more complicated machinery, the greater quantities of raw materials consumed, and the relatively smaller amount of labour-power signify obviously an alteration in the organic composition of capital: the constant portion (machinery, raw materials) preponderates more and more over the variable portion. If, previously, the composition was 50 per cent. constant and 50 per cent. variable, it becomes now something like 80 per cent.: 20 per cent. At the same time, the initial capital is also increased greatly, as machines and large quantities of raw and auxiliary materials demand such increase of capital. If, for example, the initial capital previously amounted to £100,000, divided into £50,000 constant and £50,000 variable capital, it would now amount to £500,000, comprising £400,000 constant and £100,000 variable. This organic composition signifies: that relatively smaller masses of labour set in motion large masses of technical means of production; labour is more productive because more intense; the sum total of commodities is increased; the profit on single articles is smaller, but the total profit is greater; the reconversion of profits into capital proceeds rapidly.

The scale of production is more and more extended, and the amount of initial outlay becomes ever greater, because only large capitals are capable of creating relative surplus value in sufficient sums to assure a profit on the enterprise and payment of interest, and thus assist the accumulation of capital.

The more extended scale of production is not possible to the less powerful capitalist undertakings. They partly disappear and partly combine in joint stock companies. The first alternative gives rise to the concentration of the means of production in fewer hands, and the second to the centralisation of the means of production. This is the effect of the new organic composition of capital on the capitalist class.

The effect on the working class is not less profound. As long as the hand-worker still played an important part in the works premises, as long as the variable part was superior or equal to the constant part in the organic composition of capital, as was the case prior to and at the beginning of large-scale industry, the accumulation of capital meant an increased demand for wage-labour. The position was changed as Capitalism developed, in the manner just described. Although the mass of capital grows, there is a

relative decrease in the demand for workers. For this growth of capital refers chiefly to the constant part (machinery and raw materials), while there is a relative shrinkage in the variable part; that means the worker is obliged to consume a much greater quantity of raw material than formerly.

And whereas the prices of commodities fall during the phase of the high organic composition of capital, the period of necessary labour (the hours needed for the reproduction of wages) becomes shorter, while the period of surplus labour becomes longer. The great industrial development therefore signifies for the worker: intensive exploitation and relative over-population, a reserve army of labour-power, which is absorbed by industry in times of prosperous trade, and is speedily demobilised when the slump comes. In times of good business the reserve army serves to check the wage demands of the workers regularly employed, and in times of bad trade it serves to depress wages. The outcome for the workers is as follows:

“Within the capitalist system all methods for raising the social productiveness of labour are brought about at the cost of the individual labourer; all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the labourer into a fragment of a man, degrade him to the level of an appendage to a machine, destroy every remnant of charm in his work, and turn it into a hated toil; they estrange from him the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of Capital. But all methods for the production of surplus value are at the same time methods of accumulation; and every extension of accumulation becomes again a means for the development of those methods. It follows, therefore, that in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must grow worse. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital.” — (“Capital” (German), Vol. I., pp. 660-1.)

The result of the capitalist social order is the unfolding of the productive forces, the efflorescence of science, the expansion of material civilisation,

the dividing of society into antagonistic classes, the conferring of economic power on the few, and the enslavement and degradation of the many.

8. *Economic Contradictions. Decay of Society and its Reconstruction.*

As the ripening of the capitalist social order to its highest point proceeds, its innate contradictions develop, and announce distinctly the fact that Capitalism has outlived its usefulness, while new life, a higher form of society, is emerging from its womb. The most important contradictions are:

The driving force of the capitalist is to obtain the largest measure of surplus value or profit. The latest stage of Capitalism is, however, marked by the fact of the high organic composition of capital, which means that living labour-power, the source of surplus value, has relatively decreased. The decrease of variable capital signifies manifestly a lower rate of profit. Capitalism in normal times exhibits a tendency towards a lowering of the rate of profit. Therefore it gives rise to a phenomenon which contradicts the aim of the endeavours of the capitalists. The capitalist strives to accumulate capital, but as variable capital and the rate of profit relatively decrease, a tendency towards the depreciation of capital is revealed. The capitalist endeavours to counteract this tendency, and to achieve his object by extending the scale of production, so that the mass of commodities will compensate him for what he loses on them singly. But while he furthers this object by resorting to a higher organic composition of capital, he squeezes out the middleman, reduces the numbers of workers in employment, and creates a relative over-population, a reserve of those who are only employed intermittently; there is a substantial shrinkage in the demand for commodities, as the impoverished masses of the people have obviously less purchasing power. The capitalist extends production, and at the same time contracts the market. The upshot is over-production, under-consumption — crisis: wasting of capital, restriction of production, paralysis of the productive forces. And if Marx lived to-day he would add: the developed economy of large-scale capitalism, that is, the high organic composition of industrial capital, requires enormous quantities of raw materials, which, in part, are only to be had from tropical and sub-tropical countries, and also from eastern Asia; the struggle for these sources of raw materials, and for access to them, leads to wars in which capital sums of unprecedented amount are destroyed. Since 1894 these wars over raw materials and trade routes have broken out every few years. Economic crises and imperialist

wars; immeasurable destruction of capital and productive forces. This is a consequence which stands in sharp contradiction to the historical task of the economic order of Capitalism, and to the immediate aims of the individual capitalists.

Further, the capitalist tries from the beginning to create docile and unresisting masses of workers, and yet unites and combines them by the creation of large centres of production; the factories become centres for the organisation of the workers, and for the welding of the individual wills of the proletarians into a class will; they abolish the scattered and antagonistic interests of single sections of the workers, and consolidate them into a unified class interest. Finally, the whole economic process, which began by resting on individualist principles, has assumed a common character; thousands upon thousands of hand and brain workers engage in production in economic undertakings upon a single and uniform plan, with the aid of productive implements which can only be used in common.

The significance and tendency of these contradictions are sketched by Marx in the great finale, which properly belongs to the concluding chapter of the third volume:

“As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist means of production stands on its own feet, then the further socialisation of labour and further transformation of the land and other means of production into socially exploited, and therefore common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist employing many labourers. This expropriation is accomplished by the action of the immanent laws of capitalist production itself, by the centralisation of capital. One capitalist always kills many. Hand in hand with this centralisation, or this expropriation of many capitalists by a few, develop on an ever-extending scale the co-operative form of the labour process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economising of all means of production by their use as the means of production of combined, socialised labour, the entanglement of all peoples in the net of the world market, and with this, the international character of

the capitalist regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this, too, grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter on the mode of production, which has sprung up and flourished along with it, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.” — (“Capital,” Vol. I. English edition, chap. 84.)

#### ENDNOTES.

<sup>7</sup> Compare M. Beer, “History of British Socialism,” Vol. I., pp. 245-270.

# CONCLUSION.

An appreciation of Marx can only be arrived at by adopting the Marxian method. We must judge him in the same way as any other towering figure in the realm of thought or of action. Marx was a child of his time, and his system is a logical conception of certain economic and social phenomena of his age, owing something to the pioneer work and thinking of some of his predecessors.

Two important events dominated his thinking: the French Revolution and the English Industrial Revolution. Even apart from the statement of Arnold Ruge that in 1843-44 Marx had collected a vast amount of material for a history of the French National Convention, we know from the work he did between 1844 and 1852 how profound was the influence of the French Revolution on his intellectual life. Still deeper, however, were the traces left upon his mind by the studies he made on the economic transformation of England during the period 1700-1825. Both events are obvious, catastrophic expressions of class movements and class conflicts, in which the middle class, as the representative of a higher economic order, gains the victory over autocratic forms of feudal authority and oligarchic systems of organisation through State regulation, in which, however, at the same time, a new class — the working class — raises its head and begins to make a stand against the victor.

Marx was led to interpret these events in this way and to make them the basis of his conception of history chiefly through the influence of Hegel, Ricardo, and the English anti-capitalist school following upon Ricardo. To the end of his life he clung to the opinion that dialectic, as Hegel had formulated it, was indeed mystical but, when materialistically conceived, contains the laws of the movement of society. “The mystification which dialectic suffers in Hegel’s hands in no wise hinders him from presenting in a comprehensive and intelligible manner its general processes.” — (Preface to second German edition of “Capital,” 1873.)

The splitting up of the concept into contradictories, and the attainment of a higher positive through the negation of these contradictories, that was what, to Marx’s mind, constituted the essence and the deepest meaning of the French Revolution and of the English Industrial Revolution. Society, the positive, split up into feudal and bourgeois, into two sharply divided contradictories, the bourgeoisie appearing as the negation, to be supplanted

by the proletariat and so to make room for a Communist society, the higher synthesis.

What he got from Hegel in a mystical form found an economic expression in Ricardo and the anti-capitalist school. Ricardo's writings, which belong to the second decade of the nineteenth century and which formulate, in the guise of a system of economics, the antagonisms and the conflicts between industry and landed nobility, presented themselves as a practical demonstration of the validity of dialectic. The fundamental idea of Ricardo's system may be expressed as follows:

Capital is the motive force of society and the creator of civilisation, but the fruits of its activity are enjoyed not by capital but by the landed nobility. That is the thesis; now for the proof. The value of all commodities which can be made in any quantity desired consists in the quantity of labour which is expended for the purpose of producing them. The value is expressed in the costs of production, the most important components of which are wages and profit. Wages and profit stand in opposition to one another: if wages rise, profit falls, and conversely. Wages consist in a definite quantity of the necessaries of life, sufficient to keep the worker effective. Wages must obviously rise whenever the cost of living rises. The facts show that this is actually the case. The following reasons make this clear. In consequence of the civilising effects of capital, there is an increase in the opportunities for work and in population, resulting in an increased demand for the necessaries of life. Agriculture must be extended, but agricultural land is limited and of varying quality. The extension of agriculture brings into use the inferior kinds of land, which demand a greater amount of labour for their cultivation. And as the amount of labour determines the value of the commodity, the cost of living increases, and there is a rapid rise in ground rents. The workers demand higher wages, whereby the profits of the employers are diminished. But there is still another circumstance to be taken into consideration. Whereas the prices of agricultural products rise, those of industrial products fall, since, in consequence of the invention of machinery and of the superior division of labour, smaller quantities of labour are required to produce manufactured goods. The result of the entire working of capital for the civilised community is accordingly the reduction of profits, the depreciation of capital, and the increase of wages. This latter, however, is of no advantage to the workers, for food prices rise higher and higher; on the contrary, the whole advantage falls to the landed nobility,

who do nothing for the furtherance of civilisation, but who, through ground rents and protective tariffs, receive everything.

We have, then, in Ricardo a system of economic contradictions between profit, wages, and rent, or between bourgeoisie, proletariat, and nobility, in which the antagonism between bourgeoisie and proletariat is still undeveloped.

The year of the publication of Ricardo's "Principles" (1817) is the year which witnessed the rise of English Socialism. In that year, Robert Owen, in a public meeting in the City of London, declared himself a Socialist. Three years later appeared the first criticisms of Ricardo's political economy. In these it was argued that, according to Ricardo, labour is the source of value, yet he considers capital as the creative factor of society and the working class as a mere appendage of capital. It must be the reverse; for the workers create values together with the surplus products which are appropriated by capital. In 1817, Robert Owen openly declares himself a Socialist; four years later appears the anonymous letter to Lord John Russell; Percy Ravenstone publishes his "Criticism of Capitalism," John Gray his Lecture, and Hodgskin his pamphlet on the unproductive nature of capital, in which he establishes the existence of a raging class struggle.

The deep impression which these writings made on Marx is clearly seen in the second and third volumes of his "Theories on Surplus Value." And he links on to them. He completed what Ricardo hinted at and what the anti-capitalist school deduced from Ricardo. How Marx continued and elaborated these deductions we have already seen in Chapter 3, "Outlines of Marx's Economics," and Chapter 7, "Surplus Value as the Motive Force of Society," where capital is shown to be the mass of surplus value of which the workers have been deprived.

The deductions made by the English anti-capitalist school from Ricardo signified, politically, the first awakenings of the English workers to class-consciousness, to the struggle against capital. Just as Ricardo's theory of value and rent was the battle-cry of capital against the aristocracy — a battle-cry which created the free trade movement and shattered the economic power of the landed nobility, so the theory of value and surplus value was to become the battle-cry of the proletariat against the bourgeoisie, the declaration of independence, so to speak, of the working class. The English proletariat lacked a philosopher who could work out the idea to its logical conclusion, until Marx applied himself to the problem and solved it,

so far indeed as philosophical problems can be solved, by a science which places itself at the disposal of a class movement.

For it is impossible to set aside the view that Marx's theory of value and surplus value has rather the significance of a political and social slogan than of an economic truth. It is for Marx the basis of the class struggle of the workers against the middle class, just as Ricardo's theory of rent was the basis of the class struggle of the bourgeoisie against the aristocracy, or as the doctrines of the social contract and of the natural rights of man formed the basis of the struggle of the middle classes against autocracy and divine right. Such militant philosophies need not in themselves be true, only they must accord with the sentiments of the struggling mass. It is with such philosophical fictions that human history works. Marx's theory of value explains neither the vast and unparalleled accumulation of wealth nor the movement of prices during the last sixty years. Wealth, measured in values, has, in the last few decades, increased by many times the increase in living labour-power. In this connection the old formula can be reversed: wealth increases in geometrical, living labour-power in arithmetical progression. The greatest difficulty in Marx is that the inventors and discoverers, the chemists and physicists, the pioneers and organisers of industry and agriculture, are not regarded by him as creators of surplus values. Thinkers, who by chemical researches and discoveries double the productive capacity of the soil and conjure forth values in millions from the waste products of industry: physicists who place new sources of power and new means of production at the disposal of mankind and multiply the productivity of labour; organisers who co-ordinate the forces of production and introduce new methods of working — all this creative and directive work, demanding, as it often does, an infinite amount of intensive intellectual effort, is not considered to increase the total sum of exchange values of the nation.

However, as far as the distribution of products is concerned, Marx's theory is, generally speaking, correct; distribution is carried out under the capitalist economic system not according to the amount of productive work done, but in proportion to the outlay of capital and the skill in commercial manœuvring which obtains in the sphere of circulation.

Unique as an investigator of the laws of the proletarian movement, eminent and even a great pioneer as a sociologist, Marx is, in respect of economic theory, predominantly an agitator. His system, more than any other system of Socialism or of political economy, is the revolutionary

expression of proletarian thought and feeling. His doctrines of value, surplus value, the economic determination of history, the evolution from Capitalism to Socialism, the political and economic class struggle, will for long have the force of truth for the masses and will continue to move them.

Marx's heart must have been filled with joy and gladness when, out of the elements of Hegel, Ricardo, and the English anti-capitalist school, out of his studies of the French Revolution, of the English Industrial Revolution, and of French and English Socialism there arose a unified system whose destiny it was to lead mankind out of the earth-bound history of the past into the new world wherein a spiritual civilisation should fully blossom forth. Man is to quit the realm of necessity and to enter into that of freedom, where he shall cease to be a tool for the profit of others and shall rise to have a purpose of his own, freely associating himself with his fellow men to work in the service of all.

“The realm of freedom, indeed, only begins there where work conditioned by necessity and external utility ceases. According to the nature of the thing, therefore, it lies beyond the sphere of actual material production. Just as the savage must struggle with nature for the satisfaction of his needs, for self-preservation and self-reproduction, so too must the civilised man, whatever be the form of society or the methods of production obtaining. Side by side with his own evolution develops this constitutional necessity, because his needs increase; but, at the same time, the forces of production which satisfy these needs likewise increase. Freedom in this sphere can only consist in this — that men in their social relationship, the associated producers, should regulate this material exchange with Nature in a rational manner and bring it under their united control, instead of being governed by it as by some blind power; it should be carried on with the minimum expenditure of energy and under conditions most adapted to and most worthy of human nature. Yet it remains all the same a realm of necessity. It is beyond this where that development of human power, which may be called independent purpose, begins, the true realm of freedom, which, however, can only flourish upon the basis of that realm of necessity.” — (“Capital,” Vol. III., 2, p. 355.)

## BRIEF BIOGRAPHY by Eduard Bernstein



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MARX, HEINRICH KARL (1818-1883), German socialist, and head of the International Working Men's Association, was born on the 5th of May 1818 in Trèves (Rhenish Prussia). His father, a Jewish lawyer, in 1824 went over to Christianity, and he and his whole family were baptized as Christian Protestants. The son went to the high grammar school at Trèves, and from 1835 to the universities of Bonn and Berlin. He studied first law, then history and philosophy, and in 1841 took the degree of doctor of philosophy. In Berlin he had close intimacy with the most prominent representatives of the young Hegelians — the brothers Bruno and Edgar Bauer and their circle, the so-called "Freien." He at first intended to settle as a lecturer at Bonn University, but his Radical views made a university career out of the question, and he accepted work on a Radical paper, the *Rheinische Zeitung*, which expounded the ideas of the most advanced section of the Rhenish Radical *bourgeoisie*. In October 1842 he became one of the editors of this paper, which, however, after an incessant struggle with press censors, was suppressed in the beginning of 1843. In the summer of this year Marx married Jenny von Westphalen, the daughter of a high government official. Through her mother Jenny von Westphalen was a lineal descendant of the earl of Argyle, who was beheaded under James II. She was a most faithful companion to Marx during all the vicissitudes of his career, and died on the 2nd of December 1881; he outliving her only fifteen months.

Already in the *Rheinische Zeitung* some socialist voices had been audible, couched in a somewhat philosophical strain. Marx, though not accepting these views, refused to criticize them until he had studied the question thoroughly. For this purpose he went in the autumn of 1843 to Paris, where the socialist movement was then at its intellectual zenith, and where he, together with Arnold Ruge, the well-known literary leader of Radical Hegelianism, was to edit a review, the *Deutsch-französische Jahrbücher*, of which, however, only one number appeared. It contained two articles by Marx — a criticism of Bruno Bauer's treatment of the

Jewish question, and an introduction to a criticism of Hegel's philosophy of the law. The first concluded that the social emancipation of the Jews could only be achieved together with the emancipation of society from Judaism, *i.e.* commercialism. The second declared that in Germany no partial political emancipation was possible; there was now only one class from which a real and reckless fight against authority was to be expected — namely, the proletariat. But the proletariat could not emancipate itself except by breaking all the chains, by dissolving the whole constituted society, by recreating man as a member of the human society in the place of established states and classes. "Then the day of German resurrection will be announced by the crowing of the Gallican cock." Both articles thus relegated the solution of the questions then prominent in Germany to the advent of socialism, and so far resembled in principle other socialist publications of the time. But the way of reasoning was different, and the final words of the last quoted sentence pointed to a political revolution, to begin in France as soon as the industrial evolution had created a sufficiently strong proletariat. In contradistinction to most of the socialists of the day, Marx laid stress upon the political struggle as the lever of social emancipation. In some letters which formed part of a correspondence between Marx, Ruge, Ludwig Feuerbach, and Mikhail Bakunin, published as an introduction to the review, this opposition of Marx to socialistic "dogmatism" was enunciated in a still more pronounced form: "Nothing prevents us," he said, "from combining our criticism with the criticism of politics, from participating in politics, and consequently in real struggles. We will not, then, oppose the world like doctrinarians with a new principle: here is truth, kneel down here! We expose new principles to the world out of the principles of the world itself. We don't tell it: 'Give up your struggles, they are rubbish, we will show you the true war-cry.' We explain to it only the real object for which it struggles, and consciousness is a thing it *must* acquire even if it objects to it."

In Paris Marx met Friedrich Engels (1820-1895), from whom the *Deutsch-französische Jahrbücher* had two articles — a powerfully written outline of a criticism of political economy, and a letter on Carlyle's *Past and Present*. Engels, the son of a wealthy cotton-spinner, was born in 1820 at Barmen. Although destined by his father for a commercial career, he attended a classical school, and during his apprenticeship and whilst undergoing in Berlin his one year's military service, he had given up part of

his free hours to philosophical studies. In Berlin he had frequented the society of the “Freien,” and had written letters to the *Rheinische Zeitung*. In 1842 he had gone to England, his father’s firm having a factory near Manchester, and had entered into connexion with the Owenite and Chartist movements, as well as with German communists. He contributed to Owen’s *New Moral World* and to the Chartist *Northern Star*, gave up much of his abstract speculative reasoning for a more positivist conception of things, and took to economic studies. Now, in September 1844, on a short stay in Paris, he visited Marx, and the two found that in regard to all theoretical points there was perfect agreement between them. From that visit dates the close friendship and uninterrupted collaboration and exchange of ideas which lasted during their lives, so that even some of Marx’s subsequent works, which he published under his own name, are more or less also the work of Engels. The first result of their collaboration was the book *Die heilige Familie oder Kritik der kritischen Kritik, gegen Bruno Bauer und Konsorten*, a scathing exposition of the perverseness of the high-sounding speculative radicalism of Bauer and the other Berlin “Freie.” By aid of an analysis, which, though not free from exaggeration and a certain diffuseness, bears testimony to the great learning of Marx and the vigorous discerning faculty of both the authors, it is shown that the supposed superior criticism — the “critical criticism” of the Bauer school, based upon the doctrine of a “self-conscious” idea, represented by or incarnated in the critic — was in fact inferior to the older Hegelian idealism. The socialist and working-class movements in Great Britain, France and Germany are defended against the superior criticism of the “holy” Bauer family.

In Paris, where he had very intimate intercourse with Heinrich Heine, who always speaks of him with the greatest respect, and some of whose poems were suggested by Marx, the latter contributed to a Radical magazine, the *Vorwärts*; but in consequence of a request by the Prussian government, nearly the whole staff of the magazine soon got orders to leave France. Marx now went to Brussels, where he shortly afterwards was joined by Engels. In Brussels he published his second great work, *La Misère de la philosophie*, a sharp rejoinder to the *Philosophie de la misère ou contradictions économiques* of J. P. Proudhon. In this he deals with Proudhon, whom in the former work he had defended against the Bauers, not less severely than with the latter. It is shown that in many points Proudhon is inferior to both the middle-class economists and the socialists,

that his somewhat noisily proclaimed discoveries in regard to political economy were made long before by English socialists, and that his main remedies, the “constitution of the labour-value” and the establishment of exchange bazaars, were but a repetition of what English socialists had already worked out much more thoroughly and more consistently. Altogether the book shows remarkable knowledge of political economy. In justice to Proudhon, it must be added that it is more often his mode of speaking than the thought underlying the attacked sentences that is hit by Marx’s criticism. In Brussels Marx and Engels also wrote a number of essays, wherein they criticized the German literary representatives of that kind of socialism and philosophic radicalism which was mainly influenced by the writings of Ludwig Feuerbach, and deduced its theorems or postulates from speculations on the “nature of man.” They mockingly nicknamed this kind of socialism “German or True Socialism,” and ridiculed the idea that by disregarding historical and class distinctions a conception of society and socialism superior to that of the English and French workers and theorists could be obtained. Some of these essays were published at the time, two or three, curiously enough, by one of the attacked writers in his own magazine; one, a criticism of Feuerbach himself, was in a modified form published by Engels in 1885, but others have remained in manuscript. They were at first intended for publication in two volumes as a criticism of post-Hegelian German philosophy, but the Revolution of 1848 postponed for a time all interest in theoretical discussions.

In Brussels Marx and Engels came into still closer contact with the socialist working-class movement. They founded a German workers’ society, acquired a local German weekly, the *Brüsseller deutsche Zeitung*, and finally joined a communistic society of German workers, the “League of the Just,” a secret society which had its main branches in London, Paris, Brussels and several Swiss towns. For this league, which till then had adhered to the rough-and-ready communism of the gifted German workman Wilhelm Weitling, but which now called itself “League of the Communists,” and gave up its leanings towards conspiracy and became an educational and propagandistic body, Marx and Engels at the end of 1847 wrote their famous pamphlet, *Manifest der Kommunisten*. It was a concise exposition of the history of the working-class movement in modern society according to their views, to which was added a critical survey of the existing socialist and communist literature, and an explanation of the

attitude of the Communists towards the advanced opposition parties in the different countries. Scarcely was the manifesto printed when, in February 1848, the Revolution broke out in France, and “the crowing of the Gallican cock” gave the signal for an upheaval in Germany such as Marx had prophesied. After a short stay in France, Marx and Engels went to Cologne in May 1848, and there with some friends they founded the *Neue rheinische Zeitung*, with the sub-title “An Organ of Democracy,” a political daily paper on a large scale, of which Marx was the chief editor. They took a frankly revolutionary attitude, and directed their criticism to a great extent against the middle-class democratic parties, who, by evading all decisive issues, delayed the achievement of the upheaval. When in November 1848 the king of Prussia dissolved the National Assembly, Marx and his friends advocated the non-payment of taxes and the organization of armed resistance. Then the state of siege was declared in Cologne, the *Neue rheinische Zeitung* was suspended, and Marx was put on trial for high treason. He was unanimously acquitted by a middle-class jury, but in May 1849 he was expelled from Prussian territory. He went to Paris, but was soon given the option of either leaving France or settling at a small provincial place. He preferred the former, and went to England. He settled in London, and remained there for the rest of his life.

At first he tried to reorganize the Communist League; but soon a conflict broke out in its ranks, and after some of its members had been tried in Germany and condemned for high treason, Marx, who had done everything to save the accused, dissolved the Communist League altogether. Nor was a literary enterprise, a review, also called the *Neue rheinische Zeitung*, more successful; only six numbers of it were issued. It contained, however, some very remarkable contributions; and a series of articles on the career of the French Revolution of 1848, which first appeared there, was in 1895 published by Engels in book form under the title of *Die Klassenkämpfe in Frankreich von 1848* “by Karl Marx.” Carlyle’s *Latter Day Pamphlets*, published at that time, met with a very vehement criticism in the *Neue rheinische Zeitung*. The endeavours of Ernest Jones and others to revive the Chartist movement were heartily supported by Marx, who contributed to several of the Chartist journals of the period, mostly, if not wholly, without getting or asking payment. He lived at this time in great financial straits, occupied a few small rooms in Dean Street, Soho, and all his children then born died very young. At length he was invited to write letters for the *New*

*York Tribune*, whose staff consisted of advanced democrats and socialists of the Fourierist school. For these letters he was paid at the rate of a guinea each. Part of them, dealing with the Eastern Question and the Crimean War, were republished in 1897 (London, Sonnenschein). Some were even at the time reprinted in pamphlet form. The co-operation of Marx, who was determinedly anti-Russian, since Russia was the leading reactionary power in Europe, was obtained by David Urquhart and his followers. A number of Marx's articles were issued as pamphlets by the Urquhartite committees, and Marx wrote a series of articles on the diplomatic history of the 18th century for the Urquhartite *Free Press* (Sheffield and London, 1856-1857). When in 1859 the Franco-Austrian War about Italy broke out, Marx denounced it as a Franco-Russian intrigue, directed against Germany on the one hand and the revolutionary movement in France on the other. He opposed those democrats who supported a war which in their eyes aimed at the independence of the Italian nation and promised to weaken Austria, whose superiority in Germany was the hindrance to German unity. Violent derogatory remarks directed against him by the well-known naturalist Karl Vogt gave occasion to a not less violent rejoinder, *Herr Vogt*, a book full of interesting material for the student of modern history. Marx's contention, that Vogt acted as an agent of the Bonapartist clique, seems to have been well founded, whilst it must be an open question how far Vogt acted from dishonourable motives. The discussions raised by the war also resulted in a great estrangement between Marx and Ferdinand Lassalle. Lassalle had taken a similar view of the war to that advocated by Vogt, and fought tooth and nail for it in letters to Marx. In the same year, 1859, Marx published as a first result of his renewed economic studies the book *Zur Kritik der politischen Ökonomie*. It was the first part of a much larger work planned to cover the whole ground of political economy. But Marx found that the arrangement of his materials did not fully answer his purpose, and that many details had still to be worked out. He consequently altered the whole plan and sat down to rewrite the book, of which in 1867 he published the first volume under the title *Das Kapital*.

In the meantime, in 1864, the International Working Men's Association was founded in London, and Marx became in fact though not in name, the head of its general council. All its addresses and proclamations were penned by him and explained in lectures to the members of the council. The first years of the International went smoothly enough. Marx was then at his best.

He displayed in the International a political sagacity and toleration which compare most favourably with the spirit of some of the publications of the Communist League. He was more of its teacher than an agitator, and his expositions of such subjects as education, trade unions, the working day, and cooperation were highly instructive. He did not hurry on extreme resolutions, but put his proposals in such a form that they could be adopted by even the more backward sections, and yet contained no concessions to reactionary tendencies. But this condition of things was not permitted to go on. The anarchist agitation of Bakunin, the Franco-German War, and the Paris Commune created a state of things before which the International succumbed. Passions and prejudices ran so high that it proved impossible to maintain any sort of centralized federation. At the congress of the Hague, September 1872, the general council was removed from London to New York. But this was only a makeshift, and in July 1876 the rest of the old International was formally dissolved at a conference held in Philadelphia. That its spirit had not passed away was shown by subsequent international congresses, and by the growth and character of socialist labour parties in different countries. They have mostly founded their programmes on the basis of its principles, but are not always in their details quite in accordance with Marx's views. Thus the programme which the German socialist party accepted at its congress in 1875 was very severely criticized by Marx. This criticism, reprinted in 1891 in the review *Die neue Zeit*, is of great importance for the analysis of Marx's conception of socialism.

The dissolution of the International gave Marx an opportunity of returning to his scientific work. He did not, however, succeed in publishing further volumes of *Das Kapital*. In order to make it — and especially the part dealing with property in land — as complete as possible, he took up, as Engels tells us, a number of new studies, but repeated illness interrupted his researches, and on the 14th of March 1883 he passed quietly away.

From the manuscripts he left Engels compiled a second and a third volume of *Das Kapital* by judiciously and elaborately using complete and incomplete chapters, rough copies and excerpts, which Marx had at different times written down. Much of the copy used dates back to the 'sixties, *i.e.* represents the work as at first conceived by Marx, so that, *e.g.*, the matter published as the third volume was in the main written much earlier than the matter which was used for compiling the second volume. The same applies to the fourth volume. Although the work thus comprises

the four volumes promised in the preface to the book, it can only in a very restricted sense be regarded as complete. In substance and demonstration it must be regarded as a torso. And it is perhaps not quite accidental that it should be so. Marx, if he had lived longer and had enjoyed better health, would have given the world a much greater amount of scientific work of high value than is now the case. But it seems doubtful whether he would have brought *Das Kapital*, his main work, to a satisfactory conclusion.

*Das Kapital* proposes to show up historically and critically the whole mechanism of capitalist economy. The first volume deals with the processes of producing capital, the second with the circulation of capital, the third with the movements of capital as a whole, whilst the fourth gives the history of the theories concerning capital. Capital is, according to Marx, the means of appropriating *surplus-value* as distinguished from ground rent (rent on every kind of terrestrial property, such as land, mines, rivers, &c., based upon the monopolist nature of such property). Surplus-value is created in the process of production only, it is this part of the value of the newly created product which is not given to the workman as a return — the *wage* — of the labour-force he expended in working. If at first taken by the employer, it is in the different phases of economic intercourse split up into the profit of industrial enterprise, commercial or merchants' profit, interest and ground rent. The value of every commodity consists in the labour expended on it, and is measured according to the time occupied by the labour employed on its production. Labour in itself has no value, being only the measure of value, but the labour-force of the workman has a value, the value of the means required to maintain the worker in normal conditions of social existence. Thus, in distinction to other commodities, in the determination of the value of labour-force, besides the purely economical, a *moral* and *historical* element enter. If to-day the worker receives a wage which covers the bare necessities of life, he is underpaid — he does not receive the real value of his labour-force. For the value of any commodity is determined by its socially necessary costs of production (or in this case, maintenance). "Socially necessary" means, further, that no more labour is embodied in a commodity than is required by applying labour-force, tools, &c., of average or normal efficiency, and that the commodity is produced in such quantity as is required to meet the effective demand for it. As this generally cannot be known in advance, the market value of a commodity only gravitates round its (abstract) value. But in the long run an equalization

takes place, and for his further deductions Marx assumes that commodities exchange according to their value.

That part of an industrial capital which is employed for installations, machines, raw and auxiliary materials, is called by Marx *constant capital*, for the value of it or of its wear and tear reappears in equal proportions in the value of the new product. It is otherwise with labour. The new value of the product must by necessity be always higher than the value of the employed labour-force. Hence the capital employed in buying labour-force, *i.e.* in wages, is called *variable capital*. It is the tendency of capitalist production to reduce the amount spent in wages and to increase the amount invested in machines, &c. For with natural and social, legal and other limitations of the working day, and the opposition to unlimited reduction of wages, it is not possible otherwise to cheapen production and beat competition. According to the proportion of constant to variable capital, Marx distinguishes capitals of *lowest average* and *highest composition*, the highest composition being that where proportionately the least amount of variable (wages) capital is employed.

The ratio of the wages which workmen receive to the surplus-value which they produce Marx calls the *rate of surplus-value*; that of the surplus-value produced to the whole capital employed is the *rate of profit*. It is evident, then, that at the same time the rate of surplus-value can increase and the rate of profit decrease, and this in fact is the case. There is a continuous tendency of the rates of profit to decrease, and only by some counteracting forces is their decrease temporarily interrupted, protracted, or even sometimes reversed. Besides, by competition and movement of capitals the rates of profit in the different branches of trade are pressed towards an *equalization* in the shape of an *average rate of profits*. This average rate or profits, added to the actual cost price of a given commodity, constitutes its *price of production*, and it is this price of production which appears to the empirical mind of the business man as the value of the commodity. The real law of value, on the contrary, disappears from the surface in a society where, as to-day, commodities are bought and sold against money and not exchanged against other commodities. Nevertheless, according to Marx, it is also to-day this law of value (“labour-value”) which in the last resort rules the prices and profits.

The tendency to cheapen production by increasing the relative proportion of constant capital — the fixed capital of the classical economist plus that

portion of the circulating capital which consists of raw and auxiliary materials, &c. — leads to a continuous increase in the size of private enterprises, to their growing concentration. It is the larger enterprise that beats and swallows the smaller. The number of dependent workmen—“proletarians” — is thus continually growing, whilst employment only periodically keeps pace with their number. Capital alternately attracts and repels workmen, and creates a constant surplus-population of workmen — a *reserve-army* for its requirements — which helps to lower wages and to keep the whole class in economic dependency. A decreasing number of capitalists usurp and monopolize all the benefits or industrial progress, whilst the mass of misery, of oppression, of servitude, of depravation, and of exploitation increases. But at the same time the working class continuously grows in numbers, and is disciplined, united and organized by the very mechanism of the capitalist mode of production. The centralization of the means of production and the socialization of the mode of production reach a point where they will become incompatible with their capitalist integument. Then the knell of capitalist private property will have been rung. Those who used to expropriate will be expropriated. Individual property will again be established based upon co-operation and common ownership of the earth and the means of production produced by labour.

These are the principal outlines of *Das Kapital*. Its purely economic deductions are dominated throughout by the *theory of surplus-value*. Its leading sociological principle is the *materialist conception of history*. This theory is in *Das Kapital* only laid down by implication, but it has been more connectedly explained in the preface of *Zur Kritik* and several works of Engels. According to it the material basis of life, the manner in which life and its requirements are produced, determines in the last instance the social ideas and institutions of the time or historical epoch, so that fundamental changes in the former produce in the long run also fundamental changes in the latter. A set of social institutions answer to a given mode of production, and periods where the institutions no longer answer to the mode of production are periods of social revolution, which go on until sufficient adjustment has taken place. The main *subjective* forces of the struggle between the old order and the new are *the classes* into which society is divided after the dissolution of the communistic or semi-communistic tribes and the creation of states. And as long as society is divided into classes a class war will persist, sometimes in a more latent or disguised, sometimes in

a more open or acute form, according to circumstances. In advanced capitalist society the classes between whom the decisive war takes place are the capitalist owners of the means of production and the non-propertied or wage-earning workers, the “proletariate.” But the proletariat cannot free itself without freeing all other oppressed classes, and thus its victory means the end of exploitation and political repression altogether. Consequently the state as a repressive power will die out, and a free association will take its place.

Almost from the first *Das Kapital* and the publications of Marx and Engels connected with it have been subjected to all kinds of criticisms. The originality of its leading ideas has been disputed, the ideas themselves have been declared to be false or only partially true, and consequently leading to wrong conclusions; and it has been said of many of Marx’s statements that they are incorrect, and that many of the statistics upon which he bases his deductions do not prove what he wants them to prove. In regard to the first point, it must be conceded that the *dissecta membra* of Marx’s value theory and of his materialist conception of history are already to be found in the writings of former socialists and sociologists. It may even be said that just those points of the Marxist doctrine which have become popular are in a very small degree the produce of Marx’s genius, and that what really belongs to Marx, the methodical conjunction and elaboration of these points, as well as the finer deductions drawn from their application, are generally ignored. But this is an experience repeated over and over again in the history of deductive sciences, and is quite irrelevant for the question of Marx’s place in the history of socialism and social science.

It must further be admitted that in several places the statistical evidence upon which Marx bases his deductions is insufficient or inconclusive. Moreover — and this is one of the most damaging admissions — it repeatedly happens that he points out all the phenomena connected with a certain question, but afterwards ignores some of them and proceeds as if they did not exist. Thus, *e.g.*, he speaks at the end of the first volume, where he sketches the historical tendency of capitalist accumulation, of the decreasing number of magnates of capital as of an established fact. But all statistics show that the number of capitalists does not decrease, but increase; and in other places in *Das Kapital* this fact is indeed fully admitted, and even accentuated. Marx was, as the third volume shows, also quite aware that limited liability companies play an important part in the distribution of

wealth. But he leaves this factor, too, quite out of sight, and confuses the concentration of private enterprises with the centralization of fortunes and capitals. By these and other omissions, quite apart from developments he could not well foresee, he announces a coming evolution which is very unlikely to take place in the way described.

In this and in other features of his work a *dualism* reveals itself which is also often observable in his actions in life — the alternating predominance of the spirit of the scholar and the spirit of the radical revolutionary. Marx originally entitled his great social work *Criticism of Political Economy*, and this is still the sub-title of *Das Kapital*. But the conception of *critic* or *criticize* has with Marx a very pronounced meaning. He uses them mostly as identical with fundamentally opposing. Much as he had mocked the “critical criticism” of the Bauers, he is in this respect yet of their breed and relapses into their habits. He retained in principle the Hegelian dialectical method, of which he said that in order to be rationally employed it must be “turned upside down,” *i.e.* put upon a materialist basis. But as a matter of fact he has in many respects contravened against this prescription. Strict materialist dialectics cannot conclude much beyond actual facts. Dialectical materialism is revolutionary in the sense that it recognizes no finality, but otherwise it is necessarily positivist in the general meaning of that term. But Marx’s opposition to modern society was fundamental and revolutionary, answering to that of the proletarian to the *bourgeois*. And here we come to the main and fatal contradiction of his work. He wanted to proceed, and to a very great extent did proceed, scientifically. Nothing was to be deduced from preconceived ideas; from the observed evolutionary laws and forces of modern society alone were conclusions to be drawn. And yet the final conclusion of the work, as already noted, is a preconceived idea; it is the announcement of a state of society logically opposed to the given one. Imperceptibly the dialectical movement of ideas is substituted for the dialectical movement of facts, and the real movement of facts is only considered so far as is compatible with the former. Science is violated in the service of speculation. The picture given at the end of the first volume answers to a conception arrived at by speculative socialism in the ‘forties. True, Marx calls this chapter “the historical tendency of capitalist accumulation,” and “tendency” does not necessarily mean realization in every detail. But on the whole the language used there is much too absolute to allow of the interpretation that Marx only wanted to give a speculative

picture of the goal to which capitalist accumulation would lead if unhampered by socialist counteraction. The epithet “historical” indicates rather that the passage in question was meant to give in the main the true outline of the forthcoming social revolution. We are led to this conclusion also by the fact that, in language which is not in the least conditional, it is there said that the change of capitalist property into social property will mean “only the expropriation of a few usurpers by the mass of the people.” In short, the principal reason for the undeniable contradictions in *Das Kapital* is to be found in the fact that where Marx has to do with details or subordinate subjects he mostly notices the important changes which actual evolution had brought about since the time of his first socialist writings, and thus himself states how far their presuppositions have been corrected by facts. But when he comes to general conclusions, he adheres in the main to the original propositions based upon the old uncorrected presuppositions. Besides, the complex character of modern society is greatly underestimated, so that, *e.g.*, such important features as the influence of the changes of traffic and aggregation on modern life are scarcely considered at all; and industrial and political problems are viewed only from the aspect of class antagonism, and never under their administrative aspect. With regard to the theory of surplus-value and its foundation, the theory of labour-value, so much may be safely said that, its premisses accepted, it is most ingeniously and most consistently worked out. And since its principal contention is in any case so far true that the wage-earning workers as a whole produce more than they receive, the theory has the great merit of demonstrating in an admirably lucid way the relations between wages and surplus-produce and the growth and movements of capital. But the theory of labour-value as the determining factor of the exchange or market value of commodities can with justification be disputed, and is surely not more true than those theories of value based on social demand or utility. Marx himself, in placing in the third volume what he calls the law of value in the background and setting out the formation of the “price of production” as the empirical determinator of prices in modern society, justifies those who look upon the conception of labour-value as an abstract formula which does not apply to individual exchanges of commodities at all, but which only serves to show an imagined typical example of what in reality to-day is only true with regard to the production of the whole of social wealth. Thus understood, the conception of labour-value is quite unobjectionable, but it loses much of the

significance attributed to it by most of the disciples of Marx and occasionally by Marx himself. It is a means of analysing and exemplifying surplus labour, but quite inconclusive as to the proof of the surplus value, or as an indication of the degree of the exploitation of the workers. This becomes the more apparent the more the reader advances in the second and third volumes of *Das Kapital*, where commercial capital, money capital and ground rent are dealt with. Though full of fine observations and deductions, they form, from a revolutionary standpoint, an anti-climax to the first volume. It is difficult to see how, after all that is explained there on the functions of the classes that stand between industrial employers and workers, Marx could have returned to those sweeping conclusions with which the first volume ends.

The great scientific achievement of Marx lies, then, not in these conclusions, but in the *details* and yet more in the *method* and *principles* of his investigations in his philosophy of history. Here he has, as is now generally admitted, broken new ground and opened new ways and new outlooks. Nobody before him had so clearly shown the rôle of the productive agencies in historical evolution; nobody so masterfully exhibited their great determining influence on the forms and ideologies of social organisms. The passages and chapters dealing with this subject form, notwithstanding occasional exaggerations, the crowning parts of his works. If he has been justly compared with Darwin, it is in these respects that he ranks with that great genius, not through his value theory, ingenious though it be. With the great theorist of biological transformation he had also in common the indefatigable way in which he made painstaking studies of the minutest details connected with his researches. In the same year as Darwin's epoch-making work on the origin of species there appeared also Marx's work *Zur Kritik der politischen Ökonomie*, where he explains in concise sentences in the preface that philosophy of history which has for the theory of the transformation or evolution of social organisms the same significance that the argument of Darwin had for the theory of the transformation of biological organisms.

Bibliography. — The main writings of Karl Marx and Friedrich Engels are as follow (we give only the titles of the original works and of their English translations): (1) Of Karl Marx alone: *La Misère de la philosophie, réponse à la philosophie de la misère de M. Proudhon* (Paris, 1847; new ed., 1892; English ed., *The Poverty of Philosophy*, London, 1900); *Lohnarbeit und Kapital*, pamphlet, written 1848 (new ed., Berlin, 1891); English ed., *Wage, Labour and Capital* (London, 1900); *Die Klassenkämpfe in Frankreich, 1848 to 1850* (Berlin, 1895); *Der Achtzehnte Brumaire des Louis*

*Bonaparte* (New York, 1852; 3rd ed., Hamburg, 1889; Eng. ed., New York, 1889); *Enthüllungen über den Kölner Kommunistenprozess* (Basel, 1852; new ed., Zürich-Berlin, 1885); “European Revolutions and Counter-Revolutions” (reprints from the *New York Tribune*, 1851-1852; London, 1897); “The Eastern Question” (reprints from the *New York Tribune*, 1853-1856; London, 1898); *Zur Kritik der politischen Ökonomie* (Berlin, 1859; new ed., Stuttgart, 1897); *Herr Vogt* (London, 1860); *Inaugural Address of the International Working Men’s Association* (London, 1864); *Value, Price and Profit* (written 1865, published London, 1898); *Das Kapital, Kritik der politischen Ökonomie* (3 vols., Hamburg, 1867, 1885 and 1895; Eng. ed. of 1st vol., 1886); *The Civil War in France, 1871* (London, 1871; new ed., 1894); *L’Alliance de la démocratie socialiste* (London, 1873); articles printed or reprinted in *Rheinische Zeitung* (1842-1843), *Deutsch-französische Jahrbücher* (Paris, 1844), *Das westphälische Dampfboot* (Bielefeld und Paderborn, 1845-1848), *Der Gesellschaftsspiegel* (Elberfeld, 1846), *Deutsche brüsseler Zeitung* (Brussels, 1847), *Neue rheinische Zeitung* (daily, Cologne, 1848-1849; monthly, Hamburg, 1850), *The People* (London, 1852-1858), *The New York Tribune* (New York, 1853-1860), *The Free Press* (Sheffield and London, 1856-1857), *Das Volk* (London, 1859), *Der Vorbote* (Geneva, 1866-1875), *Der Volkstaat* (Leipzig, 1869-1876), *Die Neue Zeit* (Stuttgart, 1883, sqq.); *Sozialistische Monatshefte* (Berlin, 1895, sqq.). (2) Of Friedrich Engels alone: *Die Lage der arbeitenden Klassen in England* (Leipzig, 1845; new ed., Stuttgart, 1892; Eng. ed., London, 1892); *Zur Wohnungsfrage* (Leipzig, 1873-1874; new ed., Zürich-Berlin, 1887); *Herrn Eugen Dührings Umwälzung der Wissenschaft* (Leipzig, 1877; 3rd ed., Stuttgart, 1894). Three chapters of the first-named are published in English under the title *Socialism, Utopian and Scientific* (London, 1892). *Der Ursprung des Eigentums, der Familie und des Staates* (Zürich and Stuttgart, 1885 and 1892); *Ludwig Feuerbach und der Ausgang der klassischen deutschen Philosophie* (Stuttgart, 1886). Introductions to most of the posthumous works of K. Marx and articles in the same periodicals as Marx. (3) Of Karl Marx and Friedrich Engels together: *Die heilige Familie oder Kritik der kritischen Kritik* (Frankfurt, 1845); *Manifest der kommunistischen Partei* (London, 1848; Eng. ed., 1848 and 1888). (4) With regard to Marx generally, his theory and his school, see J. Stammhammer, *Bibliographie des Sozialismus und Kommunismus* (Jena, 1893); and Th. G. Masaryk, *Die philosophischen und soziologischen Grundlagen des Marxismus* (Vienna, 1899). Much biographical and bibliographical information on Marx and Engels is to be found in Dr Franz Mehring, *Geschichte der deutschen Sozialdemokratie* (Stuttgart, 1897-1898), and in the collection, edited also by Dr Fr. Mehring, *Aus dem literarischen Nachlass von Karl Marx, Friedrich Engels und Ferdinand Lassalle* (Stuttgart, 1902). Of the criticisms of Marx’s economics, one of the most comprehensive is E. von Boehm-Bawerk’s *Karl Marx and the Close of his System* (London, 1898). Marx’s historic theory is, apart from Masaryk, very exhaustively analysed by R. Stammler in *Wirtschaft und Recht* (Leipzig, 1896).

# ENGELS' SPEECH AT THE GRAVE OF KARL MARX by Friedrich Engels



*Delivered at the burial service for Karl Marx, Highgate Cemetery, London.  
March 17, 1883*

On the 14th of March, at a quarter to three in the afternoon, the greatest living thinker ceased to think. He had been left alone for scarcely two minutes, and when we came back we found him in his armchair, peacefully gone to sleep — but for ever.

An immeasurable loss has been sustained both by the militant proletariat of Europe and America, and by historical science, in the death of this man. The gap that has been left by the departure of this mighty spirit will soon enough make itself felt.

Just as Darwin discovered the law of development or organic nature, so Marx discovered the law of development of human history: the simple fact, hitherto concealed by an overgrowth of ideology, that mankind must first of all eat, drink, have shelter and clothing, before it can pursue politics, science, art, religion, etc.; that therefore the production of the immediate material means, and consequently the degree of economic development attained by a given people or during a given epoch, form the foundation upon which the state institutions, the legal conceptions, art, and even the ideas on religion, of the people concerned have been evolved, and in the light of which they must, therefore, be explained, instead of vice versa, as had hitherto been the case.

But that is not all. Marx also discovered the special law of motion governing the present-day capitalist mode of production, and the bourgeois society that this mode of production has created. The discovery of surplus value suddenly threw light on the problem, in trying to solve which all previous investigations, of both bourgeois economists and socialist critics, had been groping in the dark.

Two such discoveries would be enough for one lifetime. Happy the man to whom it is granted to make even one such discovery. But in every single field which Marx investigated — and he investigated very many fields,

none of them superficially — in every field, even in that of mathematics, he made independent discoveries.

Such was the man of science. But this was not even half the man. Science was for Marx a historically dynamic, revolutionary force. However great the joy with which he welcomed a new discovery in some theoretical science whose practical application perhaps it was as yet quite impossible to envisage, he experienced quite another kind of joy when the discovery involved immediate revolutionary changes in industry, and in historical development in general. For example, he followed closely the development of the discoveries made in the field of electricity and recently those of Marcel Deprez.

For Marx was before all else a revolutionist. His real mission in life was to contribute, in one way or another, to the overthrow of capitalist society and of the state institutions which it had brought into being, to contribute to the liberation of the modern proletariat, which he was the first to make conscious of its own position and its needs, conscious of the conditions of its emancipation. Fighting was his element. And he fought with a passion, a tenacity and a success such as few could rival. His work on the first *Rheinische Zeitung* (1842), the *Paris Vorwärts* (1844), the *Deutsche Brüsseler Zeitung* (1847), the *Neue Rheinische Zeitung* (1848-49), the *New York Tribune* (1852-61), and, in addition to these, a host of militant pamphlets, work in organisations in Paris, Brussels and London, and finally, crowning all, the formation of the great International Working Men's Association — this was indeed an achievement of which its founder might well have been proud even if he had done nothing else.

And, consequently, Marx was the best hated and most calumniated man of his time. Governments, both absolutist and republican, deported him from their territories. Bourgeois, whether conservative or ultra-democratic, vied with one another in heaping slanders upon him. All this he brushed aside as though it were a cobweb, ignoring it, answering only when extreme necessity compelled him. And he died beloved, revered and mourned by millions of revolutionary fellow workers — from the mines of Siberia to California, in all parts of Europe and America — and I make bold to say that, though he may have had many opponents, he had hardly one personal enemy.

His name will endure through the ages, and so also will his work.

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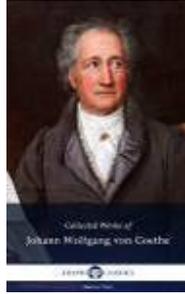
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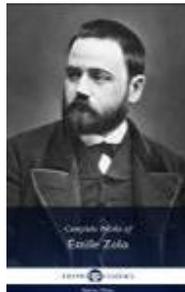
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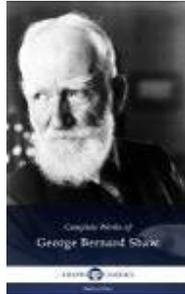
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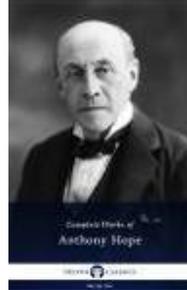
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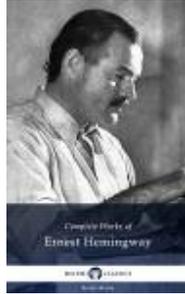
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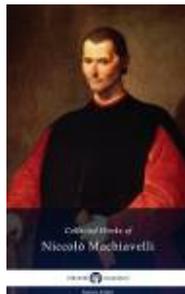
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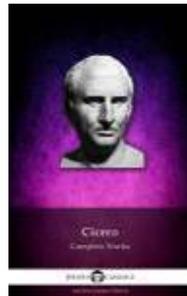
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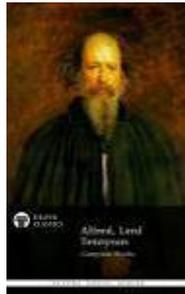


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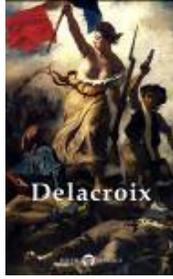
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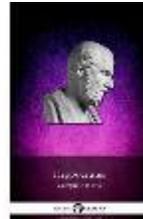


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D.H. Lawrence  
Daniel Defoe  
Dante Alighieri (English)  
Dante Gabriel Rossetti  
Dante Gabriel Rossetti  
David Hume  
Delphi Poetry Anthology  
Demosthenes  
Dickensiana Volume I  
Diego Velázquez  
Diodorus Siculus  
Diogenes Laërtius  
E. F. Benson  
E. M. Delafield

E. M. Forster  
E. Nesbit  
E. Phillips Oppenheim  
E. W. Hornung  
Edgar Allan Poe  
Edgar Allan Poe (poetry)  
Edgar Degas  
Edgar Rice Burroughs  
Edgar Wallace  
Edith Wharton  
Edmund Burke  
Edmund Spenser  
Édouard Manet  
Edvard Munch  
Edward Bulwer-Lytton  
Edward Gibbon  
Edward Lear  
Edward Thomas  
Edwin Arlington Robinson  
Elizabeth Barrett Browning  
Elizabeth Gaskell  
Elizabeth von Arnim  
Ella Wheeler Wilcox  
Ellen Wood  
Émile Zola  
Emily Dickinson  
Ernest Bramah  
Ernest Hemingway  
Eugène Delacroix  
Euripides  
Ezra Pound  
F. Scott Fitzgerald  
Ford Madox Ford  
Frances Burney  
Frances Hodgson Burnett  
Frances Trollope  
Francis Bacon  
Francisco Goya  
Frank Norris  
Frank R. Stockton  
Friedrich Nietzsche  
Friedrich Schiller (English)  
Frontius  
Fyodor Dostoyevsky  
G. A. Henty  
G. K. Chesterton  
Galileo Galilei  
Geoffrey Chaucer  
George Bernard Shaw  
George Chapman

George Eliot  
George Gissing  
George Herbert  
George MacDonald  
George Meredith  
George Orwell  
Gerard Manley Hopkins  
Gertrude Stein  
Gilbert and Sullivan  
Giotto  
Giovanni Bellini  
Grant Allen  
Gustav Klimt  
Gustave Courbet  
Gustave Flaubert (English)  
Guy Boothby  
Guy de Maupassant  
H. G. Wells  
H. P. Lovecraft  
H. Rider Haggard  
Hafez  
Hall Caine  
Hans Christian Andersen  
Harriet Beecher Stowe  
Heinrich Heine  
Henrik Ibsen  
Henry David Thoreau  
Henry Fielding  
Henry Howard, Earl of Surrey  
Henry James  
Henry Wadsworth Longfellow  
Henryk Sienkiewicz  
Herman Melville  
Herodotus  
Hesiod  
Hilaire Belloc  
Hippocrates  
Homer  
Honoré de Balzac (English)  
Horace  
Horace Walpole  
Hugh Walpole  
Ian Fleming  
Immanuel Kant  
Isaac Rosenberg  
Isocrates  
Ivan Turgenev  
J. M. Barrie  
J. M. W. Turner  
J. W. von Goethe (English)

Jack London  
James Fenimore Cooper  
James Joyce  
James Russell Lowell  
Jane Austen  
Jean-Jacques Rousseau  
Jerome K. Jerome  
Johan Ludvig Runeberg  
Johannes Vermeer  
John Buchan  
John Bunyan  
John Clare  
John Constable  
John Donne  
John Dryden  
John Galsworthy  
John Keats  
John Locke  
John Milton  
John Muir  
John Ruskin  
John Webster  
John Wilmot, Earl of Rochester  
Jonathan Swift  
Joseph Addison  
Joseph Addison  
Joseph Conrad  
Josephus  
Jules Verne  
Julius Caesar  
Juvenal  
Karl Marx  
Kate Chopin  
Katherine Mansfield  
Kenneth Grahame  
L. Frank Baum  
L. M. Montgomery  
Lafcadio Hearn  
Laurence Sterne  
Leigh Hunt  
Leo Tolstoy  
Leonardo da Vinci  
Lewis Carroll  
Livy  
Longus  
Lord Byron  
Lord Dunsany  
Louisa May Alcott  
Lucan  
Lucian

Lucretius  
Ludovico Ariosto  
Luís de Camões  
Lytton Strachey  
M. E. Braddon  
M. R. James  
Marcel Proust (English)  
Marcus Aurelius  
Margaret Oliphant  
Maria Edgeworth  
Marie Corelli  
Mark Twain  
Martial  
Mary Shelley  
Mary Wollstonecraft  
Matthew Arnold  
Matthew Prior  
Maxim Gorky  
Michael Drayton  
Michel de Montaigne  
Michelangelo  
Miguel de Cervantes  
Nathaniel Hawthorne  
Niccolò Machiavelli  
Nikolai Gogol  
Nikolai Nekrasov  
Nonnus  
O. Henry  
Oliver Goldsmith  
One Thousand and One Nights  
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Ouida  
Ovid  
Paul Cézanne  
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Paul Klee  
Pausanias  
Percy Bysshe Shelley  
Peter Paul Rubens  
Petrarch  
Petronius  
Piero della Francesca  
Pierre-Auguste Renoir  
Pieter Bruegel the Elder  
Pindar  
Plato  
Plautus  
Pliny the Elder  
Pliny the Younger  
Plotinus

Plutarch  
Polybius  
Procopius  
Propertius  
Ptolemy  
Quintus Curtius Rufus  
Quintus Smyrnaeus  
R. Austin Freeman  
R. M. Ballantyne  
Radclyffe Hall  
Rafael Sabatini  
Ralph Waldo Emerson  
Raphael  
Rembrandt van Rijn  
René Descartes  
Richard Brinsley Sheridan  
Richard Marsh  
Robert Browning  
Robert Burns  
Robert E. Howard  
Robert Frost  
Robert Louis Stevenson  
Robert Southey  
Robert W. Chambers  
Rudyard Kipling  
Rumi  
Rupert Brooke  
Saki  
Sallust  
Samuel Butler  
Samuel Johnson  
Samuel Pepys  
Samuel Richardson  
Samuel Taylor Coleridge  
Sandro Botticelli  
Sappho  
Sax Rohmer  
Seneca the Younger  
Septuagint  
Sheridan Le Fanu  
Sidonius  
Sigmund Freud  
Sir Arthur Conan Doyle  
Sir Issac Newton  
Sir Philip Sidney  
Sir Richard Burton  
Sir Thomas Malory  
Sir Thomas Wyatt  
Sir Walter Raleigh  
Sir Walter Scott

Sophocles  
Stanley J. Weyman  
Statius  
Stendhal  
Stephen Crane  
Strabo  
Suetonius  
T. S. Eliot  
Tacitus  
Talbot Mundy  
Terence  
The Brontës  
The Brothers Grimm  
Theocritus  
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Thomas Chatterton  
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Thomas Hardy (poetry)  
Thomas Hood  
Thomas Middleton  
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Thucydides  
Tibullus  
Tintoretto  
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Victor Hugo  
Vincent van Gogh  
Virgil  
Virginia Woolf  
Voltaire  
W. B. Yeats  
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W. W. Jacobs  
Walt Whitman  
Walter Pater  
Walter Savage Landor  
Washington Irving  
Wassily Kandinsky  
Wilfred Owen  
Wilkie Collins  
William Blake  
William Cowper  
William Dean Howells

William Harrison Ainsworth  
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William Hope Hodgson  
William Makepeace Thackeray  
William Morris  
William Shakespeare  
William Wordsworth  
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*Highgate Cemetery, East — Marx's final resting place*



*Marx's memorial at Highgate Cemetery*